TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1982

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

FIRST SESSION

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

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PART 3

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WASHINGTON : 1981

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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, MARCH 18, 1981.

OFFICIAL RESIDENCE OF THE VICE PRESIDENT APPROPRIATION REQUEST

WITNESSES

CAPT. RICHARD D. MILLIGAN, USN, ASSISTANT DIRECTOR OF BUDGET AND REPORTS, OFFICE OF THE COMPTROLLER

ROBERT E. WRAY, SERVICEWIDE SUPPORT ANALYST, OFFICE OF THE NAVY COMPTROLLER

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear from the Assistant Director of Budget and Reports, Captain Richard D. Milligan, regarding his request for funding for the official residence of the Vice President.

You may proceed in any way that you may desire.

Captain MILLIGAN. Good morning. It is a pleasure to appear before your committee, sir.

I have with me Mr. Robert Wray, Servicewide Support Analyst, Office of the Navy Comptroller, to assist me.

I would like to place my statement in the record, as it has been provided to the committee, and summarize with a few comments.

Mr. ROYBAL. Without objection, that will be the order.

[The statement of Captain Milligan follows:]

STATEMENT OF CAPT. RICHARD D. MILLIGAN, U.S. NAVY, ASSISTANT DIRECTOR OF BUDGET AND REPORTS

Mr. Chairman and Members of the Committee, I welcome the opportunity to appear before this committee for the first time to present the Department of the Navy's fiscal year 1982 Budget request for the appropriation, Official Residence of the Vice President.

The Fiscal Year 1982 request is for $185 thousand. This is $17 thousand more than the $168 thousand that was appropriated for this function in fiscal year 1981. The incremental change of resources required between fiscal year 1981 and fiscal year 1982 is composed of: a decrease of $31 thousand associated with a fiscal year 1981 cyclical refurbishment project to thoroughly clean and repair the residence; an increase of $6 thousand for price growth in utilities and other services; an increase of $34 thousand for installation of a new veranda roof; and an increase of $8 thousand for remodeling of the master bathroom.

The funding requirements by function are furnished in Table 1:

TABLE 1.—FUNCTIONAL AREAS

[Dollars in thousands]

	Fiscal year—		
	1980 actual	1981 estimate	1982 estimate
Utilities	$19.6	$18.0	$21.0
Maintenance of residence	42.5	28.0	30.4
Alterations and improvements	6.0	4.0	2.0
Supplies	5.0	3.0	4.0
Furnishings	10.0	9.0	9.7
Vehicle lease	1.1	2.0	2.0
General administration	6.0	4.5	4.7
Services	3.5	5.0	5.5
Equipment maintenance	1.6	3.5	3.7
Official entertainment	34.7	60.0	60.0
Major repair	103.0	....	42.0
Cyclical refurbishment	....	31.0	....
Total	233.0	168.0	185.0

Biography of Capt. Richard D. Milligan

Captain Richard D. Milligan, a native of Matawan, New Jersey, attended the U.S. Naval Academy graduating with the class of 1959.

His first assignment was on the Norfolk based destroyer AULT (DD 698) where he served as CIC Officer and then Operations Officer. In June 1962 he reported to the Sixth Naval District Staff in Charleston, South Carolina, where he served as Aide to the Commandant until 1964. Next came successive sea tours, first as Commanding Officer of the New London, Connecticut based USS SOMERSWORTH (EPCER 849) from May 1964 through November 1965 and then as Executive Officer of USS JOSEPH K. TAUSSIG (DE 1030) at Newport, R.I. through November 1967. Following one year at the U.S. Naval Postgraduate School at Monterey where he received a Masters Degree in Management, Captain Milligan served for three years until 1971 in the General Planning and Programming Division of the Office of the Chief of Naval Operations.

Returning to sea duty in November 1971, Captain Milligan served as Commanding Officer of the Pearl Harbor based USS McMORRIS (DE 1036) through August 1973, then as Commanding Officer, USS WHIPPLE (FF 1062), also home-ported at Pearl Harbor.

Returning to Washington in August 1975, Captain Milligan attended the Industrial College of the Armed Forces and served as Division Director of the Financial Resources Division, Bureau of Naval Personnel prior to reporting to his present assignment in the Office of the Comptroller of the Navy in August 1977.

In the Office of the Comptroller, Captain Milligan has served as a Budget Analyst in the Operations Division, as Head of the Appropriations Committee Liaison Office, and as Deputy Director and then Acting Director of the Investment and Development Division prior to assuming his present position as Assistant Director, Office of Budget and Reports on 1 September 1980.

Captain Milligan, promoted to his current rank in August 1980, has been awarded the Bronze Star and Meritorious Service Medals. He is married to the former Mary Bourke Reid of Roanoke, Virginia and has three children.

Captain Milligan. The fiscal year 1982 budget request for the official residence of the Vice President requests $83,000 for the operations and routine maintenance of the residence.

This is an increase of $6,000 over the request for fiscal year 1981 or an 8 percent increase.

We are also asking for $42,000 for major repairs, $34,000 of which is to replace the roof on the veranda, and $8,000 for repairs to the bathroom off the master bedroom.

The last part of our request is for $60,000 for official entertainment funds. This figure has not changed over the last several years.

The sum of those that I have listed comes to $185,000, which is the total request for fiscal year 1982, sir.

With that, I am prepared to answer any questions you may have, sir.

Mr. ROYBAL. What is the status of the construction of the new roof at the moment?

Captain MILLIGAN. The roof was completed, sir, last fall. It is in good shape. It solved all the leak problems. It is very attractive, and it certainly has helped the appearance of the residence.

Mr. ROYBAL. It actually solved all of the leak problems?

Captain MILLIGAN. It did, sir, under the main structure.

We are requesting a new roof for the veranda, which goes around two faces of the residence.

Mr. ROYBAL. How much will that cost?

Captain MILLIGAN. That is $34,000, sir.

Mr. ROYBAL. Is that included in the $185,000?

Captain MILLIGAN. Included in the $185,000 request, yes, sir.

Mr. ROYBAL. The veranda or the moneys to repair the veranda is included in the $185,000?

Captain MILLIGAN. Yes, sir; $34,000.

Mr. GUNNELS. I believe that was a slate roof?

Captain MILLIGAN. Yes, sir; the roof that was replaced with fiscal year 1980 funds.

Mr. GUNNELS. Where did you finally get a contract, sir?

Captain MILLIGAN. It was done by a local contractor.

Mr. ROYBAL. Was that on a competitive bid basis?

Captain MILLIGAN. Yes, sir.

Mr. ROYBAL. Now, are there any Navy personnel currently working at the residence?

Captain MILLIGAN. Yes, sir; we have 7 mess management specialists who are assigned to the residence.

Mr. ROYBAL. What functions do they perform?

Captain MILLIGAN. They provide the meals and maintain the residence, as far as cleaning up and things like that.

Mr. ROYBAL. From what appropriation are they paid?

Captain MILLIGAN. Out of the military personnel, Navy appropriation, sir.

Mr. ROYBAL. Which is not included in the request you are making now?

Captain MILLIGAN. No, sir.

Mr. ROYBAL. Has the Navy an actual legal authority for providing Naval personnel to this property?

Captain MILLIGAN. Yes, sir; the law that set up the residence as a Vice Presidential residence established that we should provide that support.

Mr. ROYBAL. The increase over fiscal year 1980 is how much?

Captain MILLIGAN. The fiscal year 1980 request was for $233,000, so the difference is minus $48,000.

Mr. ROYBAL. There is still an increase over the 1981?

Captain MILLIGAN. Yes, sir.

Mr. ROYBAL. Is that due mostly to the repair work that you have to do?

Captain MILLIGAN. Comparing the 2 years, we have added 8 percent for the normal operations and routine maintenance.

That is $6,000 of the difference; $42,000 is requested for the replacement of the roof on the veranda, and the repairs to the master bathroom, offset by a $31,000 reduction where in fiscal year 1981 we had requested cyclical refurbishment. We are not asking for that again this year.

Mr. ROYBAL. You can actually account for the increase?

Captain MILLIGAN. Yes, sir.

Mr. ROYBAL. All right, sir; there are possibly other questions. Do you have any questions?

Mr. GUNNELS. I don't think so, Mr. Chairman.

I would like to get on the record that that slate roof that they had so much trouble with, they were quite concerned about it; but it is satisfactory now.

Captain MILLIGAN. Yes, sir; it was a very difficult job because of the high peak of the roof and also some of the curved portions in the roof as well as the dormers and everything.

Mr. GUNNELS. How did the bid come out compared to our original estimate?

Captain MILLIGAN. We requested $100,000 and the cost was $103,000.

Mr. ROYBAL. Thank you.

[The justifications follow:]

DEPARTMENT OF THE NAVY JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1982

SUBMITTED TO CONGRESS JANUARY 1981

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

EXECUTIVE OFFICE OF THE PRESIDENT
Official Residence of the Vice President

For the care, maintenance, repair, and alteration, furnishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, and not to exceed $60,000 for official entertainment expenses of the Vice President, to be accounted for solely on his certificate, $185,000: Provided, That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities.

Note.--The appropriation for this account for 1981 has not been enacted at the time this budget was prepared. The 1981 amounts shown are based upon a continuing resolution (Public Law 96-536) in effect through June 5, 1981.

DEPARTMENT OF THE NAVY

OFFICIAL RESIDENCE OF THE VICE PRESIDENT
Program and Financing (In Thousands of Dollars)

Identification Code 11-0211-0-1-802

	FY 1980 Actual	FY 1981 Estimate	FY 1982 Estimate
Program by Activities:			
Direct Program:			
10. Support of the Official Residence of the Vice President	233	168	185
40. Budget Authority (Appropriation)	233	168	185
Relation of Obligations to Outlays:			
71. Obligations Incurred, Net	233	168	185
72. Obligated Balance, Start of Year	64	165	67
74. Obligated Balance, End of Year	-165	-67	-62
77. Adjustments in expired accounts	-5	-	-
90. Outlays	127	266	190

DEPARTMENT OF THE NAVY

OFFICIAL RESIDENCE OF THE VICE PRESIDENT
Object Classification (In Thousands of Dollars)

Identification Code 11-0211-0-1-802

	FY 1980 Actual	FY 1981 Estimate	FY 1982 Estimate
Direct Obligations:			
25.0 Other Services	233	168	185

DEPARTMENT OF THE NAVY

Operating Expenses, Official Residence of the Vice President

	(In Thousands)
FY 1982 Estimate	$185
FY 1981 Estimate	$168
FY 1980 Actual	$233

Purpose and Scope of Work

These funds provide for purchase, lease, and operation of appropriate equipment, furnishings, improvements, alterations, maintenance, repairs, services, and other provisions as may be required under the supervision of the Vice President to enable him to perform and discharge appropriately the duties, functions, and obligations associated with his office. The estimates also include official entertainment expenses of the Vice President.

Justification of Funds

The fiscal year 1982 request of $185 thousand will provide for the continuous day-to-day habitability, up-keep, and operational services of the Vice Presidential residence. The incremental change of resources required between FY 1982 and FY 1981 is composed of: a decrease of $31 thousand associated with an FY 1981 cyclical refurbishment project to thoroughly clean and repair the residence; an increase of $6 thousand for price growth in utilities and other services; an increase of $34 thousand for installation of a new veranda roof; and an increase of $8 thousand for remodeling of the master bathroom.

DEPARTMENT OF THE NAVY

Operating Expenses, Official Residence of the Vice President

The following table reflects the amounts being requested by function:

	FY 1980 Actual	FY 1981 Estimate	FY 1982 Estimate
Utilities	$ 19.6	$ 18.0	$ 21.0
Maintenance of residence	42.5	28.0	30.4
Alterations & improvements	6.0	4.0	2.0
Supplies	5.0	3.0	4.0
Furnishings	10.0	9.0	9.7
Vehicle lease	1.1	2.0	2.0
General administration	6.0	4.5	4.7
Services	3.5	5.0	5.5
Equipment maintenance	1.6	3.5	3.7
Official entertainment	34.7	60.0	60.0
Major Repair	103.0	-	42.0
Cyclical Refurbishment	-	31.0	-
TOTAL	$ 233.0	$ 168.0	$ 185.0

THURSDAY, MARCH 19, 1981.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

BUDGET REQUEST FOR FISCAL YEAR 1982 AND SUPPLEMENTAL REQUEST FOR FISCAL YEAR 1981

WITNESSES

MANUS J. FISH, JR., REGIONAL DIRECTOR, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

ELMER S. ATKINS, ASSOCIATE REGIONAL DIRECTOR, WHITE HOUSE LIAISON, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

HAROLD H. MILLER, CHIEF, DIVISION OF PROGRAMMING AND BUDGET, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

Mr. ROYBAL. The committee will now receive testimony from the Executive Residence at the White House regarding the fiscal 1982 budget request and the fiscal 1981 supplemental request.

The request is for $3,731,000 and 86 permanent positions for fiscal year 1982 and $218,000, and no additional permanent positions have been requested for the fiscal year 1981 supplemental.

The committee is pleased to have Mr. Manus Fish, Jr., Regional Director, National Park Service, who will present the testimony in support of these requests.

Please proceed in any way that you may desire.

Mr. FISH. I would like to introduce on my left Mr. Elmer Atkins, the Associate Regional Director of the Park Service for White House Liaison, and on my far left Mr. Harold Miller, our Chief of Programming and Budget.

STATEMENT

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you to present for your consideration the fund requirements for the maintenance and operation of the Executive Residence at the White House for the fiscal year 1982.

The appropriation for fiscal 1981 was $3,156,000. We are requesting a supplemental of $218,000 for pay increases, of which $98,000 is for employees comparable to classified employees and $120,000 for employees comparable to Wage Board employees, and a total increase in the fiscal 1982 budget request of $357,000.

The following increases totaling $357,000 are requested:

A $25,000 increase for meritorious services; $31,000 for within-grade advancements; $42,000 for terminal leave payment and annuitant costs; $10,000 for personnel benefits; $13,000 for the increased cost of official events; $211,000 for increased cost of utilities, supplies and materials, repair and acquisition of equipment and furnishing; and $25,000 for replacement of laundry equipment.

No additional positions are requested.

Mr. Chairman, I shall be pleased to attempt to answer any questions you and other members of the committee may have about the operation of the residence and the 1982 budget estimate before you.

SIZE OF INCREASE

Mr. ROYBAL. Mr. Fish, your request for 1982 is $357,000 more?

Mr. FISH. Yes, sir.

Mr. ROYBAL. It is more than 1981?

Mr. FISH. That is right; $357,000 more if you add on the supplemental to 1981, so it has been the original amount we got, $3,156,000 in 1981 and the supplemental for 1981 of $218,000.

Mr. ROYBAL. The bottom line is it is an increase of $357,000? In view of the fact that everything possible is being done to decrease Federal funding, why is it that the Executive Office of the President is requesting this increase of $357,000?

Mr. FISH. We have looked at that very carefully, and we have had to take some cutbacks in prior years, and the items that we have come in for have just built up over the years and we need to get them done.

We just have put them off for too long, and there were a few items that, well, for example, last year we took a 2 percent across the board cutback in the government.

There was, prior to that, a couple of years when we took $50,000 cutbacks in the budget, and it is just that the items that we are asking for now need to get done.

Mr. ROYBAL. Well, that is also something that argument has been presented to this committee with regard to cutbacks requested for other departments, and I suppose it holds true no matter where that is, where that argument is made, we still come back to the fact of this $357,000 more than last year.

Is there any possibility that you can absorb that?

Mr. FISH. We don't feel so, Mr. Chairman.

We have looked at it. We have looked at it with OMB and with the prior Administration and with the current Administration, and we are all agreed that we cannot, sir.

Mr. ROYBAL. It cannot be absorbed?

Mr. FISH. No, sir; it cannot.

Mr. ROYBAL. Tell me how many positions, or what is the personnel accompaniment of the Executive Office of the President?

STAFFING

Mr. FISH. There are 86 positions, Mr. Chairman. That is composed of 29 positions that handle the mechanical and maintenance activities, the operations, the tradesmen, the operating engineers; 43 positions are domestic force, the housekeepers, the maids, the laundry operation, the butler, the pantry attendants, the custodial specialists, doormen, kitchen operation, house men, floral designers, and the Curator's Office, 3 positions there.

Mr. ROYBAL. But 43 are the domestic force?

Mr. FISH. Yes, sir.

Mr. ROYBAL. You say there are three where?

Mr. FISH. Three in the Curator's Office.

Mr. ROYBAL. What about the rest?

Mr. FISH. Four in the Calligrapher's Office; 7 in the Administration, Chief Ushers and Assistant Ushers, and a secretary and administrative officer, and then I mentioned first the 29 mechanical maintenance positions too, Mr. Chairman.

Mr. ROYBAL. This does not include any personnel that may be used that are paid by some other agency?

Mr. FISH. There is one secretary on right now, Mr. Chairman, that is paid by another agency that has been working in the Curator's Office.

Mr. ROYBAL. Just that one person?

Mr. FISH. Yes, sir.

REFURBISHING THE WHITE HOUSE

Mr. ROYBAL. Now, in the Carter budget there was a $50,000 supplemental request for remodeling the White House, and that has been withdrawn. It is my understanding that it will be funded by private contributions.

Can you tell the committee what your plans are now, how much is expected to be spent and where you plan to get the funds?

Mr. FISH. The goal was about $300,000, Mr. Chairman, and they have reached their goal. The money would be donations given to the White House Historical Association.

The White House Historical Association was established in 1961 as a nonprofit organization to assist the National Park Service in its historical scientific, educational and related interpretive activities primarily for the White House and also to sponsor, prepare and publish historical books and pamphlets that would interpret the history of the White House and then additionally to make funds, donations available to the Director of the National Park Service for use in acquiring, preserving or refurbishing furniture and furnishings in the White House.

We have some books for you, Mr. Chairman, to give you an idea of what the Historical Association has been doing, and these are the books that are published.

Mr. ROYBAL. Thank you.

Mr. FISH. That is what the White House Historical Association has been doing, and they have been contributing funds over the years, for 20 years now, to about a little over $4 million, so the funds for this refurbishment project would go through the White House Historical Association; they would handle it.

Mr. ROYBAL. Has the White House Historical Association made it their responsibility to redecorate the White House any time in the past or is this the first time that that has happened?

Mr. FISH. It is the first time, I believe, that the White House Historical Association has done that. However, during the Nixon Administration, about 1971 or 1972, there was a complete renovation and restoration, not only of the second and third floors where the family living quarters are, but also the state floor, and primarily at the state floors. That was done with donated funds.

Mr. ROYBAL. But not the Historical Association's funds?

Mr. FISH. That is correct.

Mr. ROYBAL. It is correct that it was not part of their funds?

Mr. FISH. That is correct. Mr. Atkins mentions that they have participated through the years in various phases of restoration and certainly in collection of furnishings and that type of thing, but as I recall not this particular one that I mentioned.

Mr. ROYBAL. Is it customary to remodel the White House every four years?

Mr. FISH. It had been a custom for many years, Mr. Chairman. In fact, in researching this, I found a document that went back to 1918, and it indicated 1918, 1919, 1924, 1926, 1927, 1941, a $50,000 item and it came up to——

Mr. ROYBAL. That $50,000 item was appropriated by the Congress?

Mr. FISH. That is correct; it was. In 1935, as I say, in 1941 there was an amount appropriated by the Congress of $680,000 that was made available for this thing, and the White House continued to use that until fiscal year 1958, when those funds were exhausted for these remodelling types of projects.

Then both in 1959 and 1961 $100,000 each was appropriated for extraordinary alterations, repairs and furnishings for the Executive Residence.

That would have been during the Kennedy Administration, and at the time that the White House Historical Association was set up, and then about ten years later is when the Nixon Administration decided to have this done by donations, so the Blue Room and the Red Room and the family living quarters were all done at that time.

Mr. ROYBAL. Well, how much outside money has been donated towards the decoration of the White House?

Mr. FISH. As we understand it, they have reached their goal.

Mr. ROYBAL. All together?

Mr. FISH. Oh, pardon me.

Mr. ROYBAL. Do you have those figures? I understand you made a little study of it.

Mr. FISH. Through the White House Historical Association?

Mr. ROYBAL. Or through any other source that is not directly appropriated by the Congress.

Mr. FISH. I would have to get that figure for you, Mr. Chairman but, as I mentioned, a little over $4 million has come through the White House Historical Association since 1961, so there is twenty years, be about an average of, say, a couple hundred thousand a year through the White House Historical Association.

[The information follows:]

Mr. Chairman, in response to your question on how much outside money has been donated towards the decorations of the White House, the following is a summary of the fine arts, furniture, lighting fixtures, decorative objects and textiles acquistions made from outside sources during the Nixon, Ford, and Carter Administrations:

For the Committee files, one copy of the acquisitions catalogs for the Nixon, Ford, and Carter Administrations, has been made available.

ACQUISITIONS FOR THE WHITE HOUSE COLLECTION

	Nixon administration	Ford administration	Carter administration	Total
Paintings	62	27	33	122
Drawings	4	....	2	6

ACQUISITIONS FOR THE WHITE HOUSE COLLECTION—Continued

	Nixon administration	Ford administration	Carter administration	Total
Prints/maps	48	49	18	115
Sculpture	5	4	2	11
Fine arts total	119	80	55	254
Documents and memorabilia	12	25	19	56
Chairs	99	16	7	122
Sofas/benches	18	3	2	23
Case pieces	22	6	1	29
Tables	78	10	12	100
Clocks	11	4		15
Mirrors	17	7	2	26
Beds	4	1	3	8
Miscellaneous	15		1	16
Furniture total	264	47	28	339
Chandeliers/lanterns	27	10	4	41
Sconces	33	6		39
Candlesticks/candelabra	23	4		27
Lamps	22	2		24
Miscellaneous			2	2
Lighting fixtures total	105	22	6	133
Fireplace equipment	11	13	6	30
Ceramics	201	59	22	282
Ceramics mounted as lamps	33			33
Glassware	10	3		13
Metalware	29	28	12	69
Architectural elements	9	12		21
Miscellaneous			11	11
Decorative objects total	293	115	51	459
Rugs	26	5	7	38
Other textiles	2		2	4
Textiles total	28	5	9	42
Total	821	294	168	1,283

Mr. ROYBAL. In addition to that would be the $300,000 that will now be spent for the decoration of the White House?

Mr. FISH. That is correct.

STRUCTURAL CONDITION OF THE WHITE HOUSE

Mr. ROYBAL. How much of that is going to go into the structural work of any kind? Is that needed in the White House at all?

Mr. FISH. The basic structure is in good shape, although we do have currently a structural study funded under the National Park Service, but basically it is in good shape.

What this would go for is drapes, window treatment, carpeting, furnishings in the White House and paintings and any wall covering.

Mr. ROYBAL. The roof of the White House is in good order, isn't it?

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Mr. FISH. I have to smile at that one, because we in the National Park Service seem to be associated with leaky roofs at the Kennedy Center and the National Visitors Center, and we did just, as a matter of fact, fix the roof at the White House through our National Park Service cyclic maintenance program.

Mr. ROYBAL. And at the Visitors Center?

Mr. FISH. There is a strong possibility of that, yes, sir.

Mr. ROYBAL. Mr. Campbell?

Mr. CAMPBELL. Thank you, Mr. Chairman.

PREVIOUS ADMINISTRATION'S BUDGET

Let me ask you about your budget, your 1981 estimate.

Is this basically the same proposal that the Carter Administration came forward with?

Mr. FISH. It is identical.

Mr. CAMPBELL. This Administration hasn't done anything to spend more money or spend anything beyond what was recommended by the previous Administration? They were in agreement?

Mr. FISH. Yes, sir.

NEED FOR REFURBISHMENT

Mr. CAMPBELL. You mentioned the private funds for refurnishing the upstairs and you also said it was renovated about 1971.

Do I take it that the upstairs, the family living quarters and all were in fact in need of refurbishing, regardless of how it was done?

Mr. FISH. Oh, yes; there is no question about that.

Mr. CAMPBELL. It is not a question then of a whim or somebody's change of taste. It was an actual need situation?

Mr. FISH. There is no question about that, Mr. Campbell.

As a matter of fact, during the Carter Administration we had come before the committee and asked if we could reprogram, I think it was in 1976, $50,000 that we had saved from the painting contract. We usually have about $100,000 every four years for painting and the committee agreed.

At that time the Administration decided that they were not going to do that, and we did not spend the money on that refurbishment, so it is in real need.

I might point out too, that it is not only the second and third floors, the family living quarters and guest quarters, but it is also on the state floors, on the floors that people visit and since it has been done before, these are always set up for different events. You have to move furniture and there has probably been 13 to 15 million visitors since it has been done before that have gone through the White House, in addition to many of the other guests that are there, so it is in dire need.

We also have a warehouse where we keep furnishings from the White House that are not there at this time, and they are in need of repair and refurbishment, so this fund would go for that, so it would be the state floors as well as the family living quarters.

Mr. CAMPBELL. Let me ask you this then, and I take it that regardless of how the money happened to be raised, whether it was by appropriation or whether by private sources, this was something that was either going to have to be done this year or next year, and that in fact by going to the private sources to raise the money this Administration has saved the taxpayers that amount of money, either this year or somewhere down the road?

Mr. FISH. Yes, sir; very definitely.

Mr. CAMPBELL. Okay; I don't have any further questions.

RELATED BUDGETS

Mr. ROYBAL. Mr. Fish, the Department of Interior Appropriations Report, which is House Report 96-374, directed that all budget for operations and construction costs of the Executive Residence should be included in this appropriation.

Are all costs of operation and construction in the White House included in this request?

Mr. FISH. No, sir; they are not.

Mr. ROYBAL. All right; what can this committee expect then?

Mr. FISH. What we have in this budget here is for the operation of the Executive Residence. The National Park Service is responsible because it is a unit of the National Park Service, as is Yellowstone, for the White House grounds and the White House structure itself, the residence.

GSA is responsible for the West Wing, which is an office, and the East Wing, which is an office, but the Park Service has a responsibility for the historical structure and any construction that would be necessary in relation to that.

Right now we have, for example in the National Park Service funds to do some electrical updating in the White House, and that project is going on right now.

That is funded through the National Park Service.

There is also a need to upgrade the electrical system, a standby power system for the White House, and we have just entered into a $2.3 million contract to have that accomplished through the National Park Service, and also we are cooperating with GSA.

They have funded part of it and the United States Navy, because they are in there for the communications aspect of it, so the Park Service is very much involved in the grounds too, Mr. Chairman.

The Park Service people take care of the grounds.

Mr. ROYBAL. Will you please provide for the record a complete list of all the costs of the Executive Residence in 1982, those costs that are not included in this request?

Mr. FISH. Yes, sir; do I understand then that would be a part of the Park Service, because, okay; yes, sir.

Mr. ROYBAL. I greatly appreciate it.

[The information follows:]

NATIONAL PARK SERVICE RESPONSIBILITY

In response to the Subcommittee's question on National Park Service involvement and costs at the White House, the following information is respectfully submitted.

Since 1790 at the time the Federal City was established, there has been a close relationship between the White House and the forerunners of the National Capital Region, National Park Service. The President's Park and Residence built thereon were, from the beginning, a part of the Park System of the Nation's Capital. A series of Acts of Congress and Executive Orders have further defined and expanded this relationship into its present form.

The most significant legislation was the Act of September 22, 1961 (75 Stat. 586) which states in part:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that all of that portion of the reservation numbered 1 in the city of Washington, District of Columbia, which is within the President's park enclosure, comprising eighteen and seven one-hundredths acres, shall continue to be known as the White House and shall be administered pursuant to the Act of August 24, 1916 (39 Stat. 535; 16 U.S.C. 1-3)[1], and Acts supplementary thereto and amendatory thereof. In carrying out this Act primary attention shall be given to the preservation and interpretation of the museum character of the principal public rooms on the first floor of the White House, but nothing done under this Act shall conflict with the administration of the Executive offices of the President or with the use and occupancy of the buildings and grounds as the home of the President and his family and for his official purposes."

OPERATIONS

The present National Park Service operation includes a wide variety of functions (often 7 days a week) including horticultural maintenance of the formal gardens and grounds, maintenance of roads and walks, visitor services, maintenance of electrical and other utility systems, assistance in planning and execution of special events, installation of security and fire protection systems, and many other activities.

The National Park Service has budgeted for the following operating costs for the White House (within the 18 acres) in 1982 (including wage board increases approved during the year):

Object class	Item	Amount
11 and 12	Personnel compensation and benefits for 26 full time permanent NPS employees	$710,000
21	Travel	2,800
22	Transportation (freight)	200
23	Rent, communications, utilities	34,600
25.1	Other services, contracts	12,500
26	Supplies, materials and equipment	122,000
	Total	882,100

The National Park Service is also responsible for historical and curatorial research and conservation of the cultural resources of the White House. An annual Inventory of White House Property is required by the Act of June 25, 1948 (62 Stat. 679). Included in the National Park Service responsibilities are assistance with conservation of the White House Museum Collection and logistical support of the numerous official functions in the White House.

Total fiscal year 1982 budgeted costs for the above services are as follows:

Object class	Item	Amount
11 and 12	Personnel compensation and benefits for 9 full-time permanent NPS employees	$292,300
21	Travel	1,100
22	Transportation (freight)	200
23	Rent, communications, utilities	64,400
24	Printing and reproduction	1,000
25.1	Other services, contracts	9,000
26	Supplies and materials	34,700
	Total	402,700

In addition, the National Park Service administers all of the parkland surrounding the 18 acres of the White House (bordered by Constitution Avenue, 17th Street, H Street, and 15th Street). This unit, called the President's Park, is budgeted in fiscal year 1982 for $830,200.

Management and administrative costs for the Associate Regional Director (White House Liaison), his staff, and funding for five positions in the White House Visitors Office $313,500.

This unit provides overview of all NPS activities associated with the White House and President's Park and includes Operation of National Park System and Execu-

[1] The National Park Service Organic Act.

tive Direction funds. The organization also provides funds for five positions in the operation of the White House Visitors Office.

Mr. CAMPBELL. Mr. Chairman, for purposes of comparison, would you also provide the complete cost for 1980 and 1981, so we can have a comparison in there.

[The information follows:]

The National Park Service has programmed the following operating costs for the White House (within the 18 acres) in fiscal year 1980 and fiscal year 1981:

Object class	Item	Amount	
		Fiscal year 1980	Fiscal year 1981
11 and 12	Personnel compensation and benefits for 9 full-time permanent NPS employees	$692,600	$717,400
21	Travel	1,000	2,000
22	Transportation (freight)	2,000	100
23	Rent, communications, utilities	26,900	27,600
25.1	Other services, contracts	15,000	11,200
26	Supplies, materials and equipment	88,300	92,000
31	Depreciation of equipment	29,300	0
	Total	855,100	850,300

For the conservation of the cultural resources of the White House; to perform an annual inventory of the White House Property; to provide logistical support of the numerous official functions in the White House, the National Park Service has programmed the following operating costs:

Object class	Item	Amount	
		Fiscal year 1980	Fiscal year 1981
11 and 12	Personnel compensation and benefits for 9 full-time permanent NPS employees	$229,600	$276,900
21	Travel	3,600	1,000
22	Transportation (freight)	500	100
23	Rent, communications, utilities	71,700	50,600
24	Printing and overproduction	500	1,000
25.1	Other services, contracts	6,300	8,100
26	Supplies and materials	11,700	33,500
31	Depreciation of equipment	8,500	0
	Total	322,400	371,200

For administrating all of the parkland surrounding the 18 acres of the White House called President's Park, the National Park Service programmed the following operating costs:

	Amount
Fiscal year 1980	$823,900
Fiscal year 1981	$834,900

Fiscal year 1980 and fiscal year 1981 management and administrative costs for the Associate Regional Director (White House Liaison), his staff, and funding for five positions in the White House Visitors Office, the National Park Service has programmed the following operating costs:

	Amount
Fiscal year 1980	$251,600
Fiscal year 1981	$302,600

STAFFING

Mr. CAMPBELL. Also, let me clarify just for the purpose of having it in the record, the 86 positions that you have over there. Those are not generally appointed positions, but are generally positions that stay from one Administration to the other and serve in that capacity regardless of who is in the White House. Is that correct?

Mr. Fish. That is true, Mr. Campbell. These are long time employees who do an excellent job.

Mr. Campbell. They are nonpartisan and professional types, there to serve the country and the occupant of that particular house regardless?

Mr. Fish. That is correct, Mr. Campbell, yes, and they do an excellent job.

Mr. Roybal. At least half of those people are really domestic people?

Mr. Fish. That is right, 43 of them.

Mr. Roybal. They continue in the employment of the government in the same capacity regardless of the change in administration?

Mr. Fish. They serve at the pleasure of the President, but they are of long tenure.

Mr. Roybal. They have had a guarantee of some kind that they would be there a few years?

Mr. Fish. I think it is the excellent job they do, Mr. Chairman.

Mr. Roybal. No doubt that is the reason why they are kept in that employment.

I thank you for your testimony.

Mr. Fish. Thank you.

Mr. Roybal. The committee will stand adjourned.

Operating Expenses, Executive Residence at the White House
(in thousand of dollars)

Identification code 11-0210-0-1-802	1980 ACTUAL	1981 ESTIMATE	1982 ESTIMATE
Program by activities:			
Direct Program:			
Operating expenses	3,079	3,374	3,731
Reimbursable program:			
Staff services	163	55	92
Operating expenses	312	225	303
10.0 Total program costs - funded obligations	3,554	3,654	4,126
Financing:			
Offsetting collections from:			
11.0 Federal funds	- 97	- 211	- 215
14.0 Non-Federal sources	- 378	- 69	- 180
25.0 Unobligated balance lapsing	+ 4	.....	.....
39.0 Budget authority	3,083	3,424	3,731
Budget authority:			
40.0 Appropriation	3,083	3,156	3,731
44.1 Supplemental for wage board increases	.....	+ 120	.....
44.2 Supplemental for civilian pay increases	.....	+ 98	.....
Relation of obligations to outlays:			
71.0 Obligations incurred, net	3,079	3,424	3,731
72.4 Obligated balance, start of year	31	381	50
74.4 Obligated balance, end of year	- 416	- 50	- 50
90.0 Outlays excluding pay raise supplemental	2,694	3,547	3,721
91.1 Outlays from wage-board pay raise supplemental	.....	114	6
91.2 Outlays from civilian pay raise supplemental	.....	94	4

Executive Residence at the White House
Activity: Operating Expenses
(in thousand of dollars)

Identification code 11-0210-0-1-802		1980 ACTUAL	1981 ESTIMATE	1982 ESTIMATE
	Personnel compensation:			
11.1	Full-time permanent positions	1,794	2,018	2,115
11.3	Positions other than full-time permanent	294	378	378
11.5	Other personnel compensation	49	92	12
	Total personnel compensation	2,137	2,488	2,591
12.1	Personnel benefits:	177	214	224
21.0	Travel and transportation of persons	0	0	0
23.2	Communications, utilities and other rent	182	213	239
24.0	Printing and reproduction	0	0	0
25.0	Other services	232	82	127
26.0	Supplies and materials	265	305	412
31.0	Equipment	86	72	138
99.9	Total obligations	3,079	3,374	3,731
Reimbursable obligations:				
	Personnel Compensation:			
11.5	Other personnel compensation	56	38	35
11.8	Special personal services payments	45	17	57
11.9	Total personnel compensation	101	55	92
23.2	Communications, utilities, and other rent	159	155	215
24.0	Printing and reproduction	0	0	0
26.0	Supplies and materials	215	70	88
99.0	Subtotal, reimbursable obligations	475	280	395
99.9	Total obligations	3,554	3,654	4,126

Personnel Summary

Total number of full-time permanent positions	86	86	86
Total compensation work years: Full-time equivalent employees	86	86	86
Average salary of ungraded position	20,860	23,460	24,540

Executive Residence at the White House
Activity: Operating Expenses

Justification for Appropriation, Fiscal 1982

Identification code 11-0210-0-1-802	1981 Appropriation enacted to date	1982 BASE	1982 ESTIMATE	INCREASE DECREASE
Operating Expenses:	3,156	3,156	3,731	+575
Permanent full-time positions:	86	86	86	0

Authorization: 3 U.S.C. 105, 109 - 110, 112 - 114

Objective: To provide for the care, maintenance, repair and alterations, refurnishings, improvements, heating and lighting, including electric power and fixtures, of the Executive Residence at the White House, and official entertainment expenses of the President.

Base Program: These funds provide for the care, maintenance and operation of the Executive Residence.

Tourist visitation for the past five years is as follows:

Calendar Year	Number Visitors	Average Per Day	Number of Days Open
1976	1,573,460	6,195	254
1977	1,304,343	5,036	259
1978	1,333,295	5,089	262
1979	1,313,017	5,089	258
1980	1,318,583	5,052	261

The following increase are requested in fiscal 1982 to continue to provide for the normal operating and maintenance needs for the Residence:

	$ (000)
Cost of pay increase comparable to classified employees	98
Cost of pay increases for wage board employees	120
Within-grade advancement and merit increases to become effective May 3, 1981	31
Other increases in Personal services	42
Premium pay increases	25
Increased cost of personnel benefits	10
Increased cost of official events	13
Increased cost of supplies and materials	99
Increased cost of utilities	26
Increased cost of furnishings cleaning/repair	35
Increased cost of acquisition of furnishings	18
Increased cost of acquisition/replacement equipment	23
Increased cost of other services	10
Laundry replacement	25
Total Request	575

THURSDAY, MARCH 19, 1981.

COUNCIL OF ECONOMIC ADVISERS

WITNESSES

MURRAY L. WEIDENBAUM, CHAIRMAN
JAMES B. BURNHAM, SPECIAL ASSISTANT TO THE CHAIRMAN
ELIZABETH A. KAMINSKI, STAFF ASSISTANT

BUDGET REQUEST

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear the request of the Council of Economic Advisers regarding their 1982 budget request.

Mr. WEIDENBAUM. Thank you, Mr. Chairman.

It is a great pleasure to be here today to present the appropriation request of the Council of Economic Advisers for fiscal year 1982.

The Council is requesting an appropriation of $2,313,000, which is an increase of $108,000 over fiscal 1981, for its continuing activities. This provides for a staff of 36 professional and support employees.

The $108,000 increase requested for fiscal 1982 is composed of $43,000 for personnel compensation and $4,000 in personnel benefits to cover pay increase costs under Executive Order 12248, and $61,000 to cover the increase in the cost of space rented from the General Services Administration.

Mr. Chairman, the appropriations we have requested for fiscal year 1982 provide realistically for the needs of the Council. It reflects our commitment to doing the best possible work in the most effective manner.

I hope that the subcommittee will approve the request.

I welcome any questions.

Mr. ROYBAL. Mr. Weidenbaum, there is an increase in this request of $108,000, and you indicate that that is for various purposes.

Is this something that cannot be avoided?

Mr. WEIDENBAUM. Yes, sir; this is the minimum request that we can make.

We have no increase in personnel, no increase in activities. These are the costs imposed by GSA for space, by GPO for printing, and of cost of pay and fringe benefits.

We have kept a lid on our activities in conformance with the budget restraint effort of which, as you know, I am a part, so I have followed very frankly the principle, what is sauce for the goose is sauce for the gander.

Mr. ROYBAL. That is why I am surprised to see an increase, because I thought you were doing that and that there would be some possibility of absorbing the $108,000 and not request an addition.

Is there any possibility that that could be done, absorb $108,000 and help this committee and not increase this budget?

Mr. WEIDENBAUM. I and my colleagues have given that subject a great deal of attention and, quite frankly, the assignment of responsibilities by this President to this Council is an extraordinarily unusually wide array, and we are absorbing all of those responsibilities with the same number of staff, with no increase.

Mr. ROYBAL. Well, isn't this an extraordinary and unusual Council also that would meet the requirements for restraint?

What I am saying, I am trying to compliment the Council; it is extraordinary.

Mr. WEIDENBAUM. I thank you, sir.

Mr. ROYBAL. Having said that, what are the possibilities of absorbing the $108,000?

Mr. WEIDENBAUM. Very frankly, I do not see how we can absorb that and continue performing our duties. We would have to cut back some of the essential activities and some of which, as the Chairman knows, such as our continuing work for the Congress publishing the monthly Economic Indicators is an activity primarily for the needs of the Congress.

You appreciate, of course, that the largest portion of the increase covers the added pay costs under Executive Order 12248 and, as I point out, the rent increase on the part of the General Services Administration.

Mr. ROYBAL. Yes; I am looking at that breakdown now and find that that is correct.

Mr. WEIDENBAUM. Very frankly, the reason the Council can maintain and carry out its functions with the budget it has now, and has requested, we do as much as we possibly can, use the resources, use the facilities for other departments and the White House itself. I believe we do that to the maximum possible.

For example, I was driven over here this morning in a White House car, which is not reflected in our budget at all. We are being economical as much as we can.

Mr. ROYBAL. Are you required to occupy more space?

Mr BURNHAM. It is an increase in unit charges.

Mr. WEIDENBAUM. No increase in space.

Mr. ROYBAL. So the increase is actually the increase due to inflation, I suppose?

Mr. WEIDENBAUM. Precisely, which is why we have a personal incentive to bring down that inflation.

Mr. ROYBAL. So the landlord then——

Mr. WEIDENBAUM. He has raised the rent on us.

Mr. ROYBAL. The Federal Government has raised your rent?

Mr. WEIDENBAUM. Yes, sir, precisely.

Mr. BURNHAM. The increase is significantly less than the rate of inflation that we are forecasting. Our total increase is on the order of 5 percent.

Mr. WEIDENBAUM. That is right.

Mr BURNHAM. Our forecasts call for something higher than that.

Mr. ROYBAL. How much did the landlord increase your rent, by what percentage? It may be higher or lower than inflation; there is probably a fixed amount.

Ms. KAMINSKI. From $128,000 to $189,000, about 48 percent.

Mr. WEIDENBAUM. That is uncontrollable from our point of view.

IMPACT OF BUDGET REDUCTIONS

Mr. ROYBAL. I would like to go into another area.

What impact will the budget reductions have on the rate of inflation in 1981 and 1982?

Mr. WEIDENBAUM. That, of course, is the heart of our program. It is our desire and belief that the double digit inflation can be brought under control so that in 1982 we can get inflation down to approximately 8 percent, in the following year 6 percent, in the following year 5 percent. Our target by 1986 is to get the rate of inflation down to 4.2 percent.

It won't be easy, because this double digit inflation has been with us for many years, but we believe that this tough action on the budget is essential to turning around inflation, and we think we can end double digit inflation and, as you know, with the cooperation of the Congress, we are aiming at a balanced budget by 1984.

Mr. ROYBAL. Well, what about the increases in unemployment? Most everything is being cut back by this budget and unemployment in my district will be increasing in September tremendously. All CETA employees will be out; various other employees of other departments will be out.

How does that affect the overall inflation rate?

Mr. WEIDENBAUM. It is our estimate that the 1982 unemployment rate will be lower than the 1981 unemployment rate because of the expansion in private jobs. It is the President's belief that——

Mr. ROYBAL. By what year is that?

Mr. WEIDENBAUM. Next year; in 1982 we will see the unemployment rate lower. This year our forecast for the unemployment rate may turn out to be on the high side, 7.8 percent. The current unemployment is 7.5 percent. We are not painting a rosy picture for 1981 but we do expect the 1982 unemployment rate to be lower than that, because I think that is the heart of the Reagan Administration's approach. We, through our tax cut proposals especially, expect to see a healthy expansion in the private economy so that the unemployed people in your district, as well as mine will find jobs. I come from another area of serious economic distress. St. Louis, as you know, is an area that has very high economic distress in the central city.

I am confident in these various areas we will see a turnaround in the unemployment situation as the private sector, as private industry expands its employment, and this is why we have a very effective tax program.

Mr. ROYBAL. Sir, but by the time the impact of the tax cut is felt, it will be the middle of next year, won't it?

Mr. WEIDENBAUM. Very frankly, I expect to see the results much sooner than that. This is the reason why we have asked the Congress to make the business part of the tax cut, the capital expansion, which is the job creation part, retroactive to January 1.

Mr. ROYBAL. Because this is all based on the expectation that they will plow back their tax savings into expansion, the expansion then creating more employment.

Mr. WEIDENBAUM. Yes, but it is more direct than that, Mr. Chairman. It isn't a general reduction in the corporate income tax but an expansion of the depreciation system so they only get the increased tax benefit if they invest more.

Mr. ROYBAL. What concerns me is that industry has had this opportunity right along, and they invest in foreign markets. The suit you have on is made in Korea.

Mr. WEIDENBAUM. No; it is not Korean.

Mr. ROYBAL. It is sure not made in the United States, and this is what concerns me.

Mr. WEIDENBAUM. It was purchased in a good St. Louis store.

Mr. ROYBAL. Sure, so was this one, but I guarantee you this was not made in the United States. I am saying, there may be some savings, and if they are going to invest in expansion of their own facilities creating more problems here. I would agree that it will result eventually in reducing the unemployment rate, but if the general practice prevails, many of the industries will be going outside of the United States.

The clothing industry is one of them, the textile industry is one of the, shoes, you name them, including automobiles, and I don't see action that you are talking about that will create more employment on an immediate basis.

I think they are going to look for some advantage by doing these things. Labor will be paying way below substandard; and coming back again using the clothing industry, you pay $250 for a suit that probably cost them $25 to make, I think he said, plus the material.

Mr. WEIDENBAUM. I share your concern, which is why I think it is very important that we make American industries far more competitive, because the inroads of foreign competition have been severe and this is a program to make American companies more competitive.

All of this is designed to increase the productivity of American companies, and I think that again is vital. The capital formation, the regulatory reform, the availability of investment funds in the United States, and reducing the budget deficits, means the government takes less of those investment funds and they are more available for American companies. This entire economic program is geared to creating jobs, encouraging investment here in this country.

I should point out that other nations have a great variety of taxes as well as subsidy programs for their companies, and we are not recommending subsidy programs for our companies but we do think we should reduce tax burdens across the board for our people as well as our businesses.

Mr. ROYBAL. I agree with that. My concern is that moneys will be invested elsewhere.

Mr. WEIDENBAUM. I think you will find the bulk of the money invested right here in the United States, Mr. Chairman.

There has been some flow of American investment overseas. There has also been a very substantial flow of foreign investment into the United States, which creates production, jobs, income, and tax collections here in the United States.

BALANCE OF TRADE

Mr. ROYBAL. Well, our balance of trade with countries to the south of us are a deficit.

Mr. WEIDENBAUM. Our balance of trade with Western Europe, as they like to remind me frequently, is in surplus. Overall, outside of the oil area, our trade position certainly has improved over the years, and I think will even make progress on the oil front.

Mr. ROYBAL. Well, how do we stand with Korea and Taiwan insofar as our balance of trade with regard to textiles and shoes, household goods?

Mr. WEIDENBAUM. I am no expert on the Korean or Taiwan economy. Of course, when I was there a number of years ago I noticed their high rate of capital formation, their high rate of productivity, but they have begun to suffer their economic problems. As they have begun to expand, they run into cost problems and certainly energy costs among those, so that the most rapid period, at least for a while, of growth in those countries seems to be behind them.

They have strong economies but the tremendous boom in Korea and Taiwan was more apparent before, what they call, the oil shock. I think that America can restore its competitiveness. It is the high technology industries that really generate our balance of trade surplus.

If you will notice in our tax program, we have accelerated write-offs of research and development, to encourage investment in research and development.

INFLATION RATE

Mr. ROYBAL. What is the inflation rate at the moment?

Mr. WEIDENBAUM. It is approximately 11 percent, using the last three months of the CPI. The last month of the CPI very frankly dipped below double digits, and rather than crowing about it, which indicates how this Council operates, I issued a statement warning the public that this is temporary, that the underlying inflation was still double digits, and I believe next week when we announce the CPI for February, it will be unfortunately in the double digits.

Mr. ROYBAL. What do you expect it to be by late 1982?

Mr. WEIDENBAUM. Certainly below double digits. I have not prepared a monthly or quarterly forecast. I would hope it would be 8 percent, maybe even lower, but I have learned over a long period of being an economic forecaster that monthly and quarterly projections are very tenuous.

The trend should be down, and we should be below double digits and stay there.

BUDGET DEFICIT

Mr. ROYBAL. The budget deficit for 1982 is anywhere in the neighborhood of $48 to $60 billion?

Mr. WEIDENBAUM. Well, I think we could keep it under $50 billion.

Mr. ROYBAL. I hope we do.

Mr. WEIDENBAUM. The Chairman has observed these matters for a very long time, and you know the limited ability to precisely forecast. I think, very frankly, a good deal of the result will depend, one, on the direct success that we have in controlling appropriations and two, the extent to which we can restore the health of the economy. The tax side will generate more growth which not only will help the deficit but reduce the demands for unemployment compensation, food stamps, Medicaid, because itis a sick economy, a soft economy which generates those demands.

Mr. ROYBAL. At the same time we will probably have a $50 billion deficit in the budget. That means the Federal Govenment would have to go out to borrow that money?

Mr. WEIDENBAUM. Yes, sir.

Mr. ROYBAL. That will continue and would make it necessary to have a high interest rate. A high interest rate then actually ruins the building industry, the ability of a businessman to borrow money really to invest, so I cannot see how we can be so optimistic about all these jobs we are going to be creating when we are faced with a deficit, faced with cutbacks in programs that will create unemployment among the poor, and I just cannot see the optimism of anything happening that all of a sudden will mean very low unemployment, tremendous production, and a cutting back in the inflation rate to 4.2 percent.

Mr. WEIDENBAUM. Not sudden, Mr. Chairman; 1986 is a long ways from today, unfortunately. But I think there are several factors involved.

First of all, we are talking about the deficit, albeit larger than you and I might like, less than last year's, roughly $60 billion.

We are also talking about a major cutback in the off-budget financing which may not show up in the budget, but it certainly affects the amount the Treasury has to borrow in capital markets.

Perhaps most important, we are talking about a Federal Reserve policy and here, as you know, I spend a good deal of time and am in close touch with the Federal Reserve System and with Chairman Volcker so we can develop consistent policies, so we don't go off in opposite directions.

The Federal Reserve has embarked on a course of moderation in the money supply. I think gyrations in the money supply in recent years—and I really don't mean this in a partisan way, because I look back to both Democratic and Republican Administrations—are part of the explanation for the high interest rates we have today.

The more moderate control of the money supply will bring down those high interest rates. High interest rates are not a theoretical matter to me. I am trying to sell a house in St. Louis with a 7¼% mortgage. I face approximately double a rate of interest on any house that I buy here, so I am personally well aware of the need to bring down those high interest rates.

Mr. ROYBAL. One way of handling your particular problem is take the first trust at the prevailing rate with a 20 percent down, use your 20 percent down to pay here, and you come out even.

Mr. WEIDENBAUM. Well, I haven't yet succeeded in selling my house in St. Louis.

Mr. ROYBAL. The interest rate at the present time is in the neighborhood of 14¾ percent?

Mr. WEIDENBAUM. The mortgage rate? Yes.

Mr. ROYBAL. So anyone buying at the moment would have to be paying that amount which means that the average young couple just can't buy a house.

Mr. WEIDENBAUM. Well, the average young couple starts off renting. I think my experience was very typical. We started out renting an apartment and saving money for a downpayment, and then we used the money we saved for our initial downpayment.

I expect that that will continue.

Mr. ROYBAL. Sure, but the downpayment in your time and mine was 20 percent of $12,000. Now it is 20 percent of $120,000.

Mr. WEIDENBAUM. Well, I was a GS-12 or 11 at the time. It seemed like a lot of money back then.

Mr. ROYBAL. A GS-12?

Mr. WEIDENBAUM. Back then.

Mr. ROYBAL. Even today is not bad, but anyway, that is really not germane to your particular budget. It is just a matter of discussing the overall financial picture of the Nation.

Mr. WEIDENBAUM. I welcome the opportunity of sharing with you the analysis of the economy that we do at the Council. I always will welcome inquiries from you and your staff.

Mr. ROYBAL. Thank you.

UNEMPLOYMENT

How does our rate of unemployment compare to other countries? Let's say one of the Scandinavian countries, for example.

Mr. WEIDENBAUM. Dr. Burnham?

Dr. BURNHAM. There are different ways of measuring unemployment, and some countries do it one way, some countries do it another way, so even if we had the number here I would be reluctant to cite it.

Mr. ROYBAL. My understanding is our unemployment rate as it stands today is higher than the unemployment rate of some of the Scandinavian countries. It is lower than countries in Latin America, and that is one of the distinctions that we have, but Latin America, as a whole, has a personal per capita income in most of those countries of less than $1,000 a year.

Mr. WEIDENBAUM. That's right. Of course, they have what we call an underdeveloped or developing economy, a very different one than we do. The industrialized nations of Western Europe tend to measure unemployment in a far more restricted way than we do. They tend to use the unemployment compensation system rather than the surveys, the census monthly surveys.

Our monthly surveys pick up not just the covered unemployment—the permanent long-term members of the work force who are covered by social insurance, unemployment compensation, and railroad unemployment—but we also cover housewives or part-time people who come into the work force at times and drift out of the work force at other times.

77-741 O—81——3

So we have a more generous, more global measure of the work force which is the denominator to relate to the number of unemployed. Therefore our unemployment rate is usually higher than a lot of other countries just because we measure it differently. But I would not underestimate the seriousness of the unemployment problem, even if you make all the necessary adjustments for the statistics.

Mr. ROYBAL. The unemployment rate may be 7.8 nationwide?

Mr. WEIDENBAUM. It is 7.3.

Mr. ROYBAL. It is double that in my district, and it is more than that in districts surrounding mine in Los Angeles, so when you are faced with a 14 percent unemployment and then with no immediate prospect of any job being offered any of those people out of work, with the very good possibility that that 14 percent is going to increase in the next six months, one finds a community whose attitude is not the best when it comes to some of these cuts that are being proposed by the Administration.

Mr. WEIDENBAUM. Here is a response that I give when I go back to my area, which is also an area of high unemployment in the central city. I tell them, look, over a period of 20 years we have tried the route of direct Federal Government creation of jobs. We have had less success than we all had anticipated; that is, I think, an honest appraisal.

We think that there is another way, we think a far more effective way of raising the employment level in our central cities and around the country.

Mr. ROYBAL. Well, I would agree with that if this technique were to be applied equally across the board so that everyone cuts back a little bit, but when it is on a selective basis and the poor get poorer, then we have problems.

Now, I say that because I am also referring to your particular budget. If the recommendation that has been made that the departments of Federal Government absorb some of those cuts, that the same thing would be true with regard to your department.

The same I think would be true with regard to the American public in general, but what I see now is that those are going to be out of those, they will be the minority groups, for sure, the poor, the elderly citizens, the retarded, the physically handicapped are being cut back, but there is no cutback with regard to subsidies for tobacco, which I understand brings in $130 billion, but it cost $130 billion to take care of the effects of tobacco.

Being a lay person, not an economist, these figures worry me.

Mr. WEIDENBAUM. They worry me too, a great deal.

First of all, if the various departments of government were to absorb the cut in income that the Chairman of the Council of Economic Advisers has absorbed in coming here, you would have a surplus in the budget, so I do feel I personally am doing my share of budget restraint.

Mr. ROYBAL. You mean there is something that can be done so that we can have a surplus in the budget? If there is, let's do it.

Mr. WEIDENBAUM. What I am indicating, is not just that I have asked other people to exercise restraint. My income in the year ahead will be a small fraction of the income it was last year, so I am personally practicing what I am preaching.

I think you should realize that the cuts that we are referring to are very broadly based. I have a good deal of complaints from the business community about the large cuts in the Export-Import Bank, for example. There are complaints in the farm community about the large cuts in the dairy price supports. I view them with an old adage I learned in the Budget Bureau, "good budgeting is uniform distribution of dissatisfaction."

Except for that safety net for the truly needy, no major program of this government has been exempted.

Mr. ROYBAL. I still have not been able to find out who the truly needy are, and no one has been able to define that for me.

I understand that you have another appointment.

We have, I think, gone through most of these questions. As you well know, most of them were a discussion of the economy in general.

We will, however, take your request under consideration but before we do that I would like to ask Mr. Akaka if he has any questions.

TRAVEL REQUEST

Mr. AKAKA. Good morning. Thank you very much, Mr. Chairman.

I certainly thank you for your presence here and your testimony this morning.

In looking quickly over your testimony this morning, I see where you are requesting in fiscal year 1982 $28,000 for travel.

My question is, does this represent an increase over last year?

Mr. WEIDENBAUM. No, sir; it does not.

Mr. AKAKA. I see. coming from Hawaii, this looks like a small request, and so my next question is to ask, although I see it here, in cases of travel expense of Council members, staff and consultants, how is this used or for what purpose will this be used?

Mr. WEIDENBAUM. The main purpose is to bring in for short periods of time specialists. We have, as you can appreciate, a very small staff as departments go, but on occasion we do bring in experts, specialists in specific areas, and we pay them, pay their coach travel expense and the government per diem.

I have turned down almost every request for an out of town speech and meeting, with the fewest exceptions. I have a much tighter travel policy than has been the custom in the Council, not only to conserve on travel but in order to carry out our duties here in Washington.

IMPORTS

Mr. AKAKA. In your Council activities, you gather and analyze items and information on those achievements to maximize employment, production, purchasing power, and so forth, and it is spelled out very well.

I want to relate this to your feelings about imports.

As you know, we did approve loan guarantees for Chrysler and that in 1980 Chrysler had a loss of about $1.7 billion, and some of the other automotive companes also had losses.

There has been a cry to restrict imports. I think I know your feeling, but can you either repeat or expand on that for me, please?

Mr. WEIDENBAUM. Yes, sir; my eleven o'clock meeting with the President is on this very subject, and I will convey to him once again my strong view that unrestricted foreign trade, flows of imports and exports among our various nations, is most conducive to the health of the American economy.

I am concerned about the tide of imports and I think the answer to that really is to improve the competitiveness, the productivity of American companies.

As you know, Mr. Akaka, I am a strong opponent of restrictions in foreign trade.

Mr. AKAKA. I see. In a place like Hawaii, we have been hearing from the dealers rather than the producers of automobiles, and the dealers tell me that if they are restricted on imports they are going to go out of business. I don't know whether it is really true, but I can see where it can affect this.

Also, I think you have talked about voluntary restrictions and the idea that they be in effect for less than three years.

Do you think that this is reasonable?

Mr. WEIDENBAUM. Well, should a foreign country such as the Japanese of their own volition, seeing what the situation is, if they would decide on their own, to control their export of automobiles to the United States, that would be their decision.

Very frankly, it would be a constructive move on their part, but that is a very different approach than our enforcing restraints on imports.

As I say, I think the industry as well as the consumer—and my fundamental concern is the consumer—is badly served by import restraints.

Mr. AKAKA. Well, thank you very much, Mr. Chairman.

Mr. ROYBAL. Thank you, Mr. Weidenbaum.

There will be some other questions that we will submit in writing.

We will be happy to receive your reply.

Mr. WEIDENBAUM. Thank you, Mr. Chairman, Mr. Akaka.

I appreciate the opportunity and look forward to future appearances.

[The questions of Mr. Roybal and the justifications follow:]

Mr. ROYBAL. What impact will all the budget reductions have on the rate of inflation in 1981? In 1982?

Mr. WEIDENBAUM. The full impact of the Administration's proposed budget reductions, if promptly adopted by the Congress, would not begin to be felt until calendar year 1982. Our forecast of a moderately lower inflation rate, as measured by the CPI, of 8.3 percent also assumes adoption of the Administration's tax proposals and appropriate Federal Reserve policies.

Mr. ROYBAL. What is the present rate of unemployment in this country? How does that compare with other countries?

What impact does a higher rate of unemployment have on the economic health of the country?

What is being recommended by your Council to ease this situation?

Mr. WEIDENBAUM. The present rate of total unemployment is 7.3 percent of the labor force. A relatively high rate of unemployment is a clear indication that a country is not making effective use of its most valuable resource, people, and thus appropriate measures such as those proposed by the Administration, should be adopted to permit those who wish to find gainful employment to do so.

The most recent data available for other countries show a wide range of unemployment rates. These data are all seasonally adjusted and adjusted to U.S. definitions.

Country	Unemployment (percent)	Period
Japan	2.1	Jan. 1981.
Canada	7.2	Feb. 1981.
France	7.2	Do.
West Germany	4.0	Do.
Sweden	2.4	Do.
United Kingdom	10.8	1981 (1st quarter).

Mr. Roybal. What is the general condition of interest rates across the country now? What do you anticipate it to be in the future? What is the general mortgage interest rate now?

Mr. Weidenbaum. Recently, short-term interest rates have fallen fairly substantially from the levels reached late last year. The Government Treasury bill rate, for example, is down to about 13 percent compared to last December's average of 15.67 percent. Long-term rates, however, have remained close to their recent highs. With prompt adoption of the President's program for economic recovery, we anticipate that by year-end 1981, short-term rates would be at somewhat lower levels than at present, and that long-term rates would have begun to decline also. At the moment, mortgage interest rates, on a national average, are in the vicinity of 15 percent.

Mr. Roybal. Is there any problem with the Federal Government borrowing causing shortages in the money markets?

Mr. Weidenbaum. We do not foresee any significant problem with Federal Government borrowing activity causing shortages in the money markets, in view of the Administration's program and prospective economic developments.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

COUNCIL OF ECONOMIC ADVISERS
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-1900-0-1-802	1980 actual	1981 estimate	1982 estimate
Program by activities:			
10.00 Economic analysis (costs-obligations)	2,070	2,205	2,313
Financing:			
25.00 Unobligated balance lapsing ..	32	...	...
39.00 Budget authority	2,102	2,205	2,313
Budget authority:			
40.00 Appropriation	2,102	2,171	2,313
44.20 Supplemental for civilian pay raises	...	34	...
Relation of obligations to outlays:			
71.00 Obligations incurred, net	2,070	2,205	2,313
72.40 Obligated balance, start of year	319	223	132
74.40 Obligated balance, end of year	-223	-132	-139
77.00 Adjustments in expired accounts	-21	...	...
90.00 Outlays, excluding pay raise supplemental	2,145	2,264	2,304
91.20 Outlays from civilian pay raise supplemental	...	32	2

COUNCIL OF ECONOMIC ADVISERS

The Council of Economic Advisers analyzes the national economy and its various segments, advises the President on economic developments, recommends policies for economic growth and stability, appraises economic programs and policies of the Federal Government, and assists in preparation of the annual Economic Report of the President to Congress.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

COUNCIL OF ECONOMIC ADVISERS
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 11-1900-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Personnel compensation:			
11.1 Full-time permanent positions .	1,149	1,232	1,275
11.3 Positions other than full-time permanent	29	35	35
11.5 Other personnel compensation ..	58	55	55
11.8 Special personal services payments	18	...	...
11.9 Total personnel compensation	1,254	1,322	1,365
12.1 Personnel benefits: Civilian .	101	103	107
21.0 Travel and transportation of persons	23	28	28
23.1 Standard level user charges ...	125	128	189
23.2 Communications, utilities, and other rent	82	78	78
24.0 Printing and reproduction	54	135	135
25.0 Other services	377	386	386
26.0 Supplies and materials	19	15	15
31.0 Equipment	35	10	10
99.9 Total obligations	2,070	2,205	2,313

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

COUNCIL OF ECONOMIC ADVISERS
SALARIES AND EXPENSES

Personnel Summary

Identification code	1980 actual	1981 estimate	1982 estimate
Total number of full-time permanent positions	36	36	36
Total compensable workyears:			
Full-time equivalent employment	2	2	2
Full-time equivalent of overtime and holiday hours	2	2	2
Average GS grade	10.57	10.57	10.57
Average GS salary	$24,228	$26,434	$26,648
Average salary of ungraded positions.	$34,021	$37,979	$39,902

STANDARD FORM 306
July 1968, Bureau of the Budget
Circular No. A-11, Revised.
306-103

COUNCIL OF ECONOMIC ADVISERS
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

	1980 actual	1981 estimate	1982 estimate
Executive level II	1	1	1
Executive level IV	2	2	2
Subtotal	3	3	3
GS-14	1	1	1
GS-13	1	1	1
GS-12	1	1	1
GS-11	5	5	5
GS-10	3	3	3
GS-9	2	2	2
GS-6	1	1	1
Subtotal	14	14	14
Ungraded	19	19	19
Total permanent positions	36	36	36
Unfilled positions, end of year	-2	--	--
Total permanent employment, end of year	34	36	36

TUESDAY, MAY 5, 1981.

NATIONAL SECURITY COUNCIL

WITNESSES

ALLEN J. LENZ, STAFF DIRECTOR

BARBARA J. DIERING, ADMINISTRATIVE ASSISTANT

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear from the National Security Council with regard to their budget estimate for fiscal year 1982.

Will you please proceed in any manner that you may desire?

OPENING STATEMENT

Mr. LENZ. Thank you, Mr. Chairman, for the opportunity to appear before this committee in support of the budget request for the National Security Council.

I am accompanied this morning by Mrs. Barbara Diering, who has worked with our budget for a number of years.

This committee has under consideration today a budget request for $3,973,000 for the expenses of the National Security Council staff during the fiscal year 1982.

This amount represents an increase of $134,000 above the fiscal year 1981 appropriation, due primarily to an increase in the standard level users charge which represents our cost for space occupied by the National Security Council staff.

There are minor increases and decreases in other object categories.

This committee is also currently reviewing a civilian pay supplemental of $171,000 for fiscal year 1981 mandated by Executive Order 12248.

Mr. Chairman, I have prepared a few notes on the National Security Council that may be of interest to those—if there are any—who have not been on this committee before.

I will proceed, if you wish. I know you have a busy schedule. I am at your pleasure.

Mr. ROYBAL. There are some new members of the committee.

Mr. RUDD. I would appreciate it if you would proceed.

Mr. ROYBAL. Please proceed.

THE NATIONAL SECURITY

Mr. LENZ. The National Security Council was established by the National Security Act of 1947 (61 Stat. 497; 50 U.S.C. 402), as amended. Effective August 19, 1949 the Council was placed in the Executive Office of the President.

The statutory function of the Council is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security.

Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives, commitments, and risks of the United States in relation to actual and potential military power, to consider policies on matters of common interest to the departments and agencies of the government, and to make such recommendations and such other reports to the President as it deems appropriate, or as the President may require.

The statutory members of the Council are: The President; the Vice President; the Secretary of State; and the Secretary of Defense. The Chairman, Joint Chiefs of Staff, is the military advisor to the Council and the Director of Central Intelligence is its intelligence advisor. The Assistant to the President for National Security Affairs is the principal supervisory officer of the Council.

As an advisory body to the President, the Council's organization has been shaped to meet the President's needs and to be compatible with his methods of work. It is used to present broad issues of national security policy to the President for his decision.

The NSC System, the Council's membership, its supporting committees, and specialized groups, is interagency in character. The function of the NSC staff, financed by this budget, is to facilitate the operation of this interagency system.

The NSC staff provides day-to-day staff support for the President on national security matters. It seeks to ensure that national security information provided to the President by the responsible agencies, whether in connection with policy recommendations or otherwise, is responsive to his needs. Drawing on inputs from the agencies, the NSC staff coordinates information and policy presentations on national security problems to the President and to the Council.

In addition to staff members paid from this appropriation, the NSC staff has, since its inception, been composed in part by career employees detailed from its member agencies. Such details serve two important objectives:

First, the presence of career service personnel on the NSC staff facilitates good communications with their parent agencies.

Second, details allow the NSC to draw on the very high level of talent and relevant experience of career service personnel in the agencies without forcing individuals to abandon their career service status as a condition of service on the NSC staff.

A Secretariat, under the direction of the Staff Director, performs secretariat functions for the Council, circulating agenda and papers, recording the actions of the Council and the decisions of the President on national security policy questions, and helping to ensure that officials concerned are informed of the President's decisions. The Secretariat is also responsible for document control and review and maintenance of the official NSC files.

An Administrative Office is responsible for the performance of administrative services relating to personnel, budget, fiscal, supply, and general services.

I will be glad to answer any questions you may have as they pertain to our budget request or operating costs.

[The statement of Mr. Lenz follows:]

STATEMENT OF ALLEN J. LENZ, STAFF DIRECTOR, NATIONAL SECURITY COUNCIL

This Committee has under consideration today a budget estimate of $3,973,000.00 for the expenses of the National Security Council staff during the Fiscal Year 1982. This amount represents an increase of $134,000.00 above the Fiscal Year 1981 appropriation, due primarily to an increase in the Standard Level Users Charge (SLUC) which represents our costs for space occupied by the NSC staff. There are minor increases and decreases in other object categories. This committee is also currently reviewing a civilian pay supplemental of $171,000.00 for fiscal year 1981 mandated by Executive Order 12248.

Mr. Chairman, I have prepared a few notes on the National Security Council that may be of interest of new Members. If you wish, I will continue.

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NSC MEETINGS

Mr. ROYBAL. That is a very interesting review of your functions and I am glad you were able to put it on the record.

How many times has the Council met in the past year and how many times will it be meeting during this coming fiscal year?

Mr. LENZ. Since the 20th of January the Council itself has met seven times.

I believe we have some data here on the prior year; in calendar 1980 it met 11 times. It is the intention of this administration for the Council to meet regularly, probably about once a week.

We have missed a few meetings because of the assassination attempt recently, but the Council will be meeting regularly.

ATTENDEE

Mr. ROYBAL. Who would normally attend those meetings?

Mr. LENZ. The statutory members of the Council are the President, the Vice President, the Secretary of State, Secretary of Defense, the statutory advisors, which are the Chairman of the Joint Chiefs of Staff and the Director of the Central Intelligence Agency and, in addition to that, other people from other Cabinet Departments will be invited, depending on the subject matter, and Mr. Meese and Mr. Baker are also regular attendees.

Mr. ROYBAL. So in numbers, how many constitute the Council and what makes up a quorum?

Mr. LENZ. I don't know that there is an official rule on a quorum but the statutory members are the four that I mentioned, the President, the Vice President, Secretary of State and Defense.

Mr. ROYBAL. Those are the four that normally meet and make up the Council?

Mr. LENZ. Plus the statutory advisors are normally there too, and since it is an advisory body, the President makes the decisions. He is taking advice.

DETAILEES

Mr. ROYBAL. You mentioned the fact you also bring in people from other agencies?

Mr. LENZ. Yes; as the subject requires.

Mr. ROYBAL. Just how much support do you get from other government agencies in both personnel and resources?

Mr. LENZ. In the staff, sir?

Mr. ROYBAL. Yes.

Mr. LENZ. I believe 24 people are now on detail from other agencies. I happen to be one of those myself. I am on detail from the Commerce Department. Of those 24 people on details, I think 11 are reimbursable and 13 are nonreimbursable.

This is a very vital element of the staff work because, as I mentioned in our prepared statement, it is very important to have good communications with the agencies, as well as the expertise that these people from the agencies bring with them, since the Council staff is to serve the function of coordination. So, again, it is very important to have these people from the relevant agencies.

Mr. ROYBAL. Will you please provide a summary of all costs related to personnel, detailed from other government agencies to the NSC and have those broken down for reimbursable details and nonreimbursable detail?

Mr. LENZ. Yes, sir.

[The information follows:]

The National Security Council estimates that it will expend approximately $560,000 in fiscal year 1982 for the reimbursement of detailees. This amount includes not only salary and overtime payments but also the Government's share of life insurance and health benefits.

	No. detailed	Reimbursable	Nonreimbursable
Agency:			
CIA	9	6	3
DOD	7	1	6
DIA	1	0	1
Commerce	1	1	0
NSA	1	0	1
GSA	1	0	1
ICA	1	0	1
Lawrence Livermore Laboratory	1	1	0
State	2	2	0
Total	24	11	13

Mr. ROYBAL. Generally, how long do the details last?

Mr. LENZ. There is no fixed term. Normally, for paperwork purposes, people are detailed for two years, but they could be returned to their agency earlier than that or they could stay on beyond the two-year period.

INFORMATION

Mr. ROYBAL. Does the Council provide information to the President on a routine basis, after every meeting, if the President is not personally present, do you provide information to him?

Mr. LENZ. I think the President has been present at each one of the meetings, except perhaps one out of the seven that have been held since the 20th of January and, yes, sir, certainly, the detailed minutes of the meeting, recommendations, would be provided to him. But at actual Council meetings, normally the President will be there because the function of the Council is to advise the President and so it is most useful, of course, if he is there.,

Mr. ROYBAL. The Council would of course be receiving intelligence information.

Can you give us an idea as to where this information comes from?

Mr. LENZ. Well, all of the U.S. sources that we have, NSA, DIA, CIA.

Mr. ROYBAL. Would you say that the information has increased in the quality?

Mr. LENZ. I don't know that I am in a good place to make a judgment on that, sir, since I have only been here two and a half months.

FREEDOM OF INFORMATION

Mr. ROYBAL. Let's stipulate to the fact that we look forward to the time when it does increase in quality.

Now, do you have any problems with the Freedom of Information Act?

Mr. LENZ. The Freedom of Information Act does pose a rather heavy workload for us.

I think we would assess the man years that we put into that being about four. It is an enormous volume of paperwork to be handled, and a tremendous number of requests under the Freedom of Information Act. In 1980, calendar year 1980, we had 301 requests which required us to review 1,358 documents involving a total of 12,049 pages.

Now, the four man years that I mentioned to you encompasses not only Freedom of Information but Executive Order for declassification material, those two things.

Mr. ROYBAL. All that paperwork then must be quite expensive. Can you give us an idea how much it costs to comply with the 301 requests?

Mr. LENZ. I think I should do a more than an off the top of my head estimate. If you would like that, we can do it, but essentially it will be four man years and that does not include the other administrative paper expenses and so on; and it probably may have to go above four.

Mr. ROYBAL. Include that in the record, then, as soon as possible.

Mr. LENZ. Yes, sir.

[The information follows:]

Direct Staff Cost, including overtime where applicable, for the 4 people in calendar year 1980 was approximately $93,000.

This figure does not represent total actual costs. Reproduction costs, costs of other NSC staff members time involved in consultations on individual documents, computer time, courier services, and other overhead costs would probably double the direct personal cost figure.

Mr. ROYBAL. Mr. Miller?

PUBLICATIONS

Mr. MILLER. Thank you, Mr. Chairman.

We spoke of a publication last year. I am not real sure but apparently there is one that is available. Am I correct on that; a subscription service?

Mr. LENZ. I am not aware of a pamphlet. We don't publish anything that I know of concerning the National Security Council staff. I am not aware of any publication.

Mr. MILLER. The publications then that you would recieve, as an example, are from CIA? Do you receive some publications from them?

Mr. LENZ. Oh, yes.

Mr. MILLER. Do you have a terminal that would allow you to gather information from them along with other agencies?

Mr. LENZ. A terminal?

Most of the material that comes in would come in in printed reports, publications from them. In addition to that, of course, we do receive cable traffic that is CIA originated from various services but most of the material is in the form of publications, reports and studies on special subjects.

Mr. MILLER. It was stated before that you people do have terminals. I took it to be a computer terminal that would feed information to you from the various agencies.

Mr. LENZ. No; we don't have that kind of computerized link, but we do have cable facilities and daily couriers from the agencies delivering material.

Mr. MILLER. Last year Mrs. Dodson said, "we have terminals to all those agencies and they select for us the kind of information that they think is of importance at the level of the NSC and the President and send it on to us."

Mr. LENZ. Perhaps she was thinking of the LDX facilities, where you can transmit copies of documents electronically.

That perhaps is what she is thinking of. Those may be called terminals.

Mr. MILLER. They are not clarified other than the word terminal and as we understand that and use the word terminals it generally is a computer terminal so that you can receive information.

Mr. LENZ. That we do not have. But we do have the LDX terminal with Defense and State and perhaps others. Those agencies are the principal inputers that use that device, but that is only for small document transmissions at rapid speed.

Most of the material comes in by courier.

UNITED NATIONS

Mr. MILLER. Would you tell us a little about your connection with the United Nations and what information you may have fed to you?

Do you have someone on the spot as a staff member?

Mr. LENZ. No; the only thing that I have seen come in involving the United Nations has come to us from the State Department. I can't really think of anything specific in the last two months.

I know there have been one or two transactions where State has forwarded something to the President involving the United Nations but we have no direct link with a representative of the United Nations. It would be through the State Department.

Mr. MILLER. At these meetings that you speak of with the President, Vice President, Secretary of State and Secretary of Defense, will all four be there at the meetings every week?

BARTER WITH OTHER NATIONS

Mr. LENZ. Yes, sir; every effort is made to arrange a time when all of the principals can be present.

Mr. MILLER. We speak of some of the functions and responsibilities that the Council has. Apparently it is advising the President on domestic and foreign military policy relating to national security.

Do you, by any chance, get into advising the President on such things as a barter with other nations?

Mr. LENZ. Such things as barter?

Mr. MILLER. Yes. The President has the authority through a foreign operations bill that was approved a few years ago. I offered an amendment to that bill allowing the President to have the authority to barter with other nations. Bartering for whatever we may have for what we need, just plain barter. What was behind this was the problem that we have with strategic metals, and the fact that we are consuming our strategic metals in such a manner that we will be limited as to how many we will have in the future.

If we could barter some of our foreign assistance that goes to other nations they could send us some of the natural resources they have in their mountainsides. We are even importing some of the natural resources at the present time.

I am wondering if you have discussed this or would it even fall in your realm of responsibility?

Mr. LENZ. To my knowledge the Council has never discussed this particular issue but, of course, national security matters almost inevitably involve a mix of military, political and international, economic and national security considerations.

It is conceivable that it could at some time in the future, although I would think it more likely that this kind of thing would be discussed in some other body, for example, the Cabinet Council on Commerce and Trade, but to the extent that it has a national security aspect, it would wind up in the National Security Council.

To my knowledge, there has not been any treatment of this issue as yet.

Mr. MILLER. It appears that the administrations have not used this over the years, and they have the authority to do it. Commerce has their own reasons, and the State Department will have their own reasons as to why they would not encourage barter. Yet it seems kind of a basic idea that if we could do it we could gain the strategic metals that we need. If it could be put on the agenda for discussion at one of your meetings to see what could be done in order to help us gain the natural resources that we are losing, it would be good.

If we send a shipload of completed tractors to a nation we first have to mine the ore and use energy to manufacture the parts to put into a tractor. Steel or rubber, or other parts we may even import, or at least the natural resources we commodities import to make them.

If we send that shipload of tractors to a nation, we have used our natural resources, and our energy to do it. We often send that shipload of tractors to nations that have in their mountainside the minerals that we would need. Therefore, if we could barter these commodities it would seem they would be willing to send us some of their strategic metals in return.

If somehow you could get it on the agenda to be discussed, I would appreciate it.

Mr. LENZ. The whole subject of strategic minerals is one that is a security issue, and one that the Council is interested in.

STOCKPILE

Mr. MILLER. Do you advise GSA then, as to what they should stockpile in strategic metals?

Mr. LENZ. The President decides the policy as to what the GSA will do and in matters of national security, if it merits treatment in the Council to bring up as an important issue, the Council will advise the President, but he would make the decision as to what GSA should do.

Mr. MILLER. The Council would advise the President, and not necessarily the Department of Defense, or work in conjunction with the Department of Defense?

Mr. LENZ. Strategic minerals is a matter that would be handled through the Council mechanism. The actual topic may or may not reach a Council agenda. It depends on how broad the issue is treated, how important it is relative to other things, et cetera, but the subject of strategic minerals is one that would be handled through the system.

The inputs would be coordinated by the National Security Council staff. Whether it requires a meeting of the Council would be the judgment of the President.

Mr. MILLER. GSA comes to this committee for funding to purchase strategic metals to stockpile, and they also come to this committee for authority to sell.

Many times when they come in we have people that are pulling in opposite directions, some that feel we should be selling and others that feel we should be buying. We have even had a bill, with two members sitting on the other side of the table. It concerned selling silver. We need all the advice we can get.

Who would advise GSA to either buy or sell? What they have in that stockpile would be strategic metals that would be needed for our national defense, not for the standard independent, private industry to utilize. Someone has to recommend to them that they should have another million pounds or whatever it may be, and how much nickel or bauxite or whatever.

It seems like something you should be vitally interested in.

Mr. LENZ. Because of your interest in this, it is probably best if I give you a more detailed statement than I can give you off the top of my head. I can give you something in writing.

Mr. MILLER. I would appreciate that.

Those are all the questions I have, Mr. Chairman.

[The information follows:]

The Federal Emergency Management Agency (FEMA) would advise the General Services Administration (GSA) to either buy or sell. FEMA's responsibilities are derived from Executive Order 12155 of September 10, 1979.

To carry out these responsibilities in an orderly manner, FEMA chairs an interagency Annual Materials Plan Steering Committee. Other agencies represented on the committee are the Departments of Defense, Commerce, Energy, the Interior, State, Treasury, the Central Intelligence Agency, the General Services Administration, the National Security Council Staff, and the Office of Management and Budget.

The Steering Committee develops an Annual Materials Plan (AMP). The AMP is a list of stockpile materials proposed for acquisition and disposal.

This list, a culmination of extension interagency review, is submitted to the Armed Services Committees for review. Funding for the program is found under the GSA budget.

In addition to the NSC Staff's participation in the regular annual review cycle, the Staff, and the Council itself, may participate in analysis of and recommendations on other broad questions concerning the stockpile which merit the President's attention.

POSITIONS

Mr. ROYBAL. Mr. Rudd?

Mr. RUDD. Would you, for my edification, identify the types of positions we are talking about when we talk about positions other than full-time permanent and special personnel services people?

Are we talking about contractual?

Mr. LENZ. Special personnel services payments would be almost solely for reimbursement for details from other agencies. We have 24 on detail from other agencies.

Eleven of them are reimbursable and the other 13 are nonreimbursable. That is that line item.

Positions other than full-time permanent—we do use some part-time people, especially the Secretariat, perhaps people working four hours a day five days a week or three days a week, college students to do some of our computerized operations and consultants.

We do have some part-time secretaries or fill ins, that sort of thing. Other personnel compensation, overtime, and lump sum leave.

I believe the full-time equivalents of our part-time people is about 4 people, probably spread over from 6 to 8 people in the full-time equivalent at 4.

Mr. RUDD. You have no contractual employees then?

Mr. LENZ. No.

Mr. RUDD. Thank you very much.

I have no other questions.

CONTRACTS

Mr. MILLER. Could I follow up on that just a moment?

I recall last year you did have contracts. I am not sure what those contracts were, but at least some of the funds were spent for outside contracts.

Do you have that information?

Mr. LENZ. Yes; we do.

Barbara, maybe you are more familiar with that than I. We had for fiscal year 1981 allocated $30,000 for contracts, and not much of it has been spent so far, $11,000, no, it——

Mrs. DIERING. For this year we have not let any contracts.

Mr. MILLER. The contract last year apparently was to go over the papers of President Kennedy, and I am not sure which other Presidents. I am not sure of what you were able to come up with at that time that was meaningful or why it was worthwhile to spend the $30,000.

Did we have end results that were meaningful for that $30,000?

Mrs. DIERING. The final product from that contract has not been completed at this time. There has been a draft done. Mr. Bromley Smith, who was the last Executive Secretary to the Council, was the one who holds that particular contract, and he is in the final preparation stage. He was compiling a history of the Council's organization and procedures from 1961–1969.

After that, Mrs. Jeanne Davis had picked up the history of the Council from 1969 to 1977, as she was there as the Staff Secretary for the Council.

Those are the only two contracts that we have outstanding at this time that concern the history of the National Security Council.

Mr. MILLER. And that contract would be showing the history of the National Security Council during certain presidential administrations?

Mrs. DIERING. Yes, sir; that is correct, sir.

Mr. MILLER. What good would that do for the present National Security Council?

Mr. LENZ. Mr. Miller, I think——

Mr. MILLER. Is this something that Archives should be doing?

Mr. LENZ. I think it would be useful to document the history, what happened. One can learn a lot from history about what mistakes were made, what things were done properly. The past is prologue to the future and I think one could learn a good bit from the analysis of those papers.

Mrs. DIERING. Mrs. Davis was 10,000, and Mr. Smith, I believe, was 30,000, but I can double-check.

They were all out of fiscal year 1979, Mr. Smith's, and fiscal year 1980, Mrs. Davis' funds.

Mr. MILLER. If we could keep from making the same mistakes over sometimes it is worth far more than that. That is very interesting.

Mr. ROYBAL. Mr. Campbell?

DECLASSIFICATION

Mr. CAMPBELL. The 301 that you had under the Freedom of Information Act, could you give us some breakdown as to where those requests came from, what types of organizations, were they journalists, students, colleges, interest groups, or foundations. Essentially, I want to know who made those requests?

Mr. LENZ. We will have to submit that to you.

Mr. CAMPBELL. I would appreciate it if you would. I would like to see who is trying to gather information from the National Security Council under the Freedom of Information law.

That is all I have, Mr. Chairman.

[The information follows:]

The following is a breakdown, to the best of our ability, of the FOI/EO requests by broad classes of originator. However, since requestors are not required to provide this information, in many cases we were unable to make a determination. The figures below therefore, reflect large numbers of "unable to determine."

FOI requests

Media	42
Private organizations	48
Law firms	12
Foreign	28
Professors/students	37
Unable to determine	134
Total	301

EO requests

Media	40
Private organizations	23
Other agency	42
Foreign	60
Professors/students	428
Unable to determine	143
Total	736

Combined FOI/EO requests

Media	82
Private organizations	71

Law firms	12
Other agencies	42
Foreign	88
Professors/students	465
Unable to determine	277
Total	1,037

Sixty-nine percent (720) of the above caseload involves repeat requestors. The five (5) most frequent requestors (2 professors, 1 media representative, 1 foreign, and 1 U.S. private citizen) account for 18 percent (182) of the above 1,037 cases.

PRIVACY ACT

For Privacy Act requests, all are either from private citizens or from law firms on behalf of private citizens. Since the functions of the NSC Staff do not involve creation of records on U.S. citizens, most of these requests involved no records. Of the 40 Privacy Act requests received, 34 documents and 82 pages of records were involved.

Mr. ROYBAL. Thank you.

COMPOSITION OF STAFF

Mr. Lenz, the Secretariat seems to be quite a busy group of men and women.

Am I correct in assuming that they are equally divided between men and women or how does that stand?

Mr. LENZ. When we speak of the Secretariat, we speak of a group of a dozen people that are involved in controlling incoming information, and tracking it through the system as it moves to the President, et cetera.

How would they be divided? I don't know whether I have got a statistic on that.

Mrs. DIERING. I know we have three women down there.

Mr. ROYBAL. Provide that for the record.

Mr. LENZ. Certainly; that is separate from secretaries, of course. The Secretariat is the information control system in our terminology.

Mr. ROYBAL. You have a total of 64 people in the detailed permanent positions.

Will you provide for the record that same information for all 64?

Mr. LENZ. Certainly.

[The information follows:]

The following composition of the NSC Staff and detailees are provided:

	Men	Black men	Women	Black women
NSC full-time permanent (total 56):				
Professional staff	11	1	3	0
Support staff	11	6	31	4
Of which NSC Secretariat (total 12)	8	5	4	1
NSC detailees (total 24):				
Professional staff	13	1	2	0
Support staff	0	0	9	0

SLUC

Mr. ROYBAL. Your budget estimate for fiscal year 1982 is $134,000 more than 1981.

Can you tell the committee why the increase is necessary?

Mr. LENZ. I believe that is really solely due to the increase in the standard level users charge which went up, what, about $120,000, $140,000, and I am told that that represents that there had been no increase for about three years, and that represents an increase of about 15 percent a year.

The assessment is apparently tied to what similar costs are in the local Washington market.

Mr. ROYBAL. Is that an amount that might possibly be absorbed?

Mr. LENZ. I think we would have a very difficult time absorbing that.

Just before I came up here I did a little calculation. Ninety-two percent of our budget is for people; 8 or 9 percent of it is for this standard level users charge, and any reduction that is made essentially is going to really reflect on people.

We would have a very difficult time absorbing that without people cuts.

We think the staff is at a minimum now.

Mr. ROYBAL. Do you have any questions, Mr. Gunnels?

Mr. GUNNELS. I don't think so, Mr. Chairman.

Thank you.

Mr. ROYBAL. Mr. Lenz, we would like to thank you and your associate for being present and making the presentation to the committee.

The committee will take it under advisement.

The committee will recess until two o'clock this afternoon.

NATIONAL SECURITY COUNCIL

BUDGET JUSTIFICATION -- FISCAL YEAR 1982

The National Security Council was established pursuant to Public Law 253, Title 1, Section 101, 80th Congress, approved July 26, 1947, as amended by Section 3 of Public Law 165, 82nd Congress, approved October 10, 1951. By reorganization plan Number 4 effective August 20, 1949, the Council was placed in the Executive Office of the President.

The statutory function of the Council is to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives, commitments and risks of the United States in relation to actual and potential military power, to consider policies on matters of common interest to the departments and agencies of the Government, and to make such recommendations and such other reports to the President as it deems appropriate or as the President may require.

Council members are: the President, the Vice President, the Secretary of State, and the Secretary of Defense. The Chairman, Joint Chiefs of Staff, is the military adviser to the Council and the Director of Central Intelligence is its intelligence adviser. The Assistant to the President for National Security Affairs is the principal executive officer of the Council.

As an advisory body to the President, the Council's organization has been shaped to meet the incumbent President's needs and to be compatible with his methods of work. It is used to present broad issues of national security policy to the President for his decision.

The NSC Staff provides day-to-day staff support for the President on national security matters. It seeks to ensure that national security information provided to the President by the responsible agencies, whether in connection with policy recommendations or otherwise, is properly coordinated within the Executive Branch and the Executive Office of the President and is responsive to his needs. The staff arranges for the preparation of information and policy presentations to the President and to the Council on national security problems.

A Secretariat, under the direction of the Staff Director, performs secretariat functions for the Council, circulating agenda papers, recording the actions of the Council and the decisions of the President on national security policy questions and helping to ensure that officials concerned are informed of the President's decisions. The Secretariat is also responsible for document control, review, and routing; maintenance of official NSC files; mail receipt, review, and distribution; reproduction, and other courier services.

The Office of the Staff Director is also responsible for the coordination of all NSC staff activity in connection with requests for information received in accordance with the amended Freedom of Information Act, Executive Order 12065 on "Classification and Declassification of National Security Information and Material" and the 1974 Privacy Act.

An Administrative Office is responsible for the performance of administrative services relating to personnel, budget, fiscal, supply and general services.

NATIONAL SECURITY COUNCIL

JUSTIFICATION OF ESTIMATES -- OTHER OBJECTS -- FY 1982

112 PERSONNEL BENEFITS $190,000

Contributions for retirement, FICA, life insurance and hosptilization benefits.

121 TRAVEL AND TRANSPORTATION OF PERSONS $170,000

Attendance of NSC staff members at conferences and meetings on national security affairs, both domestic and foreign; consultant and contractor travel; official taxi reimbursements.

123 RENT, COMMUNICATIONS AND UTILITIES $426,000

For local telephone service, toll calls, FTS, telegraph and cable charges, wire services ($65,000); prorated charge for space now occupied ($361,000).

124 PRINTING AND REPRODUCTION $ 6,000

For stationery, printed forms, and GPO publications.

125 CONTRACTUAL AND OTHER SERVICES $256,000

125.1 Other Services

Rental of reproduction machinery and equipment used in document control; maintenance of typewriters, office machines and microfilming equipment; safe repairs; maintenance of pneumatic tube system . . .$147,000.

Analysis and technical assistance, computer programming and leased equipment for evolutionary improvement of information handling systems in support of the President and the Council . . . . $ 20,000.

Contractual assistance in the study of long-range and in-depth policy questions directed by the Council . . . . $ 45,000.

125.2 Services of other Agency

Reimbursement for employee health room facilities, building alterations to accommodate personnel and equipment; moving services; building services; rental of automobile from Interagency Motor Pool .. $ 44,000.

126 SUPPLIES AND MATERIALS $ 40,000

For administrative and office supplies, newspapers, periodicals, maps and charts.

131 EQUIPMENT $ 20,000

General office equipment and books, including replacement items.

TOTAL -- OTHER OBJECTS $1,108,000

NATIONAL SECURITY COUNCIL
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 11-2000-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Direct obligations:			
Personnel compensation			
111.101 Full-time permanent positions	1,695	1,899	1,899
111.301 Positions other than full-time permanent....................	158	168	174
111.501 Other personnel compensation.	213	232	232
111.801 Special personal services payments.....................	538	560	560
111.901 Total personnel compensation...............	2,604	2,859	2,865
Personnel benefits:			
112.101 Civilian......................	165	190	190
121.001 Travel and transportation of persons......................	147	153	170
123.101 Standard level user charges..	238	240	361
123.201 Communications, utilities, and other rent...............	65	65	65
124.001 Printing and reproduction.....	4	6	6
125.001 Other services...............	297	266	256
126.001 Supplies and materials........	42	40	40
131.001 Equipment....................	53	20	20
999.901 Total obligations..........	3,615	3,839	3,973

NATIONAL SECURITY COUNCIL
SALARIES AND EXPENSES
Program and Financing (in thousands of dollars)

Identification code 11-2000-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Program by activities:			
10.0001 Total obligations............	3,615	3,668	3,973
Financing:			
25.0001 Unobligated balance lapsing...	30	---	---
39.0001 Budget authority.............	3,645	3,668	3,973
Budget authority:			
40.0001 Appropriation................	3,645	3,668	3,973
44.2001 Supplemental for civilian pay raises.................	---	171	---
Relation of obligations to outlays:			
71.0001 Obligations incurred, net.....	3,615	3,839	3,973
72.4001 Obligated balance, start of year........................	643	598	598
74.4001 Obligated balance, end of year........................	-598	-598	-591
77.0001 Adjustments in expired accounts....................	-133	---	---
90.0001 Outlays, excluding pay raise supplemental................	3,527	3,675	3,973
91.2001 Outlays from civilian pay raise supplemental..........	---	164	7

SALARIES & EXPENSES
PERSONNEL SUMMARY

Identification code 11-2000-1-802	80 actual	81	82
Total number of full-time permanent positions	62	64	64
Total compensable workyears:			
Full-time equivalent employment	68	70	70
Full-time equivalent of overtime and holiday hours	9	9	9
Average GS grade	10.63	11.34	11.34
Average GS salary	$27,339	$30,629	$30,629

NATIONAL SECURITY COUNCIL
SALARIES & EXPENSES

DETAIL OF PERMANENT POSITIONS

	1980 actual	1981 estimate	1982 estimate
GS-18	6	6	6
GS-17	2	2	2
GS-16	5	5	5
GS-15	3	3	3
GS-14	1	1	1
GS-13	3	3	3
GS-12	3	3	3
GS-11	9	9	9
GS-10	6	6	6
GS-9	14	14	14
GS-8	9	9	9
GS-7	3	3	3
Total permanent positions	64	64	64
Unfilled positions, end of year	2	--	--
Total permanent employment, end of year	62	64	64

TUESDAY, MAY 5, 1981.

SPECIAL ASSISTANCE TO THE PRESIDENT

EXECUTIVE OFFICE OF THE PRESIDENT

WITNESSES

SARAH T. KADEC, DEPUTY DIRECTOR
URSULA H. PEARSON, FINANCIAL MANAGER
RICHARD D. WHITE, BUDGET OFFICER

Mr. ROYBAL. The committee will come to order.

The committee is in session this afternoon to hear the request of the Office of the Special Assistance to the President with regard to their budget estimate for fiscal year 1982.

Will you please proceed in any way that you may desire?

STATEMENT

Mrs. KADEC. Thank you.

With your permission, Mr. Chairman, I will insert my prepared statement in the record, and I will give you a summary.

I would like to introduce first of all our Budget Officer, Richard White, and our Financial Manager, Ursula Pearson.

I am Sarah Kadec.

Mr. ROYBAL. Your written statement will be included in the record at this point.

[The statement of Mrs. Kadec follows:]

STATEMENT OF SARAH T. KADEC, DEPUTY DIRECTOR, OFFICE OF ADMINISTRATION

Mr. Chairman and Members of the Committee: The 1982 budget appropriation request of $1,640,000 is for expenses necessary to enable the Vice President to provide assistance to the President. The assistance takes the form of directed and special Presidentially assigned functions. The Vice President, through Cabinet membership and White House contact is informed on a continuing basis regarding Presidential responsibilities.

Among the Vice President's specifically directed functions are the following:

Member of the President's Cabinet, acting as Chairman when the President is absent;

Vice Chairman of the National Security Council;

Designation by the President as Crisis Manager;

Chairman of the Presidential Task Force on Regulatory Relief; and

Member of the Board of Regents of the Smithsonian Institution.

In addition, he is an advisor to the President in matters of national importance, and he assists in ceremonial functions and in the conduct of international affairs.

To deal effectively with these responsibilities, it is essential that the Vice President be provided with adequate staff and appropriations.

The $1,640,000 request for 1982 is $49,000, or three percent, greater than the 1981 authority of $1,591,000 (which includes the pending supplemental of $60,000 for the October 1980 pay raises). The number of personnel requested for 1982 is 25 full-time permanent positions, which is a reduction of 2 from the number authorized for the previous Vice President, for a decrease of seven percent.

I shall be happy to answer any questions you may have concerning this request.

Mr. ROYBAL. You may proceed with your summary.

Mrs. KADEC. The 1982 appropriation request for Special Assistance to the President of $1,640,000 is for expenses necessary to enable the Vice President to provide assistance to the President.

His presidential assignments at the present time include: Chairing the President's Regulatory Reform Task Force, heading the Administration's National Security Crisis Management, preparation for the President's participation in the Ottawa Economic Summit and directing the President's Atlanta Child Murder Task Force.

The budget request for 1982 is $49,000 greater than the 1981 authority of $1,591,000, including the pending supplemental for October 1980 pay raises of $60,000.

The number of positions requested is 25.

I will be happy to answer any questions you may have.

VICE PRESIDENT'S STAFF

Mr. ROYBAL. Am I to understand the Vice President's staff under this administration is a total of 25 people?

Mrs. KADEC. Yes; 25.

Mr. ROYBAL. What functions are performed by this staff that are not performed by the legislative staff?

Mrs. KADEC. They are the ones particularly related to the Office of the Vice President in the Executive Office. He has offices in both the West Wing and the Old Executive Office Building. Basically they take care of his advance scheduling; he has a national security advisor, a military liaison, who is an advisor on national security; and the Second Lady's staff. There also is a small administrative liaison staff to the Office of Administration.

Mr. ROYBAL. Now, can you then tell us how many of the personnel on this staff are assigned to assist the Vice President's wife?

Mrs. KADEC. There are four at the present time.

Mr. ROYBAL. Four out of 25?

Mrs. KADEC. Yes, sir.

Mr. ROYBAL. Twenty-one are fully assigned to assist the Vice President?

Mrs. KADEC. Yes, sir.

Mr. ROYBAL. Now, in the budget material that you have submitted, there is no breakdown of salaries by grade.

Will you provide for the record the grades or salaries paid under this appropriation?

Mrs. KADEC. Yes, sir; I will have to have that sent to you.

Mr. ROYBAL. It is not necessary to give the names of the people.

Mrs. KADEC. Just the salaries and grades.

Mr. ROYBAL. It is not necessary to do that, unless you so desire.

Mrs. KADEC. Sure.

[The information follows:]

Special assistance to the President, salaries, as of Apr. 18, 1981

Number of positions:	*Salary*
1	$60,663
3	56,970
1	52,750
1	50,487
1	49,000

Number of positions:	Salary
1	46,000
1	42,000
1	40,000
1	37,000
1	32,000
1	26,236
1	25,000
1	24,736
1	23,000
1	21,053
2	18,000
3	15,000
3	14,500

DETAILEES

Mr. ROYBAL. Now, have you had any personnel detailed to this office in fiscal year 1981?

Mrs. KADEC. Yes, sir; we have one detailee now in the Office of the Vice President that is shared with the President and it is basically used in the advance office since we have been having travel by the Vice President for the President who has been unable to make the trips. We also have two people who are not actually on detail but are assigned as a part of the regulatory reform task force. They are contributions from the departments as part of their participation.

Mr. ROYBAL. A total assigned to the Vice President of what?

Mrs. KADEC. Three, if we count those.

Mr. ROYBAL. Total of 24 plus four assigned to the First Lady?

Mrs. KADEC. Yes, sir; counting detailees and the permanent staff, yes, sir.

Mr. ROYBAL. Do you anticipate anyone to be detailed or any detailee for fiscal year 1982?

Mrs. KADEC. We would expect it not to continue to be above the two, probably. With the regulatory reform task force and the other responsibilities, there is always a chance that on a special assignment you would need one, but we don't expect the level to get much beyond that.

Mr. ROYBAL. Of the almost 30 people that you have, how many are men and how many are women?

Mrs. KADEC. We have 18 women, which is about 72 percent of this staff, and then two minorities.

Mr. ROYBAL. Glad to hear that.

Mrs. KADEC. Thank you; we are pleased, too.

Mr. ROYBAL. Mr. Miller?

Mr. MILLER. Can we have some background as to how long this particular Office of Administration and Funds for the Vice President have been on our books? Is it relatively new, like the last four years?

Mrs. KADEC. The Office of Administration has only been in existence since 1977 and, of course, the Vice President's Office has been there quite abit longer.

Mr. MILLER. Is the Vice President's Office separate for appropriations like this?

Mrs. KADEC. Probably the same amount of time. I would have to check that.

Mr. MILLER. About four years. Furnish that for the record please.

77-741 O—81——5

[The information follows:]

There has been a separate appropriations for the Office of the Vice President since 1971.

Mrs. KADEC. I know they are covered under the White House Authorization Act that we are under, but it may go back earlier.

Mr. MILLER. We have things broken down in pieces.

Even with the White House. The people that are responsible for maintenance and operation of the White House come to this subcommittee. As I recall the center part of the White House is under the White House, period, but the working wings are under the Park Service, so we have a number of different people coming in with their budgets. Sometimes we need to get it straight just exactly who is responsible for what.

Mrs. KADEC. Yes, sir.

ADDITIONAL WORKLOAD

Mr. MILLER. Now, because of the problem that the President had with the attempted assassination, we know that the Vice President had to take on additional duties. Will this budget cover additional duties, and the people that he has responsible to him and who may have had to work overtime or additional hours.

Mrs. KADEC. Yes, sir; as far as we can tell at the moment; it does. It generated a considerable amount of extra work on the part of all of the staff but we had quite a good spirit going and people were willing to contribute a lot of extra effort at that time.

NATIONAL SECURITY

Mr. MILLER. One other question: You state that the Vice President is Vice Chairman of the National Security Council. We had the National Security Council staff in this morning, and they told of the four members that are on the National Security Council.

Does the Vice President have for the National Security council additional duties—over and above those as Vice Chairman? There are a lot of assignments given the Vice President that do not necessarily show in the printed record.

Mrs. KADEC. Basically, the other role that he has related to the National Security Council is his role as the National Security Crisis Manager, which is a new one for the Vice President under this administration. The support for that comes from the National Security Council. Those are his two basic roles in the national security area.

Mr. MILLER. Very good.

Thank you .

Thank you, Mr. Chairman.

[Material supplied for the record follows:]

Executive Office of the President
Special Assistance to the President

General Statement

The 1982 appropriation request for Special Assistance to the President is $1,640,000. These funds will enable the Vice President to accomplish responsibilities assigned to him by the President and by other statutes.

Summary of Expenses

	1981 Program ($000)	1982 Request ($000)
Personnel compensation and benefits	1,005	945
Travel	85	95
Standard level user charges	228	303
Communications, utilities, other rent	168	178
Printing and reproduction	7	7
Other services	36	38
Supplies and materials	60	60
Equipment	2	14
Total	1,591	1,640

Justification of Changes From 1981

Decreases

Personnel compensation and benefits: $60,000
This decrease is the result of one-time terminal leave payments in 1981 to departing members of former Vice President Mondale's staff.

Increases

Standard level user charges: $75,000
This increase is necessary for the estimated 1982 billing by the General Services Administration for currently occupied office space.

Other increases: $34,000
Increases in travel, communications and other rents, contractual services, and equipment are due to inflation and for replacement of worn equipment.

Special Assistance to the President

For expenses necessary to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 106, and hire of passenger vehicles, $1,640,000.

EXECUTIVE OFFICE OF THE PRESIDENT
SPECIAL ASSISTANCE TO THE PRESIDENT
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-1454-0-1-802	1980 actual	1981 estimate	1982 estimate
Program by Activities:			
10.00 Administration (costs-obligations)	1,455	1,591	1,640
Financing:			
25.00 Unobligated balance lapsing	7	-	-
39.00 Budget authority	1,462	1,591	1,640
Budget Authority:			
40.00 Appropriation	1,462	1,531	1,640
44.20 Supplemental for civilian pay raises	-	60	-
Relation of obligations to outlays:			
71.00 Obligations incurred net.	1,455	1,591	1,640
72.40 Obligated balance, start of year	141	127	175
74.40 Obligated balance, end of year	-127	-175	-224
77.00 Adjustments in expired accounts	-12	-	-
90.00 Outlays, excluding pay raise supplemental	1,457	1,485	1,589
91.20 Outlays from civilian pay raise supplemental.	-	58	2

Program and Performance

These funds are to be used by the Vice President to carry out responsibilities assigned him by the President and by various statutes.

EXECUTIVE OFFICE OF THE PRESIDENT
SPECIAL ASSISTANCE TO THE PRESIDENT
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 11-1454-0-1-802		19 80 actual	19 81 estimate	19 82 estimate
	Personnel Compensation:			
11.1	Full-time permanent positions..............	807	891	824
11.3	Positions other than full-time permanent....	39	25	25
11.5	Other personnel compensation.................	1	-	-
11.8	Special personal services payments	13	15	13
11.9	Total personnel compensation.................	860	931	862
12.1	Personnel benefits: Civilian..............	70	74	83
21.0	Travel and Transportation of persons........	75	85	95
23.1	Standard level user charges...............	209	228	303
23.2	Communications, utilities, and other rent........	96	168	178
24.0	Printing and reproduction..................	7	7	7
25.0	Other services..........	61	36	38
26.0	Supplies and materials...	34	60	60
31.0	Equipment.........	43	2	14
99.9	Total Obligations......	1,455	1,591	1,640

EXECUTIVE OFFICE OF THE PRESIDENT
SPECIAL ASSISTANCE TO THE PRESIDENT
SALARIES AND EXPENSES

Personnel Summary

Identification code 11-1454-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Total number of full-time permanent positions...........	27	27	25
Total compensable work years:			
Full-time equivalent employment.................	25	25	25
Full-time equivalent of over-time and holiday hours......	(0)	(0)	(0)
Average salary of ungraded positions..................	$33,596	$33,667	$34,222

EXECUTIVE OFFICE OF THE PRESIDENT
SPECIAL ASSISTANCE TO THE PRESIDENT
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

11-1454-0-0-802	19 80 actual	19 81 estimate	19 82 estimate
Ungraded...........................	27	27	25
Total permanent positions.........	27	27	25
Unfilled positions, end of year...	-16	-	-
Total permanent employment, end of year.......................	11	27	25

TUESDAY, MAY 5, 1981.

OFFICE OF ADMINISTRATION

EXECUTIVE OFFICE OF THE PRESIDENT

WITNESSES

SARAH T. KADEC, DEPUTY DIRECTOR
URSULA H. PEARSON, FINANCIAL MANAGER
RICHARD D. WHITE, BUDGET OFFICER

Mr. ROYBAL. We will now hear the budget request for the Office of Administration.

STATEMENT

Mrs. KADEC. Thank you, again, Mr. Chairman.

I have already introduced the members of my staff who are with us. With your permission, I would like to summarize my statement and offer the full text for the record.

Mr. ROYBAL. Without objection, so ordered.

[The statement of Mrs. Kadec follows:]

STATEMENT OF SARAH T. KADEC

Good afternoon, Mr. Chairman and Members of the Committee: I appreciate the opportunity to appear before you today to discuss the fiscal year 1982 budget request of the Office of Administration. The Office of Administration was created in 1977 under Reorganization Plan No. 1 and Executive Order 12028. The purpose of the Office of Administration is to provide common, centralized administrative support to all of the organizations in the Executive Office of the President (EOP). There will be ten agencies and offices in the EOP in 1982 and the services which OA will provide to those organizations include personnel management, financial management, office services and operations, information and records management, and data processing.

The 1982 appropriation request for the Office of Administration is $13,875,000, which is an increase of $1,675,000 over the budget authority of $12,200,000 projected for 1981. In addition, we are projecting estimated reimbursements from users in the area of ADP systems development of $3,295,000 in 1982, which is an increase of $1,204,000 over the $2,091,000 estimated for such reimbursements in 1981. These funds will provide for a combined year-end employment ceiling of 158 permanent positions in both 1981 and 1982. We are also requesting a fiscal year 1981 supplemental appropriation of $200,000 to cover a portion of the cost of the October 1980 civilian pay raises.

The Office of Administration has been in existence now for three years as the administrative support agency for EOP agencies. The new administration has recognized the need to obtain increased productivity and efficiency by increasing coordination between and among the activities of the Executive Office of the President. OA will be strengthened so as to provide better management control and more cost-effective administrative support to the EOP.

In conclusion, the Office of Administration budget before you is, I believe, the minimum necessary to provide administrative support and services to the Executive Office of the President and to the President of the United States. It is designed to provide these services in a cost effective manner totally consistent with the principles of this administration. I will be glad to answer any questions which you might have.

Mrs. KADEC. The 1982 appropriation request of the Office of Administration is $13,875,000, which is an increase of $1,675,000 over the projected budget authority of $12,200,000 for 1981. The 1981 figure includes the pending supplemental request of $200,000 for a portion of the October 1980 pay raises. In addition to these direct appropriations, we are projecting reimbursable income from the other agencies of the Executive Office for ADP systems development work which they request to be done for them. Our current estimates indicate 1981 collections for this purpose will be $2,091,000, and 1982 collections will be $3,295,000. These funds will provide for a combined year-end employment ceiling of 158 positions in both years.

The Office of Administration was established in 1977 to provide common centralized administrative support and services to the ten agencies of the Executive Office of the President. The services which are performed by the Office of Administration range from personnel management through financial management, office services and operations, to information and records management, and data processing. It is the sense of this administration that such services and functions are necessary and vital to the ultimate success of the various missions of the Executive Office organizations.

The Office of Administration is a means to obtain increased productivity and efficiency by increased coordination between and among the activities of the Executive Office of the President. Thus, OA is to be strengthened so as to provide better management control and more cost-effective administrative support to EOP agencies and for selected aspects of White House administrative services. This greater efficiency will result in savings to the Executive Office of the President and the government.

The budget before you represents the commitment of the new administration to maintain a viable organization for supporting the agencies and offices of the Executive Office of the President. With your assistance and approval of this budget request, we will be able to help fulfill the great expectations of the people, the Congress, and the President.

OTHER SERVICES

Mr. ROYBAL. Mrs. Kadec, on page 3 of your statement you make reference to the other services, which include facilities and the management contract for the operation of the EOP computer center.

Can you please explain how the computer support system is currently funded and what you propose for fiscal year 1982?

Mrs. KADEC. Yes, sir. We are proposing for 1981 and 1982 the same method of funding. As you may recall in 1980, the funding for operations was transferred to the Office of Management and Budget's account, and they reimbursed us for their support.

In 1981 this was reversed, and the Office of Administration was directed by the Office of Management and Budget to charge for systems development work. In 1981–82 we will be charging back to the agencies for their systems development software and design work, but the facilities, the actual operation of the computer is considered a common support in terms of the Executive Order, and we, therefore, will be paying for the operations of the computer itself out of OA's budget. The request here is relative to the operation of that facility done under contract.

Mr. ROYBAL. You apparently also have some costs for training courses?

Mrs. KADEC. Yes, sir.

Mr. ROYBAL. How does that enter into the computer support system?

Mrs. KADEC. The training courses that OA is basically concerned with at the moment are to keep our staff up to date on new technologies, new techniques and so forth, and to increase their productivity. In most cases it does not relate just to ADP. Some of the training would be in the data processing area, but a lot of that is in other areas of support.

SECURITY CLEARANCES

Mr. ROYBAL. You also make reference to the fact that some of these costs include security clearances.

Mrs. KADEC. Yes, sir; we have to pay for investigations that give our staff security clearance in order to be admitted to both the West Wing and the Old Executive Office Building.

Mr. ROYBAL. Whom do you pay?

Mrs. KADEC. For the most part the Office of Personnel Management. In some cases it is the FBI that does the investigation.

Mr. ROYBAL. Do you reimburse the FBI for their time?

Mrs. KADEC. Yes, sir; and the Office of Personnel Management when they do our investigations.

Mr. WHITE. The clearance cost now is $1,200 per investigation.

Mr. ROYBAL. Which means $1,200 per person?

Mr. WHITE. Per person investigated.

Mr. ROYBAL. Is that the average?

Mr. WHITE. The standard cost charged by the Office of Personnel Management is $1,200. That may represent an average cost to them for the various investigations that they perform for all of the agencies of government, but anyone who requires a secret or sensitive clearance is investigated by the Office of Personnel Management investigators.

REIMBURSEMENTS

Mr. ROYBAL. Now, you probably also reimburse other agencies for other services.

What is the proposed reimbursement for other agencies in fiscal year 1981 and also in 1982?

Mrs. KADEC. In terms of our reimbursements to them?

Mr. ROYBAL. To them.

Mrs. KADEC. Probably the largest reimbursement that we have and, again, whether we call it a reimbursement or not, I am not sure it is an actual contract that we have at the Defense Department to operate our printing and reproduction services.

Mr. ROYBAL. All right.

Mrs. KADEC. We do pay the Department of Treasury for use of the personnel and payroll system there.

Mr. ROYBAL. Do you have a projected figure for 1981 and 1982?

Mr. White. For 1981 we are expecting our printing costs through the Defense Department to be in the neighborhood of $970,000, and in 1982 we expect them to be $995,000.

Mr. Roybal. Those are amounts that are reimbursed to the Department?

Mr. White. To the Department of Defense to operate the printing presses.

SUPPORT OF OTHER AGENCIES

Mr. Roybal. When you support several executive offices in this way, it seems to me that it tends to distort the appropriations process. It is very difficult for us to tell how much it costs for each appropriation in the Executive Office.

Do you agree with that?

Mrs. Kadec. It probably makes it difficult for you. I think, on the other hand, the savings are probably very real in the terms of the efficiencies that can be gathered by a centralized unit providing those same support services.

We have reduced the general number of administrative people that serviced the 11 agencies in the Executive Office from 194 at that time down to now 158 that we are requesting, so the position savings is certainly real and in terms of the dollars I think as well.

The problem probably comes in not knowing how much additional in administrative dollars the agencies would need to maintain liaison with us, and they do, of course, need to have funds.

Mr. Roybal. Are there some agencies that reimburse you for certain services and the use of certain facilities?

Mrs. Kadec. Yes, sir; we provide through our appropriation the common support which is again things like the computer center, but where an agency would want additional ADP systems development work, they would pay for it.

If there are a number of specialized printing requirements above what would be considered a common support, the agency would be required to pay that rather than it coming out of the Office of Administration budget.

Mr. Roybal. Suppose the Domestic Policy Staff or any other executive office account wanted to use your facility much more than was originally planned, would you allow them to do it or would you require them to seek a supplemental?

Mrs. Kadec. It would depend on the level of service that they were requesting, but for the most part we would try to do it within our own appropriations where we could.

If it were very much above what we could afford to do ourselves, we certainly would have to ask them to fund it, and if it required a supplemental, they would have to make that decision.

We are in some cases providing additional services through the use of contracts which there again they could support by transfers.

Mr. Roybal. Thank you.

Mr. Miller?

Mr. Miller. Thank you, Mr. Chairman.

When you speak of reimbursable income, and you say 1981 estimated collections will be $2,091,000, and in 1982, $3,995,000. How are these paid? Are we talking about just a bookkeeping transaction? Are there funds set up whereby you can draw some of those funds for other purposes, or are they paid directly to the Treasury?

Mrs. KADEC. They are actually transferred by the use of our Standard form 1081, which is our reimbursable form into the Office of Administration account, and we draw against that for support to that agency. At the moment none of our agencies have any working capital funds, and the Office of Administration does not.

Mr. MILLER. Are we saying that the budget of $13,875,000 for the year of 1982 would have $3,295,000 added to that because it is reimbursable and comes back? So we would have a budget of $13,875,000 plus.

Mrs. KADEC. Yes; $17,170,000.

Mr. MILLER. Are there other such funds that are available too, or you would be reimbursed, or is this the only fund?

Mrs. KADEC. We are estimating this would be our total. Again, it would be mostly for system developments work. A large part of that is coming from the Office of Management and Budget for work on the budget systems and particularly to bring in the other departments and agencies that are required under Bulletin 79-10, which says the agencies will directly input their budget in to the computer system; $2.6 million of that is estimated to come from the Office of Management and Budget.

Mr. MILLER. We have a transfer in the other direction, where you say that you will be reimbursing Treasury for some of the work they do for you.

Mrs. KADEC. Yes, sir.

Mr. MILLER. And the Treasury Department comes to this subcommittee also for their funding. I guess we just need to make a note of that, because there are a lot of funds that are transferred from one agency and department to another. We have an obligation to make sure where they are going and that they are not sitting around not invested where they could be.

That would in the long run help the taxpayers, because if it could increase the funds so they could draw on that the following year, we would be in better shape in using it in a more businesslike fashion.

Right now you say you do not have capital in the fund but from time to time you do. If you find you have a million dollars, is that invested?

Mrs. KADEC. We wouldn't have that. You see we don't have a working capital fund, and that is another issue, and basically the transfers to Treasury, again I am not quite sure what Treasury has——

Mrs. PEARSON. It is all done on a reimbursable basis. It is paid after the expense has been incurred. We are reimbursing Treasury only for our payroll and personnel system, which is approximately $125,000 a year.

In our transactions in OA which are on a reimbursable basis, such as funding of our development work, the charges are sent to the agencies after the work is done. In some cases when the amount of effort being put forth by the Office of Administration is unusual, we do ask for some advance payment, but in most cases we charge them after the fact.

It is strictly a reimbursement of costs which under the Economy Act is more economical and more efficient. We do not have any funds sitting there which have not been used.

Mr. WHITE. So far as the cash investment aspect of it, those funds are actually retained in the general fund of the Treasury until we have a need to pay a citizen or a corporation or one of our vendors for the work that they have done. The Treasury Department then maintains the investments for the government as a whole, and if we are not using the funds they then use it for whatever purpose the Treasury has, and when we need them we simply write a check against our fund balance.

Mr. MILLER. Then your funds would be very small compared to some that we handle under GSA where it is a revolving working fund. Undoubtedly you will be paying also, because I would assume that you would be making purchases from general services?

Mr. WHITE. Yes.

Mrs. PEARSON. Yes.

Mr. MILLER. And those funds that would go out would be coming under the $3,875,000 and not the $13,295,000 that we are talking about that would be appropriated funds paid to GSA?

Mr. WHITE. The reimbursable funds estimated at this point are solely for ADP work where an agency asks us to develop a particular computer program, and whatever our costs are involved with that, we charge them for what it costs us.

Mr. MILLER. Very good.

Thank you.

Thank you, Mr. Chairman.

Mr. ROYBAL. Mr. Rudd?

Mr. RUDD. Madam Chairman, welcome to the Hill.

Mrs. KADEC. Thank you.

DUPLICATION OF SERVICES

Mr. RUDD. I have only one query.

You are asking for $2.9 million, an increase of $1.7 million with, I think, 158 positions. But do these services that you provide to the Office of the President overlap with or are they duplicating services offered by some additional agencies that serve the Office of the President, or do they dovetail with them or just how do you do this?

Mrs. KADEC. I will have to let you repeat part of that.

Mr. RUDD. There are some ten agencies that serve the office. I enumerated what you are asking for is the $13.9 million, which is an additional $1.7 million, and I am wondering if there is any duplication for the services that you provide to the Office of the President with the services provided by the other ten agencies.

What I am asking is for you to justify the reason for existing.

Mrs. KADEC. Basically the Office of Administration provides so-called common administrative support. The basic personnel services, financial management, mail and messenger, whereas the other agencies are really providing advice and support to the President from a policy standpoint, and the Office of Administration does not get into that, so we actually provide those ten agencies the administrative support, and that includes, of course, the White

House Office, in order for them to provide better services and we hope better support for the President.

Mr. RUDD. What kind of services do you provide aside from messenger services?

Mrs. KADEC. Budget support; personnel management, financial management and data processing is provided by the Office of Administration.

We have graphics, libraries, and records management, which has been a big one recently.

Mr. RUDD. You don't get into personnel services, though?

Mrs. KADEC. In terms of contracting, yes, sir; we do.

Mr. RUDD. Personnel services in terms of White House aid?

Mrs. KADEC. Oh, those; that is the White House Office.

Mr. RUDD. Thank you very much.

Mr. ROYBAL. Mr. Campbell?

Mr. CAMPBELL. No questions, Mr. Chairman.

Mr. ROYBAL. Mr. Gunnels, do you have any questions?

Mr. GUNNELS. No questions, Mr. Chairman.

FEDERAL EQUAL OPPORTUNITY RECRUITMENT

Mr. ROYBAL. I have two little short questions here. I thought maybe they should be asked in order to get into the record.

What is the status of the Federal Equal Employment Recruitment Program?

Mrs. KADEC. We are at the moment not as far along as we would like to be. We have developed at least our initial program, and developed our statement for the Office of Personnel Management.

We have issued our recruitment policy statement and set some target areas in which we need to be working.

We have also developed our original statistical base. We have over the past year done some recruiting in the Southwest, very little, as a matter of fact. We have two or three trips that we have made, and we have indeed brought in about six or seven people over the past year.

We don't seem to be able to hold onto them because it is a small organization and the growth potential is just not there, so they end up getting better jobs and moving on, but we are certainly striving to do a better job.

EMPLOYMENT

Mr. ROYBAL. What is the total number of employees in the Office of Administration?

Mrs. KADEC. At the moment we have 149 on board; we have 158 positions authorized.

Mr. ROYBAL. You have 158 authorized positions but 149 now working?

Mrs. KADEC. In 1981 we have 158 authorized; right.

Mr. ROYBAL. All right; and actually employed at the moment you have?

Mrs. KADEC. We have 149.

Mr. ROYBAL. Will you provide for the record then a breakdown of the employees racially, sex, so forth?

Mrs. KADEC. We will give you that, yes, sir.

[The information follows:]

OFFICE OF ADMINISTRATION—MINORITY GROUP STATISTICS

[Full time permanent, as of Apr. 18, 1981]

	Total	Black	Hispanic	Oriental	Other	Female	Male
GS grade or equivalent:							
18	1				1	1	
17							
16	1				1		1
15	8	1			7	3	5
14	8		1		7	1	7
13	14	3			11	11	3
12	15	3		1	11	7	8
11	10	2			8	8	2
10	3	3					3
09	10	4			6	6	4
08	11	6			5	8	3
07	21	15			6	12	9
06	19	15		1	3	6	13
05	17	10		1	6	7	10
04	5	2			3	4	1
03	4	3			1		4
Total	147	67	1	3	76	74	73

DETAILEES

Mr. ROYBAL. All right. Then will you also provide the committee with a complete list of detailees working in your office this fiscal year?

Mrs. KADEC. Yes; we will present that. There are just the two; we will give you the names and the agencies.

[The information follows:]

OFFICE OF ADMINISTRATION—DETAILEES, AS OF APRIL 6, 1981

Jones, Edna from Equal Employment Opportunity Commission; and Taylor, Sharon from Food and Drug Administration.

Mr. ROYBAL. We thank you very much.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION

The Office of Administration (OA) was created by Reorganization Plan No. 1 of 1977 and formally established by Executive Order 12028. The purpose of the Office of Administration is to provide common administrative support and services to all agencies within the Executive Office of the President (EOP) except for such services which are required in direct support of the President. The ten separate agencies in the EOP are: Council on Economic Advisers, Council on Environmental Quality, Domestic Policy Staff (Office of Policy Development), National Security Council, Office of Management and Budget which includes Office of Federal Procurement Policy, Office of Science and Technology Policy, Office of the United States Trade Representative, Office of the Vice President, White House Office, and Office of Administration. The Office of Administration is composed of six functional divisions which are: Personnel Management Division, Financial Management Division, Administrative Services Division, Information Management and Services Division, Information Systems Development Division, and Computer Facilities Management Division. The services provided by these divisions include personnel and financial management; office services and operations such as mail and messenger, printing, graphics, word processing, procurement, and supply services; library, records, and information services; and data processing support and services.

The fiscal year 1982 budget request for OA is 158 permanent positions and budget authority of $13,875,000. This compares to the 1981 program of 158 permanent positions and $12,200,000 in budget authority. In addition, OA will be reimbursed by other EOP agencies for specialized computer systems development work performed at their request. Estimated reimbursements in 1981 are $2,091,000, and in 1982 are $3,295,000.

77-741 O—81——6

SUMMARY OF EXPENSES
($000)

Direct Program Costs by Object:	1981	1982
Personnel compensation and benefits	3,866	4,173
These funds are for the salaries and benefits of 143 permanent positions in FY 1981 and FY 1982. Also included are funds for the full-time equivalent of 30 other-than-permanent positions. (The salaries and benefits for 15 positions performing ADP system development will be funded out of reimbursements from users requesting such services.)		
Travel	32	38
Travel funds are used for local transportation and for travel by OA employees to attend training courses and meetings.		
Standard level user charges	825	931
Standard level user charges are payments to GSA for rental of office space.		
Other rent, communication and utilities	2,482	2,983
These funds are for the cost of leasing ADP and office equipment, telephones, postage, and building utilities.		
Printing	970	995
These funds provide for the operation of the EOP printing and duplicating facility.		

Other services	3,277	4,184
Other services include a facilities management contract for the operation of the EOP Computer Center, payments to the Department of Treasury for the use of their automated payroll personnel system, the cost of training courses, security clearances and contractual agreements for miscellaneous services.		
Supplies and materials	429	507
These funds are for the purchase of office supplies, expendable computer supplies, and books and periodicals for the EOP Information Centers.		
Equipment	319	64
Equipment funds are used for the purchase of office or ADP equipment which is unavailable or uneconomical for lease, and for the replacement of office furnishings which are broken or worn beyond repair.		
Total Appropriation	12,200	13,875

JUSTIFICATION OF CHANGES FROM 1981

Personnel compensation and benefits: $307,000
This increase is the result of annualization of the October 1980 pay raises and annualization of employment lapses during the transition of administrations. staff in 1982.

Travel: $6,000
Travel costs are expected to increase in 1982 due to inflation.

Standard level user charges: $106,000
This increase is necessary to cover the estimated 1982 billings by GSA for currently occupied office space.

Other rent, communication, and utilities: $501,000
This increase is primarily associated with the increased cost of leasing ADP equipment. Other increases are the result of inflation.

Printing: $25,000
Workload growth and inflation will cause an increase in expenditures for printing and reproduction.

Other services: $907,000
Workload growth and contractor support of expanded ADP operations will require this increase.

Supplies and materials: $78,000
This increase is required primarily for computer supplies in support of ADP operations workload growth.

Equipment: -$255,000
This reduction is the result of a one-time purchase of library cataloging equipment in 1981.

Office of Administration

Salaries and Expenses

For expenses necessary for the Office of Administration, $13,875,000, including services authorized by 5 U.S.C. 3109 and 3 U.S.C. 107, and hire of passenger motor vehicles.

Revised 3/10/81

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-0038-0-1-802	1980 actual	1981 estimate	1982 estimate
Program by activities:			
Direct program:			
1. Director's office. . . .	480	405	476
2. Personnel management . .	434	635	713
3. Financial management . .	363	938	1,039
4. Operations and services.	3,728	4,031	4,472
5. Information management .	1,319	1,179	1,207
6. Information systems development.	1,429	--	--
7. Information systems facilities	278	5,012	5,968
Total direct program . .	8,030	12,200	13,875
Reimbursable program	5,330	2,091	3,295
10.00 Total obligations	13,360	14,291	17,170
Financing:			
11.00 Offsetting collections from: Federal funds.	-5,330	-2,091	-3,295
25.00 Unobligated balance lapsing. .	32	--	--
39.00 Budget authority	8,062	12,200	13,875
Budget authority:			
40.00 Appropriation.	8,062	12,000	13,875
44.20 Supplemental for civilian pay raises	--	200	--
Relation of obligations to outlays:			
71.00 Obligations incurred, net. . .	8,030	12,200	13,875
72.40 Obligated balance, start of year	1,745	4,176	4,542
74.40 Obligated balance, end of year	-4,176	-4,542	-4,957
77.00 Adjustments in expired accounts	-10	--	--
90.00 Outlays, excluding pay raise supplemental . .	5,589	11,640	13,454
91.20 Outlays from civilian pay raise supplemental . .	--	194	6

Program and Performance

This office provides common administrative support and services to units within the Executive Office of the President. Included are personnel and financial management; administrative services such as mail distribution, messenger services, printing and duplication, and procurement; and automated data processing.

Program development in ADP systems will be funded by reimbursements from users.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-0038-0-1-802		19 80 actual	19 81 estimate	19 82 estimate
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent positions	3,027	2,988	3,262
11.3	Positions other than full-time permanent	436	439	445
11.5	Other personnel compensation	116	129	135
11.8	Special personal services payments	70	--	--
11.9	Total personnel compensation	3,649	3,556	3,842
12.1	Personnel benefits: Civilian.	307	310	331
21.0	Travel and transportation of persons.	29	32	38
23.1	Standard level user charges. .	741	825	931
23.2	Communications, utilities and other rent	389	2,482	2,983
24.0	Printing and reproduction. . .	773	970	995
25.0	Other services	1,767	3,277	4,184
26.0	Supplies and materials.	287	429	507
31.0	Equipment.	88	319	64
99.0	Subtotal, direct obligation	8,030	12,200	13,875
	Reimbursable obligations:			
11.1	Personnel compensation: Full-time permanent positions . .	--	543	548
12.1	Personnel benefits: Civilian.	--	47	48
21.0	Travel and transportation of persons.	--	15	15
23.2	Communications, utilities and other rent	1,815	--	--
24.0	Printing and reproduction. . .	7	--	--
25.0	Other services	2,745	1,476	2,666
26.0	Supplies and materials	549	10	18
31.0	Equipment	214	--	--

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-0038-0-1-802		1980 actual	1981 estimate	1982 estimate
99.0	Subtotal, reimbursable obligations.	5,330	2,091	3,295
99.9	Total obligations.	13,360	14,291	17,170

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
SALARIES AND EXPENSES

Personnel Summary

Identification code 11-0038-0-1-802	1980 actual	1981 estimate	1982 estimate
Direct:			
Total number of full-time permanent positions........	146	143	143
Total compensable work years:			
Full-time equivalent employment..............	173	165	172
Full-time equivalent of overtime and holiday hours................	6	7	7
Average GS grade............	8.33	8.12	8.12
Average GS salary...........	$21,127	$22,007	$22,811
Average salary of ungraded positions................	$24,604	$25,599	$25,980
Reimbursable:			
Total number of full-time permanent positions........	-	15	15
Total compensable work years:			
Full-time equivalent employment..............	-	16	16
Full-time equivalent of overtime and holiday hours..................	-	-	-
Average GS grade............	-	11.62	11.62
Average GS salary...........	-	$27,293	$27,995
Average salary of ungraded positions................	-	$40,642	$41,384

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

11-0038-0-1-802	1980 actual	1981 estimate	1982 estimate
GS/GM-15	6	6	6
GS/GM-14	7	7	7
GS/GM-13	10	10	10
GS-12	10	10	10
GS-11	10	11	11
GS-10	3	3	3
GS-9	10	11	11
GS-8	6	6	6
GS-7	23	24	24
GS-6	19	21	21
GS-5	16	19	19
GS-4	10	13	13
GS-3	4	5	5
GS-2	1	1	1
SUBTOTAL	135	147	147
Ungraded	11	11	11
Total permanent positions	146	158	158
Unfilled positions, end of year	-	-	-
Total permanent employment, end of year	146	158	158

TUESDAY, MAY 5, 1981.

OFFICE OF FEDERAL PROCUREMENT POLICY

WITNESSES

WILLIAM E. MATHIS, ACTING ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY
LINDA LORRAINE SMITH, ASSISTANT DIRECTOR FOR ADMINISTRATION, OFFICE OF MANAGEMENT AND BUDGET
WILLIAM N. HUNTER, DIRECTOR, FEDERAL ACQUISITION INSTITUTE

Mr. ROYBAL. The committee is pleased to welcome you to this hearing this afternoon and hear your budget request for fiscal year 1982.

Will you pleased proceed in any way that you may desire?

Mr. MATHIS. Good afternoon, Mr. Chairman and members of the committee.

I appreciate the opportunity to discuss with you the Office of Federal Procurement Policy request for fiscal year 1982.

Mr. Chairman, in the interest of saving time, I ask that the full text of my prepared remarks be printed in the record and that I use my time just to highlight OFPP activities planned for fiscal year 1982.

The OFPP requests $2,788,000 for fiscal year 1982. These funds will be used to carry out the mandate to improve Federal procurement specified in OFPP Act Amendments of 1979, Public Law 96–83.

Federal direct procurement expenditures exceeded $108 billion during fiscal year 1980 and procurement under Federal grants accounted for another $30 billion.

OFPP's responsibility to develop a new Federal procurement system with an accompanying management system and legislative proposal is proceeding on schedule. The proposals are to be submitted to the Congress this October.

Last October OFPP submitted its initial proposal for a uniform procurement system. We have received informal suggestions and guidance from the cognizant congressional committees. As a result, we are taking a fresh look at the intitial proposal.

Modifications to the proposal are now being developed along with our efforts to develop the required management system and legislative proposal.

The refinement, development and submission of the procurement, management and legislative proposals for the new system is OFPP's highest priority project and requires the commitment of most of our staff resources.

We are, however, working concurrently on a number of interim actions that will improve governmentwide procurement management. These efforts include the following tasks: The Federal Acquisition Institution, an integral element of OFPP, will continue its activities to improve the overall caliber and professionalism of the Procurement Work Force.

The FAI has initiated education, training, career development, evaluation and research programs to bring about the desired personnel improvements.

A governmentwide Federal acquisition regulation providing uniform acquisition policies, regulations, procedures, and forms is scheduled for completion in December.

The 149 specific recommendations of the Commission on Government Procurement will be completed, for the most part, with the issuance of the FAR and with the establishment of the new procurement system.

Elimination of fraud and waste from the procurement process is another major OFPP activity. This problem is being attacked in four primary ways:

(1) By encouraging additional monitoring and review programs;

(2) By improving the professionalism of procurement personnel;

(3) By incorporating better checks and balances into the system; and

(4) By implementing procedural and operational changes.

OFPP is continuing ongoing efforts to implement existing policies and other guidance to executive agencies in the implementation of policies such as OMB Circulars A-109, major system acquisitions, A-76, commercial industrial activities and A-120, guidelines for consultant services.

Mr. Chairman, I will be happy to elaborate on any of our programs or respond to any questions that you may have.

Thank you.

[The statement of Mr. Mathis follows:]

Statement of William E. Mathis, Acting Administrator for Federal Procurement Policy

Mr. Chairman and members of the committee: The Office of Federal Procurement Policy (OFPP) requests $2,788,000 for fiscal year 1982. These funds will be used to carry out the mandate to improve Federal procurement specified in Public Law 93-400, the Office of Federal Procurement Policy Act.

The Public Law 93-400 mandate to improve Federal procurement was further delineated in October 1979 by the passage and enactment of Public Law 96-83, the OFPP Act amendments. Public Law 96-83 requires OFPP to develop a new Federal procurement system with an accompanying management system and legislative proposal. Final concepts for these proposals are to be submitted to the Congress this October.

Federal procurement presently accounts for approximately one-fifth of the entire Federal Budget. Procurement expenditures for direct Federal purposes exceeded $108 billion during fiscal year 1980. Procurement under Federal grants accounted for another $30 billion

The Government's procurement program involves over 130,000 Federal employees in some 58 Federal agencies and departments. Over 400,000 different items are acquired through the existing system. These items range from the most simple objects such as mouse traps to sophisticated high technology weapons systems. The design and development of a system to effectively organize and control a program of this magnitude, diversity and complexity is, at best, a difficult task.

Last October, OFPP submitted its initial proposal for a uniform procurement system to Congress. While hearings have not been held on that proposal, we have received some suggestions and informal guidance from the cognizant congressional committees and the general procurement community. As a result, we are taking a fresh look at the initial proposal. Modifications to the proposal are now being developed and will continue through the spring and summer along with our efforts to develop a required management system and legislative proposal.

The refinement, development and submission of the procurement, management and legislative proposals for the new system is OFPP's highest priority project and requires the commitment of most of our staff resources. We are, however, working concurrently on a number of interim actions that will improve Government-wide procurement management. These efforts include the following tasks:

IMPROVING THE PROCUREMENT WORKFORCE

Over 130,000 persons make up the Government's procurement workforce. This workforce, has performed admirably in many instances. In others, however, it has been hampered by poor organizational placement in the parent organization, and by inadequately trained personnel. People, obviously, are the key element of any management system, and one of OFPP's prime objective is to improve the organizational standing and overall caliber and professionalism of the procurement workforce. This effort is being led by the Federal Acquisition Institute (FAI) which is an integral element of OFPP. The FAI has initiated education, training, career development, evaluation and research programs to bring about the desired personnel improvements. The importance of this effort has been recognized by Congress and is reflected in the OFPP Act which requires that one-third of OFPP's appropriated funds be made available to the FAI.

THE FEDERAL ACQUISITION REGULATION

A major effort is underway to organize, develop and maintain a Government-wide Federal acquisition regulation (FAR). The FAR system will provide uniform acquisition policies, regulations, procedures, and forms for use on a Government-wide basis. Federal procurement is presently controlled by two main statutes and their subordinate regulations: (1) the Armed Services Procurement Act of 1947 and the accompanying armed services procurement regulation; and (2) the Federal Property and Administrative Services Act of 1949 and the accompanying Federal procurement regulations. The Armed Services Procurement Act covers most activities of the Department of Defense, and the Federal Property and Administrative Services Act covers most civilian agencies. While the ASPA and the FPA are not incompatible, there are many differences between the two. Over the years, the regulations promulgated to implement the acts have compounded these differences. In some cases there are inconsistencies and in others the regulations are not effectively accomplishing their intended purposes. The FAR, which is approximately 50-percent completed at this time, will totally replace the Federal procurement regulations and replace much of the Armed Services procurement regulation. Again, our intent is to develop a simple, clean, direct regulation that will minimize inconsistencies and adminstrative inefficiencies. The FAR will also be a major part of the proposed new procurement system.

COMMISSION ON GOVERNMENT PROCUREMENT RECOMMENDATIONS

The Commission on Government Procurement formulated 149 specific recommendations for improving Government procurement in its December 1972 report. The OFPP is statutorily responsible for reviewing these recommendations and for determining those that should be implemented, amended or rejected. To date: 38 of the recommendations have been completed; 93 are in process of being implemented; and 18 have been rejected.

We presently have a major drive on to complete the implementation of the 93 in process recommendations. The completion of these recommendations will be accomplished for the most part with the issuance of the FAR and with the establishment of the new procurement system.

FRAUD, WASTE AND ABUSE

Elimination of fraud and waste from the procurement process is another major OFPP objective. This problem is being attacked in four primary ways: (1) by the establishment of monitoring and review requirements; (2) by improving procurement personnel; (3) by incorporating better checks and balances into the system; and (4) by implementing procedural and operational changes. OFPP is providing training to reviewers, inspectors general, auditors, counsels and others on ways to detect illegal procurement practices. In the personnel area, OFPP is placing greater emphasis on training, ethics, and standards of conduct. Oaths of office are being given and added emphasis and efforts are being made to place greater controls on the awarding of contracting officer warrants. Better checks and balances are being inserted into the existing systems and will be a prime design criteria for the proposed new system.

In addition to the above major activities, OFPP anticipates continuing, during fiscal year 1982, our on-going efforts to improve the Government-wide implementation of the following OMB circulars:

Circulars A-76—Policies for acquiring commercial or industrial products and services for Government use.

Circular A-109—Policies to be followed in the acquisition of major systems.

Circular A-114—Management of Federal audio visual activities.

Circular A-119—Federal participation in the development and use of voluntary standards.

Circular A-120—Guidelines for the use of consulting services.

Programs associated with these OMB circulars have demonstrated their potential for effectivly reducing Government procurement expenditures.

Mr. Chairman, while the $2,788,000 requested by OFPP for fiscal year 1982 represents a $160,000 increase over our fiscal year 1981 appropriation request, it is the minimum amount necessary to comply with our mandate to improve Government procurement. I have been very brief in summarizing some of our major projects, particularly our statutory responsibility for developing an entirely new procurement system. I will, however, be glad to elaborate on any of our programs or respond to any questions that you may have.

Thank you.

FEDERAL PROCUREMENT REGULATIONS

Mr. ROYBAL. I was interested in the reference you made to the Federal procurement system.

The government at the present time does not have a centralized Federal procurement system of any kind; does it?

Mr. MATHIS. It does not.

Mr. ROYBAL. What is the purpose of the studies that you are doing and the work that you are doing to bring about or establish procurement procedures?

What is the real objective?

Mr. MATHIS. Well, the real objective is to make it easier for the public who wishes to sell commodities and services to the government to interact with the government officials who have the responsibility of acquiring those goods, and services.

At the same time, we are trying to introduce efficiencies and make the system sufficiently simple to encourage more competition.

Mr. ROYBAL. The purpose then is not to transfer the procurement authority from any particular agency to yours; is it?

Mr. MATHIS. No; not at all. We are trying to provide a focal point through which basic policies can be established, and provide guidance to the operating officials out in the field. The primary responsibility for acquiring goods and services will vest with the departments and agencies.

Mr. ROYBAL. So what will end up then is that you will probably publish a procedures manual of some kind; that is, set the guidelines?

Mr. MATHIS. That is correct. Currently there are two basic statutes that authorize procurement, the Armed Services Procurement Act of 1947 and the Federal Property and Administrative Services Act of 1949—the one that basically established the General Services Administration.

Those are the two basic statutes under which procurement is authorized. You have your civilian agencies working under the one, and the Department of Defense operating under the other.

There are currently three agencies that have regulatory authority. That is the Department of Defense, General Services Administration, and the National Aeronautics and Space Administration.

The results of these different regulations and the interpretation of them by the agencies causes great confusion with the vendors in interacting with the Federal Government. It is almost like doing business with different governments.

Mr. ROYBAL. What kind of cooperation are you getting from GSA and those other agencies?

Mr. MATHIS. GSA and DOD are currently staffing the writing of one regulation which will govern all Federal procurement.

Mr. ROYBAL. You are really getting support from those other agencies with regard to your procurement procedure?

Mr. MATHIS. That is right; they are actually writing the regulations.

Mr. ROYBAL. When this is completed, then you will have the concurrence of the agencies that actually do the procurement?

Mr. MATHIS. That is correct. We have a council for the system that involves 24 of the agencies and the procurement officers in each one of those agencies who regularly participate in the development of the regulation. We have some 17 studies that we are initiating and those studies will be either directed by or participated in by at least 17 of those agencies.

Mr. ROYBAL. In order to establish a procedures manual, you will have to examine pretty closely the GSA system and make recommendations as to how they can better improve whatever they are doing; isn't that correct?

Mr. MATHIS. That is correct, and GSA, of course, is participating in the writing of the Federal Acquisition Regulations.

Mr. ROYBAL. You will be making recommendations for change. Are those recommendations being made with the full cooperation of GSA and other agencies?

Mr. MATHIS. Yes; and they are published in the Federal Register and everyone has an opportunity to comment on them, and quite often there is a major rewrite.

Mr. ROYBAL. How long have you been exploring this possibility or working on this project?

Mr. MATHIS. The program started in 1978 and we plan to bring it to a conclusion this December.

Mr. ROYBAL. All right; so it started in 1978 and by the end of this year it will be completed?

Mr. MATHIS. We plan to have it completed by December.

Mr. ROYBAL. Which means then by the start of 1982, whatever new procurement system is recommended will be in place?

Mr. MATHIS. That is correct. Again, that will not be at the start of fiscal year 1982.

Mr. ROYBAL. I understand but it will be at the start of the calendar year 1982.

Mr. MATHIS. Yes, sir. We plan to have it in place by the beginning of the year, but actual implementation by the agencies will not occur until after the start of the year as there must be a phase-in period to allow for training.

OFPP AUTHORITY

Mr. ROYBAL. What services do you provide to other government agencies with their procurement problems?

Mr. MATHIS. They are mostly in the nature of consultative services, telephone consultation, problems that they are encountering and suggestions of how they can solve those problems from strictly a policy standpoint.

We do not get involved in day-to-day contracts.

Mr. ROYBAL. Now, you do not have real authority to demand a particular change in an agency procedure, do you?

Mr. MATHIS. No; we do not. We set broad policy.

Mr. ROYBAL. What you are doing then is making suggestions as to change, soliciting their cooperation; and if you don't get their cooperation, you don't bring about that change?

Mr. MATHIS. That is correct. We do, however, have the Director of OMB that we can fall back on, who does have the authority to effect change.

ANTICIPATED SAVINGS

Mr. ROYBAL. It seems to me what you are doing then is providing a governmentwide procurement procedures manual that will have the concurrence of the agencies that do the procurement, that you will be establishing guidelines so that each agency uses those guidelines, and hoping that in the long run it will bring about some savings.

Can you provide some example of savings or benefits which will result from this governmentwide procedures manual or the work that you have done up until now?

Mr. MATHIS. Yes; there are several examples that are available. I can submit the specifics to you for the record.

Mr. ROYBAL. Well, we would like to have that for the record. We would appreciate it very much if you would submit it at this point in the record and let us examine the procedures maybe next year and maybe we can come up with at least a concurrence of your enthusiasm for this program.

[The information follows:]

FEDERAL ACQUISITION REGULATION (FAR) PROJECT

The FAR project is a procurement regulatory reform program. The need for the program is established by:

The Congressional "Commission on Government Procurement's" recommendation that a uniform system of regulations be developed;

OFPP's enabling legislation (Public Law 93-400 and Public Law 96-83) which require the Administrator to develop such a system; and

An OFPP survey which located 877 different sets of procurement regulations containing a total of 64,000 pages with approximately 22,000 pages of revisions each year. Government and industry chafe under this mass and maze of regulations and the resulting paperwork burden.

The FAR effort is designed to achieve the following benefits which will result in cost savings for both Government and industry:

Consolidate many varied and often conflicting regulations among and within executive agencies.

Reduce the proliferation of procurement regulations among and within executive agencies.

Provide a single Government-wide regulation in simple, clear and understandable English.

Make it easier to do business with the Government, particularly for small and minority business firms as well as large business.

Enable the public to participate in the development of procurement regulations.

Centralize within the Government the responsibility for promulgating Government-wide procurement regulations.

While the FAR is primarily a consolidation and simplification effort, it does contain new requirements which will result in considerable additional cost savings. FAR Part 3—Ethics; Subpart 7.3—Contractor Versus Government Performance; Part II—Acquisition and Distribution of Commercial Products; Part 33—Disputes and Appeals, and Part 34—Major System Acquisitions are all influenced by policy guidance from the OFPP which is designed to impose economy and efficiency and reduce waste.

It is difficult to quantify the potential savings resulting from the various parts of the regulation. However, with respect to the policy on Acquisition and Distribution of Commercial Products (ADCOP), savings or cost avoidance of over $30 million have resulted thus far for commodities such as food, clothing, medicines, paper products, tools, and other items. Additional savings were achieved in military acquisitions such as the USAF KC-10A cargo/tanker aircraft (a derivative of the DC-10 wide-bodied commercial freighter), and the U.S. Army's use of commercial channels for repair parts support for the M915 heavy-duty truck. Another example is the benefits occurring as a result of the process required by the policy implemented in Subpart 7.3—Contractor Versus Government Performance. It is estimated that $3.6 billion will be saved by this program during the period between fiscal years 1982 and 1987.

Mr. ROYBAL. The reason I state it that way is that you don't have the actual authority to bring about change. You act as an agency that brings these various groups together, so that together you can come up with a possibility of change that will bring about some savings.

Mr. MATHIS. Correct.

Mr. ROYBAL. That may be a better way to do it than to say to any particular agency, this is the way you have to do it.

Mr. MATHIS. We do set broad general rules but it is mostly through intellectual persuasion.

Mr. ROYBAL. In the long run it may be a better procedure.

Ms. SMITH. Perhaps we could add that there may be possible areas where we will need statutory changes in the procurement field and, as a result, possible legislative proposals may be part of the package that is being developed and will be, of course, before the Congress the first part of the year.

Mr. MATHIS. We plan to submit a legislative proposal this coming October.

Mr. ROYBAL. We will be pleased to work on those proposals, particularly if what you are doing actually brings about some savings. By the middle of next year, we can tell whether or not this new procedure does in fact bring about some savings.

Mr. MATHIS. We are optimistic that it will.

Mr. ROYBAL. I can see that you are optimistic about it, and I hope you are right.

Mr. Miller?

FAR COMPLETION SCHEDULE

Mr. MILLER. Thank you, Mr. Chairman.

I remember an early Administrator of your office. I believe his name was Hugh Witt, and if I am not mistaken he was involved with the military in procurement.

This has gone on since 1978. It appeared to this member of the committee that we were going to have this out in maybe two or three years. But you feel that it will be at least through 1981 before you come up with the procedure manual and through 1982, apparently, with the budget request we have, so you do not see any problems or snags that would carry you over to 1983?

Mr. MATHIS. Phase 1, which is the initial drafting of the regulation is scheduled to be completed this June, just a month from now.

Phase 2 is the publication in the Federal Register, securing all comments and then the redrafting, as necessary. A regulation of this type is an ongoing thing, because something is always changing either statutorily or what have you, and it is the type of thing that literally is never finished.

Our office intends to complete Phase 1 by June. We intend to finish everything that is possible by December and to publish the regulations, and then there will be a maintenance staff that will be ongoing to maintain the regulation and any work that needs to be done.

We have every intent of publishing come January of 1982, and believe that we will be able to do so.

DOD PROCUREMENT STUDIES

Mr. MILLER. We now have with us Mr. Addabbo, who is involved in appropriating funds for the military, and you said that that is a big expenditure. Yes, indeed, but you also speak of some simple objects such as mousetraps as well as sophisticated high technology weapons systems.

Now, I understand that the military now have ongoing studies as to how they should procure equipment, and high technology weapons systems.

Would they not be doing the same as you are doing now, if they have ongoing studies as to how they can improve this system? Are you going to come up with something that will really help them or they will accept?

Will there be a section on the military in this particular book that you will prepare? Will it be put on the shelf and draw dust, because the military will say, that they have their own up to date study and you have not found anything they don't already know?

Mr. MATHIS. The military has participated in the development of this one regulation.

They have invested about 60 percent of the total manpower that has been applied to writing the regulation.

They have been kept completely current and up-to-date and in some cases know more about what is in the regulation than OFPP itself does, so there is no reason to think that DOD would not fully support and buy all the new regulations.

Mr. MILLER. If they are preparing their own, why wouldn't they put that into regulation now?

Mr. MATHIS. The studies that are going on are internal procedures for reviewing new weapons systems, whether or not they are ready to move into the production phase and whether they currently meet their defense needs. It is the procedures that they have to bring those systems along into the production phase that are under close scrutiny now.

One of the problems they are having is with large cost overruns, of course, and I believe, as I read the paper, I believe it was over the weekend, they are moving away from advanced technology and more to proven technology in approving their weapons systems. As I understand, their approach I believe they will have some impact on those cost overruns and in the delays in bringing these systems into development.

They are looking at their general management system for bringing those systems up to operational readiness.

Mr. MILLER. Joe could give us more information about cost overruns; I am sure of that, and maybe he will before we are completed here. But are they taking into consideration cost overruns in preparing a contract? Would that be a part of the program that you and the military would be working on?

Mr. MATHIS. I wouldn't call it a contract, but a management system that would minimize overruns by taking advantage of the experience they have to date and in ways and means to minimize cost overruns.

Mr. MILLER. Then besides the military, possibly GSA would be the other agency that would be able to take advantage of the studies that you have made; am I correct on that?

Mr. MATHIS. We would see DOE, NASA, all of the executive departments taking advantage of the regulations and studies that we will come out with.

Mr. HUNTER. The same people who are engaged in dealing with those studies in the Department of Defense are also responsible for working with OFPP in the development of their regulations, so there are not two different groups of them.

They really are under one organization with total communication back and forth.

PROCUREMENT LEADTIMES

Mr. MILLER. Do you take into consideration also the timeliness of procurement?

Mr. MATHIS. Yes, sir.

Mr. MILLER. Let me give you an example first. Not long ago we had a bill with a line item of $119 million, to purchase 20,000 vehicles, and that was disallowed.

Now, that means we would put off the purchase until prices go up or prices go down, which would be unlikely. But do you take into consideration that sort of thing also, the timeliness of procurement?

Mr. MATHIS. That is one of the management problems that is facing the procurement community today. It takes approximately 180 days to advertise, solicit proposals, evaluate proposals, negotiate and award fairly simple contracts in amounts, of $100,000–$200,000.

When you move into major systems it quite often takes a year, a year and a half to two years to get the contracts awarded.

We, as part of our studies and part of the system we will be proposing are going to make a strenuous attempt to cut the procurement lead times to 90 days for procurements having a value of $5 million or less.

We are going to try to speed that process up by writing meaningful work statements in simple terms so that contractors can respond to us, demonstrate that they understand the requirement

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and they have a solution to the requirement. This will make the evaluation of those proposals a lot simpler and get the negotiations concluded and the contracts awarded on a much faster time frame.

Mr. MILLER. But it would still be competitive bidding?

Mr. MATHIS. Yes, sir; absolutely.

Mr. MILLER. Thank you, Mr. Chairman.

PUBLIC LAW 95-507 IMPLEMENTATION

Mr. ROYBAL. Mr. Addabbo?

Mr. ADDABBO. Thank you very much, Mr. Chairman.

Mr. Mathis, in your statement you speak about Public Law 93-400 and several other laws that you have been mandated to follow to develop your Federal procurement system.

Several years ago we passed Public Law 95-507, which established certain criteria for small business subcontracting and contracting out.

Have you had a chance to look over that law in promulgating the regulation which you discuss further on in your statement; are you looking at Public Law 95-507, with regard to the implementation by the various agencies, including DOD?

Mr. MATHIS. Yes, sir.

Mr. ADDABBO. In the short time you've been in the position, have you been able to formulate any idea, any opinion as to whether the agencies of the Departments are following the mandate of Public Law 95-507?

Mr. MATHIS. Yes; I think they are following it to the best of their abilities.

There was a lot of pressure put on to increase the amount of the awards to minority contractors in fiscal year 1980, and that did put a lot of stress on the system and caused some mistakes to be made.

Mr. ADDABBO. In your new regulations, will you be promulgating those regulations in accordance with Public Law 95-507 for the future implementation of those regulations?

Mr. MATHIS. Yes, sir.

Mr. ADDABBO. On page 5 of your statement you discuss the regulations, and you say that it is 50 percent completed.

Can you give the committee at this time or supply for the record some of the recommendations that you have made and intend to make?

Mr. MATHIS. Yes; we will supply it with the other requested information.

Are you limiting that to Public Law 95-507?

Mr. ADDABBO. No; in the Defense Appropriation Committee Report of last year, the committee pointed out about 47 different places where we felt, because of poor procurement procedures, there was a waste of taxpayer dollars and, of equal importance, Defense dollars.

You may or may not have had a chance to look at our report, but I call to your attention Report House 96-1317, which pointed out the Defense Department repeatedly paying outrageous prices for small, simple to manufacture items, failure to utilize manufacturers' warrantees, not relying on the civilian distribution system for common items and materials and poor record keeping.

If you have not seen it, I would call it to your attention as you promulgate the new regulations and as you look to Armed Services procurement, look to the possibility of those corrections being made in procurement procedures.

This morning my Defense Subcommittee had before us Admiral Rickover, and he went into great discussion as to various problems in the contracting, as far as contracting with shipbuilding concerns, and he made several recommendations.

Again, I know he sent them to the military, and I don't know if you have seen them.

We call those to your attention because, again, as pointed out by the gentleman from Ohio, we have very serious problems with cost overruns, especially in the shipbuilding programs.

That is one of our main problems and it is not only there but we also have problems with contracting, as far as types of contract given. One of those problems right now is with the Navy almost willing to sign contracts and pay for defective workmanship.

We have one shipbuilding outfit, Electric Boat, which says they should be paid for their own defective workmanship. The committee has stopped it for the time being, but we ask you in looking at your regulations that this be carefully looked into.

One of the things that concerns me, and again how it will affect Public Law 95–507, I will be watching very carefully. A statement by Mr. Calucci, the Deputy Secretary of Defense, says in essence, that Defense should not be hamstrung by small business, minority, labor surplus area programs, but should be allowed to procure in the most efficient manner possible.

Do you have any comment as to that?

Mr. MATHIS. Yes; I don't see how those programs necessarily delay or reduce the proficiency of procurement. Labor surplus is a difficult law to administer, as labor surplus areas change from time to time.

Place of performance sometimes is difficult to track. When you are dealing with a corporation, they may have an office in one place and the place of performance will be in another location, but I see nothing inconsistent with good management and good procurement practices and application of those procedures. They can both be accommodated.

Mr. ADDABBO. I appreciate your statement. In last year's 1981 appropriation bill, I believe it was $3 billion was set aside to test the so-called labor surplus program.

Will your office be involved in monitoring that test?

Mr. MATHIS. Responsibility resides in GSA for monitoring.

COMPETITION

Mr. ADDABBO. With the massive increase in defense spending, one of the serious questions raised was the need or the lack of an industrial base. One of the problems highlighted was the fact that in some cases we were relying on foreign sources for critical materials and long-lead time items, that we have shortages of skilled personnel, et cetera.

Is your office looking at that problem and working with the DOD?

Mr. MATHIS. Yes, sir; we have a study on competition, a symposium that will be put on next week to look into the problems that the DOD is in fact experiencing in securing competition. Last year about 60 percent of their dollars were awarded on a noncompetitive basis.

We are looking to determine why that is occurring. We feel that once we determine the why, the solution will be quite simple. We are hopeful we will get some insight into that next week. It will not be a simple matter to fix, I am sure. If it were, the DOD would have already fixed it, but we do believe there will be ways and means to secure more competition as those dollars are expended.

MULTIYEAR CONTRACTING

Mr. ADDABBO. Several of the other agencies have been involved in so-called multi-year contracts. DOD is now considering the possibility of new legislation which would permit them to go into multi-year contracting.

Has your office looked at this problem and have you found any serious problems if DOD were permitted to go to multi-year contracting?

Mr. MATHIS. We feel DOD should be given that authority because, certainly, there would be efficiencies associated with quantity purchases and contractors being permitted to stockpile materials in the quantities necessary, setting up production lines and hopefully automating those production lines.

We feel that multi-year contracting should introduce increases in productivity.

Mr. ADDABBO. In our inquiries about multi-year contracting, it has been shown that in some instances certain types of procurement lend themsleves to multi-year contracts, and certainly could bring you better cost savings.

Has your office studied that particular problem?

Mr. MATHIS. Not in depth.

Mr. ADDABBO. Thank you very much.

RESOURCES APPLIED TO FEDERAL ACQUISITION REGULATION

Mr. ROYBAL. Will you please provide for the record the number of persons who have been working on this project and its projected cost at the end of the year?

Mr. MATHIS. This is on the Federal Acquisition Regulation?

Mr. ROYBAL. Yes; when it is complete, how many volumes will it be?

Mr. MATHIS. I can't answer that.

Mr. ROYBAL. Can you take a guess?

Mr. MATHIS. It is going to be a large document, probably in the neighborhood of 1,200 pages.

Mr. ROYBAL. The whole thing would be in one volume?

Mr. MATHIS. Perhaps two volumes, with various subsections and chapters.

Mr. ROYBAL. It won't be something where they will have to go from book to book?

Mr. MATHIS. Perhaps two volumes, just for ease of handling.

Mr. ROYBAL. When it is completed, will you also make available a copy to this committee?

Mr. MATHIS. We would be delighted to send you copies.

[The information follows:]

AGENCIES AND ESTIMATED MAN-YEARS OF EFFORT TO BE DEVOTED TO COMPLETING THE FAR

[Dollars in millions]

	Total man-years	Estimated cost [1]
Agency:		
DOD	115	$3.7
GSA	58	2.7
OFPP	14	1.1
Totals	187	$7.5

[1] Includes personnel and other administrative expenses.

Mr. ROYBAL. May we thank you for your attendance this afternoon and for your excellent testimony.

Mr. MATHIS. Thank you, sir.

Mr. ROYBAL. The committee will adjourn until ten o'clock tomorrow.

OFFICE OF FEDERAL PROCUREMENT POLICY

JUSTIFICATION OF ESTIMATES

FY 1982

1982 Budget Overview
(in thousands of dollars)

	1980	1981	1982
Appropriation	3,000	2,628	2,788
Total permanent positions	45	43	42
Permanent personnel costs	1,427	1,777	1,879
Non-permanent personnel costs	190	123	88
Other personnel costs	6	6	6
Special personal services payments	-	20	20

Summary of Obligations by Object Class
(in thousands of dollars)

		1980 (actual)	1981 est.	1982 est.	Increases or Decreases Over FY 1981
	Personnel compensation:				
11.1	Full-time permanent positions	1,427	1,777	1,879	+102
11.3	Positions other than full-time permanent	190	123	88	-35
11.5	Other personnel compensation	6	6	6	--
11.8	Special personal services payments	--	20	20	--
11.9	Total personnel compensation	1,623	1,926	1,993	+67
12.1	Personnel benefits: Civilian	134	154	159	+5
21.0	Travel and transportation of persons	40	45	45	--
23.1	Standard level user charges	219	193	193	--
23.2	Communications, utilities, and other rent	53	53	53	--
24.0	Printing and reproduction	198	75	75	--
25.0	Other services	592	143	231	+88
26.0	Supplies and materials	23	31	31	--
31.0	Equipment	--	8	8	--
99.9	Total obligations	2,882	2,628	2,788	+160

Personnel Summary

	1980 (actual)	1981 est.	1982 est.
Total number of full-time permanent positions	45	43	42
Total compensable workyears:			
Full-time equivalent employment	49	49	48
Full-time equivalent of overtime and Holiday hours	(0)	(0)	(0)
Average ES salary	$50,112	$50,112	$50,112
Average GS grade	12.16	11.78	11.87
Average GS salary	23,526	33,640	33,423

REQUIREMENTS FOR 1982 BY OBJECT CLASS

Personnel compensation (11.9), $1,993,000

The funds requested by the Office for fiscal year 1982 will be sufficient to support 42 permanent full-time positions and 6 full-time equivalent workyears.

Personnel benefits (12.1), $159,000

This estimate is for the Office's agency contributions to the Civil Service Retirement System, the Social Security program, the Federal Group Life Insurance program, and the Federal Employees Health Benefits program.

Travel and transportation of persons (21.0), $45,000

This estimate is to provide travel funds for official business by OFPP staff.

Standard Level User Charges (23.1), $193,000

This estimate represents payments made to the General Services Administration for rental of office space.

Communications, utilities and other rents (23.2), $53,000

This estimate includes payments made to the General Services Administration for the cost of operating the Executive Office joint telephone switchboard, including salaries of telephone operators, use of telephone equipment, and telephone service; rental of duplicating, word processing and other equipment; and for miscellaneous rentals.

Printing and reproduction (24.0), $75,000

This estimate covers large printing jobs done by the Government Printing Office, principally the printing of the revised draft procurement regulations, related material, and other printing and duplicating work. It also covers the costs of items published in the Federal Register. It excludes the cost of publishing the final version of the Federal Acquisition Regulation (FAR) in any form which, per agreement, will be borne by GSA.

Other services (25.0), $231,000

This estimate includes charges for time-sharing services for the word processing necessary for revising the procurement regulations; training of other federal agency personnel involved in the Uniform Procurement System; and building security service.

Supplies and materials (26.0), $31,000

This estimate is for the purchase of office supplies and additional work materials such as copies of legislative bills, reports, enacted legislation, and periodicals.

Equipment (31.0), $8,000

This estimate covers the purchase of various pieces of office equipment.

Summary of Increases and Decreases
(in thousands of dollars)

Fiscal year 1981	
1981 Appropriation	2,628
Decreases:	
-- Non-permanent personnel costs	-35
Increases:	
-- Personnel compensation and benefits	107
-- Other services	88
1982 Budget Request	2,788

JUSTIFICATION OF ESTIMATES FOR 1982
OFFICE OF FEDERAL PROCUREMENT POLICY

General Statement

The Office of Federal Procurement Policy (OFPP) requests an appropriation of $2,788,000 for FY 1982. These funds will be used to improve the management of the Government's procurement program. This procurement program now accounts for more than $140 billion in annual expenditures - over $110 billion is expended for direct Federal purposes and approximately $30 billion for procurements made under Federal assistance programs. Combined, these programs account for about 1/5 of the entire Federal budget.

Summary of Major OFPP Fiscal Year 1980 and 1981 Actions

The OFPP's authority and responsibility for improving the efficiency, effectiveness and economy of Government procurement are provided in P.L. 93-400, the Office of Federal Procurement Policy Act and in P.L. 96-83, the Office of Federal Procurement Policy Act Amendments of 1979 (41 U.S.C. 401 et seq.). Pursuant to the authorities and responsibilities set forth in these Acts, OFPP has initiated and continued major procurement reform efforts during FY 1980 and 1981. These efforts include such actions as:

- Preparing and submitting to Congress a proposal for a Uniform Procurement System (UPS). The UPS proposal is required by P.L. 96-83 and it is designed to serve as the blueprint for present and future actions to improve procurement.

- Analyzing the basic statutes now controlling procurement and commencing preparation of a consolidated statute. The consolidated statute will eliminate major inconsistencies and cure several existing problems. A legislative proposal containing the consolidated statute is scheduled to be submitted to Congress in October 1981 pursuant to P.L. 96-83.

- Commencing preparation of a Central Management System proposal. This proposal will implement and enforce the Uniform Procurement System. It is required by P.L. 96-83 and is to be submitted to Congress in October 1981.

- Continuing preparation of the Federal Acquisition Regulation. This regulation will prescribe a system of uniform procurement policies, procedures, regulations and forms. This effort, started in 1978, is required by P.L. 93-400 and is about 50 percent complete at this time.

- Overseeing and improving the operation of the Federal Procurement Data System. This system provides Government-wide management data and information on the Government's annual procurement program.

- o Instituting an annual Circular A-109 evaluation of each agency's program as part of the budget review process.

- o Revising and improving the Government-wide policies (OMB Circular A-76) relative to relying on the private sector for necessary commercial and industrial goods and services. This includes the issuance of a detailed cost analysis handbook which provides guidelines for agencies to follow in making comparative cost studies between in-house and contracted activities.

- o Further refining the policy for the Acquisition and Distribution of Commercial Products. This policy requires use of commercial products and distribution systems in lieu of unique Government products and dedicated Government systems. A pamphlet containing detailed implementation instructions was issued to the agencies and departments.

- o Continuing follow-up disposition of the 149 recommendations made by the Commission on Government Procurement. To date, 38 recommendations have been completed, 93 are now in process and 18 have been rejected.

- o Initiating major procurement training and research programs through the Federal Acquisitions Institute. This Institute is a major element within OFPP and serves as the Government-wide focal point for coordinating procurement training and upgrading the Government's procurement work force.

FY 1982 Efforts

All of the above activities, particularly those associated with the Uniform Procurement System, will carry over and require the continued commitment of OFPP's efforts and resources during FY 1982. The top OFPP priority for FY 1982 and subsequent years is the statutory requirement to further develop and implement the Uniform Procurement System. This system embodies the total spectrum of procurement and requires that OFPP develop, in cooperation with the major executive branch agencies and departments, (1) uniform procurement legislation, (2) a uniform system of procurement regulations, (3) a uniform procurement management and management support system, (4) a procurement management data system, and (5) a procurement research and uniform personnel recruitment, training and development program.

1982 Budget Request

OFPP's budget request of $2,788,000 represents an $160,000 increase over the $2,628,000 FY 1981 appropriation request. This increase, in spite of a reduction in OFPP authorized staff (from 43 to 42), is necessary to maintain the level of effort required to comply with the mandate to improve Government procurement specified by the OFPP Act.

FUNCTIONAL STATEMENT OF THE OFFICE OF FEDERAL PROCUREMENT POLICY

P.L. 93-400, as amended by the Office of Federal Procurement Policy Act Amendments of 1979 (P.L. 96-83), prescribes the following duties, responsibilities, and functions for the OFPP.

1. Provide leadership and coordination in the formulation of executive branch positions on legislation relating to procurement.

2. Developing a system of simplified and uniform procurement policies, regulations, procedures, and forms, and a central management system to implement and enforce the Uniform Procurement System (UPS).

3. Developing for inclusion in the uniform procurement system standard contracts and contract language in order to reduce the Government cost of procuring goods and services as well as the private sector's cost of doing business with the Government.

4. Promoting and conducting research in procurement policies, regulations, procedures, and forms, through the Federal Acquisition Institute (FAI).

5. Consulting with affected Federal agencies, including the Small Business Administration, on matters regarding procurement policies.

6. Recommending and promoting through the FAI programs of the Office of Personnel Management and executive agencies for recruitment, training, career development, and performance evaluation of procurement personnel.

7. Establishing criteria and procedures for an effective and timely method of soliciting the viewpoints and agreement, so far as possible, of interested parties in the development of procurement policies, regulations, procedures, and forms.

8. Establishing, through the Federal Procurement Data Center, a computer based information system for collecting, developing, and disseminating procurement data which takes into account the needs of the Congress, the executive branch, and the private sector.

9. Reviewing the recommendations of the Commission on Government Procurement (COGP) to determine those that should be completed, amended, or rejected; proposing the priority and schedules for the recommendations to be completed, and developing, coordinating and issuing policies necessary to accomplish the completion.

10. Keeping the Congress and its duly authorized committees fully and currently informed of the major activities of the OFPP, including prior notification of major policy matters and an annual report to both the Senate and House of Representatives.

The OFPP authority applies to procurement by executive agencies and recipients of Federal grants or assistance of:

-- property, other than real property in being;

-- services, including research and development; and

-- construction, alteration, repair, or maintenance of real property.

The Office provides a focal point responsive to the needs of Congress, executive agencies, and the public for information and advice concerning Government procurement.

To perform the role Congress envisioned, the OFPP staff is currently organized into the following functional areas (1) Procurement Law and Legislation; (2) Major System Acquisitions and Procurement Strategies; (3) Regulatory Policies and Practices, and (4) Federal Acquisition Institute. The functional statements, accomplishments, work plans and justifications for each of these elements follow.

PROCUREMENT LAW AND LEGISLATION

Functional Statement

Duties assigned to this area include establishing and coordinating policies on the Federal contract aspects of patents, copyrights, contract litigation in the Federal Judicial System and Administrative Boards, and protests of contract awards. Debarment and suspension practices; extraordinary contractual actions; Freedom of Information; Administrative Procedure and Advisory Committee Acts; and indemnification for unusually hazardous risks are some of the specific matters assigned. Also included in this area is review, coordination and drafting of procurement legislation and statutory implementation, where required of the recommendations of the Commission on Government Procurement. Because of the high legal content in procurement matters, this functional area works closely with other OFPP organizational elements in providing legal advice and counsel on a broad range of procurement actions.

FY 1980 Accomplishments

1. Provided legal analysis of legislative proposals which impact upon the procurement process.

2. Provided legal assistance to the development of OFPP Procurement Policy Letters concerning small and economically disadvantaged business, women-owned business, and the Contract Disputes Act of 1978.

3. Developed appropriate OFPP Policy Letter language to meet with the requirements of P.L. 96-83, amendments to the Office of Federal Procurement Policy Act.

FY 1981 Work Plan

- Develop a legislative proposal for a consolidated statutory base for procurement by executive agencies for inclusion in the Uniform Procurement System.

- Develop and propose recommended changes in legislation relating to procurement for inclusion in the consolidated statutory base.

- Exercise oversight of all procurement and procurement-related legislation proposals to assure consistency, economy, and efficiency in the procurement process.

- Oversee the development of policy to correct deficiencies in the existing debarment and suspension procedures.

FY 1982 Budget Justification

The goal of this unit is to establish a compendium of all procurement and procurement-related statutes with their legislative histories, to provide a comprehensive baseline for informed decision making in matters relating to the procurement process and legislation affecting the procurement process.

Specific Objectives

1. Provide support to OMB in enacting model, simplified, uniform, procurement legislation promoting economy and efficiency in the procurement process, in consonance with the proposed uniform procurement system.

2. Coordinate within the executive branch interagency task group reviews and studies of the quasi-judicial and administrative procedures within and external to the agencies which impact upon and/or support the procurement process and develop recommendations to enhance and simplify the process.

3. Coordinate within OMB review of economic impact of procurement regulatory guidance, where appropriate.

4. Provide legal support to OMB General Counsel on matters related to procurement.

5. Maintain close communication with procurement community contractors and lawyers with respect to legal problems with implementation of policies.

6. Implementing provisions of the Contract Disputes Act.

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MAJOR SYSTEM ACQUISITIONS AND PROCUREMENT STRATEGIES

Functional Statement

The overall goal of this unit is to establish uniform policies, procedures, and practices which will require, to the maximum extent feasible, the Government to acquire property and services of the requisite quality, within the time needed at the lowest reasonable cost. In the accomplishment of this goal, the unit is responsible for developing acquisition strategies and policies for Major System Acquisitions (OMB Circular A-109), acquisition of commercial and industrial goods and services (OMB Circular A-76), consulting services (OMB Circular A-120), acquisition and distribution of commercial products (OFPP Pamphlet No. 2), Management of Federal Audiovisual Activities (OMB Circular A-114), Use of Management and Operating Contracts (OMB Circular A-49), and other types of products and services. The unit is also in charge of procurement policies relating to research and development, patents, and technological innovation. In the conduct of these policy responsibilities, a close interface with supply systems is required to ensure coordinated efforts to support agencies' management. Additionally, we are frequently involved in the preparation and presentation of testimony to Congress, appearances and presentations at public hearings, and speeches to the general public. Set forth below are highlights of significant programs.

Major Systems (OMB Circular A-109).

Duties include promulgating and coordinating policies contained in OMB Circular A-109. This includes analysis of agencies' compliance with this policy by reviewing their policies and procedures for acquisition of major systems and subsystems in the areas of: statements and approvals of needs, acquisition, strategies, solicitation of sources, selection of system design concepts and contractors, competition, program management, test and evaluation and risk analysis. Additionally, close coordination with the budget examiners including active participation in budget hearings and reviews is required. Closely associated with these policies is consultation for an effective training program for personnel involved in the acquisition of major systems.

Acquisition of Commercial and Industrial Goods and Services (OMB Circular A-76).

Duties include promulgating, coordinating, and refining the Government's policy of relying on the private sector for products and services needed by the Government which is set forth in OMB Circular A-76. This includes assisting the agencies, when required, in their implementation program by providing advice and assistance on the overall program and individual problems. Additionally, close coordination with the budget examiners, including active participation in budget hearings, is required to ensure each agency's compliance with the policy. Closely associated with promulgating the Circular is the establishment of an effective training program to educate agencies and their affected personnel. A major goal is to develop and establish an effective uniform data system that arrays the total sphere of A-76 in all agencies and its budget impacts. This major goal is one which the House Government Operations Committee believes is essential to ensure the program is effectively implemented.

Consulting Services (OMB Circular A-120).

Duties include the establishment of effective policies, controls, and administrative procedures to ensure the proper use and control of both consulting services and other management and support type contracts. The area of consulting services has been targeted for tighter controls by the Administration and Congress which includes reductions in agency budgets for consulting and related services, establishment of new and tighter controls on consulting services, and an expansion of the management controls established in OMB Circular A-120 to the areas of Management and Professional Services and Special Studies and Analyses contracted for by all the agencies. As part of the overall effort, additional guidance, orientation briefings, and training programs are required to ensure proper understanding of the policies.

Research and Development, Patents, and Technological Innovations.

Duties include the establishment of policies in such areas as: the processing of unsolicited research and development (R&D) proposals, cost recoupment, cost sharing, management and control of Federally Funded Research and Development Centers (FFRDC's), cost principles for independent research and development (IR&D) and bid and proposal (B&P) efforts, Federal laboratory relationships with Government contractors, small high technology businesses, Federal Grant and Cooperative Agreement Act, Patents, Copyrights, and Rights to Technical Data.

Commercial Systems.

Major duties include formulating, promulgating, and managing policies, procedures, and guidelines, designed to modernize and simplify the Government's acquisition and distribution of commercial products. Results of this effort are reflected in such management improvement programs as (1) agency establishment of commodity managers as the initial decision makers for the procurement process; (2) new government-wide specification control system; (3) requirement for conducting market research and analysis prior to selecting an acquisition strategy for a specific product as well as to ensure user satisfaction; (4) simplification of contracting; (5) the elimination of redundancies in the systems used by different agencies in the acquisition and distribution of common commercial items such as food, medical items, furniture, clothing and textiles, and other commodities; (6) the prospect of R&D cost avoidance for agency-unique item requirements that are available commercially; (7) contracting for audiovisual productions; and (8) agency management of audiovisual facilities.

FY 1980 Accomplishments

Major Systems (OMB Circular A-109).

- Produced a series of videotapes and training material covering the policy and procedures to follow in acquisition of major systems.

- Met with numerous individual program officers at their request to assist in developing or reviewing their acquisition strategies.

- Supported several budget examiners' reviews of agency budget submittals for major system acquisitions.

- Participated in development and resolution of budget issues.

- Developed guidance for budget examiners to use in reviewing agency compliance with A-109.

Acquisition of Commercial and Industrial Goods and Services (OMB Circular A-76).

- Produced two videotapes covering the policy in general and the Cost Comparison Handbook in detail.

- Established an interagency A-76 committee to enhance uniform understanding of policies.

- Published OFPP Pamphlet #4 which explains the mechanics of how to write and administer performance oriented statements of work -- an integral requirement in the Circular.

- Met with fifteen agencies to review their program and determine if any policy changes were in order.

- Led a major effort to overcome legislative proposals such as the Kazen Amendment to the DOD Authorization/Appropriations Act and H.R. Bill 4717 which would have impeded Circular's implementation by DOD. This effort was coordinated and in unison with DOD's.

- The Department of Defense conducted 304 cost comparison studies during Fiscal Years 1979 and 1980, which resulted in the following savings.

  - $130 million through the conversion of in-house activities to contract as a result of cost comparisons.

  - $30 million resulting from functions being streamlined and remaining in-house as a result of cost comparisons.

Consulting Services (OMB Circular A-120).

- Published OMB Circular A-120, "Guidelines on the Use of Consulting Services." The Circular contained the same definition, guidelines, management controls and data requirements in OMB Bulletin 78-11. Additionally, the list of examples of consulting services was expanded giving the contracting officer the final authority for determining whether or not a contract is for consulting services.

- Published OMB Bulletin 80-9, "Reductions in the Use of Consulting Services," requiring agencies to reduce consulting services by 15 percent from the level planned in FY 1981. Estimated reductions exceed $62 million from a base of $414 million.

- Issued a memorandum to major agencies requiring that two management control systems -- one for procurement in general and one for consulting services -- be in place to assure ethical practices and integrity in the procurement process. Specific checks and balances to assure that orders and regulations are routinely followed, involvement of the Inspectors General, development of a standard, Government-wide audit guide for consulting services, and designation of a career SES manager to implement the consulting services management control system are some of the major aspects of the required management control plans. Plans were reviewed for compliance by OFPP in cooperation with OMB's Management Improvement and Evaluation Division. All plans were approved by the Director by the end of December 1980.

- Prepared and presented testimony to Congress on three occasions concerning the abuses in consulting services.

Commercial Systems.

- Issued pamphlet on Acquisition and Distribution of Commercial Products (ADCoP) for agency implementation.

- Issued policy that led to the replacement of 2,400 military specifications with industry standards.

- Issued policy that led to the replacement of 300 Government-unique specifications with voluntary standards.

- Began development of a system for applying a functional approach to specifications using short form commercial item descriptions (CID's). (Over 1,000 CID's are under development in DOD, GSA, and VA. Eighty are now being used for $217 million worth of procurements.)

- Consolidated Government-wide responsiblity for food quality assurance and specification management in the Department of Agriculture.

- Consolidated Government-wide responsibility for quality assurance of medical products in the Food and Drug Administration.

- Made further progress toward establishing within DOD and VA a single Government-wide procurement system for medical products acquired with appropriated funds.

The savings resulting from the commercial products policy during this reporting period exceed $18 million. Greater savings are expected in future years as implementation of the policy improves and as OFPP and agency training and procedural initiatives take root. The commercial products policy is proposed as an integral part of the UPS.

Audiovisual Productions and Management.

- Improvement of Federal audiovisual activity report to include better data.
- Issued directions on contracting for motion picture productions and videotape productions.
- Issued pamphlet on Federal system for acquiring audiovisual productions.
- Initiated directions involving the inspection, maintenance, preservation, and storage of Federal motion picture films.

Research and Development, Patents and Technical Innovations.

- Prepared annual R&D report required by Congress.

FY 1981 Work Plan

OMB Circular A-109.

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-109.

  -- Participate in training and orientation in this program for all levels of Government personnel to ensure policy is uniformly understood.

  -- Assist in the management and budget review process to evaluate agency major system acquisitions for A-109 compliance.

  -- Assist agencies, when requested, in developing programs.

  -- Meet with Assistant Secretaries in Departments and Agencies to ensure understanding of policy and determine if any changes are needed.

  -- Daily maintenance which includes responding to Congressionals, legislative initiatives, general inquiries, preparing, reviewing, and presenting speeches and testimony.

OMB Circular A-76.

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-76.

  -- Assist in developing videotape training program including training handouts. Have OPM and GSA develop specialized courses in such areas as services contracting and the preparation of performance oriented statements of work.

  -- Launch an awareness program with agencies to gain more understanding of program and how it can effect economies and efficiencies .

  -- Assist DOD in their initiative to delete section 502 from FY 1981 Defense Authorization/Appropriations Act which hinders their rapid implementation.

  -- Work on legislative proposals affecting A-76.

  -- Develop and issue a bulletin to obtain data from agencies which would give us visibility into their implementation of Circular and its impact on annual budget submission.

  -- Develop guidance and assist budget examiners in reviewing agency budgets on implementation.

- -- Initiate study on OMB Circular A-49 to determine revisions required of document.
- -- Meet with Assistant Secretaries in Departments to ensure understanding of policy and determine if any changes are needed.
- -- Daily maintenance which includes responding to Congressionals, legislative initiatives, general inquiries, preparing, reviewing, and presenting speeches and testimony.

<u>OMB Circular A-120.</u>

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-120.

  - -- Issuance of OMB Bulletin 81-8, "Reductions in Fiscal Year 1981 Consulting and Related Services," which requires agencies to reduce, by 5 percent, planned obligations for consulting services (contracts and advisory committee memberships only), management and professional services, and special studies and analyses. This reduction is in addition to the 15-percent reduction required by Bulletin 80-9. Estimated reductions exceed $150 million.
  - -- Develop and issue a revision to Circular A-120, which will require additional management controls on consulting services.
  - -- Develop and issue an OMB bulletin which will extend the management controls in Circular A-120 to Management and Professional Services and Special Studies and Analyses to eliminate abuses isolated in recent GAO reports.
  - -- Assist agencies and their Inspectors General in the interpretation and understanding of A-120.
  - -- Begin development of a consulting services brochure to further explain and highlight policy.
  - -- Work on legislative proposals affecting A-120.
  - -- Daily maintenance which includes responding to Congressionals, legislative initiatives, general inquiries, preparing, reviewing, and presenting speeches and testimony.

<u>Commercial Products.</u>

- Develop and promulgate policies, procedures, and guidelines necessary to ensure that agencies purchase commercial products and use commercial distribution systems whenever such products and/or distribution systems adequately satisfy the Government. Continue special emphasis on commodity management and the application of market research and analysis to establish acquisition strategies.

-- Issue guidance on the management and use of product descriptions (standards, specifications, commercial item descriptions, and purchase descriptions).

-- Assist Federal Acquisition Regulation Project office, DOD, in finalizing two FAR parts on product descriptions and the Acquisition and Distribution of Commercial Products (ADCoP) policy.

-- Continue to work with the agencies to institutionalize ADCoP procedures leading to full implementation of the policy (including special emphasis on food and medical items).

-- Advise agencies on technical aspects of developing training packages on ADCoP.

-- Work with the Federal Supply Management Council to improve interfaces with the acquisition process.

-- Validate and improve procedures for contracting for audiovisual productions.

-- Continue to refine policies in OMB Circular A-114 on the management of audiovisual activities.

Research and Development, Patents, and Technological Innovations.

- Continue the development of uniform policies and procedures relating to research and development, patents, and technological innovations.

  -- Finalize new proposed policies on following areas:

    --- Recoupment of R&D contract cost.

    --- Cost sharing in R&D contracts.

    --- Control of management systems and data required of contractors.

    --- Establishment, use, and termination of Federally Funded Research and Development Centers.

- Develop new proposed policies in following areas:

  -- Processing of unsolicited R&D proposals.

  -- Cost Principles for IR&D and B&P efforts.

  -- Copyrights and technical data.

- Develop appropriate policies on patent policies resulting from P.L. 96-513.

- Prepare annual mission oriented R&D budget data submission required by Congress.

- Develop new policy concerning Government personnel attendance at conferences and year-end spending.

<u>New work.</u>

- Assist in development of "Uniform Procurement System" including legislative proposal.

- Assist and Participate in the Council on the Uniform Procurement System.

FY 1982 Budget Justification

OMB Circular A-109.

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-109.

  -- Participate in training and orientation for all levels of Government personnel to ensure policy is uniformly understood.

  -- Assist in the budget review process to evaluate agency major system acquisitions for A-109 compliance.

  -- Assist agencies, when requested, in developing programs.

  -- Meet with Assistant Secretaries in Departments and Agencies to ensure understanding of policy and determine if any changes are needed.

  -- Daily maintenance which includes responding to Congressionals, legislative initiatives, general inquiries, preparing, reviewing, and presenting speeches and testimony.

OMB Circular A-76.

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-76.

  -- Meet with Assistant Secretaries in Departments and Agencies to ensure understanding and determine if any changes are needed.

  -- Assist in developing training programs, including videotapes, training handouts, and appropriate courses taught by OPM, GSA, and FEI.

  -- Develop and conduct an awareness program to ensure proper understanding of this Circular

  -- Integrate A-76 into the A-11 budgetary process to ensure its implementation effects are shown in budget estimates. A necessary by-product would be data to substantiate savings and the impact on Government personnel.

  -- Develop guidance on application to R&D. Currently a moratorium has been established on the application of the Circular to existing in-house R&D activities.

  -- Work on legislative proposals affecting the Circular.

  -- Revise OMB Circular A-49, Use of Management and Operating Contracts, to make it current with procurement regulations and existing OMB Circulars.

- -- Reexamine and refine the Circular's Cost Comparison Handbook to clear up ambiguities identified since its implementation in March 1979.

- -- Daily maintenance which includes responding to Congressionals, legislative initiatives, general inquiries, preparing, reviewing, and presenting speeches and testimony.

<u>OMB Circular A-120</u>.

- Work with agency heads, acquisition executives, inspectors general, auditors, General Accounting Office, and Congressional staff to ensure implementation of OMB Circular A-120.

  - -- Assist agencies and their Inspectors General in their interpretation and understanding of A-120.

  - -- Review agency budget plan submissions for consulting services.

  - -- Develop and issue a consulting services brochure to further explain and highlight policy.

  - -- Develop and implement a uniform training program using videotapes and training handouts.

  - -- Work on legislative proposals affecting A-120.

  - -- Daily maintenance which includes responding to Congressionals, general inquiries, preparing and presenting speeches and testimony.

<u>Commercial Products</u>.

- Review, validate, and supplement, where necessary, existing policies, regulations, and procedures for acquiring commercial products and for supplying them to Government users through commercial channels.

  - -- Develop interdisciplinary approaches to acquisition and supply to improve the management of the acquisition process.

  - -- Assist Federal Acquisition Regulation Project office, DOD, in finalizing two FAR parts on product descriptions and the Acquisition and Distribution of Commercial Products (ADCoP) policy.

  - -- Work with the Federal Supply Management Council to improve interfaces with acquisition process.

  - -- Improve procedures for contracting for audiovisual productions and agency management of audiovisual activities.

Research and Development, Patents, and Technological Innovations.

- Continue the development of uniform policies and procedures relating to research and development, patents, and technological innovations.

  -- Develop uniform R&D contract policies to enhance industrial innovation and advance the U.S. technology base.

  -- Review agencies' systems and technology procurement regulations for conformance with OMB management and OFPP procurement policies.

  -- Issue new policies in following areas:

    --- Recoupment of R&D contract costs.

    --- Cost sharing in R&D contracts.

    --- Control of management systems and data required of contractors.

    --- Establishment, use, and termination of Federally Funded Research and Development Centers.

  -- Develop instructions required so that agencies can implement revised policy on patents resulting from P.L. 96-517.

  -- Preparation of annual mission oriented R&D budget data submission required by Congress.

  -- Develop new policies and procedures concerning:

    --- Cost principles for IR&D and B&P efforts.

    --- Copyrights and technical data.

- Develop new policies, procedures, and public laws such as P.L. 96-513, relating to major system acquisitions and procurement strategies as they are identified.

New work.

- Implement the Uniform Procurement System when approved.

- Assist in development of Federal Acquisition Regulation policies in following parts:

--	Part 8	Required Source of Supplies/Services
--	Part 10	Specifications and Standards
--	Part 11	ADCoP
--	Part 15	Contracting by Negotiation
--	Part 27	Patents/Data and Copyrights
--	Part 34	Major System Acquisitions
--	Part 35	R&D
--	Part 37	Service Contracting
--	Part 38	Federal Supply Schedules
--	Part 39	ADPE
--	Part 40	GOCO's

REGULATORY POLICIES AND PRACTICES

Functional Statement

A major function of this unit is the development, organization, and maintenance of a Government-wide Federal Acquisition Regulation System (FAR). This system will provide uniform acquisition policies, regulations, procedures, and forms for use by all executive agencies in the acquisition of supplies and services with appropriated funds. Other responsibilities include the establishment of policies for: (1) acquisition under Federal grant and assistance programs including liaison with intergovernmental agencies, State and local governments, and public interest groups,; (2) acquisition of architect-engineer and other professional services; (3) consideration of energy conservation and efficiency and use of recovered materials in selecting items for Government use; (4) acquisition of construction; (5) contract administration including cross-servicing arrangements; (6) cost principles, application of cost accounting standards, contract pricing, cost or price analysis; (7) profit objectives under Government contracts; and (8) improving the administration of such labor-related statutes affecting Government contracting as wage and hour standards, Walsh-Healey, Davis Bacon, and Service Contract Act. Also, policy considerations related to advertised and negotiated procurement, including improving the Commerce Business Daily (CBD), simplified purchase procedures, value engineering (incentives and direct use), multi-year procurement, foreign procurement including implementation of the International Government Procurement Code, competition and ethics and prevention of waste, fraud and other abuses in procurement.

This unit is also responsible for (1) coordination of procurement legislation; (2) oversight of procurement research; (3) follow-up actions on recommendations of the Commission on Government Procurement and procurement recommendations of the Federal Paperwork Commission; (4) policy direction of the Federal Procurement Data System (FPDS) for collecting and disseminating procurement data to meet the needs of the Congress, executive agencies and the public; (5) cash management and prompt payment policy; (6) policy and procedures for public hearings; and (7) implementing socio-economic legislation and executive orders which establish policies for increased participation by small business, minority business and women-owned business in Government procurement.

FY 1980 Accomplishments

- Continued the development of draft segments of the FAR (approximately 70% complete) for publication in the Federal Register, soliciting comments from the private sector and Federal agencies. Began a comprehensive Phase II effort, component evaluation, which will create a public record of the disposition of all comments and a computer-based tracking system for comments.

- Participated in the development of the proposed Uniform Procurement System (UPS) which was submitted to Congress in October 1980. The FAR will become an essential element in regulating the contracting process as a new single set of acquisition regulations for all agencies, replacing the FPR and the majority of over 800 other differing sets of regulations.

- Developed Policy Letter 80-5 which established the FAR System, the FAR Council, and the FAR Executive Staff in implementation of requirements of P.L. 93-400 as amended by P.L. 96-83, as an effective means toward the stated goals of one face to industry and improved efficiency in Government contracting.

- Brought the FPDS to full operation, coordinated development of a computer-based uniform information system for procurement data from 143 agencies for dissemination to Congress, executive branch agencies and the private sector. First statistics covered FY1979. Quarterly reports being issued thereafter.

- Assisted in the transfer of the FPDS from DOD to GSA as required by P.L. 96-83.

- Participated in and coordinated efforts to improve the use of the Commerce Business Daily (CBD) by small and minority-owned and women-owned businesses and to broaden the competitive base for acquiring goods and services.

- Continued to monitor agency conformance to protection of professions under Service Contracts (Policy Letter 78-2), responded to congressional inquiries and reviewed legislation.

- Participated in and furnished technical assistance to the Special Trade Representative's Government Procurement subcommittee related to implementation of the International Procurement Code and commenced revisions to applicable procurement regulations and E.O. 10582.

- Continued efforts with EPA, furthering development of procuring guidelines required under P.L. 94-580, monitoring Policy Letter 77-1, and compiled 3rd annual report required under Section 6002 of the Resource Conservation and Recovery Act of 1976 for submission to Congress.

- Continued interface and coordination with Treasury, GAO, Congress and the private sector on cash management initiatives addressing timely payment, simplification, uniformity, and easing paperwork burden as recommended by the Commission on Government Procurement, the Commission on Federal Paperwork and the President's Cash Management Study Project.

- Proposed Policy Letter on end-of-year buying practices issued and monitored to reduce waste of funds.

- Continued efforts to eliminate duplication and to increase efficiency in field contract support services for auditing, contract administration, quality assurance, pre-award surveys, and inspection of goods.

- Finalized policy on avoidance of organizational conflicts of interest and undertook review of procedures to eliminate fraud, waste, and abuse in the procurement process including development of a training film.

- Developed a uniform profit policy as recommended by the COGP.

- Implemented procedures to ensure that executive branch agencies carried out the President's E.O. 12092 including the establishment of an Anti-Inflation Council.

- Concluded revision and review of Attachment 0 to OMB Circular A-102 covering procurement standards for application to grantees and federal assistance programs. Training provided to grantor agencies and grantees.

- Efforts continued to improve grantees' general procurement procedures through oversight of the model State and local procurement code developed by the American Bar Association (ABA), and a Grantee Procurement System Certification Program.

- Participated in the White House Conference on Small Business and assisted in the development of an agenda covering procurement related areas.

- Published final implementation of new Section 15(j) of the Small Business Act calling for reservation (set-aside) of all small purchases under $10,000 to small business firms.

- Developed and published final subcontract regulations (Policy Letter 80-2) required under Section 211 of P.L. 95-507. Policy Letter outlines responsibilities of prime contractors and contracting officers in assuring that acceptable subcontracting plans are submitted, reviewed for approval, etc., as a condition precedent to award of large prime contracts.

- Developed and will publish as part of our oversight responsibility a policy letter clarifying various areas of doubt and confusion in the Labor Surplus Area Program under E.O. 12073, DMP4B, and P.L. 95-89.

- Coordinated goal-setting effort with the Small Business Administration (SBA) for labor surplus areas, small, minority, and women-owned businesses consistent with Policy Letter 80-4, P.L. 95-507, P.L. 95-89, P.L. 96-302, and Executive Orders 12073, 11625, and 12138, in furtherance of the procurement preference program and the President's Urban Policy. Training of agency personnel has been coordinated as well as a system for reporting results of goals negotiated with each executive branch agency.

- Participated in the updating and published in the Federal Register a Directory of Minority Business Advertising Firms for use by federal agencies and the private sector for potential advertising contracts.

- In anticipation of the ICC relaxing its regulations on small truckers in cooperation with the MBDA and SBA, worked with federal agencies in developing affirmative action plans to increse contracting opportunities for small and minority trucking contractors.

- Working in concert with OMB developed amendment to Attachment "P" of the Single Audit Plan to assure that small and minority audit firms actively participate in auditing federal programs.

- Worked with DOD, SBA and the Administration to increase the number of minority business audio-video and film producers participating in Federal A/V procurement.

FY 1981 Work Plan

- o Complete the Federal Acquisition Regulation (FAR) a single uniform acquisition regulation for use by all Federal executive agencies in the acquisition of supplies and services with appropriated funds. Chair the FAR Executive Staff and provide leadership in maintenance of the FAR. Completion of the FAR will reduce the proliferation of regulations; eliminate conflicts and redundancies; and provide an acquisition regulation that is simple, clear, and understandable. Temporary augmentation of OFPP staff through reimbursable details of high quality agency procurement personnel may be necessary in order to ensure timely completion of this project.

- o Review procurement policy implementing the Energy Policy and Conservation Act.

- o Review policies and procedures peculiar to the acquisition of construction and architect and engineering services.

- o Develop and implement policies to foster greater competition in bidding on Federal procurement, and to minimize noncompetitive procurement.

- o Review implementation of a uniform Government-wide profit policy and agency development of structured approaches for determining negotiated profit objectives.

- o Review the policy for interagency cross-servicing arrangements in the performance of contract administration functions, and revise as necessary to ensure "one face to industry" in the contract administration area.

- o Promulgate a uniform Government-wide organizational conflicts of interest policy.

- o Update policies with respect to cost principles, application of cost accounting standards, contract pricing, and cost or price analysis, to accommodate changes in generally accepted accounting practices, statutes, etc.

- o Continue the development and refinement of policies to implement socio-economic preference programs such as small business, labor surplus, and others.

- o Develop techniques to enhance professionalism among procurement personnel, and controls to promote ethical conduct to prevent or minimize waste and abuse, eliminate duplication, and monitor compliance with policies and regulations.

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- o Provide leadership and direction for the interagency Federal Procurement Data System Policy Advisory Boad which is responsible for assuring that the Federal Procurement Data System located in GSA meets the data needs of the Congress, the executive branch, and the private sector.

- o Review policies implementing the Resource Conservation and Recovery Act and participate in the development of guidelines by EPA.

- o Complete action on procurement-related recommendations of the Commission on Federal Paperwork.

- o Coordinate policies relating to financial and cash management, timely payment of invoices, and Treasury, GAO, Joint Financial Management Improvement Project (JFMIP) interface.

- o Complete action on recommendations of the Commission on Government Procurement.

- o Continue improvements in the use of the Commerce Business Daily (CBD).

- o Coordinate and serve as focal point for numerous international procurement considerations which impact Federal procurement, such as the Buy American Act, Foreign Military Sales, and the International Government Procurement Code. Advise Special Trade Representative (STR), Commerce, and others on international procurement matters.

- o Develop procedures for ascertaining compliance with Federal procurement policies and regulations, and assist agencies in the transition to the FAR format.

- o Review the impact of procurement-related statutes such as wage and hour standards, Walsh-Healey, Davis Bacon, and the Service Contract Act, and ensure that their impact on procurement is fairly assessed.

- o Assist in developing the Central Management System and the proposed legislative package to implement the Uniform Procurement System.

FY 1982 BUDGET JUSTIFICATION

FY 1982 Goals: To improve the economy, efficiency, effectiveness and equity in the procurement of property and services with particular emphasis on uniform regulations, policies procedures and forms; procurement management and improvement, (includes ethics, fraud, waste and abuse); procurement under grants and Federal assistance programs; useful Federal procurement data; addressing the application of socio-economic factors to Government procurement; and international procurement considerations.

FY 1982 objectives:

- Chair the FAR Executive Staff and provide leadership in the maintenance of the single Government-wide Federal Acquisition Regulation, which will be a major element of the proposed Uniform Procurement System (UPS).

- Continue review of agency regulations for Federal contracts consistent with P.L. 93-400 as amended by P.L. 96-83 and P.L. 95-507 and OFPP Policy Letter 80-5 in order to facilitate the development of the UPS.

- Participate in the development of standard contracts and contract language in order to reduce the Government's cost of procuring goods and services as well as the private sector's cost of doing business with the Government.

- Provide policy direction and coordination, for the collection, maintenance, and dissemination of computerized procurement information for use by Congress, the executive branch, and the private sector.

- Improve the implementation of cross-servicing arrangements for contract administration, audit, quality assurance, and inspection of goods to increase efficiency, eliminate duplication and overlap.

- Provide policy guidance for the prevention of waste, fraud, and abuse programs in procurement by upgrading training for procurement related personnel and development of internal controls for procurement operations.

- Determine effectiveness of OFPP Policy Letter 78-2 for use of professionals under Service Contracts, maintain surveillance of wage statutes - Davis Bacon, Service Contracts and Walsh Healey procurement related procedures.

- Implement in procurement the EPA guidelines covering Resource Conservation & Recovery Act of 1976 for recovered materials, maintain coordination with agencies, the Congress, and the private sector, and compile annual report due to Congress, consistent with OFPP Policy Letter 77-1 and Section 6002 of Public Law 94-580.

- Maintain timely payment emphasis on Federal contracts, interface with Treasury, GAO, JFMIP, and Congress in a continuous review of legislation and reply to inquiries.

- Continue to examine effectiveness of the CBD as a useful tool for the small, minority, and woman entrepreneur in seeking direct prime contract bid opportunities as well as subcontract work with larger firms to meet P.L. 95-507 goals and other goals in furtherance of procurement preference programs.

- Coordinate and determine effectiveness of Federal regulations on the Buy American Act - E.O. 10582, and other legislation and their consistency with the International Procurement Code.

- Participate as a member of Government Procurement Committee with the Office of the Special Trade Representative and other major executive branch agencies; track legislation and Congressional inquiries; Monitor of Memoranda of Understanding, Co-Production and Offset considerations.

- Review and improve policies for acquisition of construction and architect engineer services for all executive branch agencies.

- Arrange for a systematic feedback from agencies on their application of procurement policies, and their procurement management including avoidance of fraud, waste and abuse.

- Help upgrade the procurement workforce to avoid waste, fraud, and abuse of the procurement process.

- Establish broad uniform policy for the effective and efficient implementation of socio-economic goals in Government procurement; particularly small, minority, women-owned and labor surplus area firms.

- Maintain surveillance and monitor effectiveness of socio-economic policies, e.g., Policy Letter 80-2, 80-4, LSA - DMP4B, P.L. 95-507, P.L. 95-89, subcontracting policies, E.O. 11246 on EEO and its attendant debarment sanctions, E.O. 12138 on Women-owned Business, E.O. 11625 on Minority-owned Business.

- Coordinate with SBA in its goal-setting responsibilities. Analyze reports required under policy letters and legislation.

- Provide policy guidance and monitor Attachment O to OMB Circular A-102, review agency regulations and coordinate on the model procurement code for state and local government purchasing under grants or Federal assistance programs.

- Maintain surveillance of P.L. 95-224 in conjunction with intergovernmental affairs of the executive branch and Grantee Procurement System Certification Program including guidelines for grantee procurement system certification.

- Continue to accept speaking engagements and participate in panel/workshop discussions with industry, agencies, and others in furthering aims and purpose of the Office to assure thoroughness of policy formulation.

FEDERAL ACQUISITION INSTITUTE

Functional Statement

A Memorandum of Understanding and Plan for the Sponsorship, Organization, and Operation of the Federal Acquisition Institute has been signed by 24 departments and agencies of the executive branch and by the Office of Personnel Management setting forth an agreement among the signatories to sponsor and operate the Federal Acquisition Institute. In accordance with the Interagency Memorandum of Understanding calling for the establishment of the Institute, the Institute conducts its activities in full cooperation with the participating departments and agencies in carrying out the following objectives: (1) develop and promote undergraduate and graduate programs, executive seminars, and other academic programs; (2) promote, monitor, and conduct research to develop business methods and management techniques that will advance the state-of-the-art in procurement; (3) develop Government-wide procurement career development programs, including the needed education and training; (4) develop plans and procedures for the review and evaluation of procurement personnel programs; (5) articulate standards by which programs can be developed, measured, and certified; (6) monitor and review programs to ensure that they are current and to avoid or eliminate duplication and overlap; and (7) develop and maintain a system of communication which will help with identification of responsiveness to new issues, developments, and needs in the procurement community. These objectives are being accomplished under the direction of the Administrator of OFPP.

FY 1980 Accomplishments

- Developed Guidelines for Developing Procurement Career Programs, which sets forth the basic requirements, criteria, and procedures for establishing a career development and management system. Document was coordinated with the 24 participating Federal agencies and issued.

- Developed, in conjunction with OPM, a current classification standard in draft for contracting and procurement positions using the OPM Factor Evaluation System (FES) format. Draft GS-1102 standards were submitted to OPM in September 1980. Target date for issuance of final standards by OPM is spring of 1981.

- Coordinated the revision and reissued the annual Catalog of Federal Government Procurement Training Courses.

- Developed "Federal Procurement Management: Worldwide Career Opportunities," a brochure to promote career awareness of the procurement field.

- Organized and conducted a Procurement Career Development Workshop at the University of Maryland on June 12, 1980. Procurement and personnel experts from many agencies worked together to formulate specific recommendations for developing and implementing procurement career programs.

- Coordinated the development of a 60-second program for use on Cable TV to promote awareness of the procurement career field, especially among minorities. This program was aired first in September 1980.

- Coordinated a cooperative agreement with the Washington, D.C., Area Council for the Advancement of Experienced Learning Consortium to assist the agencies in further developing the credentialing services program.

- Established and pilot tested, in cooperation with American University, an undergraduate program in procurement, acquisition, and grants management.

- With encouragement and endorsement of both the National Association of Schools of Public Affairs and Administration and the American Assembly of Collegiate Schools of Business, the programs in the acquisition disciplines increased. The total of new programs plus those previously existing had grown to 48 in colleges and universities across the country.

- Developed and distributed Procurement, Acquisition and Grants Management: Academic Program Plan, which provides guidance and procedures to colleges and universities interested in establishing academic degree programs in procurement, acquisition, and grants management.

- Developed a Cooperative Education Guide and Management System. The guide will be coordinated and published for use by procurement managers throughout the Federal Government.

- Organized OPM/interagency work group to assist agencies in establishing upward mobility programs. Encouraged and promoted a greater and more efficient use of such programs in the procurement/acquisition field, and provided technical assistance to agencies as requested.

- Participated on an interagency basis in the development and distribution of a video/print training package, consisting of nine modules organized into four distinct seminar formats, to assist agencies and departments in the effective implementation of OMB Circular A-109, Major System Acquisitions.

- Participated on an interagency basis in the development and distribution of a video/print training package to assist agencies in the effective implementation of OMB Circular A-76, Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government.

- Participated on an interagency basis in the planning and design for development of additional video/print training materials for 1/2, 2, and 5 day seminars on OMB Circular A-76.

- Participated on an interagency basis in the development and distribution of a video/print training package to assist agencies in combating problems of waste, fraud, and corruption in Federal procurement practices.

- Coordinated and sponsored two basic 4-week courses by Army Logistics Management Center in procurement and contracting to meet civil agency requests.

- Based on interagency requests, sponsored the development of and distributed more than 2,000 copies of the Principles of Government Contract Law, an independent-study text for the non-lawyer working in contracts. This text can be used at the job site, which greatly increases the availability of basic contract law training and dramatically reduces the cost of training. The text is supplemented by audiovisual material which is available in slide/tape and videotape formats. The second printing of the text is currently distributed by the Government Printing Office and is being widely used.

- Coordinated the selection of a lead agency to serve as the test bed and they are conducting the evaluation of the Principles of Government Contract Law text. Results are scheduled to be available in the second half of FY 81.

- Coordinated with an interagency group the development of training materials to assist Federal agencies in improving the pricing function. These materials include a desk guide, an orientation to contract pricing, and a basic course training package for seminar use at the job site.

- Developed and conducted a pilot seminar to provide a basic understanding of procurement to program personnel in the Executive Office of the President. Seminars for budget examiners are being planned dealing with A-109, A-76, and ADCoP.

- Coordinated efforts with SBA and other agencies to develop training materials to assist agency personnel in the effective implementation of P.L. 95-507, Amendments to the Small Business Act.

- Participated in the development of a draft Desk Guide for Small Purchases to assist agency personnel to perform the small purchases function more effectively. The guide is complemented with a short videotape presentation, "What's a JPA" (Job Performance Aid).

- Established and chaired the Civil Agency Acquisition Research Council, a counterpart to the Defense Acquisition Research Elements of which the FAI is also a member. The CAARC consists of representatives from 18 civil agencies. FAI compiled and distributed to the CAARC a compendium of studies, papers, and projects in the area of acquisition research.

- Distributed A Guide to Resources and Sources of Information in Acquisition Research to (1) identify, explain, and publicize the organizations which can or do conduct procurement research and (2) catalog and publicize the many sources of information available to researchers and procurement staff and operational personnel.

- Co-sponsored with DOD the Ninth Annual Acquisition Research Symposium. The Symposium was held in July 1980 at Annapolis with over 400 attendees from the Federal Government, industry, and academia. Civil agency participation has grown from virtually none in earlier symposia to more than 100 currently, and there has been a significant increase in panel and paper presentations by civil agency personnel since the beginning of FAI co-sponsorship.

- Established a Procurement Automation Council with Department of Energy as lead agency to promote and encourage the use of automation in procurement. The Council has completed a survey of procurement automation projects and plans to issue a compendium in FY 81.

- Conducted a feasibility study for an Acquisition Information System (AIS), an automated system which would include all laws, regulations, studies, and court and Board of Contract Appeals decisions in one central repository for use by the procurement community.

- Completed in draft a study of "The Role of the Contracting Officer and the Organizational Placement of the Procurement Function." After review, this will be used as input to the Uniform Procurement System (UPS) project and in the FAI career development program.

- Increased the collection of the FAI library over 30 percent in the past two years. The library now has 6,000 acquisition related research reports, theses, studies, conference proceedings, and handbooks. The collection also includes 300 books, 75 journals, loose-leaf services, and materials pertinent to acquisition, and a legal section which includes the U. S. Code and substantial backup material from the Commission on Government Procurement.

- Organized an audiovisual training section in the library to store and loan procurement audiovisual training materials to the procurement community upon request.

FY 1981 Work Plan

The FAI will continue to be actively involved in the development of the Uniform Procurement System, the Central Management System, and legislative package as assigned by the Administrator of OFPP

Career Development

- Provide continuing support on the development of classification and qualification standards for GS-1102 procurement job series (including lessons learned). Assist in providing training for classifiers and functional specialists on new standards.
- Employee Recruitment Program (GS-1102 and GS-1105): Assist agencies, as requested, in developing new examinations to replace PACE in filling entry level procurement positions.
- Performance Appraisal Program: Assist agencies in the development of training for procurement supervisors in identifying critical elements and developing standards of performance for those elements.
- Determine and issue report on current status of agency procurement career programs and provide guidance in implementing Career Guidelines.
- Develop Contracting/Contract Administration Career Guide.
- Design Government-wide procurement career management system.
- Develop training standards for the most difficult or critical of the common GS-1102 tasks.
- Provide information to agencies to assist in their task analysis efforts.
- Continue to develop, in cooperation with OPM and procurement managers, a Federal Acquisition Personnel Information System. Issue Workforce Demographic Report for 1981.

Training

- Continue coordinating the interagency development and distribution of training materials to assist the agencies in promoting understanding of OFPP initiatives in OMB Circulars A-76, A-109, A-120, Policy on Commercial Products (ADCoP), etc.
- Coordinate the interagency development of training requirements and standards to assist GSA in developing and conducting basic common core courses for the civil agencies.
- Review and evaluate basic common core courses conducted by GSA for the civil agencies.
- Coordinate with GSA and OPM the development of a system to monitor and evaluate interagency common core training to assess results and impact on work force performance.

- o Coordinate interagency review to complete the Small Purchase Desk Guide for agency use as requested by GSA.
- o Coordinate the completion of the print materials for the training program for program personnel designed to assist agencies in providing training to combat waste, fraud, and abuse in the procurement process.
- o Coordinate the offering of the Army Logistic Management Center's basic procurement course for civil agencies.
- o Provide training information, assistance, materials, and other information to the agencies, as requested.
- o Coordinate the updating and publishing of the Catalog of Federal Government Procurement Training Courses.
- o Evaluate feedback and compile statistical reports of the implementation of training programs.
- o Provide leadership and assistance to the agencies in their development of seminar programs for mid-management and senior level officials in technical, management, personnel, and new policy initiatives involving acquisition issues.

Education

- o Coordinate the development of new procurement education programs (graduate, undergraduate, associate).
- o Provide leadership and assistance to academic community, as requested, in developing procedures to pilot test the model associate degree program in procurement.
- o Initiate the implementation of procurement education programs at predominately minority schools.
- o Assist agencies, as requested, in developing course equivalency mechanisms for Government and for non-Government courses.
- o Coordinate the publication and distribution of report on status and achievements of academic programs for 1981.
- o Coordinate the development and publication of an inventory of procurement education programs.
- o Recommend guidelines and promote establishment of agency programs for Cooperative Education, Intern/Trainee, Credentialing, and Upward Mobility programs.
- o Develop mechanism for collecting and disseminating information regarding personnel management in procurement.
- o Follow up on results of 1980 Interagency Career Development Workshop. Conduct the 1981 Workshop.

Research

- Continue efforts to coordinate and promote procurement research through the Defense Acquisition Research Elements and the Civil Agency Acquisition Research Council.
- Coordinate the development and implementation of Government-wide contracting officer qualifications requirements.
- Support the OFPP Internal Controls Project, including organizational placement of the procurement function.
- Plan for the Tenth Annual Acquisition Research Symposium to be held in FY 82.
- Promote procurement automation projects through the Procurement Automation Council.
- Coordinate with DOE, lead agency, the publication and distribution of the compendium of Procurement Automation Systems based on a completed survey of Federal departments and agencies.
- Promote universal certification through the Association of Associations network.
- Coordinate research efforts in support of OFPP initiatives and UPS requirements.
- Compile compendium of recently completed, ongoing, and proposed acquisition research topics from Federal agencies and academia.
- Plan and sponsor the First Civil Agency Procurement Conference.

Program Evaluation

Design an evaluation system to assess the relevancy and effectiveness of FAI programs and their impact on procurement organizations and work force, including performance evaluation of procurement personnel.

Library

- Assist library users, provide reference services, and participate in some research projects.
- Identify, acquire, catalog, and shelve new materials.
- Lend audiovisual training packages to agencies, academia, industry,etc.,upon request.
- Distribute FAI and OFPP publications in response to specific requests.
- Compile quarterly Selected Acquisition Readings.
- Maintain mailing list for and oversee distribution of quarterly Director's Report and Selected Acquisition Readings.

FY 1982 Budget Justification

- Assist on an interagency basis the implementation of the cooperative, civil agency contracting/contract administration intern career development program. Monitor and revise program as needed.

- Review and evaluate agency implementation of Contracting/Contract Administration Career Development Guide and revise Guide, if appropriate, and provide assistance as required.

- Continue to assist agencies, as requested, to develop and implement new examinations to fill entry level procurement positions.

- Continue to assist agencies, as requested, with performance appraisal systems for procurement positions.

- Provide technical assistance, as requested, to individual agencies with respect to procurement career management programs.

- Initiate occupational analysis and development of career program guidelines for procurement occupations as identified by requirements of the Uniform Procurement System.

- Continue, with OPM and procurement managers, the development of the Federal Acquisition Personnel Information System to provide demographic, statistical, and other personnel management information on procurement personnel and positions.

- Coordinate the updating and publishing of the annual Catalog of Federal Government Procurement Training Courses.

- Establish procedures for and conduct annual review of training courses to assure relevancy, currency, and effectiveness in meeting career progression objectives and job performance requirements.

- Provide continued support for effective, uniform implementation of newly developed GS-1102 classification and qualification standards.

- Provide leadership and assistance in developing updated classification standards in additional procurement occupations; i.e., small purchases, property management, supply, etc.

- Continue coordinating, as required, the development and distribution of quick response training packages in support of Presidential and OFPP initiatives in new legislation, policies, procedures, and regulations.

- Coordinate the organization of interagency work groups to develop and promote pilot offerings of common basic procurement courses for civil agencies.

- Provide leadership and assistance in the implementation of evaluation systems and procedures to assess the effectiveness and the impact of training efforts.

- Coordinate interagency efforts to develop and pilot test a training information system to identify sources and courses that will satisfy training needs for procurement performance deficiencies in the Uniform Procurement System.

- Initiate development of training performance objectives in each of the product/service areas set forth in the Uniform Procurement System.

- Promote offerings of pilot seminars for executives and senior managers in procurement and personnel management subject matter areas.

- Conduct procurement orientation seminars for selected personnel in the Executive Office of the President.

- Provide leadership and assistance to increase the implementation of new undergraduate, graduate, and associate level education programs in universities near major work force centers.

- Provide guidance and assistance to increase the number of academic procurement/acquisition programs at predominately minority schools to enhance career opportunities for minorities.

- Develop pilot test of upward mobility program procedures to provide technical and support personnel an opportunity to enter the procurement career field.

- Provide leadership and assistance to agencies in developing pilot test procedures for assessing courses offered outside Government to establish equivalency with Government courses for career credit purposes.

- Evaluate information received through the academic programs feedback system.

- Coordinate the publication and distribution of report on status and achievements of academic programs for 1982.

- Continue coordinating linkage of public sector and private sector networks required to support development and maintenance of education programs.

- Assess results of 1981 Interagency Career Development Workshop and plan follow-up actions; initiate planning for 1982 Workshop.

- Conduct research.

- Continue procurement research efforts through the Defense Acquisition Research Elements and Civil Agency Acquisition Research Council.

- Continue research efforts in support of the UPS and the Central Management System.

- Co-sponsor the Tenth Acquisition Research Symposium with both Department of Defense and civil agencies.

- Encourage procurement automation efforts and projects through the Procurement Automation Council.
- Update the compendium of research topics from the previous year and distribute to the procurement research community.
- Review and evaluate results and impact on work force of "Threshold Qualifications for Contracting Officers."
- Provide leadership and assistance to establish universal certification program in cooperation with the Association of Associations.
- Evaluate agency efforts concerning the improvement of the organizational placement of the procurement function.
- Assess results of the First Civil Agency Procurement Conference and determine feasibility for second conference.
- Coordinate the pilot testing of the FAI program evaluation system.
- Continue library services to Government, academic, and industry individuals and organizations.

WEDNESDAY, MAY 6, 1981.

THE WHITE HOUSE OFFICE

WITNESSES

JOHN F. W. ROGERS, SPECIAL ASSISTANT TO THE PRESIDENT FOR ADMINISTRATION
ROBERT LINDER, ADMINISTRATIVE OFFICER, WHITE HOUSE
ARTHUR J. PETTIPAS, BUDGET OFFICER, WHITE HOUSE

OPENING REMARKS

Mr. ROYBAL. The committee will come to order.

We will now hear the budget request for the White House Office for fiscal year 1982.

Will you please proceed in any way that you may desire?

Mr. ROGERS. Thank you, Mr. Chairman.

Allow me to introduce my associates.

On my left is Mr. Robert Linder, Administrative Officer at the White House and on my right is Arthur J. Pettipas, the Budget Officer at the White House.

Mr. ROYBAL. Do we have the biographical sketches?

Mr. ROGERS. Yes.

Mr. ROYBAL. They will be inserted in the record.

[The sketches follow:]

BIOGRAPHY OF JOHN F. W. ROGERS, SPECIAL ASSISTANT TO THE PRESIDENT FOR ADMINISTRATION

Mr. Rogers was raised in Seneca Falls, New York and received his bachelor of Arts degree in Public Affairs from the George Washington University in 1978. While attending the University, Mr. Rogers worked full-time in the Ford White House as a researcher and as Administrative Assistant to the Director of Communications. He worked on the Senate Republican Policy Committee from January until November 1977 when he left to help launch a new periodical, "Public Opinion," at the American Enterprise Institute for Public Policy Research (AEI). He worked on the editorial staff of the magazine until he moved into the administrative ranks of the Institute, first in October, 1978 as Staff Assistant to the President, responsible for the management of the business affairs of AEI's periodicals. In September, 1979, he was appointed Special Assistant to the President and continued in that capacity until he was promoted to Executive Assistant to the President for Administration. He left AEI in November 1980 to become Executive Assistant to the Director of the White House transition team, where he was responsible for reviewing the administrative operations of the White House.

Mr. Rogers joined the Reagan White House staff as Special Assistant for Management and Acting Director of the Office of Administration on January 20, 1981.

On March 20, 1981, the President appointed Mr. Rogers Special Assistant to the President for Administration and Director of the Office of Administration.

BIOGRAPHY OF ROBERT D. LINDER

Robert D. Linder is currently Director of White House Operations. His responsibilities are primarily management of the career staff dealing with administrative services. Previously he served as Chief Executive Clerk at the White House from 1973 to 1980. From 1961 to 1973 he served in the Office of Management and Budget and its predecessor, the Bureau of the Budget. He has also served as Executive Secretary to the advisory council to the Federal Home Loan Bank Board.

While in these positions Mr. Linder worked in the areas of government finance, budgeting, and regulations as well as the administrative aspects of preparing Presidential proclamations, executive orders, appointments and messages to the Congress. He has held specific assignments as a program analyst for the civilian and military space programs, military research and development programs, strategic weapons, and nuclear testing programs. He has also worked on agency and department planning, programming, and budgeting systems and interagency review of financial management and accounting systems.

Mr. Linder has a Bachelor of Arts and Juris Doctor degree from the University of Iowa, a Master of Law degree from George Washington University and a degree of Master of Business Administration from the Harvard Business School.

Mr. Linder was born January 10, 1932 in Oelwein, Iowa. He is married to the former Arlis Elvebak of Albert Lea, Minnesota. They have 2 daughters and a son and reside in Alexandria, Virginia.

Biography of Arthur J. Pettipas

Arthur J. Pettipas was born May 17, 1933, in Newark, N.J. and was raised in Nova Scotia, Canada. After returning to the United States, he continued his education at Mt. St. Joseph College in Baltimore, Maryland. He attained certificates in accounting and data processing from the U.S. Department of Agriculture Undergraduate School while working for the government.

He began his career in the Federal Government at the U.S. General Accounting Office in 1951 and transferred to the White House Office where he has served seven Presidents, working toward his present position.

He served in the U.S. Army in Germany from 1957 thru 1959.

He is married to the former Helen Long and has two daughters and one son.

BUDGET REQUEST

Mr. Rogers. Mr. Chairman and members of the committee, it is indeed a pleasure to appear before the committee to discuss the fiscal year 1982 budget request for the White House Office.

I look forward to an extended period of assisting the committee in its important work. Please be assured of the full cooperation of my staff as well as myself.

The mission of the White House Office is to ensure proper support and assistance to the President and to do so in a highly efficient, cost-effective manner.

After careful consideration, the White House Office requests $22,346,000 for fiscal year 1982. This amount will provide for 350 full-time, permanent personnel. The authorized staffing level for the White House Office has been 351 positions since 1978.

This staff provides a wide range of support and assistance to the President which is vital in enabling him to carry out his many duties and important responsibilities.

The largest proportions of the White House Office budget are allocated to personnel compensation and benefits, payments to the General Services Administration, and rents, communications and utility payments. These three categories absorb 90 percent of the total White House budget.

The remaining 10 percent of the White House budget provides travel funds for the President and his staff, equipment, supplies, printing, contractural services, the President's official expense allowance and expenses associated with office operations.

There are some projected cost increases included in the budget request for fiscal year 1982. The major portion of these increases is associated with expected increments in user charges by GSA and in costs associated with rents, communications and utilities.

This budget request, while showing an increase in terms of current dollars, actually represents a decrease in real spending from previous years. If the appropriations over the past six years are adjusted to the effects of inflation during those years, the 1982 request before you now reflects a 23.5 percent reduction in constant dollars from the appropriations enacted in 1976 for The White House Office.

The White House Office is dedicated to the provision of high quality, efficient, direct services and support of the President.

I would be pleased to provide answers to any questions you may have about the budget request for fiscal year 1982.

[The statement of Mr. Rogers follows:]

Opening Statement of John F. W. Rogers, Special Assistant to the President for Administration

Mr. Chairman and Members of the Committee, it is a pleasure to appear before the Committee to discuss the fiscal year 1982 budget request for the White House Office. We have requested $22,346,000 for fiscal year 1982. The budget provides for 350 full-time permanent personnel. The authorization for 1981 was 351 positions which has been the authorized level for the White House since 1978.

Personnel compensation and benefits, which total $14,910,000 and account for 67 percent of the budget, decrease $20,000 from the previous year.

Payments to the General Services Administration for Standard Level User Charges are estimated to be $2,400,000 and represent another 11 percent of the budget request.

The other large amount in the budget is for Rents, Communications, and Utilities. This is estimated to be $2,685,000 and is 12 percent of the budget.

The remaining 10 percent of the budget request, about $2.0 million, provides the travel funds for the President and staff, equipment, supplies, printing, contractual services, and other expenses for operating the office.

A new item appearing in the appropriation request for fiscal year 1982 is $50,000 for the official expense allowance of the President. Previously, these funds were provided in the appropriation, "Compensation of the President."

The fiscal year 1982 request is an increase of $1,068,000 over the fiscal year 1981 budget of $21,278,000. This increase is primarily for:

Standard level user charges	$490,000
Rents, communications and utilities	278,000
President's official expense allowance	50,000
Total	$818,000

The balance of the increases—a net $250,000—is for all the other expenses of operating the office such as supplies, printing, computer services, travel, and equipment.

I will be happy to answer any questions the members of the Committee may have.

BUDGET INCREASES

Mr. Roybal. I notice that your budget request for 1982 is in excess of one million dollars more than that of 1981.

Can you please summarize in detail why this increase is necessary?

Mr. Rogers. Certainly. Primarily, as I mentioned in my statement, the two major increases are directly related to user charges by GSA and also for increases that are occurring in our communications, rents and utilities.

Our user charge for office space has recently increased. GSA has re-evaluated the cost of square footage for the Old Executive Office

Building, and increased it from approximately $9 a square foot to approximately $14.50 a square foot.

Also, in the rents, communications, and utilities area, our GSA recurring and nonrecurring work orders have had major increases; primarily because we have increased the cleaning service level from the past administration.

The past administration, I believe, was at the standard level of seven. We have increased it to approximately the standard level of four, which accounts for the major increase in those two accounts.

Mr. ROYBAL. Most departments of the Federal Government are being asked to decrease their budgets, and I see that the White House Office is not. There is actually an increase.

Can this amount be absorbed?

Mr. ROGERS. No; it cannot.

Mr. ROYBAL. Explain why.

Mr. ROGERS. I think it is important to point out that during the transition when we looked at the entire Executive Office of the President, and also during the first month that we had been in office, we looked to see where we could make reductions in personnel and funding for the entire Executive Office of the President.

We made substantial reductions of approximately 12.4 percent in the entire Executive Office of the President and also approximately 5.4 percent reduction in terms of budget authority.

The White House is just one part of the Executive Office of the President, and we feel very strongly that we could not absorb any reductions because cuts that had taken place in previous administrations had put us at a level that was adequate and no more. To make further cuts would really infringe on the President's ability to carry out his responsibilities.

WHITE HOUSE ORGANIZATION

Mr. ROYBAL. Perhaps in order to have a better understanding of the situation, can you tell us how the White House is organized and then we can go on from there to try to understand why the increase in excess of a million dollars is necessary.

Mr. ROGERS. Could we discuss present organization?

Mr. ROYBAL. Yes.

Mr. ROGERS. Our present staffing proposed for fiscal 1982 based on 350 people provides for approximately 140 graded positions in the operating area and 210 ungraded positions in the policy area.

As you can see from this, in the White House Office there are primarily three major elements: The first group is concerned with the support needs of the President, such as scheduling, advance operations, military office, and support to the First Lady. The second is concerned with operations.

We made major efforts to increase the number that are dealing specifically with legislative affairs. The President is dedicated to improving the relations with Congress. As you can see, other offices are concerned with primarily operational areas, liaison with Governors, State Senators and their governmental affairs, public liaison, press office, and general day-to-day administrative work.

The third group is really concerned with the policy development side under Counsellor Meese. That takes into account assistants for national security affairs, policy development, and Cabinet administration.

Mr. ROYBAL. Are there 350 permanent positions?

Mr. ROGERS. Yes.

Mr. ROYBAL. Is there any request for additional personnel?

Mr. ROGERS. No additional request for personnel.

Mr. ROYBAL. How many people are actually assigned to this operation that come from other agencies?

Mr. ROGERS. At the present time the White House Office has 74 detailees.

REDUCED WHITE HOUSE COSTS

Mr. ROYBAL. What action do you plan to take in an effort to reduce costs in the White House?

Mr. ROGERS. We have instituted a number of the guidelines that the President has given to the Federal agencies.

We are very conscious of the effort by the President to reduce any sort of waste, and where savings can be made I can assure you that we are taking appropriate steps.

In fiscal 1981, although not bound by any OMB circulars, we have taken efforts to reduce the travel accounts. We have reduced by 10 percent both travel of the President, and also travel and transportation of persons, which is primarily staff travel.

WHITE HOUSE PERSONNEL

Mr. ROYBAL. You have then a total of 350 permanent positions plus 74 detailees?

Mr. ROGERS. At the present time.

Mr. ROYBAL. Now, how many of those people work or are assigned to the staff of the First Lady?

Mr. ROGERS. At the present time only 15 people are assigned to the First Lady's staff.

This reflects a reduction from the previous administration, which had a staffing level for the First Lady of 38 positions, for a total dollar amount of $686,000 in terms of personnel compensation. We have reduced that amount by approximately $200,000 by reducing the staff to 15.

Mr. ROYBAL. All right. Will you provide for the record, if you cannot do it at the moment, the ethnic breakdown of the personnel and also let us know how many are women.

Mr. ROGERS. At the present time 59 percent of the staff are women and 41 percent are men. I would be happy to provide for the record that information.

Mr. ROYBAL. I would also like to know in what particular employment categories those women are assigned.

[The information follows:]

WHITE HOUSE OFFICE
MINORITY GROUP STATISTICS
PERMANENT FULL-TIME EMPLOYMENT
APRIL 18, 1981

GRADED POSTIONS	MEN	WOMEN	BLACK	SPANISH SURNAMED	AMER. INDIAN	ORIENTAL	OTHER
GS-3	-	2	2	-	-	-	-
GS-4	-	2	1	-	-	-	1
GS-5	1	2	1	-	-	-	2
GS-6	4	3	2	-	-	-	5
GS-7	10	16	11	1	-	-	14
GS-8	7	16	8	-	-	-	15
GS-9	6	9	1	1	-	-	13
GS-10	4	10	3	-	-	-	11
GS-11	4	5	1	-	-	-	8
GS-12	6	3	1	-	-	-	8
GS-13	3	2	-	-	-	-	5
GS-14	4	-	-	-	-	-	4
GS-15	1	-	-	-	-	-	1
GS-18	1	-	-	-	-	-	1
SUBTOTAL	51	70	31	2	-	-	88
UNGRADED POSITIONS							
Under $15,999	-	6	1	-	-	-	5
$16,000-$25,999	10	65	6	-	1	-	68
$26,000-$35,999	6	34	1	-	-	-	39
$36,000-$45,999	14	17	1	-	-	-	30
$46,000 & over	63	15	1	1	-	-	76
SUBTOTAL	93	137	10	1	1	-	218
TOTAL	144	207	41	3	1	-	306
	===	===	===	===	===	===	===

Mr. ROYBAL. Are they mostly secretaries or do they have some positions where they are part of the overall policy instruction over there?

Mr. ROGERS. I would be very happy to provide that information for you.

[The information follows:]

POLICY AND ADVISORY POSITIONS
OCCUPIED BY WOMEN
AT THE $46,000 AND ABOVE SALARY LEVEL
APRIL 18, 1981

Assistant to the President for Public Liaison

Deputy Assistant to the President and Deputy Press Secretary

Deputy Director (Public Liaison), Special Assistant to the President

Special Assistant to the President (3)

Special Assistant for Legislative Affairs (2)

Administrative Law Officer

Director of Correspondence

Associate Director of Presidential Personnel (2)

Press Secretary to the First Lady

Social Secretary

Assistant to the Assistant to the President for Legislative Affairs

TOTAL: 15

Mr. ROYBAL. One other question and then I will yield to Mr. Miller.

716 JACKSON PLACE

There is property located on Jackson Place, Northwest, here in Washington, D.C. that I understand is under the control of the President, but apparently is not being funded by the White House.

Are there any plans either to release this space to GSA or else start paying for it out of White House appropriations?

Mr. ROGERS. The space that you are referring to, 716 Jackson Place, has been used primarily by former Presidents. It is not administered by the White House, but by GSA.

They pay for the space. They pay the SLUC charge and absorb it themselves, although the White House controls who is going into 716 Jackson Place.

Mr. ROYBAL. GSA does not occupy it?

Mr. ROGERS. No; GSA does not.

Mr. ROYBAL. GSA does pay for it?

Mr. ROGERS. Yes; I noticed in reading some past testimony that this question had come up, but in every record that I have had from the past there was no action taken by the previous administration to change this.

I have discussed this at the White House with a number of staff members, and it was felt because of the nature of this House and because of GSA's function in providing support to former Presidents, it was not proper for the White House Office to absorb the SLUC charge for it.

I testified before the Senate along that same basis.

Mr. ROYBAL. Then your position is that the GSA has control; therefore, they should continue paying for it?

Mr. ROGERS. As a part of their general role.

Mr. ROYBAL. Do you know whether or not they have increased the per square foot rental from $9 to $14.50 at the Jackson Place location?

Mr. ROGERS. No; they have not.

GSA SLUC CHARGES

Mr. ROYBAL. Why not? That is a question I should ask GSA, but it seems to me if they are going to increase the rent for you it should be uniform all the way through.

Mr. ROGERS. This is a constant debate from what I can find out from both records and discussions. Apparently, they continually revise what square footage rates they are going to rent across the board.

The EOB has always been very, very low. There has been a big debate about government renting to government, and what the appropriate costs, should be, so during part of their three-year cyclical review they determined the EOB had been for a long period of time much lower than it should have been, and that is why we are getting that increase now from the $9 to $14.

Mr. ROYBAL. GSA is a tough landlord and not subject to rent control?

Mr. ROGERS. That is right.

Mr. Roybal. Not even on this one residence which actually would come under rent control under the laws of the District of Columbia?

Mr. Rogers. That is right.

Mr. Roybal. Again, the fact that they are tough landlords does not remedy the situation that your expenses have gone from $9 to $14.50 a square foot.

Mr. Miller?

Mr. Miller. Thank you, Mr. Chairman.

BREAKDOWN OF PERSONNEL

Mr. Rogers, a few minutes ago we spoke about the permanent employees and the detailees, but our record generally shows the full-time employees, part-time employees, intermittent employees, and detailees. Is it possible to run that down?

Do we have an increase or decrease in the intermittent employees?

Mr. Rogers. Overall, since we have been in office, there has been a decrease.

I can provide you with those numbers now. Primarily, as of the end of April, we had 8 temporary full-time personnel, which we hope will go down to zero. This was a bubble effect which occurred after the Inauguration. We have one part-time person.

Our WAEs, which are paid on an hourly basis, are a large number, 86. This has really come about because of an incredible increase in the mail that we received. At first we had the Inauguration, followed by the President's economic program, and then followed by the assassination attempt and the flood of get well wishes.

To respond to those we had to increase that area dramatically. In the detailees there is a decrease.

This administration is determined to make use of detailees according to the intent of Congress only under special circumstances where there is a period of unique work or heavy workloads that would necessitate their use, and also where special expertise is needed from agencies or departments.

INCREASED MAIL LOAD

Mr. Miller. As to the increase in mail load, we are having the same right thing now. And much of it is about the President's economic recovery plans. It seems that a lot of people are writing letters. They are conveying the message that they are in a program they do not want cut.

It reminds me a little of a sign that I carry over to the House floor once in a while that says, "There are 1,000 other programs you can cut; do not cut this one."

Every year I have offered a 2 percent reduction amendment on the different appropriations bills. If we could have cut down our spending over the years we probably would not have had to reduce as much all at once and we could have shared these reductions a little over the years.

Now, is that where these detailees would be used, to help answer that mail? It seems to me that you would need quite a few additional people for a longer period of time, if you are really going to answer the mail.

Mr. Rogers. It really has its peaks and valleys. Certainly the assassination attempt was unanticipated and we had to react on that basis. In terms of overall management of personnel, we are determined to stay as close as possible to the authorized permanent level.

In discussions that Mr. Baker, Mr. Deaver, and the President have had on staffing, he has really emphasized his point that he believes in operating with a small White House staff.

Mr. Miller. Well, I believe that, too, and I have complained about it with the Carter Administration and I may complain about it with the present administration; if things get out of line. But I also want to use common sense. If that mail load has increased and it is necessary to answer it, and I can see where those detailees may be required in the future.

I would have to assume, at least the members tell me, that their mail has increased just like mine. So in the case of the White House we are talking about tens of thousands of letters, I would have to assume.

LOCATION OF EMPLOYEES

With the White House staff, where are those people physically located? In the White House or in the White House Annex? Where do they have offices?

Mr. Rogers. They are located either in the West Wing of the White House or the East Wing of the White House or the Old Executive Building.

Mr. Miller. Some will be in the Old Executive Office Building.

Mr. Rogers. That is true. The bulk of our staff is in the Old Executive Office Building. It is physically impossible to put everyone in both the East and West Wings.

Mr. Miller. We have the Office of Administration separate from this group. Is there some overlap between the Office of Administration and this office that you are talking about at the present time?

Mr. Rogers. Duplication in terms of——

Mr. Miller. Not necessarily duplication, but do they have to be linked with you to be able to fulfill their responsibilities?

MISSION OF THE OFFICE OF ADMINISTRATION

Mr. Rogers. The Office of Administration was created in 1978. It was under President Carter's reorganization and it had a staffing level of approximately 158, to provide common administrative support to agencies other than the White House.

The White House can call upon the Office of Administration to provide that support, but it was primarily set up as a central administrative body to provide those common things to OMB, CEA, CEQ. They are complete and separate agencies primarily housed in the New Executive Office Building.

Mr. Miller. We get information from the Office of Administration that they also support this group.

Mr. Rogers. They can be called upon, but nothing in direct support of the President.

Mr. MILLER. Nothing in direct support of the President?

Mr. ROGERS. No.

Mr. MILLER. Thank you.

Mr. ROGERS. That is in their stated mission by President Carter's Executive Order.

WHITE HOUSE ORGANIZATION

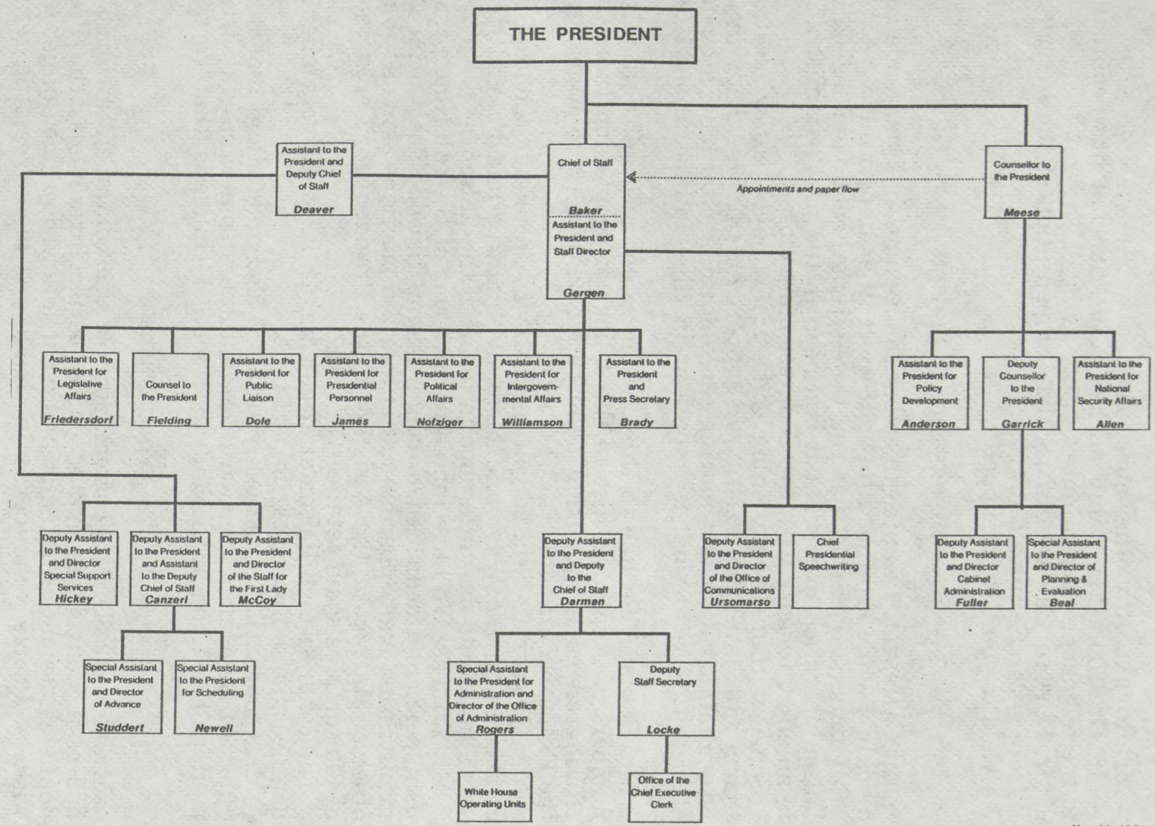
Mr. ROYBAL. Mr. Rogers, would it be possible to get or make available to every member of the committee this chart with the names of the individuals that occupy the positions?

Mr. ROGERS. Certainly, sir; we can do that right away.

Mr. ROYBAL. Thank you very much.

[The information follows:]

THE WHITE HOUSE OFFICE



May 11, 1981

Mr. ROYBAL. Any other questions?

Mr. GUNNELS. Mr. Campbell has a question but has been called to the telephone for a minute.

Mr. ROYBAL. Can we discuss the Compensation of the President?

Here is Mr. Campbell now.

I yield to you, Mr. Campbell.

CONGRESSIONAL LIAISON

Mr. CAMPBELL. I wanted to go back to a point that you made very quickly a while ago that I thought was rather important.

My understanding is that you have strengthened your legislative liaison operation over what it had been in the past administration in an effort to work with the Congress more closely.

Some of that strengthening came from maybe a few positions that might have been existing in support for the First Lady in the last administration and moving those down, so you have a change of priorities as to what is important in the administration; I take it?

Mr. ROGERS. We like to think we have changed not only in the numbers of people but also in the caliber of people and their view of Congress as an important deliberative body in its relationship to the Executive branch.

Mr. CAMPBELL. I think you have. I was speaking to one of my colleagues on the Ways and Means Committee and he said there was a night and day difference in terms of the liaison.

Mr. ROGERS. We have increased in terms of the full-time permanent personnel dedicated to congressional liaison. The Carter Administration had 26 permanent authorized positions assigned to the office of Mr. Moore, the Assistant to the President for Congressional Liaison plus some detailees.

The congressional liaison staff now has 28 full-time personnel, no detailees, no temporaries, no part-time.

Mr. CAMPBELL. Let me ask you this: I also understand that in an effort to save money you utilize volunteers sometimes in sorting mail and reading mail, and that sort of thing; is that correct?

VOLUNTEERS

Mr. ROGERS. That is correct, sir. We use volunteers in terms of addressing envelopes and so on. A perfect example is the President's assassination attempt and what followed: a flood of get well wishers. People volunteered in that sense to address the return cards.

We feel it is important for somebody to get a hand-written acknowledgement back.

Mr. CAMPBELL. Rather than go into the government detailees, additional cost, every effort is made to utilize those on a volunteer basis and save the taxpayers' money in that process.

Mr. ROGERS. That is right, volunteers are utilized in the operating units, primarily correspondence. We have made an effort to discourage use of volunteers in policy offices, however. The contribution is dubious at best, or they don't have the classification.

Mr. CAMPBELL. You are over-answering my question.

Thank you, Mr. Chairman.

COMPENSATION OF THE PRESIDENT

Mr. ROYBAL. Mr. Rogers, we would like to go into your request for the Compensation of the President.

Will you please proceed?

OPENING STATEMENT

Mr. ROGERS. The fiscal year 1982 budget request for Compensation of the President is $200,000. This represents a decrease of $50,000 from the 1981 amount due to the transfer of the President's Expense Account from Compensation of the President to the White House Office Appropriation, where it is listed as the President's Expense Allowance.

Formerly, the President's Expense Allowance was treated as part of the President's compensation and was fully taxable to him. This was changed by the language of the fiscal year 1980 appropriations which provided that the President no longer be taxed on the allowance but that he must return to the Treasury each year the unused portions.

It was, therefore, the non-taxable nature of the $50,000 that was the basis of the transfer from one account to the other, effective in fiscal year 1982.

PRESIDENT'S EXPENSE ALLOWANCE

Mr. ROYBAL. With regard to the decrease in the budget of $50,000, my understanding is that the President has moneys for entertainment and other things. Is this part of it?

Mr. ROGERS. That is now in the White House Office appropriation. It covers the President's expense allowance. That money is for official business expenses, including entertainment.

Mr. ROYBAL. All right; but the President does have an additional amount for entertainment that he can use that is far above $50,000?

Mr. ROGERS. He certainly has an amount that comes through official entertainment.

Mr. ROYBAL. This is in addition to the amount appropriated for the President's use, there is a $50,000 amount that previously went directly to the President. He had to pay tax on it. Now, that is being transferred to administration or to the White House itself. He still has the use of that $50,000?

Mr. ROGERS. That is right; and any unused portion is returned to the Treasury.

Mr. ROYBAL. Any reporting mechanism?

Mr. ROGERS. It is administered by the Treasury. We send the vouchers to the Treasury. They certify the schedules for payment, and also it is subject to GAO audit or GAO certification.

Mr. ROYBAL. The President's salary is $200,000 a year and that is set by law.

Can you tell the committee how much of the $50,000 has been used up until now?

Mr. ROGERS. None of the $50,000 for fiscal year 1981 has been used yet.

Mr. ROYBAL. It is possible that that $50,000 may not even then be used?

Mr. ROGERS. It is a possibility. I would hate to say that that is going to be that way. That would restrict the President's use of the account.

Mr. ROYBAL. I don't think it is going to be that way either, but in a time in which we are trying to reduce expenses and so forth there is that possibility.

Mr. ROGERS. Correct.

Mr. ROYBAL. And I say that because the President receives other funds that can be used for expenses, necessary expenses in the operation of his office.

Mr. MILLER. Do we have any figures showing what took place in the last administration as far as the $50,000 is concerned?

Can you tell us whether the $50,000 was expended, or went back to the Treasury?

Mr. ROGERS. Prior to 1981?

Mr. MILLER. Did it go back to the Treasury? Was it was kept and income tax paid on it, which I understand is legal? Do you have that information?

Mr. ROGERS. Not with me, but we can provide that information.

Mr. MILLER. Provide that for the record so we will know in what direction we are going.

Mr. ROGERS. Sure.

[The information follows:]

During the Carter Administration the expenses in this fund were arranged between the President's immediate staff and the Treasury Department. Those records were closed at the end of the previous administration and were retired with the records of that administration.

Mr. MILLER. Thank you very much.

Thank you, Mr. Chairman.

Mr. ROYBAL. Mr. Campbell?

It is safe to say in the past some Presidents did keep a portion of this and then pay the tax on it?

Mr. ROGERS. Yes.

OFFICIAL ENTERTAINMENT

Mr. CAMPBELL. I believe that you only have outside that $50,000 approximately $20,000 for official entertainment.

Mr. ROGERS. That is correct.

Mr. CAMPBELL. Maybe you could you enlighten us as to what types of official entertainment the President is called upon to perform that would draw against those funds?

Mr. ROGERS. It is important to point out that this account is for his expenses associated with the Office of the President.

His other official entertainment is conducted in his role as head of the government, or the head of state. The $50,000 is primarily for business lunches that he has, state gifts that he may wish to purchase for foreign dignitaries, or anything that falls within official entertainment or official expenses.

Mr. CAMPBELL. If he were going to give a gift to a visiting head of state, that would come out of that?

Mr. ROGERS. Certainly, it could.

Mr. CAMPBELL. He is called upon quite often to do that sort of thing. If he were going to have a working luncheon with a group concerning legislation, that would come out of this?

Mr. ROGERS. Yes, sir.

Mr. CAMPBELL. Thank you.

ADDITIONAL ENTERTAINMENT

Mr. MILLER. Where would the funds come from then for additional entertainment, if 500 people came to the White House?

Mr. ROGERS. The Congress appropriates money to the Executive Residence which has an entertainment account and, in addition, the State Department incurs those costs for any state visits.

Mr. MILLER. So the individual departments would be incurring the costs in many cases; that is what you are saying?

Mr. ROYBAL. I am still not sure how the $50,000 is used.

On one hand we see that the President does have an account for many things, including entertainment for foreign dignitaries and so forth.

Is this $50,000 for some specific purpose or purposes?

Mr. ROGERS. I think it is primarily for official business expenses.

Mr. ROYBAL. So is the other account for official business expenses.

Mr. LINDER. Those that we mentioned earlier and for official entertainment. This $50,000 is really official expenses; that is, he can go out and buy whatever he may need to conduct the business of the office of the President.

It may be entertainment, but it could be other things as well, and the amount is subject to certification by the GAO. In other words, GAO may actually look at those expenses to see whether or not it was official in nature and satisfy themselves that it was, and they in turn notify the Congress.

Mr. ROYBAL. I have no doubt that there is a proper audit made and that everything is in compliance. What I fail to understand is why there is a separate account of $50,000 when an account has already been made available that he can draw from, maybe under another name shaded by some other intent, but nevertheless it is money made available to the President.

I think the President should have all the money that is necessary to operate his business, and I am not trying to imply that he should not be getting the $50,000.

I don't understand why there are two accounts, one for $50,000 and the other is quite substantial. Why can't you include the $50,000 in that account?

I fail to understand why it is necessary to have this account at all, you see.

Mr. ROGERS. Appropriations for the Executive Residence, which is not a large amount of money, is primarily for entertainment in the residence, for a group of Congressmen, lunches, dinners, and so on, whereas the $50,000 is for additional expenses.

It may be used for business entertainment, state gifts, as I mentioned. It has been used in the past, I understand, for purchasing state gifts, things like that.

Mr. ROYBAL. Any further questions?

Mr. GUNNELS. Could I suggest that I work with Mr. Rogers and Mr. Linder to develop what moneys are available to the President, in what amounts, in what appropriations, and for what purposes.

Mr. Linder goes back quite some time; he remembers some of this, as do I.

I think it would be helpful to the committee if we had that for the record in precise form so that all the members could understand it.

Mr. ROYBAL. I would appreciate that, because I really don't understand the exact distinction between the two accounts.

When I look at the difference in treatment by official dignitaries, let's say in Mexico versus the United States, there is every difference in the world. We just don't compare to the Latins in the way they treat visiting dignitaries.

Our hospitality falls way short of that which we would receive in Latin American countries, as an example, also in Europe, but I still feel we should make available the funds that are necessary to present the best posture possible.

I think it should come under one account and not two or three accounts, and that is the reason why I think that this meeting with Mr. Gunnels and yourselves and others will be profitable, at least for us to understand it a little better.

[The following information was subsequently submitted for the record:]

DISTINCTIONS BETWEEN THE OFFICIAL ENTERTAINMENT ACCOUNT AND THE PRESIDENT'S EXPENSE ALLOWANCE

Funding for official entertainment is authorized by 3 USC 105, and the amount is limited by statute within the White House Office appropriation. It is also allocated by that office to other agencies within the Executive Office of the President. Official entertainment accounts of this nature are found throughout the federal government, and are used for the purpose of official representation and reception to foster relationships of value to the United States Government.

The President's Expense Allowance is authorized by 3 USC 102, and is solely for the use of the President, at his discretion, for any purpose associated with the discharge of his official duties as President of the United States. The annual amount is fixed by law at $50,000. Prior to fiscal year 1980 the full amount was paid to the President and any portion of the money which was not used would be considered taxable income of the President. However the 1980 appropriation act changed the account so that only official expenses could be paid from the allowance and any unused portions would revert to the Treasury at the end of the fiscal year. It is not possible to draw an exhaustive list of all permissible expenditures, but the following examples are drawn from past use of this account:

Gifts made to official and distinguished Americans which are made on behalf of the Government, not the President as an individual;

Official entertainment expenses not reimbursed from other Government funds;

Travel expenses of members of the family whose presence is required for official purposes;

Cards, greetings or mementos sent to officials or to prominent citizens which would not be sent in a personal or political capacity;

Costs of special clothing acquired and used solely in public appearances; and

Expenses of the private home which would not be required except to permit the President to carry out his official functions.

The 1982 budget request proposes that this allowance be transferred from the "Compensation of the President" account to the "White House Office" account as it is no longer intended to be paid directly to the President. The proposed language for the "White House Office" account, however, is worded so as to retain the distinctions between the statutory authorities and conditions regarding the official entertainment and the Presidential expense allowance.

Mr. ROYBAL. Mr. Campbell?

DISCRETIONARY FUND

Mr. CAMPBELL. This discretionary fund of the President, is that a proper definition? It is used for official expenses, but it is for discretionary items which would not be different from a contingency fund that was controlled by a head of any particular division of government, if something came up.

Is that a correct assumption?

Mr. LINDER. As long as there were official expenditures for the office, he could use it for almost any purpose.

Mr. CAMPBELL. It is within his discretion. If we give the Speaker of the House discretionary funds for official expenditures within certain limitations, he can spend them within his discretion.

This would be in the same category?

Mr. ROGERS. Yes, sir.

Mr. CAMPBELL. It is no different, and the $50,000 was added to the $200,000 because the President himself was in the past having to incur expenditures out of pocket that the Congress felt should not have been that, but the part of it being converted evidently stuck in the craw of the Congress and they decided it should be moved over into a different type of account.

Mr. ROGERS. That change occurred with the 1980 fiscal appropriations act.

Mr. CAMPBELL. My final question: When you meet with Mr. Gunnels, would you please do this.

Take a look and see if you can prepare any other discretionary accounts that exist in government, and tell me if there are any other discretionary funds that are available to the President that are not earmarked in other areas.

I think those are important aspects of what we are trying to determine.

Mr. ROGERS. Certainly, Congressman.

Mr. ROYBAL. Mr. Rogers, we would like to thank you and your associates for your presentation this afternoon.

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. ROYBAL. Please provide for the record a summary of official entertainment, reception and representation expenses available to the Executive Office. The committee is adjourned until ten o'clock Tuesday.

[Whereupon, at 4:05 p.m. the subcommittee adjourned, to reconvene Tuesday, May 12, 1981, at 10 a.m.]

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EXECUTIVE OFFICE OF THE PRESIDENT
Official Entertainment, Reception and Representation Expenses

Appropriation	FY 1981	FY 1982
The White House Office	$17,000	$20,000
Council on Environmental Quality	500	500
Office of Management and Budget	2,500	2,500
Office of Science & Technology Policy	1,500	1,500
United States Trade Representative	40,000	40,000
	$61,500	$64,500

The amounts shown above are the budget requests by agencies in the Executive Office of the President for FY 1981 and FY 1982 for Official Entertainment or Reception and Representation expenses. The funds appropriated to the White House Office are available to White House staff and are also allocated to other agencies in the Executive Office of the President that do not have official entertainment funds in their appropriations. The amounts appropriated to the other agencies shown above are for official entertainment expenses incurred during the course of conducting agency business. The expenses might include meals or receptions as well as refreshments served during the course of a meeting. The funds are used on occasions where the attendees are predominately from outside the host office - such as participants from other agencies or out-of-town visitors coming to meetings, conferences, or other gatherings. The amount for the U. S. Trade Representative is reflective of their responsibilities in the international trade area, as their representatives in Washington and Geneva, Switzerland hold the rank of ambassador, and thus are required to follow the standard practices of protocol and international courtesy. The funds are not used to pay for office parties for the staff or other personal types of expenses.

In addition, funds for official entertainment are also provided in the appropriation Executive Residence at the White House. Although a specific amount is not mentioned in the appropriation language, a planning figure of about $70,000 per year for food and beverages is used. The Department of State reimburses the Residence for the expenses incurred when foreign dignataries are entertained at the White House.

The appropriation, Official Residence of the Vice President, is also carried as part of the budget for the Executive Office of the President. The appropriation language has a limitation of $60,000 in this account for official entertainment.

Generally, the funds provided to the President and Vice President in the appropriations for operating their official Residences are for expenses incurred while entertaining in an official capacity in their respective Residences.

EXECUTIVE OFFICE OF THE PRESIDENT

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

For expenses necessary for the White House Office as authorized by law, including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 105, and other personal services as authorized by 3 U.S.C. 105; including subsistence expenses as authorized by 3 U.S.C. 105, which shall be expended and accounted for as provided in that section; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000 to be expended and accounted for as provided by 3 U.S.C. 103); and not to exceed ($17,000) for official entertainment expenses, to be available for allocation within the Executive Office of the President; and an expense allowance for the President at the rate of $50,000 per annum as authorized by 3 U.S.C. 102: Provided, That none of the $50,000 made available for official expenses shall be expended for any other purpose and any unused amount shall revert to the Treasury Department pursuant to section 701 of Title 31 of the United States Code. Provided, further That none of the $50,000 made available for official expenses shall be considered as taxable to the President; $22,346,000.

$20,000

EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE OFFICE
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-0110-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Program by activities:			
Direct program:			
Administration (costs-obligations)..	18,720	21,278	22,346
Reimbursable program...............	260	120	120
10.00 Total Obligations..............	18,980	21,398	22,466
Financing:			
11.00 Offsetting collections from: Federal funds..................	-260	-120	-120
25.00 Unobligated balance lapsing....	221	--	--
39.00 Budget Authority..............	18,941	21,278	22,346
Budget Authority:			
40.00 Appropriation.................	18,941	20,373	22,346
44.20 Supplemental for civilian pay raises....................	--	905	--
Relation of obligations to outlays:			
71.00 Obligations incurred, net......	18,720	21,278	22,346
72.40 Obligated balance, start of year.........................	1,771	1,748	1,990
74.40 Obligated balance, end of year.........................	-1,748	-1,990	-2,090
77.00 Adjustments in expired accounts......................	24	--	--
90.00 Outlays, excluding pay raise supplemental............	18,767	20,176	22,201
91.20 Outlays from civilian pay raise supplemental............	--	860	45

EXECUTIVE OFFICE OF THE PRESIDENT

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

These funds provide the President with staff assistance and provide administrative services for the direct support of the President. The 1982 estimate includes the President's expense allowance, formerly funded under "Compensation of the President," above.

EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE OFFICE

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-0110-0-1-802		1980 actual	1981 estimate	1982 estimate
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent positions--	9,879	11,160	11,450
11.1	Terminal leave payments--------	63	600	100
11.3	Positions other than full-time permanent----------------------	876	910	990
11.5	Other personnel compensation	700	820	850
11.8	Special personal services payments	540	430	470
11.9	Total personnel compensation	12,058	13,920	13,860
	Personnel benefits:			
12.1	Civilian	928	1,010	1,050
~~13.0~~	~~Benefits for former personnel~~			
21.0	Travel of the President--------	100	90	100
21.0	Travel and transportation of persons	240	248	300
22.0	Transportation of things	7	10	12
23.1	Standard level user charges-----	1,730	1,910	2,400
23.2	Rent, communications, and utilities	2,223	2,407	2,685
24.0	Printing and reproduction	748	795	870
25.0	Other services	251	368	404
25.0	Official entertainment----------	15	17	20
25.0	President's expense allowance---	--	--	50
26.0	Supplies and materials	312	303	335
31.0	Equipment	108	200	260
~~32.0~~	~~Lands and structures~~			
~~33.0~~	~~Investments and loans~~			
~~41.0~~	~~Grants, subsidies, and contributions~~			
~~42.0~~	~~Insurance claims and indemnities~~			
~~43.0~~	~~Interest and dividends~~			
~~44.0~~	~~Refunds~~			
99.0	Subtotal direct obligations----	18,720	21,278	22,346

(Mono cast: 20.11) (Mono cast: 5.9) (Mono cast: 5.9) (Mono cast: 5)

EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE OFFICE
SALARIES AND EXPENSES

PERSONNEL SUMMARY

Identification code 11-0110-0-1-802	1980 actual	1981 estimate	1982 estimate
Total number of permanent full-time positions	351	351	350
Total compensable workyears:			
Full-time equivalent employment	387	390	393
Full-time equivalent of overtime and holiday hours	26	27	28
Average GS grade	8.90	8.92	8.92
Average GS salary	$20,558	$23,046	$23,737

EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE OFFICE
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

11-0110-0-1-802	1980 actual	1981 estimate	1982 estimate
GS-18	1	1	1
GS/GM-15	4	4	4
GS/GM-14	5	5	5
GS/GM-13	7	7	6
GS-12	6	6	6
GS-11	12	12	12
GS-10	12	12	12
GS-9	18	18	18
GS-8	27	27	27
GS-7	33	33	33
GS-6	9	9	9
GS-5	6	6	6
GS-4	1	1	1
Subtotal	141	141	140
Ungraded	210	210	210
Total permanent positions	351	351	350
Unfilled positions, end of year	-17	--	--
Total permanent employment, end of year	334	351	350

EXECUTIVE OFFICE OF THE PRESIDENT

COMPENSATION OF THE PRESIDENT

For compensation of the President as authorized by 3 U.S.C. 102, $200,000.

EXECUTIVE OFFICE OF THE PRESIDENT
COMPENSATION OF THE PRESIDENT
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-0001-0-1-802		1980 actual	1981 estimate	1982 estimate
	Program by activities:			
	1. Compensation of the President................	200	200	200
	2. Expenses..................	50	50	--
10.00	Total obligations............	250	250	200
	Financing:			
40.00	Budget authority (appropriation)........................	250	250	200
	Relation of obligations to outlays:			
71.00	Obligations incurred, net.....	250	250	200
72.40	Obligated balance, start of year.....................	--	50	—
74.40	Obligated balance, end of year......................	-50	--	--
90.00	Outlays......................	200	300	200

EXECUTIVE OFFICE OF THE PRESIDENT

COMPENSATION OF THE PRESIDENT

These funds provide for the compensation of the President. Beginning in 1982, the President's expense allowance will be provided as part of the White House Office.

EXECUTIVE OFFICE OF THE PRESIDENT
COMPENSATION OF THE PRESIDENT

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-0001-0-1-802	1980 actual	1981 estimate	1982 estimate
Personnel compensation:			
11.1 Full-time permanent positions.	200	200	200
~~11.3 Positions other than permanent~~			
~~11.5 Other personnel compensation~~			
~~11.8 Special personal services payments~~			
~~Total personnel compensation~~			
~~Personnel benefits:~~			
~~12.1 Civilian~~			
~~13.0 Benefits for former personnel~~			
~~21.0 Travel and transportation of persons~~			
~~22.0 Transportation of things~~			
~~23.0 Rent, communications, and utilities~~			
~~24.0 Printing and reproduction~~			
25.0 Other services	50	50	--
~~26.0 Supplies and materials~~			
~~31.0 Equipment~~			
~~32.0 Lands and structures~~			
~~33.0 Investments and loans~~			
~~41.0 Grants, subsidies, and contributions~~			
~~42.0 Insurance claims and indemnities~~			
~~43.0 Interest and dividends~~			
~~44.0 Refunds~~			
99.9 Total obligations	250	250	200

WEDNESDAY, MAY 13, 1981.

OFFICE OF MANAGEMENT AND BUDGET

WITNESSES

DAVID A. STOCKMAN, DIRECTOR

JAMES C. MILLER, III, ADMINISTRATOR, OFFICE OF INFORMATION AND REGULATORY AFFAIRS

LINDA L. SMITH, ASSISTANT DIRECTOR FOR ADMINISTRATION

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear from the Office of Management and Budget with regard to their budget request for the year 1982.

Mr. YATES. Obviously, much too much.

Mr. ROYBAL. We are pleased to welcome the Honorable David Stockman, who will testify on behalf of the Department.

We would like to take first, Mr. Stockman, the unanticipated needs, and then go on with the rest of the budget.

STATEMENT OF DAVID A. STOCKMAN

Mr. STOCKMAN. Thank you, Mr. Chairman.

I have a complete statement that I would like to submit for the record that covers both the 1982 budget and the unanticipated needs fund.

The unanticipated needs fund request this year is the same as it has been for the last several years. I have a few comments I would like to make regarding the disposition of those funds last year and in the previous year.

If it would be agreeable to you, I would like to submit the full statements for the record and present some highlights.

Mr. ROYBAL. Without objection, that will be the order, and your statements will be included at this point in the record.

[The statements of Mr. Stockman follow:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FOR RELEASE ON DELIVERY
Expected at 10:00 a.m.
May 13, 1981

OPENING STATEMENT ON THE 1982 BUDGET REQUEST TO THE HOUSE APPROPRIATIONS' SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

May 13, 1981

Mr. Chairman and Committee Members:

I appreciate the opportunity to appear before this Committee to discuss the Fiscal Year 1982 budget request for the Office of Management and Budget.

The Office of Management and Budget requests a fiscal year 1982 appropriation of $38,151,000. This request compares to the office's estimated 1981 appropriation of $34,022,000 ($32,606,000 initially requested and a pending pay supplemental of $1,416,000). The 1982 request for 610 permanent positions is the same as for 1981.

1982 Budget Request

The OMB budget request for FY 1982 reflects two major adjustments since FY 1981:

FY 1981 request....................	$34,022,000
Increases due to creation of Office of Information and Regulatory Affairs (P.L. 95-611)...	+$ 2,610,000
Increases for rent, communications, printing and personnel costs.......	+$ 1,519,000
FY 1982 request......................	$38,151,000

As the above table shows, almost two-thirds of the $4.1 million requested increase results from activities required under the recently enacted Paperwork Reduction Act and Executive Order 12291, reducing Federal regulations. A new Office of Information and Regulatory Affairs was created by the Act, and staff are being reallocated to OMB who were previously handling these duties in other agencies. These reallocations have been offset by comparable decreases in staff and appropriations for the agencies who are losing functions. The full-year cost of transferred staff and functions account for most of the OMB budget increase between FY 1981 and FY 1982.

The Office of Information and Regulatory Affairs was created in January, 1981, and includes staff formerly assigned to the OMB Office of Regulatory and Information Policy, plus additional personnel resources provided by the transfer of the Office of Federal Statistical Policy and Standards from the Department of Commerce to OMB. The regulatory analysis staff now at the Council on Wage and Price Stability (which expires on September 30, 1981) will review and analyze proposed agency regulations within this Office consistent with the recent Executive Order on Federal Regulation. This enlarged Office will provide a new, expanded framework for evaluating and improving the management of regulatory processes, reducing the burdens imposed on the public by regulations and paperwork, providing policy guidance to Federal agencies in the areas of statistical policy, automated data processing, telecommunications system, and Privacy Act implementation.

The OMB budget request will permit the agency to continue its efforts toward:

-- identifying programs in which the largest dollar savings could be achieved with the least sacrifice in program performance and service to the public;

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-- promoting efficiency and improved program management over a wide range of Federal activities, including financial management, grant administration, fraud and waste prevention, and debt collection; and

-- focusing special attention on the critical areas where budget increases are essential, notably defense activities.

The three key factors in the 1982 budget request are:

-- Total personnel and personnel benefits costs for 1982 are estimated at $26,329,000, an increase of $1,899,000 for 1981. These costs represent 69% of the OMB request for 1982. Costs for permanent full-time personnel will account for most of the increase, amounting to $23,132,000 in 1982. This increase results from the full year cost of staff transferred to OMB in the latter half of FY 1981.

-- $1,044,000 of the requested increase reflects higher mandatory costs for such basic support needs as rent, telephone and utilities, printing, and related administrative services. The base amounts for each of these costs is found in the program and financing plan in the OMB Budget Justification.

-- A $1,186,000 increase requested for automated data processing costs and other equipment expenses. The majority of this increase ($950,000) results from instituting two major computer systems: the Federal Information Locator System and the Reports Management Information System. The first system will help reduce the overlap and burden of government collected data while improving access to such data. The Reports Management System keeps track of the receipt, review, and approval of all government forms and surveys. Enhancements in these systems should permit reductions in paperwork and the related Federal workforce.

<u>1981 Pay Supplemental Request</u>

The 1981 pay raise supplemental of $1,416,000 is requested to cover the costs of the general schedule and executive level pay increases that went into effect on October 1, 1980, for the current OMB staff. The request reflects a decrease of $473,000 from the total estimated cost of $1,889,000.

<u>Reducing the Federal Budget</u>

This year OMB has conducted an intensive review of Federal expenditures. This review has covered every major Federal program and activity focusing on:

a. programs in which the largest dollar savings can be achieved under basic principles enunciated by the Administration and

b. programs where budget and staffing increases are indeed necessary, most notably in the national security area.

Extensive cost-cutting reviews will continue. They will be handled within OMB's current staff levels in the budget review and program divisions.

These cost-cutting efforts effecting budget outlays have now been coupled with a central system to track the use of Federal credit. Distortions in the national economy coupled with huge increases in off-budget expenditures have occurred due to Federal credit activities during the past four years. To curb this problem specific credit limitations are now being imposed on most Federal programs. These efforts should bring many more programs under executive and congressional review that had escaped the normal discipline of the budget process in the past.

The budget preparation process also is evolving and improving. An OMB Bulletin last year (No. 79-10) established the requirement that all major agencies develop the capability to support OMB's computerized budget data handling system. This new application of computer technology to the budget process has improved the management and accuracy of OMB's constantly growing budget data workload. The principal immediate benefit from this change is that OMB and agency budget staff spend less time working on mathematical and clerical errors, enabling them to concentrate their efforts on a more substantive review and analysis of Federal expenditures. In addition, the agencies benefit by having immediate access to the President's budget decisions. Over time, it is expected that familiarity with the OMB data processing system will improve the quality of technical budget data and improve the productivity of the budget preparation process. To adequately meet Congressional requests for enhanced budget data on a timely basis, further automation of the entire budget submission, review, and printing process is essential.

<u>Management Activities - Fighting Fraud, Waste and Abuse</u>

As the President's agent for achieving better management in government, OMB develops policies, provides guidance, and monitors the performance of agency programs and procedures.

OMB, in consultation with the Congress and the Comptroller General, has undertaken an aggressive program to improve the management of Federal funds. The program priorities include upgrading accounting systems, improving internal controls, cash management, and debt collection procedures, resolving audit findings promptly, and taking other measures to improve agency financial systems.

The Deputy Director of OMB has become the focal point for coordination and guidance to the Inspectors General. To assist this effort the President has established a Council on Integrity and Efficiency which will be staffed by OMB personnel. The Council consists of the 16 statutory Inspectors General, the Deputy Attorney General, the Director of the Office of Personnel Management and the Assistant Director for Investigations in the FBI. The Council will implement policies to attack fraud and waste, initiate standard operating procedures for IG's, and coordinate audits and investigations that involve more than one agency.

Also, OMB working in concert with the Comptroller General,has improved the coordination of Federal, State, and local audits of federally assisted programs. A single audit, rather than audits of each grant, is allowed for each recipient of Federal aid. Toward this end, consolidation or simplification of grant programs has been achieved to help facilitate more efficient Federal grant administration. This work will become increasingly important as a new system of Block Grants in selected program areas is enacted.

Conclusion

In addition to the responsibilities of the Office of Information and Regulatory Affairs, as prescribed by the Paperwork Reduction Act and Executive Order 12291 on Federal Regulation, OMB's other missions and workloads are rapidly increasing. However, our FY 1982 budget request maintains a level staffing in all the OMB divisions at the 1981 level. In keeping with the President's efforts to reduce Federal expenditures and personnel, OMB will continue to constrain its staffing levels while increasing productivity through improved use of office equipment and staff, and reallocating resources away from lower priority activities.

Our 1982 request represents what we believe to be a prudent and responsible budget. It channels available resources into those areas that are essential to meet the new challenges of helping to curtail and improve the management of Federal spending and operations.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FOR RELEASE ON DELIVERY
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DIRECTOR DAVID A. STOCKMAN'S OPENING STATEMENT
BEFORE
UNITED STATES HOUSE APPROPRIATIONS SUBCOMMITTEE ON
DEPARTMENT OF TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
ON
UNANTICIPATED NEEDS

Mr. Chairman and Members of the Committee:

Congress recognized in 1940 the need of the President to have limited funds available to meet unplanned and unbudgeted exigencies that may arise from time to time. In 1975 the Congress changed the account title from "Emergency Fund for the President" to "Unanticipated Needs" and reduced the appropriation from $1,000,000 to $500,000. Since 1975, however, the appropriation has been restored to $1,000,000 each year. The fiscal year 1982 budget request for the President's Unanticipated Needs appropriation is again $1,000,000.

Allocations made in 1980 to the Council on Wage and Price Stability and the newly established U.S.-Japan Economic Relations Group exemplify the President's need for available funds to deal swiftly and effectively with sudden emergencies and unforeseen problems. The President, while directing the complex administration of the Federal Government may be confronted at any time with unforeseen problems affecting the national interest, security, emergencies or defense matters.

Monies appropriated for the daily operation of the President's immediate office are not intended to meet extraordinary situations. If it were possible to foresee special situations, the amounts would be included in regular budget proposals. It is our practice to restrict all items charged to this account to amounts which cannot be met from regular appropriations. Despite this restrictive policy, the total amount requested must be adequate to meet contingencies.

The following allocations were made by the Carter Administration from the Fund in Fiscal Year 1980:

-- The U.S.-Japan Economic Relations Group received an allocation of $200,000. These funds were needed for the establishment and operation of this Group which advised the President on the bilateral economic relationship between the United States and Japan.

-- The President's Commission for a National Agenda for the Eighties received an allocation of $250,000. These funds were for the initial establishment and operation of the Commission which conducted a study of the problems facing the nation during this decade.

-- The Council on Wage and Price Stability received an allocation of $100,000. This amount was intended for the necessary expenses of the Pay and Price Advisory Committees until the Council's 1980 supplemental request was enacted. The full amount of $100,000 was reimbursed to the Unanticipated Needs fund following passage of the Council's supplemental appropriation.

-- The Presidential Commission on World Hunger received an allocation of $50,000. These funds were for necessary expenses for the orderly completion of the Commission's work.

-- The Department of State received an allocation of $200,000. This amount was for necessary expenses incurred as part of the staging of an Alternate Olympics event in Kenya. A total of $25,000 was returned by the Department of State to the Fund.

-- The White House Office received an allocation of $100,000. These funds were for necessary expenses related to the President's response to various foreign and domestic situations; of this amount $35,000 was designated for the Executive Residence and $10,000 for the Vice President's Office.

In Fiscal Year 1981, allocations were made by the Carter Administration to the U. S.-Japan Economic Relations Group ($65,000), the President's Commission for a National Agenda for the Eighties ($100,000), and the Commission on Executive, Legislative and Judicial Salaries ($58,000).

The Reagan Administration has not yet had to call on this Fund, but may need to do so in the future.

Mr. YATES. If I objected, would he have to read it all?

Mr. ROYBAL. Yes; if there was an objection, the gentleman would have to read it all, but I am sure you will not object.

Will you proceed?

APPROPRIATION REQUEST

Mr. STOCKMAN. I would like to introduce Linda Smith, Assistant Director for Administration of OMB, who I am sure you are familiar with.

She will assist me in the details that she knows far better than I.

The Office of Management and Budget requests a fiscal year 1982 appropriation of $38,151,000. This amount would fund 610 permanent positions, the same staff level as fiscal year 1981. The requested appropriation is $4,129,000 higher than our revised fiscal year 1981 pending appropriation.

I would like to highlight three initiatives included in the OMB budget request which I think summarize and highlight the requirements of our agency.

First, OMB has been conducting an intensive review of Federal spending and revenues that went into the presentation of the President's Economic Recovery Program. This review has covered, in a period of six weeks, literally every Federal program and activity. The review has focused on:

First, identifying programs in which the largest dollar savings can be achieved according to basic principles set forth by this Administration; and,

Second, examining critical programs where budget increases are essential, notably in defense activities.

As a result of the review:

Recommendations for more than 300 changes to policy program entitlement and funding levels will save, if adopted, $48 billion during fiscal year 1982, $67 billion in fiscal year 1983, and well over $102 billion in fiscal year 1986.

They will save, if you include other measures of the President's budget saving package, such as the proposed user fees and reduction in off-budget spending, $51 billion in fiscal year 1982 and $85 billion in fiscal year 1984.

Extensive cost cutting reviews will continue and they will be done within OMB's current funding and staffing levels. Over the period of a decade spending levels for government as a whole have increased threefold from $232 billion in fiscal year 1972 to $695 billion in 1982. The consequence is that each OMB budget examiner is responsible on average for more than $3.5 billion of Federal spending. Despite the increased workload, the fiscal year 1981 and fiscal year 1982 budgets do not reflect an increase in staff resources for the budget divisions in this agency.

Second, OMB has been charged with major new statutory responsibilities under the recently enacted Paperwork Reduction Act and Executive Order 12291 on Federal Regulation. A new Office of Information and Regulatory Affairs was established pursuant to the Act on January 29.

One-third of the $4.1 million, $1.5 million, budget increase requested between fiscal years 1981 and 1982 results from price changes in inflation, in rent, utilities and other basic services.

However, I would underscore, almost two-thirds of the increase, $2.6 million, results from major new functions and activities mandated by the Paperwork Reduction Act and Executive Order.

The Paperwork Reduction Act transfers the statistical policy function from the Department of Commerce's Office of Federal Statistical Policy and Standards to OMB. The Executive Order creates a regulatory review process of which a 20-member staff of the former Council on Wage and Price Stability will be transferred to OMB to undertake. These activities include reducing the regulatory burden the Federal Government imposes on the private sector and streamlining statistical and information systems maintained by the government.

I cannot over-emphasize the economic benefits that will accrue from OMB's new regulations and paperwork reduction program. I would point out that the increase between fiscal years 1981 and 1982 in the OMB staff of 39 people and the budget increase of $2.6 million to carry out this program will be offset by equal decreases in the budgets and staff of the two agencies losing functions that are transferred to OMB. And, most importantly, the increase will be offset many times over by the reduced burden on the private sector in terms of paperwork and regulatory compliance.

The third highlight, OMB will augment its efforts to identify fraud, waste and abuse in the management of Federal programs. OMB's Deputy Director, Edwin Harper, is charged with coordinating the work of the departmental Inspectors' General program, in order that we make it more effective and productive in the years ahead. This work will be conducted by our management staff to ensure reasonable cost-savings are gained through debt collections, improved cash management, better auditing and accounting, and related management improvements. These responsibilities are an important adjunct to our budgeting functions.

In addition to the above initiatives reflected in the fiscal year 1982 budget request; I would like to stress two other factors that impact the size and scope of the OMB budget request.

First, personnel costs comprise 70 percent of OMB's expenses. This percentage has remained constant over the past several years. Total personnel and personnel benefit costs for fiscal year 1982 are estimated at $26.3 million, an increase of $1.9 million above the fiscal year 1981 level.

Most of this increase reflects the full year costs of staff transferred to OMB during the middle of fiscal year 1981 as required by the Paperwork Reduction Act and the Executive Order.

Second, $950,000 of the requested increase is for automated data processing systems, as mandated by Congress in the Paperwork Reduction Act. The Act calls for the establishment of a Federal Information Locator System to reduce the overlap and burden of government collected data while improving access to such data.

Implementation of the Act also will require enhancements in the OMB Reports Management System. This system keeps track of the receipt, review and approval of all government forms and surveys going to 10 or more public citizens and regulations under Executive Order 12291 review. Enhancements in our tracking system should permit us to reduce the Federal information collection bureaucracy and eliminate burdensome and duplicative reporting requirements and regulations.

Mr. Chairman, I am proud of the record of accomplishment OMB has already achieved during the first months of the Administration. I believe the resources requested today will permit us to continue our efforts to cut wasteful and unnecessary Federal expenditures while enhancing our regulatory and paperwork reduction responsibilities.

I would like also to briefly review our request for the President's Unanticipated Needs Fund. OMB requests $1 million to be appropriated into the Account, Unanticipated Needs. This is the same amount as was appropriated for fiscal year 1980, and requested for fiscal year 1981. As you know, these funds are available to the President to meet unplanned and unbudgeted needs that arise during the year.

In fiscal year 1980 the past Administration made allocations to the President's Commission for a National Agenda for the Eighties, the President's Commission for World Hunger, the Department of State, the White House Office, the U.S. Economic Relations Group, and the Council on Wage and Price Stability. These allocations totalled $900,000. In fiscal year 1981, the Carter Administration made allocations totalling $223,000 to the U.S.-Japan Economic Relations Group, the President's Commission for a National Agenda for the Eighties, and the Commission on Executive, Legislative and Judicial Salaries. Thus far since January 20 we have made no allocations in fiscal year 1981.

That completes the overview and highlights of the budget request for OMB and the Unanticipated Needs Fund.

Mr. Chairman, I would be very happy to answer your questions on our specific request for OMB or other parts of the President's budget for fiscal year 1982.

UNANTICIPATED NEEDS FUND

Mr. Roybal. Thank you, Mr. Stockman.

As I indicated before, we would like, first of all, to take the Unanticipated Needs and question you on that.

APPROPRIATION REQUEST

I have several questions I would like to ask.

First of all, what allocations have been made from this account in 1981 and what additional allocations do you intend to make in the future?

Mr. Stockman. As I think I indicated, $223,000 was allocated in fiscal year 1981 by the previous Administration to the U.S.-Japan Economic Relations Group. As of the present date, we have made no further allocations beyond that $223,000.

Obviously, contingencies or situations may arise during the remaining months of the fiscal year. We do not have any planned allocations, any planned purpose at the present time.

Mr. Roybal. Can you tell the committee what actually controls the allocations from this account?

Mr. Stockman. Who controls or what controls?

Mr. Roybal. How do you determine that you are going to use money from this account?

Mr. Stockman. I would like to ask Linda Smith to answer that since she has been in charge of that account for a number of years, and I have not been requested by anyone in the Administration to make an allocation.

Ms. Smith. Let me explain the mechanics that we use.

First, we ask that either an individual agency, or an office determine if there is an emergency situation or shortfall in their funding. The office has the responsibility first of all to provide the justification. It is reviewed as part of our regular review process through our budget examining staff and is weighed against all other possible requests against this fund. The justification comes to the Director of the Office of Management and Budget.

We also usually contact the Office of Legal Counsel and the White House Offices to ensure both the legality of the expenditure. On occasion, we will contact your offices to ensure that it is in accord with the Appropriations Committee and your intended uses of these funds.

Once those checks are made and there is a concurrence, then we will go ahead and issue a request to Treasury to draw down against that account.

I would like to stress, as you can appreciate, this is a fund that is used for emergencies and at the direction of the President. As its name suggests, it is for those unanticipated needs, issues, items, disasters, or other kind of special relief that we are unable to anticipate at the beginning of the fiscal year. Simply, it is there to carry us over for a short period of time or to address one time, unexpected funding situations.

Mr. Roybal. Once the allocations are made, who ensures that they are properly spent and accounted for?

Ms. Smith. Those accounting practices are tracked in our offices. My staff itself keeps track of the expenditures that draw down the account. When we have the opportunity and when full appropriations are made by the Congress we will try and reimburse the fund. In this way these agencies are held accountable for the expenditures.

AUDITING OF OMB

Mr. Yates. Will you yield for a question?

Does anybody audit OMB? Who watches the watchman?

You have this emergency fund and other expenditures. There are Inspectors General in the government agencies who you communicate with about expenditures in other agencies.

Who does it for OMB?

Ms. Smith. We are subject to GAO audits. They have the opportunity to come in and examine our books at any time.

Mr. Yates. When was the last time GAO audited you?

Ms. Smith. I would have to provide that for the record.

[The information follows:]

The General Accounting Office in November and December, 1980 conducted an audit of expenditures for portions of OMB's fiscal year 1980 Salaries and Expenses Account (No. 11-0300-0-1-802). This is the most recent audit underway. The work has not yet been completed by the General Accounting Office.

Mr. YATES. You don't remember?

Ms. SMITH. They have ongoing examinations of our expenditures on a regular basis. They did conduct an investigation on a portion of our expenditures last year.

Mr. STOCKMAN. The $1 million unanticipated needs fund is really at the disposal of the President for contingencies that weren't foreseen. The administration and accounting for the fund is done at OMB.

OMB has no available funds to spend for purposes of this sort. As indicated, the entire budget is allocated in the following way—70 percent for personnel and the remaining for rent, utilities and space. We have very little discretionary money other than funding the agency to carry out its purpose.

Mr. YATES. Thank you, Mr. Chairman.

Mr. ROYBAL. Are there any other questions on the unanticipated needs account?

Mr. Miller?

NOTIFICATION OF COMMITTEE OF EXPENDITURES

Mr. MILLER. It was mentioned, as I understood it, that the committee would know when you are about ready to make an expenditure. In 1980 the Carter Administration made $223,000 worth of expenditures out of that fund.

Mr. STOCKMAN. The Carter Administration for fiscal year 1981, prior to January 20, allocated $223,000. Since January 20, we have not allocated any additional funds.

Mr. MILLER. I do not recall this committee being notified in 1980. I personally was not notified of any expenditure that has been made out of that fund. Now perhaps the Chairman has, I am not sure.

How do you go about notifying the commitee of an expenditure?

Ms. SMITH. It would be on an informal staff-to-staff, as-needed arrangement to make sure there are no objections or difficulties.

Mr. STOCKMAN. I would take a more stern view of emergencies and contingencies than have been taken in the past, and to allocate funds for study commissions. I would be very reluctant to do it if it hadn't been included in the regular budget.

Mr. MILLER. But I understand this was a staff-to-staff arrangement and we were not notified as members about this arrangement.

I do not recall at any time any expenditure being made in 1980 where we were told. What I am understanding is that it was a staff-to-staff arrangement.

Mr. GUNNELS. Mr. Chairman, Mr. Miller, this is not exactly the way it works.

They tell us each time they are proposing to do it, and we pass it on to the members. This particular $223,000 I have not heard of until today.

Mr. MILLER. As I said earlier, I do not recall being notified of any expenditure.

Ms. SMITH. I am certain that we would be glad to formalize arrangements, if that would be of assistance to the committee.

Mr. MILLER. I think it would be.

Thank you.

[The following response was subsequently provided for the record:]

Ms. SMITH. Let me explain a bit further Congressman Miller. Staff contacts are not always made with the staff of this Appropriations Subcommittee. Rather, we contact the staff of the Subcommittee whose agency is likely to be the recepient of emergency funds. For example, if the Department of Labor is to receive emergency monies, we would contact the Labor Appropriations Subcommittee. Mr. Gunnels would not be contacted on all such allocations. Therefore, he would not have had an opportunity to discuss this with the Members. If a more regular contact is desired, I would be glad to discuss this with Mr. Gunnels.

Mr. ROYBAL. Mr. Addabbo?

Mr. ADDABBO. Before the fact or after the fact?

Ms. SMITH. I would presume we would want to make it before the fact, sir, to permit you to examine and determine.

Mr. ADDABBO. Will we have time to act on it or are you going to do it in 48 hours or 24 hours?

Ms. SMITH. Normally we would ensure sufficient time. Emergencies and unanticipated situations tend to have short fuses on them, but we would certainly work with you.

Mr. ADDABBO. I run into that problem over in Defense. Here there are fewer dollars but still the same problem.

Mr. STOCKMAN. This is rounding errors.

Mr. ADDABBO. Does the President have any other emergency funds other than this account?

Ms. SMITH. Not that I am aware of.

Mr. ROYBAL. Mr. Rudd?

OFFICE OF INFORMATION AND REGULATORY AFFAIRS

Mr. RUDD. Welcome.

I notice in formulating the Office of Information and Regulatory Affairs, your new portion of OMB, that you are going to take control of that which has to do with regulation and reduction in paperwork, and all of this, I think, is a great idea.

You have indicated that you will take staff assigned to the OMB Office of Information and Regulatory and Information Policy, plus additional personnel resources provided by transfer from the Office of Federal Statistical Policy and Standards from the Department of Commerce, as well as the staff from the Council on Wage and Price Stability, which is going to be phased out September 30.

Mr. STOCKMAN. That is right.

Mr. RUDD. Does this mean that these other operations will be folded into the operation that you will now have control over?

Mr. STOCKMAN. That is correct.

Mr. Chairman, at this point it would be a good place to introduce Jim Miller, who is the Administrator of the new office created by the Paperwork Reduction Act of 1980.

Essentially, the Act required the transfer of the Federal Statistical Policy and Standards Office out of Commerce into OMB.

Mr. RUDD. Those other operations will no longer exist?

Mr. STOCKMAN. Yes, but I might say fewer personnel than existed in the previous Administration.

The Council on Wage and Price Stability had at the peak level 187 people. We reduced that to about 20. Those 20 worked on regulatory issues and have been moved over into this new Office in

OMB. The others have been terminated or will be terminated, so there is a net reduction in government employment.

Mr. RUDD. This is an operation in changes of Administration that is talked about frequently but never done, and that is why the government grows as much as it does: one agency here, a new Administration, and they don't like this operation; they form a totally new one, and the other one continues to exist.

That was my concern, whether those would be phased out completely and put under your control, since this is a new Administration, and this is the way it is going to be. If you have anything to add to that, I would appreciate it.

Mr. JAMES MILLER. The Council on Wage and Price Stability is down to about 30, 35.

Ms. SMITH. It is correct to say they had at one time close to 230, 235 on their staff.

COUNCIL ON INTEGRITY AND EFFICIENCY

Mr. RUDD. You have indicated that for coordination of the 16 statutory Inspectors General regarding OMB personnel will staff the new Council on Integrity and Efficiency. Do you anticipate a need for more personnel in this area in view of the work that you have cut out for you?

Mr. STOCKMAN. I don't believe at the present time we need additional personnel. Our effort here with the Council on Integrity and Efficiency is to bring about and coordinate more cross-fertilization and comparison of notes among the Inspectors General in the various agencies. In this way the Inspectors General can learn from each other and be more effective and productive in their individual agency activities.

Mr. RUDD. I thank you very much.

Mr. YATES. Mr. Chairman, as I understood your suggestion to the members of the committee, this was to be an interrogation on unanticipated needs.

Will the opportunity be afforded later to ask general questions?

Mr. ROYBAL. Yes, shortly.

Mr. YATES. May I ask a question on the point that Mr. Rudd just asked about where he said that OMB would staff the Council on Integrity; is it?

Mr. STOCKMAN. Integrity and Efficiency.

Mr. YATES. Whose agency will that be? If you are going to staff it and control the staff, does that mean that OMB will control that Council?

Mr. STOCKMAN. No, not at all. In fact, the staffing support required would be very minimal. Essentially, this is an interagency group that would meet on a periodic basis to carry on joint strategies, exchange notes and information.

The level of staffing assistance required would be minimal. It involves the same kind of work that our management evaluations divisions already do. There is no major new organization or staff support requirements being created here.

Mr. YATES. I was concerned at your first answer, because I wondered whether the Inspectors General would be responsible to the heads of their departments rather than to OMB.

This is just an information council?

Mr. STOCKMAN. A clearinghouse, that is correct.

AUDITING OF OMB

Mr. YATES. With respect to your GAO reviews, does OMB approve GAO's budget? As I recall, it does not: it is a legislative budget and, therefore, it does not come within the Executive budget.

Mr. STOCKMAN. If I remember correctly, that is within the Legislative appropriations.

Mr. YATES. I would think, therefore, that the objection that I might have had would be pertinent, namely, if you had control of their budget certainly they ought not to be reviewing you. You ought to be audited by an outside agency.

Mr. STOCKMAN. That is why GAO is treated as an arm of the Legislative rather than the Executive Branch.

Mr. YATES. All right; I will have general questions later.

Mr. ROYBAL. Mr. Campbell?

Mr. CAMPBELL. No questions, Mr. Chairman.

EXPLANATION OF INCREASE IN OMB BUDGET

Mr. ROYBAL. Mr. Stockman, we will now go into the general budget of the Office of Management and Budget.

With regard to that budget, I see that the budget for fiscal year 1981 was $34,461,000, and that the estimated fiscal 1982 budget is increased by $4.7 million, which is a 12.4 percent increase over 1981.

Now, in view of the fact that you have recommended that almost every other department in the Federal Government decrease its budget, why is it that you are increasing yours by 12.7 percent?

Mr. STOCKMAN. As I tried to indicate in my prepared testimony, two-thirds of that increase results from transfer of functions, or new responsibilities that have been given to the agency in fiscal year 1981, including the transfer of the Office of Federal Statistical Policy and Standards from the Commerce Department, the requirements under the Paperwork Reduction Act to maintain certain information systems and the Executive Order which provides substantial new oversight and review responsibilities over the Federal regulatory process.

The remainder is simply due to increased costs for the same level, or roughly the same level of personnel and activities of the agencies.

Unlike almost every other Federal agency, we run no programs, we have no funds, we dispense no grants, and we have no funds other than to maintain the operations of the agency as the arm of the President in formulating and implementing the budget.

Mr. ROYBAL. Wasn't the condition that you have described anticipated at the time that the 1981 budget was prepared?

Mr. STOCKMAN. I wasn't connected with the preparation of the 1981 budget. I don't know whether it was anticipated or not.

Mr. ROYBAL. I understand, but don't you think it probably was anticipated since it was known that all of this was going to happen?

Mr. STOCKMAN. I imagine it was. The reason it goes up is that on a full year basis, fiscal year 1982, you will have these additional responsibilities whereas in 1981 they were transferred during the course of the fiscal year.

Mr. ROYBAL. Still an increase of $4.7 million?

Mr. STOCKMAN. That is correct.

Mr. ROYBAL. And if I remember other departments coming before this committee, they have all had substantial decreases, and I am wondering why you have an increase.

Mr. STOCKMAN. It is not easy to explain, but I have tried. Two-thirds of the increase is not an increase in the level of activity of the agency, but it is new responsibilities.

Mr. ROYBAL. That is the same thing all other agencies tell us, that they have increased their responsibilities, they have these employees and all kinds of other problems and, nevertheless, their budget is decreased substantially, and the same reasons that you give for an increase they give to try to get the committee to increase, even though they don't come out and say so, but that is just about the intent of their remarks.

Mr. Miller?

PAPERWORK REDUCTION ACT

Mr. JAMES MILLER. Could I add something, with Mr. Stockman's permission?

The Paperwork Reduction Act became effective on April 1, so it was in the midst of the fiscal year. The additional responsibilities under the Paperwork Reduction Act has tripled the flow of paperwork in our office. Also not contemplated in the 1981 budget was the additional responsibilities under the new Executive Order.

We are in the process of calculating very, very carefully the manpower needs for this office. I would point out that I think in the hearings that led to the Paperwork Reduction Act, Congress envisioned an office that would exceed 100 people without the additional responsibilities of Executive Order. As I indicated, the office will not be anything like that.

Mr. YATES. May I interrupt just to say in another committee which I serve on the testimony before us indicated in connection with the National Endowment for the Arts the numbers of applications that had been received have tripled over the last three years, and yet OMB cut their budget by 50 percent.

Why is that rationale applicable to that budget and not to yours?

Mr. STOCKMAN. Mr. Yates, I think the answer I would give there is that there is no mandate in law that those applications be funded.

Under the Paperwork Reduction Act, Congress directed us to review every regulation promulgated by any agency of the Federal Government that may require either the filing of forms or applications or the sending of information to the Federal Government involving more than 10 people. Whether that is good policy or bad, wise policy or ill-advised policy, has already been decided.

Congress decided to do that. Therefore, we must process every one if we want to avoid a total breakdown of the day-to-day operations of the Federal agencies, as they affect the vast stretches of our society and the economy. Furthermore, the public is dependent or impacted by all of these regulatory and information-gathering programs.

Mr. YATES. I would suggest that the Congress has given the Director of the Council, the National Endowment for the Arts, the responsibility for determining who should get grants in the expenditure of those funds, and they have to process each of those applications as well.

I can recognize the burden that your associate has in connection with the Paperwork Act, but I think that the same argument is applicable to any other agency in government.

Their work has increased as well, and yet they are faced with substantial cuts.

I could go into almost every agency in that respect and I think the Chairman makes a very valid point in that respect.

REDUCTION IN BUDGETS OF U.S. CUSTOMS SERVICE AND IRS

Mr. ROYBAL. Mr. Stockman, drug abuse in this country has reached an epidemic proportion, and there is no indication that there will be any reduction.

Now, the Customs Service, together with other Federal law enforcement agencies and local officers, are reporting almost daily interceptions of drugs at our borders and ports of entry.

Still, in your recommendations for that particular Department, you have recommended that it be decreased by 625 positions and have decreased the budget by $8.5 million.

Now, this is in spite of the fact that this can be classified as a revenue-producing Department.

Now, comparing that with your needs, again I would like to know why the reduction in Customs where the need is so great, particularly with drugs coming into this country, going into our schools and ruining the lives of hundreds and thousands and thousands of young men and women?

Still the recommendation has been for a decrease of 625 positions and $8½ million in budget authority.

Mr. STOCKMAN. Well, there are three parts to the answer.

First, we made a general effort governmentwide to reduce employment in civilian agencies by 33,000 by the end of fiscal year 1981. That would represent continuation of the freeze that the President posed on hiring, January 20. Rather than maintain the freeze which, if maintained, for any substantial period of time causes dislocations and excess costs. On March 10, we switched to end-of-the-year employment levels. These levels would correspond to what you would achieve through attrition on the freeze.

In the case of the Customs Service, we made a partial exemption. We did not ask them to draw down their employment levels by the end of fiscal year 1981 or 1982 to the degree that we have most of the other agencies of government.

The second point I would make is that in the relevant areas of the Customs Service they employ more than 15,000 people. In the areas relevant to your concern, which is an important one in terms of drug trafficking, the reduction is much smaller. In fact, it is almost insignificant.

For inspectors there will still be nearly 4,100 inspectors, only 150 less than were proposed in the Carter budget. For patrol officers, there will be 1,053 compared to 1,147 that were proposed in the Carter budget for 1982. These are very modest changes in the two sensitive areas in terms of the employment categories in the Customs Service.

Mr. ROYBAL. Nevertheless, there is an overall reduction of 652 positions in the Customs Service; is that correct?

Mr. STOCKMAN. That is correct. We believe that the Customs Services, like every other agency of the Federal Government, has to find ways to cut.

Mr. ROYBAL. But this is a revenue-producing agency. The more people you have out there to inspect, the more revenue that comes into the Treasury of the United States.

I can't understand this.

Mr. STOCKMAN. I think there are a lot of agencies that would claim the status of a revenue-producing agency. The same is true with the IRS and a variety of other agencies that we could mention.

Mr. ROYBAL. I was going to ask you about IRS, because you recommend a decrease there.

Mr. STOCKMAN. But you still have to have some discipline on employment levels. You couldn't employ productively a million people at the IRS. An argument might be made that that would increase the collection rate and the revenue yield of the Federal Government, but at some point you reach the point of diminishing returns.

We believe we have handled these sensitive agencies, IRS, Customs, and a couple of others, in a way that allowed us to achieve part of our employment reduction goal, but not with the same magnitude of reduction that has been imposed on almost every other agency.

If someone takes the view that we should not have implemented the governmentwide policy of 33,000 employment reduction by the end of 1981, then I guess all of these agency issues would be open to question. But if you believe the policy was a necessary one to reduce overall Federal employment, then it is pretty clear that the reductions in Customs and IRS are very minor and much less than almost every other agency.

INCREASE IN OMB STAFF

Mr. ROYBAL. You state in your testimony that the increase that has taken place results from the full year cost of staff transferred to OMB in the latter half of fiscal year 1981, which means you have increased your staff.

Mr. STOCKMAN. Because they were transferred by law from other agencies or by executive order.

Mr. ROYBAL. Regardless of what it is, your staff has been increased?

Mr. STOCKMAN. That is right.

PERSONNEL REDUCTIONS IN BATF

Mr. ROYBAL. The parallel I am trying to draw is that you have increased your staff, increased your budget, but decreased Customs, and you have also decreased the Bureau of Alcohol, Tobacco and

Firearms, and at the same time the arsons in this country continue to increase.

You have decreased that department by 229 positions, and it just seems to me that both that department and Customs are most essential and should not have been decreased.

One last question, and then I will yield to my colleagues.

Over the years, there has been evidence of duplication, overlapping authority, and sometimes outright conflict between the Federal agencies stationed along our borders and at our ports of entry.

This, I am sure you will agree, is wasteful and ineffective.

It would seem that a single agency to provide the required Federal presence at our borders and ports of entry would generate not only considerable savings in manpower and money, but would provide better security against the introduction of drugs and other contraband into the United States.

Will the Administration study this problem to see if some of the wasteful duplications and conflicts between agencies can be eliminated? I am sure you are well aware of this, of the fact that drug abuse in this country has reached unacceptable levels, and that we should do everything in our power to prevent dangerous drugs from coming across our borders.

The question, of course, is: Will the Administration study this problem to try to eliminate this waste or duplication and conflict between agencies?

Mr. STOCKMAN. Mr. Chairman, the short answer to your question is yes. As a matter of fact, we have efforts underway at the present time to assess the options for consolidation or at least better coordination.

There are a half dozen agencies that would have a role in terms of cross-border drug trafficking, Coast Guard, Customs, FBI, and a variety of other agencies.

It does not make sense to try to consolidate all of those agencies. It does make a lot of sense to try to improve the level of coordination to get more enforcement for the dollars.

Mr. ROYBAL. When will that study be completed?

Mr. STOCKMAN. We would probably have proposals in the 1983 budget in this area.

Mr. ROYBAL. Thank you, Mr. Stockman.

As you know, we try to keep to the 10-minute rule. You are probably familiar with that. We are doing that on this committee so long as we possibly can.

Mr. STOCKMAN. Mr. Chairman, when I was here, it was a 5-minute rule.

Mr. ROYBAL. The Members of the House have gotten a little bit more long-winded.

I yield to my colleague, Mr. Miller.

PAPERWORK REDUCTION ACT

Mr. MILLER. Mr. Director, you spoke of the additional workload under Executive Order 12291. Can you give us a little background on what that workload would be, what it would cost, and how many personnel would be involved?

Mr. STOCKMAN. I would like to have Jim Miller answer that question. He administers that division of OMB which implements the Paperwork Reduction Act, and would be experiencing that increase in workload.

Mr. JAMES MILLER. Mr. Miller, under the executive order we have responsibility under the overall guidance of the Presidential Task Force on Regulatory Relief, of which Director Stockman is a member, to review the regulatory proposals, to review existing regulations, and to participate with the rest of OMB to coordinate them, legislative proposals in the regulatory area.

Since under the Paperwork Reduction Act we must review all proposed regulations for their information content requirements, we are doing this together. We examine both with respect to their information requests and with respect to the substance of the regulations themselves. We are also examining the regulatory analysis that come over for the major regulations. It is a joint project.

We have on computer all the regulations when they come over. When those are logged in they are sent to the budget examiners at OMB for their input. They are reviewed carefully by the desk officer in my office and reviewed carefully by the longer term analysis in what is the 20-person group in the Council on Wage and Price Stability that will become part of OMB.

If you had to separate out the work under the executive order, I think you would be talking about a 40- or 50-person operation. By doing it together because of commonalities in the work that is performed under the executive order and under the Paperwork Reduction Act, we are able to accomplish those tasks with a lot fewer people total.

Mr. MILLER. You do have additional people due to Executive Order 12291 and additional people due to the Paperwork Reduction Act. Both are responsibilities that you carry out at the present time.

What part of that increase would be taken up by those two problems?

Mr. JAMES MILLER. I think realistically the people involved in Paperwork Reduction Act responsibilities also have some responsibilities under the executive order. Also, the desk officers responsible for the executive order issues have inputs on the information and ADP policy, and paperwork reduction aspects.

Since there is some complementary between the two groups, it is not easy to say, but an approximation is that the executive order functions require on the order of 20 additional people.

Mr. MILLER. When we talk of the additional cost due to paperwork it reminds me of the time we had a Paperwork Committee. Frank Horton from New York was Chairman of that committee, and Tom Steed, chairman of this subcommittee was also a member. We undertook then to save dollars, but now apparently it goes in the other direction.

In order to work this out, at least it will cost some administrative dollars?

Mr. JAMES MILLER. We are reducing paperwork but our office gets more paperwork. That is a paradox. But I can assure you that the results of this effort are going to reduce by many fold the requirements, the expenditures to the Federal Government on paperwork. It is going to result in one-hundred fold, many hundred fold the reduction and the burden that is imposed on the American public by virtue of the requirements agencies have applied to them.

So while the OMB budget would be increased to take on those new responsibilities, I am quite confident as an economist who looked at the thing, the rate of return on this investment of public resources is quite extraordinary.

Mr. MILLER. We seem to have programs that cost the taxpayers dollars. There is no doubt about that. Dollars allocated to the States or to the local political subdivisions. We have had statements from our own people in our district who say that they will forget about the Federal Government, because by the time they abide by all the regulations, they have spent so many dollars, it is not worth it. Then there is delay in billing out for contracts. Then they find out that inflation has caused additional problems, and that they are better off if they do not become involved in a Federal program.

It means that a lot of the taxpayers' dollars are spent for that. They are paying taxes at the local level and also at the Federal level, so they are paying on both ends.

Is this paperwork burden affected by the regulations that you are working on also?

Mr. JAMES MILLER. Absolutely. We want to do two things, Mr. Miller.

We want to reduce the amount of information the Federal Government requires and, secondly, we want to make sure that when one agency requires information it checks with other agencies to make sure that that same information is available elsewhere in the Federal Government. It won't have to go out and ask these private citizens or State and local government redundant information, and that is what our Federal information locator system is all about.

Mr. MILLER. It is a vicious circle that we have going now because of paperwork, and we find we do not have as many applications in for Federal programs. Once you simplify the paperwork and hold down the time which people can go to contract, they then will be making applications. It will double the applications for Federal programs.

Mr. JAMES MILLER. It is conceivable that would happen. But I think, government agencies would be able to make much better and quick decisions about who the appropriate recipients of those grants or programs will be.

Mr. MILLER. This type of thing can feed on itself. Agencies have hundreds of thousands of applications and they say they must have additional dollars. That means an increase at the Federal level.

If we do things that will encourage more applications, we find that pressure is put on to allocate more dollars for individual programs.

Mr. JAMES MILLER. That is a very perceptive point and something we need to give some thought to.

OUTSTANDING LOANS DUE THE GOVERNMENT

Mr. MILLER. In another area, we need about the same dollars that are owed the United States.

We have student loans that have defaulted, and many other loans as well.

Can you give us some background as to what we are doing? I understand $47 billion is presently owed the Federal Government.

Mr. STOCKMAN. That is the total outstanding amount of obligations to the Federal Government. These figures are sometimes misinterpreted. It does not mean that these loans are all delinquent or in danger of going into default. We have attempted to determine the relevant set of outstanding obligations and loans where you do have a past due status.

That is somewhere in the range of $25 billion.

Mr. MILLER. I understand that $25 billion are overdue, and $47 billion that are due now. What are we doing to attempt to collect those dollars?

Mr. STOCKMAN. I was starting to indicate that. Over half of that is on the IRS side. They are implementing steps which we believe will result in $800 million in additional collections over the next fiscal year.

On the other side, on the budget outlay side of the government, we are making a high priority of accelerated, enhanced debt collections. We have included in the budget for 1982 about a billion dollars worth of increased collections as a result of administrative steps that we intend to take in order to ensure that those who owe the government money pay for it.

There is legislation pending in both the House and Senate to substantially enhance the powers of the Federal Government to collect overdue debts, including giving agencies that have large amounts of outstanding debts the ability to go to IRS to get addresses for people that have not been paying back their loans to the Federal Government. We think we have a major program underway to address that problem that I know a lot of members of Congress are concerned about.

BARTER AMENDMENT

Mr. MILLER. I am sure, Dave, that you are aware of the Barter Amendment that was approved some time ago. It was an amendment that I offered on a foreign assistance bill.

I have attempted to discuss this wherever I can to give some information to people who have the ability to put barter into effect. We use our strategic metals and energy to manufacture a tractor, then we send a shipload of tractors to a nation. We are using our materials, energy and manpower.

We should be able to barter with that nation for strategic metals and replace what we would take from our mines. This also would replace some of the energy we use, whether it be crude oil or something else.

The President has had the ability to do it. But somewhere along the line we either forget it or find it is easier not to barter. They say if we are going to avoid the shortage in the future, many of those metals we now import must be returned. It appears to me that we should put that barter arrangement into effect.

I would appreciate it very much if you could help.

Mr. STOCKMAN. We will certainly look into it.

Mr. MILLER. Will you give us a report back as to what the possibilities may be of putting that into operation?

I would appreciate it.

[The information follows:]

The Barter Amendment correctly recognizes that the prices we get for our exports should fully reflect the replacement costs of the natural resources which go into producing the exports. In fact, this should also be true for our output consumed domestically. However, the Administration believes that the best way to assure a fair value for our natural resources is through the market system. It is not necessary or desirable to tie trade to natural-resource replacement on an item-by-item basis as the Barter Amendment proposes. If national and international markets are allowed to operate freely, with no more hindrance from tariffs and regulation than absolutely necessary, then the prices our products command should correctly ration our scarce resources and generate the income to replace them from abroad or with synthetic alternatives. Under these circumstances, it doesn't matter whether one country gives us petroleum for our tractors or gives us foreign exhange to buy the oil from a second country.

Some natural resources are of strategic concern because we have negligible deposits or are very import-dependent. The Administration supports longstanding U.S. policy to stockpile these materials and has recently authorized GSA to resume acquisitions under a plan established by the Congress.

Mr. Stockman. Are you talking about the normal course of commercial trade or instances where foreign aid type activities would result in the transfer of U.S. manufactured products bearing domestic energy and domestic minerals to other countries?

Mr. Miller. I am talking primarily of our foreign assistance, that type of program.

We provide the people goods with three quarters of one percent interest for ten years, and really, in many cases, there is no payback at all.

Mr. Yates. How would you do it mechanically? What would be the procedure that you have?

I am trying to understand it, too. What is the procedure you have in mind?

Mr. Miller. I have thought of that, and since you bring it up, we may not gain 100 percent of what we would be able to barter for. Maybe we would only gain 75 percent. Undoubtedly, we would have to have our own American miners go over to an undeveloped nation to move out the strategic metals that we are talking about. But we would have to have an agreement with that nation. We could say, "If you want our finished product we want something in return, so that we can stay in business here in America."

I see I have used my time, Mr. Chairman.

Thank you.

Mr. Roybal. Mr. Yates?

RELATIONSHIP BETWEEN OMB AND CONGRESS

Mr. Yates. Let me tell you one of my greatest frustrations with OMB, and that is in connection with a subcommittee which I chair.

I believe the Congress has the responsibility for establishing appropriations for the Federal Government, and yet when witnesses come from the various agencies and I try to find out from them what their needs are for those agencies, I don't get answers.

What they say is that this is what OMB has approved. I am required by an OMB directive to defend this budget, and I don't get any information beyond the budget that OMB has approved.

I really don't think that is fair either to OMB or to the agencies or fair to the national interest as well.

I don't know what the nature of this imprimatur that you lay upon them; they are scared to death of you. I don't know if it is just the ordinary appropriations process, or whether there is implicit some kind of a sort of Damocles sword hanging over them, that if they give me any information beyond what the OMB budget shows, you are going to let that sword drop in some way.

Don't you agree with me that Congress ought to be able to get as much information as they can from the agencies when they come in with their budgets?

Mr. STOCKMAN. Well, Mr. Yates, I would agree with you. I am surprised that that is not the case.

Mr. YATES. Are you really?

Mr. STOCKMAN. We have to distinguish two very important elements. Ever since 1921 we have had central executive budgeting, and the reason for the old Bureau of the Budget and OMB was to allow the President to maintain some discipline over priorities, and so forth.

The agencies, therefore, must advocate the budget position, the program level, the funding request that comes out of that process, and I think you would understand that. But in terms of simple provision of objective information or data or background material, it seems to me that every agency has an obligation to provide Congress with that kind of information.

Mr. YATES. Okay; suppose I were to ask the witness, and I have on many occasions, will that amount of money that you have asked us for, the so-called OMB budget, permit you to carry out your duties as you think they ought to be carried out?

Invariably, the answer is yes, because they say they are required to say that by OMB.

Now, for example, take a case in which I am sure Mr. Rudd is interested, the Navajos get Indian housing through EDA and the Indian Health Service comes before us and tells us that those houses are not going to get sanitation facilities because OMB has not approved the sanitation facilities for 8,000 housing units for the Navajos.

I say, "Why haven't they?" They just say they have not; it isn't there. We put that money in over budget, because they couldn't use their housing if they didn't have sanitation facilities, and I don't know why OMB does not approve it.

Secondly, Indian health clinics, EDA will approve an Indian health clinic, and lo and behold, they will finish the clinic and there is no staff, and OMB has not approved a staff for a particular clinic, and so our committee goes over budget to put that in.

If the agencies had stayed by the OMB budget, I never would have gotten that information. The clinics wouldn't have been used. The housing wouldn't have been used, and there are many instances of that kind.

I have wondered over the years whether there ought not to be a better relationship between OMB and the Congress.

I recognize that OMB is an executive agency and you are creating the executive budget. I don't know how you arrive at your budget, for example, and I would like to know.

I particularly don't know how you arrive at the current budget for those agencies that come before us. I know that there was a

Carter budget upon which OMB had extensive hearings. I would assume that with respect to the revised Reagan budget on the agencies that come before us you did not have extensive hearings.

The impression I have from talking to people in government agencies who shall remain nameless, is that they were given a certain figure like a block grant and then they had to distribute it. There were no hearings of any kind; it was just a grant, and that was it.

Is my impression correct with respect to your revised budget? Did you hold extensive hearings before you cut back on the Carter budget?

Mr. STOCKMAN. No; we didn't. The reason for it is once every four years, if there is a change of administration, there is a unique liability in the budget cycle that we have today. As his last gesture, an outgoing President presents a budget that represents one year's worth of activity in the formal process. Agencies submit requests and OMB then indicates what the mark will be for the year and then you go into full review and have extensive discussions, hearings and interchange. Finally, those things are resolved in December ultimately by the President where agreement can't be reached among OMB and the agencies. This is the normal way it is done, but every four years, if there is a change of administration, that has to be set aside to some degree. When the new administration comes in it is under the gun from Congress to have its revision of the budget up here by March 10 to accommodate the appropriations.

Mr. YATES. Under pressure by the Congress to get it in in February?

Mr. STOCKMAN. Yes. We were being told by the Speaker that we were waiting too long and February 18 was the maximum permissible date. We went day and night trying to revise the budget to fit what is going to be our economic plan and the administration's budget recommendations.

It was a bad way to do things, Mr. Yates, but it had to be done to meet the congressional schedule and given what we inherited. We would obviously not conduct the OMB budget process for the 1983 budget or 1984 budget in the same way.

It does suggest that if this kind of very hurried and accelerated process is to be avoided in the future that we might want to consider a different calendar for the budget cycle.

Mr. YATES. Possibly a biannual budget.

Mr. STOCKMAN. So an incoming administration would not be forced to undertake the concerted activity that we had to go through to get a new budget put together.

There are two separate areas for agency witnesses. One is valuation, policy judgment. And second, they must defend the budget and the program. It would not be appropriate for them to offer contrary judgments, valuations or policy recommendations.

Mr. YATES. Why would it not inasmuch as they have the responsibility? You don't have the responsibility for carrying out the work of an agency. That is the responsibility of whoever is the head of the agency.

What you have done is listened to him and said this is what I think you will need in order to carry out your responsibilities, but he still has the primary responsibility.

The director of that agency still has to carry out that work with a limited budget in most cases from OMB.

Mr. STOCKMAN. Mr. Yates, I would suggest if each agency were allowed to advocate a different position you would have chaos. There would be no Presidential budget.

Mr. YATES. OK.

Mr. STOCKMAN. Under normal circumstances, that agency head who is aware of the needs in his area, whether it is Indian housing or clinics, will have a whole year to fight it out, so to speak.

Mr. YATES. I would agree with that, except that the ultimate authority on how much that agency should have in the way of funding is the Congress, and the Congress should be given the advantage of whatever additional information that agency head can give us by way of what he thinks are the needs of his agency.

Suppose you turn him down and he thinks you are wrong. Who can he appeal to? He ought to be able to tell Congress what he asked OMB for and wherein OMB turned him down.

Mr. STOCKMAN. Mr. Yates, if you submitted or if you had a procedure where every agency would submit to Congress not only the Presidential budget but its original request, we would end up next fall getting a two trillion dollar budget request for next year.

Mr. YATES. The decision I have to make as a Member of Congress, is how much money.

Mr. STOCKMAN. We will provide all the information, all the data that would permit you to make the judgment.

Mr. YATES. Fine; that is good.

Miss Reporter, get that in the record.

Mr. STOCKMAN. Within feasibility.

[The information follows:]

Mr. STOCKMAN. As I mentioned earlier, we were under the gun to get the new Administration's budget revisions to the Congress very quickly—originally February 18, and eventually March 10. Thus we had to completely review the previous Administration's budget, decide where we could make revisions to reflect our policies, and produce the necessary documents in a period of 49 days. It was vital in that context to design a budget formulation process that was tailored to that truncated time-frame. In that context, we did not receive formal submissions from the agencies. Revisions were decided upon often in oral consultation and entered into our automated budget preparation system.

You can rest assured, that in the normal course of events you can obtain information you find necessary to your deliberation as a member of the Appropriations Committee. Our Circular No. A–10 provides for frank and complete answers to all questions when testifying before any Congressional committee. Following transmittal of the President's budget to the Congress, agency heads are free to furnish duly authorized committees, the information submitted to OMB in their budget request. Thus, if the Appropriations Committee (or one of its subcommittees) requires information concerning an agency's appropriation request over which it has jurisdiction, it will be furnished by that agency upon request.

STRATEGIC PETROLEUM RESERVE

Mr. YATES. The next question, there is a very important question here that relates to a controversy that we have on the Floor at the present time, and that is the Strategic Petroleum Reserve.

Congressman Gore asked you several days ago whether you agreed with our subcommittee in forward funding the 1982 budget so the agency itself would have adequate funding to enter into a favorable long-term financing for the purchase of oil.

He said you responded in the affirmative to that; is that true?

Mr. STOCKMAN. Yes. Let me try to explain the context.

We requested money only in the supplemental for 1981 because we have a very high purchase rate at the present time. The market is ideal to buy. We requested money for 1982 and expected $3.8 billion would come in the normal budget process. But intervening action occurred in both Budget Committees in both Houses which provided no room in the budget for 1982, either in outlays or budget authority for the program.

We then were in a position of either having to advocate measures that would violate the budget ceilings or find some mechanism to get this important program out of this annual budget crunch and ensure that financing is available. Although it is something I have great hesitation about, we have agreed to move ahead and recommend Congress pass legislation creating a special fund.

Mr. YATES. You are talking about off-budget financing?

Mr. STOCKMAN. An off-budget financing mechanism.

Mr. YATES. I really think that is fraudulent in terms of your overall budget, and I am going to vote against it, because the proposals that have been presented to the Congress, Gramm's proposal is outrageous.

Mr. STOCKMAN. We are not supporting any of those.

Mr. YATES. Permitting a profiting of people who buy those particular bonds is wrong.

Mr. STOCKMAN. We recommend against that.

Mr. YATES. I think the purpose of including all expenditures of government in the Federal budget several years ago was to know what your budget was, and if you have off-budget budgeting and off-budget indebtedness you don't know what your ultimate responsibilities are.

Mr. STOCKMAN. If I could respond to that, we do. When we developed the budget plan for 1983 or even for this year, we looked at the total level of government outlay, on-budget and off-budget, total level of deficit, 55 on, 23 off, for a total of 78, total level of Federal Treasury borrowing that is driven or required by that position. It is on that basis that we make the recommendations for the size of the budget program changes in the formal process. In a way you are right, it is a fiction. But in another way, it is probably a justifiable thing to do. There is no constituency for SPR. The first item to go in the annual budget process as you are trying to get aggregates down or functions down will be SPR. Then you will leave the appropriations committee every summer in the position of not knowing whether it can appropriate money or not, because in the first resolution there is no room and you are subject to a point of order, constant challenge, and so forth.

Finally, we could end up in September with no second resolution where this problem could be corrected and get uncertainty as to whether the Energy Department has the budget authority available to make purchases.

Two other things that are important to consider: The Strategic Petroleum Reserve is very difficult to budget for, because the amount of purchase in any quarter or fiscal year is entirely a function of the state of the market, which is unpredictable. Therefore, in one quarter it might be appropriate in one fiscal year to buy 45,000 barrels a day at a cost of half a billion and under current circumstances it would be appropriate to buy 100,000 barrels at a cost of $5 billion. That is a range of ten.

Because we start the budget process 18 months before the fiscal year starts, it is impossible to do budgeting in the formal sense.

Second, you are dealing here with an appreciating asset required for a temporary holding period. The intent is to sell it if an emergency ever arises.

Mr. YATES. Why a temporary holding period?

Mr. Chairman, if I am going over, I am sorry.

Mr. ROYBAL. I will give you an additional minute.

Mr. YATES. Okay; I conceive of a Strategic Petroleum Reserve being in the same category as a strategic metals reserve as a part of our national defense.

I can't understand why the Administration does not support this concept, particularly now when you don't have any emergency plan in this Administration for dealing with any kind of an embargo, you have no rationing program. There is no emergency plan that I know of.

When the witnesses from the Department of Energy came before us we asked them what proposals they had for dealing with an emergency, a possible embargo, and they said there were none, so I don't conceive of this being short-term.

I think it is something you have to have on hand for whatever dire emergency comes along.

Mr. STOCKMAN. By temporary, I meant 20 or 30 years.

Mr. YATES. Oh; okay.

Mr. STOCKMAN. My point is that during that holding period the asset appreciates in value. It doesn't depreciate like a highway or an airport that you build. At some point you will sell it during a crisis that we know could occur if a major dislocation takes place in the Persian Gulf.

In another case, you will sell it at a far higher rate than the purchase provides, plus the interest accrued over time. Therefore, I think you could make a strong argument that in this case the oil stockpile program is almost like our gold stockpile.

When we buy and sell gold it does not create a budget expenditure if you buy or a budget receipt if you sell. We treat it as a means of financing the government as part of the stock of assets that we hold. You could, I think, without too much strain, too much violence to budgeting concepts, treat the Strategic Petroleum Reserve in the same way. For some periods you are buying and other periods you are selling. It is a draw-down or buildup of an asset stock.

I would only point out the Appropriations Committee would have great difficulty if we ever got in an emergency and you had to sell a million barrels a day as would be the purpose of the program. That would bring in $40 billion in one year on the receipt side of the budget, and would cause a negative outlay. There would be great pressure on this committee to spend all this money. You know it would not be wise to do that, since you would have to save it to replenish that stockpile after the emergency ended.

A dividend of budgeting treatment would be appropriate. But let's face the fact, it wouldn't change the course or the impact.

Mr. YATES. You are going to have to pay for it.

Thank you, Mr. Chairman.

Mr. ROYBAL. Mr. Rudd?

Mr. RUDD. I don't have any questions.

Mr. ROYBAL. Mr. Campbell?

EXPLANATION OF INCREASES IN OMB BUDGET AND PERSONNEL

Mr. CAMPBELL. Mr. Stockman, let me ask you a couple of questions about your budget.

I see in here that you are absorbing some $400,000 of the pay increase that was mandated; is that correct?

Ms. SMITH. That is correct.

Mr. STOCKMAN. That is a practice across all the agencies.

Mr. CAMPBELL. You have adopted that practice for OMB as well?

Mr. STOCKMAN. That is right.

Mr. CAMPBELL. As we look at the increase in your budget and some of the transfers from Commerce, are we to assume that there has been a corresponding decrease in those positions and those moneys that you have now have been absorbed by OMB?

Mr. STOCKMAN. Precisely, and it is more than one for one.

Mr. CAMPBELL. We aren't talking about an addition in your budget but a transfer from another agency and really maintaining a lesser level.

Mr. STOCKMAN. You are talking about a net reduction in governmentwide personnel, a net reduction in personnel costs compared to the status quo before this change was made.

Mr. CAMPBELL. We have to take them all together when we look at this budget to determine where we are going?

Mr. STOCKMAN. That is true.

Mr. CAMPBELL. And also the increase in your costs. I believe it is something like two-thirds of your total in dealing with the Office of Information and Regulatory Affairs.

We have seen a lot of figures as to how much Federal regulation costs the American taxpayer and we see figures that run up to $120 billion a year.

Does OMB have any cost estimate of Federal regulation for the country as a whole?

FEDERAL REGULATIONS COSTS

Mr. STOCKMAN. In terms of the aggregate which covers almost every kind of government regulatory activity from the FDA to marketing orders of the USDA, we wouldn't have any quarrel with that $120 billion figure for the next year. That is probably the closest approximation that you would come to. You can argue about the methodology and the precise accuracy forever. We will review those regulations and review the cost/benefit statement, include those regulations in the case of all new proposed major regulations that would have $100 million or more impact on the economy over time.

If it looks like the costs far exceed the benefits or that a proper review has not been done of the regulatory impact of that pending agency proposal under this newly established system, we would have the power to remand it to the agency and require that they went back to the drawing board and find a more cost beneficial way to do it, an alternative way to do it that would be less burdensome and improve their analysis.

Mr. CAMPBELL. We have not applied a cost-benefit test to regulations per se in the past; is that correct?

Mr. STOCKMAN. For the most part, the statutes and the practice of various agencies is not included in cost-benefit regulation. The Clean Air Act prohibits it. There is dispute about whether the Occupational Safety and Health Act permits it or not. The Consumer Products Safety Commission does.

We are trying to move the whole process towards a systematized cost-benefit analysis.

Mr. CAMPBELL. It would be safe to say with the tremendous number of regulatory agencies and regulations that are in effect today that a very, very stringent cost-benefit type of review would more than likely save the American public far more than any amounts that are budgeted here for the purpose of reviewing those regulations; is that correct?

Mr. STOCKMAN. I would think so. To give you one illustration, in the automotive area, we have such a disaster in the industry today in terms of 300,000 people not employed in the companies in various areas. As part of our effort to deal with the problems of this industry, we have proposed that EPA and the Department of Transportation undertake $9 billion worth of changes in regulations that will save consumers $9 billion.

Mr. CAMPBELL. This is as a direct result of the——

Mr. STOCKMAN. Of the operations of this office.

Mr. CAMPBELL. Nine billion, and we are talking $2.6 million increase, and that is a pretty good return on investment.

Mr. STOCKMAN. That is only one area. If we added together the impact already this year or plan to review during the remainder of the year, it will be easily beyond $9 billion.

Mr. CAMPBELL. If we started cutting out the review moneys and curtailing your ability, we would maybe be in the process of being penny-wise and pound-foolish as far as the overall budget goes.

Mr. STOCKMAN. That would be correct.

CARTER ADMINISTRATION BUDGET

Mr. CAMPBELL. Let me ask you this: When we talk about the budget that you had to bring to the Hill in such a hurry, and I think you did a tremendous job on it because of what you inherited, they had a lot of hearings on the Carter budget that came before us and you had to adopt that, I believe, as a benchmark or a base from which to work accepting their assumptions.

Isn't that where you got in trouble on one or two things by accepting some assumptions there?

Mr. STOCKMAN. That is true. Although the economic assumptions did change, in terms of the March 10 revisions to the budget, we took each function, each program, each appropriation account, and made changes up or down in the level that had been recommended by the Carter Administration.

Mr. CAMPBELL. Can you tell this committee in the first six months of this year how much money the Federal Government has had to borrow as opposed to what it was projected they might have to borrow under the Carter budget?

Mr. STOCKMAN. October 1 through the end of March, $64 billion was borrowed. That compares to $37 billion in fiscal year 1980 during the first six months, and $26 billion during the first six months of fiscal year 1979. It has had a devastating effect on the financial and bonds markets. They simply have been unable to absorb and digest that amount of borrowing.

Mr. CAMPBELL. This has caused you and this Administration to go in and take very, very strong measures to try and turn this economy around.

Mr. STOCKMAN. That is one of the reasons for our proposals for major changes in the 1982 budget.

When we got into office in Feburary, you had very little handle left on fiscal year 1981. A lot of the money was obligated and most of its entitlements. It takes four or five months for Congress to change entitlements and permanent law and even longer to write regulations to implement the new law.

Most of the savings come in 1982. But we felt that with that kind of impact in the 1981 budget built in, that in order to convince the public and the financial markets to change inflationary expectations, there would have to be a pretty abrupt shift in 1982. In fiscal year 1981 the budget increased about 15 percent. In fiscal year 1980, it ws 18 percent over the previous year.

If the budget plan that is now before the Congress that was approved in the House and Senate is adopted for 1982, we will lower that growth rate to 6 percent compared to that 16 and 18 percent trend we have been on. Furthermore, we believe that that is going to have a major favorable impact on inflation, financial markets, expectations, and so forth.

OUTSTANDING LOANS

Mr. CAMPBELL. Two quick questions, and one that came up earlier.

The loans that Mr. Miller talked about, the people that owe money to the government, do you have any estimate as to how many people are now working for government that are past due in certain loans?

Mr. STOCKMAN. We don't have a comprehensive estimate, but there have been studies in specific agencies. In the case of the Department of Education, the study showed 1,800 people who owed millions of dollars to the Federal Government, were on the payroll and owe the Department of Education. They have implemented steps at the Department of Education to make those collections, and we will be studying the prevalence of that phenomenon in all the agencies and take appropriate action.

Mr. CAMPBELL. Can you cross-check within government?

Mr. STOCKMAN. That is one of the easiest ones to get at, because you can move across by computer, payroll.

Mr. CAMPBELL. You can do that now under existing law without violating the Privacy Act?

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Mr. STOCKMAN. We have a package of amendments that would alter the Privacy Act in ways that would allow both the government and privately hired collection agencies to increase the rate.

Mr. CAMPBELL. Would it be reasonable to take a position in this Administration or in this Congress, that if a person does work for government and is in default on a government loan and is not trying to pay back, it should be a reason for dismissal from government employment?

Mr. STOCKMAN. I don't know whether dismissal would be the appropriate step. That might be a bit draconian. At a minimum we need some reasonable schedule to repay his overdue debt.

Mr. CAMPBELL. If a person is not making a good effort.

Mr. STOCKMAN. Offset that against his pay check and garnishment. If that failed because this was complete recalcitrance, then you might want to consider something else. Garnishment would be the best way.

STRATEGIC PETROLEUM RESERVE

Mr. CAMPBELL. Finally, on your Strategic Petroleum Reserve and the question we are going to be faced with on the Floor, isn't it true that basically the Administration has had its hands tied on this particular problem due to the actions of the House and the Senate, that in fact if we did pass the forward funding, you would have to come back and ask for rescissions because you wouldn't have the authority to spend those funds anyhow?

Mr. STOCKMAN. If the first budget resolution holds, then it would not be possible to spend those funds. Therefore, we have made a mid-course correction in our position on it, and now suggest we find it on budget with the appropriate authority in the remainder of 1981 and in the interim, for Congress get busy to establish a new account in the Treasury to treat this differently.

Mr. CAMPBELL. Congress by its actions has forced you to make some change in mid-stream?

Mr. STOCKMAN. That is correct.

BLOCK GRANT PROGRAMS AND SINGLE AUDIT CONCEPT

Mr. RUDD. You have indicated that you are involved in a cooperative effort with the Comptroller General involving efficiency and consolidating grant programs and audits and single audits, anticipating a move into block grant programs.

There is some concern about where you are going, necessarily because of the assumptions of additional duties by your office.

Is this an area where you are required to shrink personnel?

Mr. STOCKMAN. I don't believe we have had an increase in personnel but rather an increase in effort. I can tell you that.

The single audit concept is terribly important because after the block grants are implemented we will still have hundreds of categoricals, and the complicated overlap that you have today in which program operators, local agencies get hit in one-hundred different directions by information and audit requirements coming from various Federal agencies. In other words, the block grants will help solve part of that problem but not all of it.

We are going to push ahead with the same number of people.

Mr. RUDD. Thank you, and I thank the gentleman for yielding.
Mr. YATES. Mr. Akaka?

HIRING FREEZE

Mr. AKAKA. I would like to ask a question about a hiring freeze bulletin that was sent out by the Administration dated Janury 24, 1981.

My question is about those employees who were given hiring commitments before the bulletin was released. Those were people who were given commitments and not working at that time, at the time the bulletin was sent out.

What happened to those people, employees who received employment commitments?

Mr. STOCKMAN. Well, there are three points to make on this:

First, the hiring freeze per se only lasted until about March 12. At that point it was converted to a lower year-end ceiling. To the extent that an agency had attrition or was below that ceiling point it could hire people. Some people were hired in the past March 12 period.

Secondly, we felt it was essential to make the freeze retroactive against letters of intent or letters of commitment or the freeze would have had no effect at all. Our information suggested that there were literally thousands, if not tens of thousands of letters, out that were issued during the November-December, early January period. If we had honored all of those letters, the freeze would have not prevented one additional person probably from going on the Federal payroll.

Thirdly, in cases where a letter of intent had been issued and someone had made major changes in their living circumstances, sold their home, moved from San Francisco to Washington or incurred other potentially large financial costs, we had a hardship exemption procedure so hiring commitment could go forward. But we felt it was just not appropriate for the Federal Government to recognize every letter that had been written suggesting an employment opportunity would be forthcoming.

If we were to establish that precedent it would be very difficult to ever impose a freeze again.

Mr. AKAKA. Were the hardships allowed only on hardship cases?

Mr. STOCKMAN. That is right; exceptions to the retroactive application of the freeze to the letters of intent only were allowed in hardship cases.

Mr. AKAKA. May I ask for the record some information, and that is the number of persons affected by the freeze, the number that have been hired under commitments issued before the freeze, and the number of persons hired under commitments issued after the freeze.

[The information follows:]

Mr. STOCKMAN. There is no central record on the precise number of individuals who may have been affected by the hiring freeze. As noted earlier, we had reason to believe that literally thousands of commitment letters had been issued in the weeks immediately preceding the announcement of the freeze.

The freeze was in effect from January 20 through about March 10, 1981. During the period, we set up a procedure whereby department and agency heads could request relief for individuals in hardship situations. The Office of Management and Budget received 32 requests for hardship exemptions from departments and agencies, on behalf of 872 individuals. Prior to lifting the freeze, OMB completed action on 15 of these requests and approved exemptions for 244 individuals. After the Government-wide freeze was lifted, all pending requests were referred back to the department and agency heads for resolution at their level.

Mr. STOCKMAN. We do not have a central inventory of letters of intent to hire that go out from the agency's personnel offices day after day all over the government. Therefore, we cannot give you the baseline number that you asked for, but, we can give you the number on the hardship exceptions that were granted.

[The information follows:]

Mr. STOCKMAN. OMB processed 15 our of 32 agency requests for hardship exemptions, involving 872 individuals, prior to the lifting of the freeze on March 10th. Approval was granted for 244 individuals. Subsequent to March 10th, disposition of pending cases was returned to the agency level, and there is no central record as to how many of these individuals were subsequently hired.

Mr. STOCKMAN. Mr. Chairman, Mr. Miller on my staff has another engagement that he must make but I can stay as long as your questions continue. If I could ask that he be excused, if there are no further questions in the regulatory and information policy area, I would appreciate it.

Mr. ROYBAL. The committee will excuse Mr. Miller at this time. Off the record for just a moment.

[A discussion was held off the record.]

Mr. ROYBAL. Mr. Akaka, will you please continue?

FOOD STAMP EXPENDITURE

Mr. AKAKA. Thank you.

Mr. Stockman, much has been discussed about food stamp expenditure.

OMB has estimated that social program cuts will add $250 million to food stamp expenditures and feel those will help to take care of the so-called future enrollees who might receive less assistance because of cuts in other social programs. The Department of Agriculture has estimated that there will be effects four times as high as yours, and also CBO has come out with an estimate that is higher than yours.

My question to you is, how do you reconcile those differences?

Mr. STOCKMAN. In the first case, I don't believe the Department of Agriculture would have a different estimate than we have. This was worked out jointly with them.

In fact, most of the information that we have by way of budget estimates and projections on food stamps are derived entirely from the Nutrition Service in USDA. They have the technical experts and the computers and data bank.

Secondly, I think it is almost impossible to get a hard number as to what the offsetting impacts on food stamps might be as a result of other income transferred entitlement program changes, housing, AFDC, or SSI, and so forth.

AFDC programs are run at the State level and we don't know what kinds of changes might occur in response to changes in the Federal program.

Thirdly, we don't have a good hard set of data on the overlap between people who are in the housing program and in the Food Stamp Program, and if we make changes in the housing program, whether or not there will be offsetting increases in the Food Stamp Program.

This all has to be estimated on a very rough basis because the data base simply isn't sufficient to come to anything very precise or what you might call scientific. The experts will argue indefinitely about this on the basis of different assumptions. We are confident that ours is in the ball park, and we think the CBO figure is excessively high and gives a misleading indication of what might occur.

I would point out that the Food Stamp Program is very volatile in terms of its cost and caseload. Last fall the Congress estimated that a program would require $9.6 billion for fiscal year 1981 but we now are at a level well in excess of $10 billion. Our most recent estimates indicate it could be as high as $11½ billion. There has been an enormous change in the last seven months due to increased caseload, so the argument could go on indefinitely about that. I don't think anybody will come to a conclusive answer.

EFFECT OF REAGAN ADMINISTRATION PROPOSALS ON THE ECONOMY

Mr. Akaka. Yes; in light of the simulation of the economic effects of the President's program budget which assumed enactment of all of the tax and spending policies proposed by the Administration, how can you continue to justify the economic estimates on which your program is based, and I ask this because this has been a question that has been raised.

This kind of question has been raised with the cut in taxes, is that there will be a cut in revenue, and with a cut in revenue then there would be the problem of trying to balance off here, and even the idea of deception of the American public in this simulation. Is this not a case of maybe unsound economics on the part of the Administration?

Mr. Stockman. Well, obviously, I don't think so. Are you getting at the economic assumptions, and whether they are accurate and realistic——

Mr. Akaka. That is right.

Mr. Stockman. One answer is almost all the forecasters are wrong nowadays because the economy is performing in such an unpredictable, uncertain, volatile way. The forecasts made in December for the next quarter of this year all were substantially off the mark, no matter whether they are made by middle of the roaders or whatever the case might be. We had a 6½ percent real GNP growth the first quarter. Most economists were predicting no growth or an actual decline. If the entire plan is adopted, then what we have forecasted for fiscal year 1982 is realistic, that the inflation rate would fall to about 8.3 percent. It is very clear now that due to the softening of oil prices and the appreciation of the dollar, which means lower import prices, and larger harvests than previously anticipated, it is very realistic to project an inflation rate in the middle 1980s, by 1982.

Some will say our interest rate for 1982 isn't realistic because it is about 9 percent and today the interest is 15 to 16 percent. I would only remind you that in March of 1980 the T Bill rate was way up to where it is today and by the summer it was almost down to single digit rates, as a result of the rapid change in the financial market. Therefore, we think if the policy is implemented and put into law and budget reductions become real rather than just plans or paper resolutions that will substantially enhance attitudes and expectations in the financial market, and the interest rate will come down. We think it is a credible forecast and on time will tell whether ours is any better than any other one that is made.

You can't write a budget without an economic forecast. It is impossible to project government revenues and expenditures without it, so we have done our best to put together a credible scenario resulting from the implementation of tax and budget and regulatory and monetary programs.

Mr. AKAKA. Thank you very much, Mr. Stockman.

Mr. ROYBAL. You have been discussing, particularly with Mr. Campbell, the effects of the borrowing that the government has to involve itself in. You indicated $64 billion was borrowed.

Mr. STOCKMAN. First half of 1981.

Mr. ROYBAL. And that adds to the inflation rate, and possibly also the interest rate.

Can you tell the committee what effect will the Administration's budget cuts for fiscal years 1981, 1982 and 1983 have on the economy and on the situation you described?

What is the inflation rate today, the interest rate and the availability of money? Give us a brief general outline of the economic picture.

Off the record.

[A discussion was held off the record.]

Mr. ROYBAL. Go ahead.

Mr. STOCKMAN. You asked me what would be the impact on the economy of our budget reductions and particularly on the inflation rate and on interest rates.

At the present time the inflation rate is running slightly over 10 percent, if you measure it on a GNP deflator basis, which is the best broad measure of inflation.

We are projecting that by 1982, the next budget year, when all of this impacts, that the inflation rate would fall to 8.3 percent on average over the fiscal year, and that in fiscal year 1982 it would fall into the 7 percent range and by the middle of the decade we could have it back down to 5 percent. At that level, I think it is a level that at least becomes tolerate, that people can live with.

On the interest rate, the current T Bill rate is 16 percent which is one that we use because that tells us what it will cost to finance the trillion dollar national debt that we have. We would expect that if the full implementation of the program occurs, that would fall to about 8, 9, or 9 percent during fiscal year 1982 on the average. It would then fall further to about 6½ percent by the middle of the decade.

What you see then is a steady descending path for interest rates, a steadily descending path for inflation. But we don't think that that can be achieved unless we hold Federal spending growth to about 6 percent next year and each subsequent year.

We believe that if you allow Federal spending to grow in double digit ranges, 10 to 15 percent of growth as it has for the last half decade, it is a clear signal to the financial markets, to investors, to collective bargaining parties, both in management and the business side, to price setters in all the firms in the economy, that inflation will continue in double digit ranges.

You cannot finance expenditure growth of that magnitude without deficits and pressure on the Federal Reserve to print money to cover them. The key signal is the 6 percent cap on spending growth next year and if that can be implemented and enforced, then you will see this improvement that I have described.

Mr. ROYBAL. The first effect of the cutbacks and so forth will be felt in the 1982 budget?

Mr. STOCKMAN. In the fiscal year, 1982 fiscal year, which starts this fall.

Mr. ROYBAL. The 6 to 7 percent interest rates will be felt sometime in 1985?

Mr. STOCKMAN. Yes. But we would see the interest rate down to 9 percent in 1982. Now, that compares to 16 percent today. The equivalent which most people would be interested in is the prime rate, that is almost 20 percent. At a 9 percent T Bill rate, you would have a prime rate in an area of 10, 11, 12 percent. Now, that is a major difference compared to what we have today. It can mean life or death for a lot of small businesses, farmers, even households that are heavily in debt to find their financing charges continuing to rise.

Mr. ROYBAL. The young home buyer would have to pay in the neighborhood of 19 percent.

Mr. STOCKMAN. Sixteen to 17 percent, and we would expect that going down. But, Mr. Chairman, if I could take one second here to give an example of why the interest rate has to move down and why a program like this is necessary.

In 1979 the average new home, median new home in the country cost $48,000, and you could finance it at 9 percent. That meant that the average family buying a new home perhaps for the first time had to pay $400 a month for its mortgage.

In 1981 the average new home is up to $65,000, that is the media price because of the escalation of land and housing costs, the mortgage rate is 16 percent. As a consequence, their monthly payment is $850, not $400.

That has happened in four years. That doubling of the monthly payment has moved 90 percent of the potential first-time home buyers out of the affordable range. Therefore, unless we can get inflation on the home price and interest on the mortgage rate down, the idea that a family after some saving and scrimping in a period of time can buy a new home is going to be lost.

Mr. ROYBAL. There is probably some unemployment because of cutbacks, the CETA employees, approximately 250,000, will not be working.

What is your response to the question, do the cutbacks actually bring about unemployment?

Mr. STOCKMAN. My answer Mr. Chairman, is that in the aggregate, no. In specific cases, for specific limited periods of time, yes. We believe if the program is fully implemented there will be 2 million more jobs in the country by the fall of 1982 than there are today, and obviously that means more people are employed.

However, in the process of getting there, there are going to be some instances where government programs are shut down, and people will have to move from the public to the private sector. For instances in CETA, someone who will ordinarily graduate from the program in December will be required to leave in October. But you have to remember, with all 325,000 current CETA enrollees, it is only a 12-month program, and most of them would be off the program by October 1 or certainly January 1, even if it were continued with a new batch of enrollees.

Mr. ROYBAL. A good many of those train for a job and many of them do get jobs?

Mr. STOCKMAN. We have done a study of that. First of all, 33 percent of the current CETA enrollees will get private employment. Another 40 percent will go into other Federal manpower training skill development programs, and that has been the historic record.

The remainder, we believe, can be placed either in public or private sector jobs with enhanced efforts that are being mounted out of the Labor Department today. This will ensure that those who are terminated early from the CETA Program are given every possible assistance in finding future job training or employment opportunity.

GUEST WORKER PROGRAM

Mr. ROYBAL. Well, the truth of the matter is for the immediate future there will be some unemployment.

In my district, the unemployment rate is almost double the unemployment rate nationally.

I was surprised when I read in the newspapers that the Administration was recommending a Guest Worker Program. Could you Comment on this?

Mr. STOCKMAN. There has been no recommendation, Mr. Chairman, to that effect. That is an option that was being discussed and analyzed in a task force to deal with the whole immigration problem.

Mr. ROYBAL. I don't see that as solving the immigration problem. We already went through the Bracero Program. These people will be coming in to work anyplace in the economy. Our past experience has been that it does not solve any problems with regard to immigration.

We can solve the problem with immigration if we really want to. My contention is that we have not made a real effort to solve it and have not enlisted the help of contributing government towards that effort.

With unemployment going up, it would be quite tragic to start a Guest Worker Program.

Mr. STOCKMAN. I will take that into account. We have not made any recommendation of that sort. It is just being discussed. Until we get the final recommendations to the President—he makes the decisions—it would be premature to argue about this too much. I am not privy to all of those discussions.

Mr. ROYBAL. We can voice our concern at this time.

Mr. STOCKMAN. That will be transmitted back to the other end of the street.

FEDERAL EMPLOYEES PAY INCREASE

Mr. ROYBAL. It is quite a concern, particularly among Hispanics throughout the United States.

There has to be some sensible program with regard to immigration, and we also must I believe put some money into solving the immediate problem of those people that are here with American citizen children.

One of the problems we had with the Bracero Program is that we brought 5½ million men into the United States between the ages of 18 and 37. I suppose, as a Nation, we thought those men were going to come in, stay here for two and a half years, get up at five o'clock in the morning, go to work on the farms, go to bed at seven o'clock in the evening.

That didn't happen. A lot of children were born during the time that they were here. A lot of problems were created, so then when they went back they took their children and made illegal aliens out of them in Mexico.

That is what I say to Mexican officials when I talk to them about the illegal aliens that we have here so this is a problem that both countries have to get together to try to solve.

I wanted to bring that up to you to voice my concern with regard to this anticipated proposal that may be forthcoming.

Now, to get back to the Federal workers, what pay increase is currently anticipated for Federal workers in October?

Mr. STOCKMAN. That is 4.8 percent.

Mr. ROYBAL. What do you anticipate it to be if the President's new pay plan is not adopted?

Mr. STOCKMAN. We would recommend the 4.8 percent cap in any event.

Mr. ROYBAL. That will be the recommendation that will be made; 4.8 percent?

Mr. STOCKMAN. That is right.

Mr. ROYBAL. With regard to the Internal Revenue Service, we mentioned that a little while ago. Now, what impact would the reduction in Internal Revenue Service audits have on projected revenues for 1982?

Mr. STOCKMAN. We don't believe it will have any negative impact at all. In fact, we believe there will be enhanced revenues. The IRS is redeploying its personnel and initiating some new programs for W-4 forms abuse. We are convinced that the personnel change that we have called for will not have any revenue effect.

Now, I know that there is great concern about the issue of tax abuse, and about whether or not we are providing sufficient IRS personnel for investigations of tax fraud. We have actually increased the number of personnel devoted to the Special Investigation Unit within the tax fraud prosecution area generally. Beyond that, sometimes these numbers become a little misleading.

Compared to the outgoing budget of the Carter Administration, we have called for a reduction. Compared to the actual level of permanent, full-time personnel at IRS In 1980, our 1981 recommendations and our 1982 recommendations would be higher. We would have a 1.4 percent increase in 1981 on full-time permanent employee basis and 4 percent increase in 1982 compared to on-board strength in 1980. That is below the Carter recommendations, but we thought those were too high.

Mr. ROYBAL. This increase in personnel is still the smallest increase in recent years.

Mr. STOCKMAN. I am not sure of the increases in previous years. It is an increase, and not an actual decrease in staffing level.

Mr. ROYBAL. I have some further questions that I will submit later.

The Chair now recognizes Mr. Miller.

INTEREST RATES AND THE HOUSING INDUSTRY

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Director, you spoke of the housing industry a little while ago and the problem being created by spending at the Federal level, the national debt, the deficit, and Treasury borrowing driving interest rates higher, and T Bills at 15 or 16 percent.

We are aware that creates problems where people do not have either the money to make the purchase or want to pay that high interest rate for the housing. When they do not buy, they put people out of work because the construction industry isn't working and all of the allied industries that would furnish component parts of the home do not work.

That is one area.

Let's assume we would have 6 percent increase in expenditures at the Federal level, and the interest rate does drop, will the money then be there in the savings and loans for homeowners? All of the money markets are now sponging up the money and the savings and loans do not have it.

Is that a problem on down the road? When you resolve one you have another problem and, if so, what can we do about it?

Mr. STOCKMAN. My answer to that would be if you get the general interest rate level down, I don't think there will be any problem at all in terms of availability of mortgage financing or mortgage money. The reason for that is the mortgage market has changed very rapidly and radically in recent years.

We now have a very extensive secondary mortgage market, so the S&L's can constantly turn over their portfolio. They make mortgages, sell the portfolios on the secondary market, take the proceeds from those sales to Ginnie Mae or to other secondary market institutions, and relend them again for construction and financing of another home.

So what I am saying is, the ability to finance housing is not dependent entirely or even completely anymore on the level of the costs of S&L's.

We have now created a national market, a secondary market for home mortgages. As long as there are sufficient local institutions to originate and process the mortages, there will always be plenty of money available in the secondary market to purchase and hold it.

Mr. MILLER. You feel that secondary market will be the safety net?

Mr. STOCKMAN. That is right. The problem of private mortgage companies, the insurance companies, the investment banks and others who entered that market was a large insurance company or a large New York bank can't go out to a town in your district and make a mortgage. But it can buy a secondary certificate that is backed by hundreds or thousands of mortgages and, as a result of this innovation and expansion, the secondary market money has a way to get to a mortgage that wants to be financed.

Mr. MILLER. Through that secondary market, will that require a higher interest rate?

Mr. STOCKMAN. No. The secondary market actually is of benefit to the consumer, because it provides a more efficient financing mechanism. Any home purchaser in the country can now take advantage of this national secondary market which is very liquid and very efficient.

Mr. MILLER. How would the floating interest rates affect that secondary market?

Mr. STOCKMAN. If you get inflation down, the fixed rate mortgage will reappear. If inflation remains high or interest rates remain volatile, the fixed rate mortgage is going to disappear, like all other fixed rate financial instruments.

Mr. MILLER. A lot of people would expect the interest and inflation rates to drop.

I am not sure it is going to drop as much as we anticipate. I hope it does.

Has OMB prepared an economic model projecting different budget rates of growth?

Mr. STOCKMAN. Sort of a before and after kind of comparison in terms of the size of the budget, with the kind of policy we have proposed versus the size of the budget. If you add 15 percent growth every year, we don't have that specifically, it could be very easily calculated and you would be amazed at the difference.

Fiscal year 1984, we are projecting a budget of $770 billion. If you continued at 15 percent, you would reach $770 billion almost in fiscal year 1982.

Mr. MILLER. I am aware of that. The problem is that we talk about holding down spending, but we do not tell the average taxpayer where we would be if we did not hold down spending.

In other words, that is a target that would definitely happen.

Mr. STOCKMAN. We can provide that for the record, Mr. Miller.

[The information follows:]

In fiscal years 1980 and 1981 Federal government outlays increased at an average rate of about 15 percent per year. President Reagan's budget plans call for reducing the rate of growth of outlays to under 7 percent between now and 1986. If the growth of outlays continued on the prevailing 15 percent course, by 1986 Federal government outlays would be 45 percent more than they will be under the Reagan Administration proposals.

The table below compares the path of outlays under Administration proposals to those which would prevail if 15 percent growth were to be permitted to continue.

OUTLAYS

[In billions of dollars]

	Reagan budget proposals	Continued 15 percent growth
1982	695	753
1983	732	866
1984	770	996
1985	844	1146
1986	912	1318

Mr. STOCKMAN. I would point out if we don't hold down spending and therefore don't cut taxes, allowed the current tax law to remain in place between now and 1985 or 1986, the government would be collecting more than $1.2 trillion a year by the end of the 1980's from taxpayers, almost double what it is collecting today.

EQUAL EMPLOYMENT OPPORTUNITY IN OMB

Mr. ROYBAL. Mr. Stockman, we have just a few more minutes. I have a question here with regard to personnel.

One of the questions has to do with the Hispanic employment, and I see OMB has generally had a dismal record with regard to Hispanic employment.

I am asking what can be done about it and so forth? There are several questions I would submit for the record, and would request your answers to.

[Mr. Roybal's questions follow:]

Mr. ROYBAL. OMB has generally had a dismal record of Hispanic employment. Last year the number doubled from four to eight out of approximately 600 OMB employees. What efforts do you plan in this area?

a. What efforts do you plan with regard to training provided to OMB employees?

b. In the past, a lot of that training has been provided to minorities. Do you plan to continue this practice?

Mr. STOCKMAN. OMB recognizes the deficiency within its equal employment program and, in particular, Hispanic recruitment effort. Several significant steps have been taken to improve OMB's internal equal employment program and outreach effort. First, pursuant to the Equal Employment Opportunity Commission's requirement, hiring objectives for women and minority have been established in key occupational groupings. Second, professional hiring decisions are now centralized in the Office of the Deputy Director who also serves as EEO Officer in OMB. Third, OMB has signed a series of Graduate Cooperative Agreements with selected colleges, including several with predominantly Spanish-surname students—University of New Mexico, University of Texas (El Paso), University of Southern California, and State University of New York. In addition to these Graduate Cooperative Agreements, a special Hispanic recruitment program in the Southwestern U.S. and Hispanic Employment Program Managers in other Federal agencies are being utilized to identify Hispanic applicants. Finally, OMB continues its efforts to train OMB personnel in both substantive and managerial skills. Specifically, OMB has taken the opportunity to use the Office of Personnel Management's EEO courses to train our EEO Counselors and personnel staff. We also have expanded the participation of minority candidates in OMB's professional development program.

Mr. ROYBAL. Does OMB plan any activity to increase the number of minorities in management positions government-wide? If so, what are these plans?

Mr. STOCKMAN. Several ongoing OMB activities will aid in increasing the numbers of minorities in management positions throughout the Federal government. First, OMB budget examiners will continue, through the budgetary process, to monitor agency compliance with the affirmative action and equal opportunity recruitment requirements of the Equal Employment Opportunity Commission and the Office of Personnel Management. Second, the OMB Civil Rights Office is currently working with EEOC and OPM to streamline EEO requirements applicable to Federal agencies so that scarce resources are devoted to the production of results rather than the production of paper. Third, the OMB Civil Rights Office has refined the budget reporting requirements relating to agencies' equal employment efforts. Finally, in regard to OMB, we have undertaken a major effort to improve our internal performance appraisal and promotion system to assure that all employees have an equal opportunity to advance to management positions.

REGULATORY FLEXIBILITY ACT AND PAPERWORK REDUCTION ACT

Mr. ROYBAL. I also have a few questions that can also be answered for the record, and this has to do primarily with the Regulatory Flexibility Act and the Paperwork Reduction Act. I would also request that you send a copy of the answers to my office.

[The information follows:]

Mr. ROYBAL. The Executive Order gives attention to the issue of aggregate effects of regulation, especially for the development of a regulatory budget. What plans have you developed or what actions will you be taking to implement this objective? For example, what steps will you take to ensure that agency estimates of the costs and benefits of regulation will provide for an accurate appraisal of aggregate effects?

Mr. STOCKMAN. Currently the Office of Information and Regulatory Affairs (OIRA) is examining the feasibility of implementing a regulatory budget and identifying issues that need to be resolved before such a budget can be implemented. Because a regulatory budget is such a complex and novel idea, we may well want to pilot test the concept before deciding upon a design for government-wide implementation.

One of the issues that we have identified is the variation in compliance cost estimates between agencies and differences between cost estimated by the agencies and the complying public. One way to minimize such variations and focus debate on substantive regulatory issues is to develop consistent cost estimation procedures. Once agencies start estimating costs and benefits using such procedures, these estimates can be aggregated to obtain cumulative cost of regulations, forming the basis for a regulatory budget.

Mr. ROYBAL. As the Executive Order recognizes, the elimination of duplicative and conflicting rules is a critical element of any regulatory reform program. What actions or steps are being taken to implement this provision? What mechanisms are being established to require interagency consultation to minimize or eliminate duplication or conflict? What reviews are underway or planned to address particular areas where duplication or conflict is significant?

Mr. STOCKMAN. On March 25, Vice President Bush announced a list of 27 regulations and regulatory programs which agencies had agreed to review in accordance with E.O. 12291. Where appropriate, agencies have been encouraged to coordinate their reviews with other interested agencies. Also, under the Executive Order, the Office of Information and Regulatory Affairs in the Office of Management and Budget receives copies of proposed regulations for review. Where OIRA becomes aware of possible duplication or conflict, or a need for a uniform government-wide approach, OIRA will consult with the affected agencies and seek to have them coordinate their regulatory approach with other agencies.

Mr. ROYBAL. Consistent with the provisions of the Regulatory Flexibility Act and the Paperwork Reduction Act as well as the Executive Order, what actions are being taken or reviews conducted to address regulatory effects on small business, small local jurisdictions and organizations?

Mr. STOCKMAN. The Executive Order on Federal Regulation explicitly encourage agencies to incorporate the analysis required by the Regulatory Flexibility Act in the Regulatory Impact Analysis required for major rules. The Regulatory Agendas required by the Executive Order may also incorporate the agenda required by the Regulatory Flexibility Act. When agencies submit requests for OMB review under the Paperwork Reduction Act and the Executive Order, they are required to indicate on the cover sheet whether there is a potential impact on small business.

The agencies agendas published this Spring joined the two agendas together, identifying whether upcoming regulations might have a significant economic impact on small organizations. OMB staff in the Office of Information and Regulatory Affairs take note of the concerns of small business, as well as other economic and social groups, in reviewing proposed regulations, Regulatory Impact Analyses, and information collections.

Mr. ROYBAL. It would seem that the requirements set forth in the Executive Order and both Acts place heavy demands on OMB and the regulatory agencies in terms of staff and technical resources, use of funds, organizational structure, as well as interagency coordination and management. Have any analyses been done which show the resources and organizational structure needed by OMB and by the regulatory agencies to carry out the requirements set forth in the Executive Order and the Acts?

Mr. STOCKMAN. The Executive Order and both Acts do place heavy demands on both OMB and the regulatory agencies. However, these demands can be met by the newly-expanded Office of Information and Regulatory Affairs at OMB and by modest shifts in resource allocation within the regulatory agencies. It is anticipated that fewer resources will be required in the offices that write and carry out new regulations, and so greater efforts can be devoted to regulatory analysis and other requirements of the Executive Order and the Acts.

Mr. ROYBAL. The Executive Order gives considerable emphasis to maximizing the net benefits in setting regulatory priorities and selecting among alternative approaches. It seems that in order to balance potential costs and benefits of regulatory actions, agencies will have to improve significantly the way they estimate both costs and benefits of alternative approaches. What specific efforts (e.g., review, studies, proposed standards) are underway or planned to assist agencies in preparing the best assessments possible and managing the regulatory system cost effectively?

Mr. STOCKMAN. The Office of Information and Regulatory Affairs (OIRA) at OMB is preparing a guidance document to assist the regulatory agencies in preparing benefit-cost analyses ("Regulatory Impact Analyses," under E.O. 12291) in a way that would allow the objectives of the Executive Order to be met. In addition, the OIRA staff has held numerous consultations with regulatory agency staff and will continue to offer informal assistance as questions or problems arise. As a record develops on Regulatory Impact Analyses, and if common themes emerge regarding specific problems or ways of handling them, OIRA may hold further consultations or issue additional guidance.

Mr. STOCKMAN. We would be happy to do that.

I might say for the record here today at OMB now there are 11 Hispanic employees. We realize that that is deficient, but the agency has underway recruitment and outreach efforts that we will describe for you in greater detail for the record. We believe these efforts will lead to employment in that level in future years.

Mr. ROYBAL. Do you also make recommendations about personnel to the various departments or are your recommendations strictly budgetary?

Mr. STOCKMAN. Our recommendations on personnel are not so much in the area of recruitment and mix as they are in total ceilings. That is where we get involved in the personnel.

Mr. ROYBAL. Still in total ceilings, but back to your department, I would like to know how many women there are in the department and members of other minority groups.

Mr. STOCKMAN. Our ratio is 51 to 49 of men to women, which is about as close to the biological average as you can get.

Mr. ROYBAL. Fifty-one percent are women?

Mr. STOCKMAN. Forty-nine. Next year it might be 51 to 49, the other way.

Mr. ROYBAL. As you improve on the department, I am sure it will be 51 to 49.

Mr. STOCKMAN. Minority is 24-76, somewhere in that range.

Ms. SMITH. One comment maybe I could add, the other departments and agencies, we do have an Office of Civil Rights that reports to the Director.

They carry on responsibilities of reviewing other agencies' civil rights programs, including their affirmative action, equal opportunity employment functions and work with the EEOC Commission and carry on those oversight functions, and we can elaborate on that role for you anyway.

Mr. ROYBAL. I would appreciate if you would put all of that in the record so next year perhaps we can ask some questions with regard to the success or failure of your anticipated program.

Mr. STOCKMAN. All right.

[The information follows:]

The Office is charged with facilitating the development of a consistent and coherant civil rights program within OMB. In discharging this responsibility, the Office advises the Director of OMB on all decisions, both management and budgetary, having civil rights implications and oversees their implementation. In addition, the Office develops and maintains an independent OMB data base for use in making cost benefit and other judgments regarding civil rights programs; oversees EEOC's and DOJ's implementation of their coordinating responsibilities; identifies problems and makes recommendations concerning the management or implementation of civil rights programs having government-wide implications; and, reviews and analyzes budget submissions of agency civil rights programs and determine whether they are justified by supporting data. Furthermore, the Office regularly meets with internal and external organizations, agency representatives, and state and local officials and groups to maintain an inventory of their program concerns.

The Office's ongoing and projected activities fall within three general areas. First, a major activity of the Office is the coordination and elimination of remaining areas of duplication by Federal agencies with civil rights responsibilities. There is a particular need to assure that the EEOC and DOJ, under their coordination authority, increase interagency sharing of data and eliminate inconsistent implementation of statutes. Second, the Office will complete development of, and implement, an OMB crosscut capability for civil rights budgets. This includes the development of data bases and analytical capability which will enable OMB to make meaningful cost benefit comparisons of agency civil rights programs, and to make resource decisions regarding these programs on a government-wide basis. Finally, the Office research and addresses outstanding issues which cut across agency lines including, data and paperwork requirement and Federal agency internal EEO programs.

Mr. ROYBAL. Mr. Stockman, the committee would like to thank you for your presence and for the testimony that you have given us.

If there are any other questions, we can submit them for the record at this time.

Mr. CAMPBELL. Nothing, Mr. Chairman.

Mr. ROYBAL. There being no further questions, we thank you again.

The committee is adjourned.

[The justifications follow:]

I. Appropriations Language

1981 Pay Cost Supplemental

INCREASED PAY COSTS FOR THE
FISCAL YEAR 1981

For additional amounts for appropriations for the fiscal year 1981, for increased pay costs authorized by or pursuant to law as follows:

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget:
"Salaries and expenses," $1,416,000

1982 Regular Appropriations

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

SALARIES AND EXPENSES

For expenses necessary for the Office of Management and Budget, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, and not to exceed $2,500 for official representation expenses, $38,151,000.

II. General Statement

The Office of Management and Budget requests a fiscal year 1982 appropriation of $38,151,000. This request compares with the Office's estimated 1981 appropriation of $34,022,000 ($32,606,000 currently requested and a pending pay supplemental of $1,416,000).

This Office assists the President in the discharge of his budgetary, management, and other executive responsibilities. The Office of Management and Budget was established by Part I of Reorganization Plan No. 2 of 1970, effective July 1, 1970 (64 Stat. 2085). The Plan redesignated the Bureau of the Budget as the Office of Management and Budget. It transferred all functions of the Bureau and its Director to the President, who, in turn, delegated them to the Director of the Office of Management and Budget by Executive Order 11541 of July 1, 1970.

The Office has continued to perform the function of assisting the President in the preparation and execution of the Federal budget. In addition the Office provides the President with an institutional staff capability in executive management — particularly in program evaluation and coordination, Government organization, and information and management systems.

The basic authority for the Office's budget function is the Budget and Accounting Act of 1921, as amended. This Act, in providing the first comprehensive national budget system, gave the Bureau of the Budget the authority "to assemble, correlate, revise, reduce, or increase the requests for appropriations of the several departments or establishments." The Act also safeguarded the President's fiscal leadership by forbidding Federal agencies from seeking funds directly from Congress. The Bureau was further authorized to make those detailed administrative studies which would help in "securing greater economy and efficiency in the conduct of the public service." The Act required the Bureau "at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations" to render "the committee such aid and information as it may request."

In response to a request by the Chairman of the Appropriations Committee, President Harding in 1921 instructed the Federal agencies to submit to him, through the Director, all requests or recommendations for legislation which would require appropriations presently or in the future. This clearance procedure was later extended to all legislation. The above and other statutory requirements (listed in VIII Legal Authorities) require a set of functions to be performed by the OMB.

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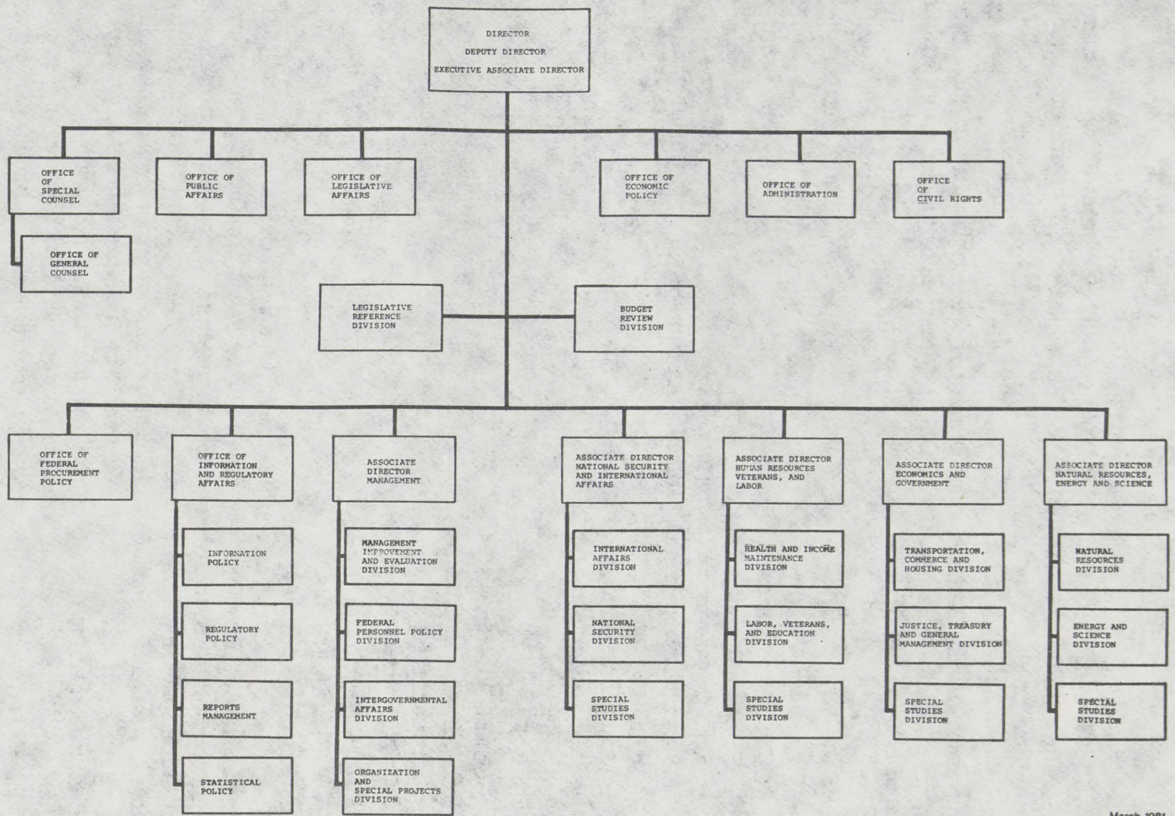
The functions of the Office of Management and Budget may be specifically identified as follows:

- To advice the President of fiscal and economic policies for the nation.
- To prepare the budget and formulate the Government's fiscal program.
- To supervise and control the administration of the Executive Branch budget.
- To review the organizational structures and management procedures of the Executive Branch to assure that they are capable of producing the intended results.
- To evaluate the performance of Federal programs.
- To encourage interagency and intergovernmental cooperation and coordination.
- To clear and coordinate departmental recommendations for proposed legislation and for Presidential action on bills passed by Congress.
- To assist in the consideration, clearance, and preparation of Executive Orders and proclamations.
- To keep the President advised of agencies' activities: proposed, actually initiated, and completed; and to coordinate interagency activities to assure that funds appropriated by the Congress are spent with the least possible overlap.
- To provide overall direction of procurement policies, regulations, and procedures for executive agencies.
- To develop and manage programs to improve the quality, efficiency, and performance of acquisition and procurement personnel.
- To implement major new initiatives on information policy, paperwork reduction and regulatory reform by establishing a new Office of Information and Regulatory Affairs within OMB during the first year of this Administration.

The current structure of OMB to implement these functions is shown in the attached organization chart.

OFFICE OF MANAGEMENT AND BUDGET



March 1981

1982 Budget Request — A Summary

OMB's 1982 budget request of $38,151,000, is a $4,129,000 increase from the estimated 1981 appropriation of $34,022,000. The 1982 request for 610 permanent positions is the same as for 1981.

The major reason for this funding increase is the establishment of the Office of Information and Regulatory Affairs (OIRA) as required by the Paperwork Reduction Act of 1980 (P.L. 96–511):

	1981-82 increase
Office of Information and Regulatory Affairs:	
Federal Information Locator System	$ 800,000
Reports Management Information System	150,000
Staff transferred from Department of Commerce	620,000
Regulatory analysis staff	717,000
Additional printing and reproduction costs	150,000
Additional rent and related costs	173,000
Subtotal, OIRA	$2,610,000
Other OMB increases:	
Rent, communications, printing price changes	979,000
Personnel costs	401,000
Other increases	139,000
Total increase	$4,129,000

The Office of Information and Regulatory Affairs was created in January 1981 as a continuation of our efforts, now codified in the Paperwork Reduction Act of 1980, to enhance OMB's resources devoted to information management, paperwork reduction, statistical policy, regulatory processes, and Privacy Act issues. This office includes staff formerly assigned to the Office of Regulatory and Information Policy, plus additional personnel resources provided by the transfer of the Office of Federal Statistical Policy and Standards from the Department of Commerce to OMB. The regulatory analysis staff now at the Council on Wage and Price Stability (which expires on September 30, 1981) will review and analyze proposed agency regulations within this Office consistent with the Executive Order (12291) on Federal Regulation. This enlarged Office will provide a new, expanded framework for evaluating and improving the management of Federal regulatory processes, reducing the burdens imposed on the public by regulations and paperwork, providing policy guidance to Federal agencies in the areas of ADP, telecommunications systems, Privacy Act implementation, and statistical policy.

The remaining budget request will permit OMB to continue its efforts toward:

— identifying programs in which the largest dollar savings could be achieved with the least sacrifice in program performance and service to the public;

— promoting efficiency and improved program management over a wide range of Federal activities, including financial management, grants administration, fraud and waste prevention, and debt collection; and

— focusing special attention on the critical areas where increases are essential, notably defense expenditures.

Key factors in the FY 1982 budget request include:

— Total personnel and personnel benefits costs for 1982 are estimated at $26,329,000, an increase of $1,899,000 from 1981. These costs represent 69% of the OMB request for 1982, a reduction from the 72% in the 1981 budget. Costs for permanent full–time personnel show the largest increase, totaling $23,132,000 in 1982, up from $21,394,000 in 1981. Over one–third ($620,000 of $1,738,000) of this increase was due to the transfer of Commerce Department staff to the OIRA in mid 1981. Another 40 percent of the increase ($717,000) represents the 1982 cost of the additional regulatory analysis staff. The remaining amount of $401,000 covers the cost of anticipated promotions and related personnel actions.

— Approximately $1,240,000 of the requested increase reflects higher mandatory costs for such basics as rent ($449,000), telephones and utilities ($354,000), printing ($202,000), and other administrative services ($236,000).

— There is a $950,000 increase requested for automated data processing costs. The bulk of these costs result from instituting two major new computer systems: (a) The Federal Information Locator System, ($800,000), and (b) The Reports Management Information System, ($150,000). These costs are believed to be the minimum necessary to establish those ADP functions that are required by the Paperwork Reduction Act of 1980.

1981 Pay Supplemental Request

The 1981 pay raise supplemental of $1,416,000 is requested to cover the costs of the general schedule and executive level pay increases that went into effect on October 1, 1980 for our current staff. The request represents an absorption of $473,000 of the total estimated costs of $1,889,000.

Major Workload Emphases

The budget examination process within OMB continues to improve, with a renewed focus on the long-range impacts of Government policies. This has been coupled with a central system to track the use of Federal credit. Under this system, specific credit limitations are proposed for most credit programs. This would bring many programs under executive and congressional review that had escaped the normal discipline of the budget in the past.

The budget preparation process also is evolving and improving. An OMB Bulletin (No. 79-10) established the requirement that all major agencies develop the capability to support OMB's computer budget data handling system. This new application of computer technology to the budget process is needed to improve the management of OMB's constantly growing budget data workload. During the Fiscal Year 1982 budget preparation process, the Departments of Agriculture, Labor, and Justice, the Corps of Engineers, the Environmental Protection Agency, and the General Services Administration all entered their budget data directly into OMB's automated budget data files. The principal immediate benefit from this change is that OMB staff spend less time working on the mechanical aspects of data handling, enabling them to concentrate their efforts on a more substantive review of the budget data. In addition, the agencies benefit by having immediate, current access to the President's budget decisions. Over time, it is expected that agency participation in the OMB data processing system will improve the quality of technical budget data and improve the productivity of the budget preparation process. The success experienced with the six pilot agencies will permit further expansion of this application to other major agencies for the Fiscal Year 1983 Budget. This will help to meet Congressional requests for enhanced budget data.

Making Government Work Better

Improving the budget process is but one of many ways in which OMB is helping make government work better. As the President's agent for achieving better management in government, OMB develops policies, provides guidance, and monitors the performance of agency programs and procedures. In all these activities there is increasingly close cooperation and coordination between the budget examining staff and those staff members with management responsibilities.

To carry out its expanding management functions, OMB has recently instituted several consolidations. The first combined two former OMB divisions — Regulatory Policy and Reports Management, and Information Systems Policy — into a single augmented Office of Regulatory and Information Policy. This consolidation had two primary goals: developing consistent agency oversight of these functions; and developing a framework for measuring non–budget (compliance) costs of Federal information collection requirements and regulatory decisions. In January 1981, the Office of Information and Regulatory Affairs was established to meet the requirements of the Paperwork Reduction Act of 1980 passed in December 1980. This Office will increase OMB's analysis of regulatory processes, information management, paperwork reduction, and statistical policy issues. This Office includes staff formerly assigned to the Office of Regulatory and Information Policy, plus additional personnel resources provided in the transfer of the Office of Federal Statistical Policy and Standards from the Department of Commerce to OMB. The Office will provide a new, augmented framework for evaluating and improving the management of Federal regulatory processes, reducing the burdens imposed on the public by regulations and paperwork, providing policy guidance to Federal agencies in the areas of ADP, telecommunications systems, Privacy Act implementation, and statistical policy.

Functions this Office will carry out as mandated by the Paperwork Reduction Act of 1980 (P.L. 96–511) are:

— Reducing the burden placed on the business community and the public at large by Federal information collection activities.

— Improving the management of information resources by Federal agencies through elimination of unnecessary duplication and encourage effective use of current technology.

— Reviewing all "Notice of Proposed Rulemaking" submissions which contain recordkeeping requirements (Section 3504(h)) and clearance of all paperwork/recordkeeping requirements within 60 days of receipt (Section 3507).

— Expanding the reports clearance responsibility of OMB to cover independent regulatory agencies, IRS, and other agencies so it will be possible to assess the burden of their information collection activities (Section 3502(10)). Current estimates are that the clearance workload will increase from 3,000 requests for approval annually to more than 11,000 per year.

— Establishing and operating a directory of Federal information resources and a referral service, to reduce duplication in agency recordkeeping activities (Section 3511).

— Developing standards for audits of government information systems (Section 3505(2)(A)); delegating authority for conducting audits of multi-agency and government wide systems (Section 3502(2)(A)); developing, implementing, and overseeing a five-year ADP/telecommunications plan (Section 3505(3)(E)); providing guidance to a single agency official to carry out the responsibilities established by the Act (Section 3506); and at least once every three years selectively reviewing the information management activities of each agency (Section 3513).

In related management initiatives, the Catalog of Federal Domestic Assistance, the reference document containing programs which provide assistance to communities and individuals, has been improved. The Catalog is published twice each year, and includes additional aids to applicants to help in identifying programs, and determine eligibility.

The Federal Assistance Programs Retrieval System (FAPRS), an automated system for obtaining information on Federal assistance, has been improved by incorporating the Catalog's expanded functional categories for identifying programs, expanding the eligible applicant rules, increasing the program search criteria, and providing procedures for displaying management policy circulars that apply to assistance programs.

OMB, in consultation with the Congress and the Comptroller General, has undertaken an aggressive program to improve the management of Federal funds. The program priorities include upgrading accounting systems, improving internal controls, cash management, and debt collection procedures, resolving audit findings promptly, and taking other measures to improve agency financial systems. Additionally, the Deputy Director of OMB has become the focal point for coordination and guidance to the Inspectors General. These Inspectors General will continue to carry out their broad mandate to eliminate fraud, waste and abuse in Federal activities.

Also, in concert with the Comptroller General, the coordination of Federal, State, and local audits of federally assisted programs has been improved. A single audit — rather than audits of each grant — is allowed for each recipient of Federal aid. Toward this end, consolidation or simplification of grant programs in 10 areas has been achieved or proposed to facilitate more efficient grant administration. Efforts are being pursued to reform and standardize planning requirements; and hundreds of inconsistent and duplicative financial requirements of individual grant programs have been replaced by standard application forms, uniform cost principles, and streamlined reporting rules.

Conclusion

In addition to OIRA responsibilities under the Paperwork Reduction Act and the Executive Order on Federal Regulation, OMB's other missions and workloads are all rapidly increasing. However, we are maintaining the staffing in all the divisions at the 1981 level. In keeping with the President's efforts to reduce Federal expenditures and personnel, OMB will continue to constrain its staffing levels while increasing productivity through improved use of office equipment and staff, and reallocating resources away from lower priority activities. The full year cost of personnel transfers and other statutorily mandated costs results in an increase in our 1982 appropriation request above the 1981 appropriation level.

Our 1982 request represents what we believe to be a prudent and responsible budget. It channels our available resources into those areas that are essential to meet the new challenges of helping to manage Federal spending and operations.

III. Summary Tables

BUDGET OVERVIEW

(in thousands of dollars)

	1980 Actual	1981 Est.	1982 Est.	81–82 Change
Appropriation Request	$33,431*	$34,022**	$38,151	$4,129
Total Permanent Positions	571	610	610	0

* Reflects furniture rescission of $42,000.

** The appropriation for 1981 had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 96–536) is in effect through June 5, 1981. The 1981 estimates include a supplemental pay increase for this fiscal year.

OFFICE OF MANAGEMENT AND BUDGET
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

	1980 actual	1981 estimate	1982 estimate
Program by activities:			
1. Budget review	6,828	7,091	7,623
2. National security and international affairs	4,565	4,685	4,931
3. Economics and government	3,119	3,157	3,464
4. Natural resources, energy and science	3,876	4,031	4,421
5. Human resources, veterans and labor	3,056	3,090	3,286
6. Director's office	3,966	4,047	4,102
7. Management, regulation, and information	5,854	6,583	9,559
8. Organization and special projects	1,705	1,338	765
Total program costs, funded—obligations	32,969	34,022	38,151
Financing:			
Unobligated balance lapsing	462	——	——
Budget authority	33,431	34,022	38,151
Budget authority:			
Appropriation	33,473	32,000	38,151
Appropriation rescinded	-42	——	——
Transfered from other accounts	——	606	——
Appropriation (adjusted)	33,431	32,606	38,151
Supplemental for civilian pay raises	——	1,416	——
Relation of obligations to outlays:			
Obligations incurred, net	32,969	34,022	38,151
Obligated balance, start of year	2,656	2,529	2,350
Obligated balance, end of year	-2,529	-2,350	-2,385
Adjustments in expired accounts	-189		
Outlays, excluding pay raise supplemental	32,907	32,829	38,072
Outlays from civilian pay raise supplemental	——	1,372	44

Notes — The appropriation for this account for 1981 had not been enacted at the time this budget was prepared. The above amounts includes $606,000 in 1981 (beginning April 1, 1981) and $1,235,000 in 1982 for activities previously financed from Salaries and Expenses; Economic and Statistical Analysis, Department of Commerce.

SUMMARY OF OBLIGATIONS BY OBJECT CLASSIFICATION
(in thousands of dollars)

	1980 Actual	1981 Est.	1982 Est.	81–82 Change
Personnel				
Full–time permanent	18,579	21,394	23,132	1,738
Positions other than full–time permanent	1,171	895	895	0
Other personnel compensation	229	234	240	6
Special personnel services payments	70	70	50	(20)
TOTAL PERSONNEL	20,049	22,593	24,317	1,724
Personnel benefits	1,655	1,837	2,012	175
Travel and transportation of persons	440	425	442	17
Transportation of things	5	5	5	0
Standard level user charges	2,734	2,753	3,202	449
Communications, utilities and other rent	1,755	1,717	2,101	384
Printing and reproduction	1,625	1,865	2,067	202
Other services	4,306	2,426	3,612	1,186
Supplies and materials	245	246	243	(3)
Equipment	155	155	150	(5)
TOTAL OBLIGATIONS	32,969	34,022	38,151	4,129

PERSONNEL SUMMARY

	1980 Actual	1981 Est.	1982 Est.	81–82 Change
Total number of full–time permanent positions	571	610	610	0
Total compensatable workyears:				
Full–time equivalent employment	572	569	598	29
Full–time equivalent of other positions	39	50	50	0
Full–time equivalent of overtime and holiday hours	8	8	8	0
Average ES salary	$50,188	$50,188	$50,188	0
Average GS grade	11.59	11.54	11.54	0
Average GS salary	$23,773	$26,236	$26,236	0

SUMMARY OF INCREASES AND DECREASES FROM 1981 TO 1982
(In thousands of dollars by object classification)

Fiscal Year 1981:	
1981 appropriation as pending in Congress	$34,022
– –Fiscal Year 1982:	
Base for 1982	$34,022
Increases:	
—Personnel and benefits (including $401,000 for pay increases and $14,000 reduction in non–permanent personnel costs)	1,899
—Travel	17
—Standard level user charges	449
—Communications, utilities, other rents	384
—Printing and reproduction	202
—Other services (including a $950,000 increase in computer software development costs for the Federal Information Locator System and the Reports Management Information System	1,186
Decreases:	
—Supplies	(3)
—Equipment	(5)
1982 Budget Request	$38,151

IV. Detailed Cost Justification by Object Classification

Personnel compensation (Object Classification 11), $24,317,000

This 1982 request would fund the 610 full-time permanent position level (an average of 598 full-time equivalent staff-years) for this year. The recent Paperwork Reduction Act requires the transfer of the statistical policy function from the Department of Commerce to OMB. The transfer of these responsibilities required the addition of a net of 19 full-time permanent positions during 1981. An additional 20 staff from the Council on Wage and Price Stability (which expires on September 30, 1981) will assist in implementing Executive Order 12291 on Federal Regulation. Although OMB is exempted from the Federal civilian personnel hiring freeze as directed by the President on January 20, 1981, it is our intention to comply with the spirit of employment constraint. Dollar savings generated from personnel constraint will be applied to other approved program activities within this appropriation request. Estimated reductions have been made in 1982 for consulting and related services as a part of this Administration's revised 1982 budget.

SUMMARY OF PERSONNEL COSTS
(in thousands of dollars)

	1980 Actual	1981 Est.	1982 Est.
Permanent personnel costs	$18,579	$21,394	$23,132
Nonpermanent personnel costs	1,171	895	895
Overtime and other personnel costs	299	304	290
Total personnel costs	$20,049	$22,593	$24,317

Personnel benefits (Object Classification 12), $2,012,000

This request is for the OMB's mandatory contributions to the Civil Service Retirement System, the Social Security program, the Federal Group Life Insurance program, and the Federal Employees Health Benefits program.

Travel and transportation of persons (Object Classification 21), $442,000

This request is to provide travel funds for the study of the Executive Branch activities outside Washington, D.C., and other official business by OMB management and staff.

Even though the transfer of the statistical policy function from the Department of Commerce increased the projected travel costs, the OMB travel request reflects a 10 percent reduction in estimated 1982 travel, as directed by the President on January 22, 1981 to reduce Executive Branch travel.

Transportation of things (Object Classification 22), $5,000

This estimate covers the cost of shipments of supplies and materials, and the cost of moving household goods as provided by law.

Standard level user charges (Object Classification 23.1), $3,202,000

This estimate represents payments made to the General Services Administration for rental of office space. Space costs are directly related to the proposed number of employees and their grade levels. Federal Property Management Regulations (Section 101–17.304) prescribe office space allotments in square feet per GS grade. The Standard Level User Charge rates are applied to each type of space to obtain the total space costs. The rates used are those mandated by GSA for space currently occupied.

Communications, utilities and other rent (Object Classification 23.2), $2,101,000

This estimate includes payment to the General Services Administration (GSA) for the cost of operating the Executive Office joint telephone switchboard, including salaries of telephone operators, use of telephone equipment, and telephone service. The reimbursement to GSA is at a prescribed rate set by GSA to recover their estimated cost. Also included in this estimate are costs associated with 1) rental of duplicating, word processing and other equipment, 2) reimbursement to GSA for building security services, and 3) reimbursement to GSA for furnishing miscellaneous building services, including recurring and nonrecurring costs for maintenance and additional costs for overtime heating and air conditioning.

Printing and reproduction (Object Classification 24), $2,067,000

This request covers the cost of work done by the Government Printing Office (GPO), principally the printing of the budget documents and related materials, printing forms and binding, and other printing and duplicating work which cannot be handled by the Office of Administration's duplicating facilities. It also covers the cost of publishing items in the Federal Register which will increase because of the statutorily mandated requirements of the new Paperwork Act. The increased costs of publishing items in the Federal Register and printing workorders are a result of higher costs being incurred by the Government Printing Office which are being passed on to the using agencies.

Other services (Object Classification 25), $3,612, 000

This request includes charges for 1) the development of various computer information systems, 2) computer time-sharing, 3) personnel security investigations conducted by the Office of Personnel Management, 4) the OMB's share of maintaining an employee health program, 5) repairs to equipment, 6) training, and 7) other miscellaneous services. Again, as required by the implementation of Paperwork Act, OMB will require a $950,000 increase in computer software development costs for two major systems: (1) Federal Information Locator System ($800,000), and (2) Reports Management Information System ($150,000).

Supplies and materials (Object Classification 26), $243, 000

This estimate is for the purchase of normal office supplies and additional work materials, such as legislative bills, reports, enacted legislation, and periodicals.

Equipment (Object Classification 31), $150, 000

This request covers purchase of office equipment, including adding machines, calculators, typewriters, and books. OMB will comply with the President's program to reduce Federal spending for equipment in fiscal years 1981 and 1982, to the extent permitted. GSA surplus will be utilized for any available furnishings and equipment and only what is absolutely necessary will be purchased.

Chapter V—Organization and Statement of Functions

The divisions within the Office of Management and Budget, and their respective functions are discussed in this section. The distribution of permanent positions assigned to each OMB unit is as follows:

DISTRIBUTION OF PERMANENT POSITIONS

	Office	1981 Allocation	1982 Allocation	Percent of total
1.	Office of the Director	59	59	9.7%
2.	Legislative Reference	27	27	4.4
3.	Budget Review	84	84	13.8
4.	National Security and International Affairs	85	85	13.9
5.	Human Resources, Veterans, and Labor	58	58	9.5
6.	Economics and Government	60	60	9.8
7.	Natural Resources, Energy and Science	82	82	13.5
8.	Information and Regulatory Affairs	90	90	14.8
9.	Management Activities	65	65	10.6
	Total OMB	610	610	100.0%

Office of the Director

The Office of the Director provides executive direction and coordination for all OMB activities. This Office consists of the Director, the Deputy Director, the Executive Associate Director and their principal assistants and support personnel.

Assistant Director For Economic Policy

The Assistant Director for Economic Policy makes forecasts of the economy, reviews the economic impact of Federal policies, assists the Director and his key policy associates on economic aspects of programs, analyses tax proposals for overall fiscal impacts and effects on Federal programs as well as on particular groups of taxpayers, and prepares the legislatively required reviews of tax expenditures.

Legislative Affairs

The Office of Legislative Affairs coordinates all OMB activities that relate to the Senate or House of Representatives. The office works with Congress to enact portions

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of the Federal budget and other key Presidential legislative and management initiatives; maintains working relationships with Members, committees, and staff of Congress; provides policy advice to the Director and his key policy associates; maintains liaison with the White House Congressional Liaison and other staff; alerts agency congressional liaison officers to legislative problem areas and works with them to resolve the difficulties; and coordinates responses to congressional requests for information.

Special Counsel and General Counsel

The Special Counsel, working with the General Counsel staff, provides legal advice to the Director and the and his policy associates, clears proposed Executive orders and proclamations, participates in the development of policy and legislative proposals to be sponsored by OMB or which affect the performance of OMB's own functions, and performs any additional legal functions assigned by the Director.

Assistant Director for Public Affairs

The Assistant to the Director for Public Affairs deals with the information media and key public/private sector groups, and coordinates information efforts with other government agencies. In addition, the office serves as liaison between OMB and the White House Press Office.

Assistant Director for Administration

As the principal assistant for office management, the Assistant to the Director for Administration oversees OMB's internal management activities and serves as liaison between OMB and the Office of Administration regarding personnel, budget, fiscal and administrative support, and other central staff services.

Promoting efficiency and economy, this office prepares and executes the Office's budget; reviews and clears OMB issuances; coordinates OMB action on GAO reports; oversees organization, staffing, physical and personnel security; insures compliance with the Ethics in Government, Freedom of Information, and Privacy Acts; and serves as Executive Secretary to the Senior Executive Service, Executive Resources and Performance Review Boards.

Office of Civil Rights

The Office of Civil Rights, in carrying out its program evaluation and budgeting function, works with the Director and his key policy associates, and coordinates with OMB's budget divisions and management staff. The Office participates in all other OMB activities relating to civil rights including legislative and executive order clearance, regulatory policy, and reports management. The Office also assists agencies with civil rights coordination mandates to ensure that all Government activities are responsive to the Administration's civil rights policies.

Legislative Reference Division

This Legislative Reference Division coordinates the review and analysis of Executive agency legislative proposals and agency reports including testimony on pending legislation; advises the agencies as to the relationship of their proposals and reports to the President's program; and clears such proposals and reports for transmittal to Congress. The Division informs congressional committees of the relationship of pending legislation to the President's program, participates in the development of the President's legislative program, and prepares memoranda to the President on enrolled bills.

Budget Review Division

The Budget Review Division (BRD) assists the Director and his policy associates in the exercise of the Office's responsibilities for the Federal budget, financial management, and information on assistance programs. The five branches of BRD — Budget Preparation, Federal Program Information, Financial Management, Fiscal Analysis, and Resources Systems, each have specific responsiblities within these general functions.

Budget Preparation Branch

This branch schedules, reviews, and assists in the analysis of estimates related to preparation of the annual budget, the Spring and July budget updates, the current services estimates, and other supplemental budget requests and special compilations; assists in the review of outlay estimates; coordinates the preparation, review and analysis of special messages and cumulative reports on recissions and deferrals required under the Impoundment Control Act, and assists in liaison with the General Accounting Office on impoundment reporting. It coordinates OMB's analysis and reporting of congressional action on appropriations; prepares enrolled bill analyses for the President on appropriations bills and rescission bills; provides guidance on the preparation of materials for, as well as assistance in the scheduling of, OMB and Presidential budget reviews; processes supplemental and amendment requests; maintains central records on estimates and appropriations; prepares data; coordinates and maintains central records on the multi-year budgeting and planning system; provides advice on the development and preparation of budget and credit control material; makes a technical review of all OMB apportionment actions taken under the Antideficiency Act; coordinates the collection and coding systems to meet existing or new budget data requirements; and maintains liaison with the Appropriations Committees and the Congressional Budget Office.

Federal Program Information Branch

This branch compiles and publishes the *Catalog of Federal Domestic Assistance* and updates and maintains the Federal Assistance Program Retrieval System (FAPRS). Both contain information on Federal programs that provide assistance to State and local governments, profit and non-profit organizations and institutions, public, quasi-public, and private organizations, institutions and individuals.

Financial Management Branch

This branch plans, develops and publishes financial management policies, guidelines and procedures; undertakes studies and special projects; and reviews and monitors agencies' financial management activities, all directed to the goal of achieving and maintaining effective financial management within the executive branch; provides leadership in the executive branch in developing policies and providing assistance for the development of effective fianancial systems and practices capable of producing timely and meaningful financial data; reviews and approves agencies' regulations for administrative fund control to ensure that they preclude overobligations and overexpenditures; participates with Treasury, General Accounting Office, and Office of Personnel Management in the Joint Financial Management Improvement Program; exercises executive branch leadership in improving audit systems; develops and assures implementation of simplified and uniform administrative requirements for use by all agencies in grant administration; and develops principles for determining costs applicable to grants with State and local governments, educational institutions, and nonprofit organizations.

Fiscal Analysis Branch

This branch prepares fiscal analyses, projections and reviews; makes special analyses and proposals relating to fiscal policy for budgetary use; plans, edits, and supervises the publication of the Budget Message and related materials in the budget document, "The Budget in Brief," interim reviews of the budget, and the current services estimates; monitors and prepares analyses of the congressional budget resolution; has lead responsibility for the functional classification system related to national needs and major mission presentations in the budget; prepares analyses of credit policy issues and assists in the formulation of general standards for credit program structure, administration, and control; reviews legislative proposals for new or amended credit programs for consistency with established policies and administrative objectives; helps prepare the bases for estimates of tax receipts and reviews the estimates of tax and miscellaneous receipts; provides technical advice and coordinates policy on user charges; prepares the statement of Federal receipts and expenditures on the basis of the national income accounts; provides analytical support for the Office's concern with State and local government finance and fiscal problems; maintains liaison with agencies having an interest in fiscal policy; and maintains liaison with the Budget Committees and the Congressional Budget Office on these subjects.

Resources Systems Branch

This branch plans improvements to the Federal budget and credit control systems; prepares the Government-wide instructions on fiscal and budgetary matters (e.g., on budget presentation and apportionments); prepares internal OMB instructions on budget related matters in the form of the Examiners' Handbook and Budget Procedures Memoranda; has the lead role within OMB in developing the concepts, terms, definitions, and procedures relating to budget formulation and execution; maintains liaison with the General Accounting Office and the Department of the Treasury in standardizing terms, definitions, classifications, and codes for use in budgetary data; designs appropriation and budget structures and maintains liaison with the Department of the Treasury in establishing the Government's accounts; helps develop the format of the budget documents; prepares special analyses on Federal employment, balances of budget authority, and obligations by object class; prepares the budget section on budget concepts and systems; is primarily responsibile for OMB's activities under the Legislative Reorganization Act relating to fiscal and budgetary information; coordinates the Office's work in connection with employment ceilings and position controls; and develops, monitors, and plans improvements in employment control systems.

National Security and International Affairs Program Divisions

Associate Director

The Associate Director for National Security and International Affairs provides executive direction and coordination for the following three program divisions: International Affairs Division; National Security Division; and the National Security and International Affairs Special Studies Division.

International Affairs Division

This Division reviews and examines policies, programs, operations, and budgetary issues regarding U.S. diplomatic and consular activities, foreign military and economic assistance, U.S. participation in international agencies, U.S. governmental transactions entering into the balance of payments, international trade and finance, and U.S. information and cultural exchange programs. The Division participates in interagency bodies dealing with issues affecting international affairs.

The Division also provides staff assistance and advice to the Director and Deputy Director in support of their participation in interagency mechanisms that consider international economic and other policies.

National Security Division

This Division reviews and examines budget requests, policies, programs, operating methods, and legislative proposals of the Department of Defense and the Intelligence Community, including the Department of the Army, Navy, and Air Force; and the Office of the Secretary of Defense; and defense agencies such as the Defense Supply Agency and the Defense Communications Agency.

The Division conducts in-depth studies in broad mission areas, reviews long-range programs, and conducts special analyses of problem areas, emphasizing program effectiveness, economy of operation, and utilization of resources.

National Security and International Affairs Special Studies Division

This Division analyzes selected policy issues concerning national defense and international affairs to provide a better analytical basis for decisions on the budget. The Division also coordinates within OMB, the Executive Office of the President, and interagency review groups, the analysis, policy development, and implementation of certain cross-cutting issues.

Human Resources, Veterans, and Labor Program Divisions

Associate Director

The Associate Director for Human Resources, Veterans, and Labor provides executive direction and coordination for the following three program divisions: Health and Income Maintenance Division; Labor, Veterans, and Education Division, and the Human Resources, Veterans, and Labor Special Studies Division.

Health and Income Maintenance Division

Responsible for programs dealing with health and income maintenance, this Division examines the budget requests, programs, operating methods, and legislative proposals of the Department of Health and Human Services, the Department of Agriculture (food and nutrition), and numerous smaller agencies with related functions.

The Division analyzes and makes recommendations concerning the objectives, requirements, and performance of Federal programs dealing with medical research, health protection, food and nutrition, and welfare activities.

Labor, Veterans, and Education Division

This Division examines the budget requests, programs, legislative proposals, and operations of the Departments of Education and Labor, the Veterans Administration, and nineteen independent agencies, commissions and boards. The Division concentrates on education; the arts and humanities; employment and training; workplace standards; unemployment, private pension, and workers' compensation; veterans' benefits and services; civil rights and equal employment opportunities; and domestic volunteer service programs.

Human Resources, Veterans, and Labor Special Studies Division

This Division analyzes domestic social program and policy issues to improve the analytical basis for the Administration's programs and budget decisions. The Division also helps to implement Presidential decisions and initiatives for agencies concerned with human resources, labor, and veterans programs.

Economics and Government Program Divisions

Associate Director

The Associate Director for Economics and Government provides executive direction and coordination for the following three program divisions: Transportation, Commerce, and Housing Division; Justice, Treasury, and General Management Division; and the Economics and Government Special Studies Division.

Transportation, Commerce, and Housing Division

This Division examines budget, program, management, operations, and legislative proposals of the Departments of Transportation, Commerce, and Housing and Urban Development; the Small Business Administration; the Civil Aeronautics Board; the Federal Maritime Commission; and other independent agencies.

The issues the Division deals with include economic and community development; assistance to business; domestic and international trade; housing and credit policy; statistical programs; ocean, fishery, and weather programs; and national transportation policies.

Justice, Treasury, and General Management Division

This Division analyzes budgetary and legislative proposals, and selective management and operational matters of the Departments of Justice and Treasury, the Office of Personnel Management, the General Services Administration, the Postal Service, the Federal Emergency Management Agency, the Federal Communications Commission, the Federal Trade Commission, the National Credit Union Administration, the Securities and Exchange Commission, the Federal Labor Relations Authority, the Merit Systems Protections Board, the National Consumer Cooperative Bank, and 20 other independent agencies and Presidential staff offices.

The Division oversees policy, budgeting, and legislative matters affecting general purpose fiscal assistance to State and local governments; general Federal law enforcement; border control; tax administration; regulations focused on banking, securities, communication, antitrust, and consumer activities; central personnel, procurement, and building management activities; and Federal provisions of emergency assistance.

Economics and Government Special Studies Division

This Division analyzes policy, budget, and management issues of major Federal programs, concentrating on the Departments of Commerce, Treasury, Justice, Transportation, and Housing and Urban Development to provide a better analytical basis for decisions on the President's budget and legislative program.

In addition, the Division coordinates the analysis, policy development, and implementation of cross-cutting issues within OMB, the Executive Office of the President, and interagency review groups.

Natural Resources, Energy, and Science Program Divisions

Associate Director

The Associate Director for Natural Resources, Energy, and Science provides executive direction and coordination for the following three program divisions: Natural Resources Division; Energy and Science Division; and the Natural Resources, Energy, and Science Special Studies Division.

Natural Resources Division

This Division examines budget requests, programs, operating methods, and legislative proposals of the Departments of Agriculture (excluding food and nutrition programs) and the Interior, the Environmental Protection Agency, the civil functions of the Army Corps of Engineers, and other related agencies. The Division reviews Federal public works projects in the water resources area prior to their transmittal to Congress for authorization. It also analyzes special problems affecting natural resources and the environment.

Energy and Science Division

This Division reviews and analyzes government policies, programs, budget requests, legislative proposals, and management problems associated with energy and science and related Government activities. The Division is responsible for the programs of the Department of Energy, the Nuclear Regulatory Commission, the Tennessee Valley Authority, the National Aeronautics and Space Administration, the National Science Foundation, the Smithsonian Institution, and the Office of Science and Technology Policy. It assists in the development, coordination, and integration of Federal energy and science policies and programs, and the coordination of NASA programs with other Federal space activities.

Natural Resources, Energy, and Science Special Studies Division

This Division analyzes policy and program issues in the natural resources, energy and science functions to provide the necessary analytic framework and detailed information for the development of new or revised policies and programs. The division either directs or participates in interagency task forces which conduct such analyses.

Office of Information and Regulatory Affairs

The Office of Information and Regulatory Affairs (OIRA) was established in January, 1981 in accordance with the Paperwork Reduction Act of 1980 (P.L. 96-511). The Office is responsible for establishing the policies, principles, and guidelines that govern the development and implementation of Federal regulations, the collection of information by Federal agencies, the acquisition and management of Federal information resources and the management of Federal statistical activities.

The Office of Information and Regulatory Affairs also is responsible for implementing the functions assigned to OMB under the Paperwork Reduction Act of 1980, Brooks Act (P.L. 89–306), Privacy Act (5 U.S.C. 552(a)), the Federal Property and Administration Services Act of 1949 (40 U.S.C. 759), the Regulatory Flexibility Act of 1980, Reorganization Plan No. 2 of 1970 (35 F.R. 7959), Reorganization Plan No. 1 of 1977 (42 F.R. 56101), Executive Order 12291 (February 17, 1981) and Executive Order 12046 (53 F.R. 13349).

Integration of Paperwork, Information and Regulatory Policies

The recent economic message of the President stressed the need to integrate paperwork, information, and regulatory policy. To lower the reporting burden levied on the American public, the recordkeeping requirements of regulations must be reduced. The regulatory analysis staff now at the Council on Wage and Price Stability (which expires on September 30, 1981) will review and analyze proposed agency regulations and will participate in reducing the public's reporting requirements. Similarly, the development and implementation of information policy depends in large part on the amount of information the Federal Government collects, as well as the speed and accuracy with which it is processed, and the principles by which private and public sector activties are distinguished.

The Paperwork Reduction Act of 1980 recognized the need to integrate paperwork, information, and regulatory policy. For this reason, the Office of Information and Regulatory Affairs utilizes desk officers — a single person responsible for the whole of information management for a defined sector of the Federal Government. Within this concept, a desk officer oversees and coordinates the information policy, paperwork and regulatory activities of the assigned agencies.

Information Policy

The discharge of this function is based on the policy that modern technology is applied in an effective and economical manner consistent with applicable laws and policies pertaining to acquisition, maintenance, and distribution of information resources. This unit also has the responsibility for government-wide information policy and compliance with the Privacy Act.

Statistical Policy

This unit oversees the utility, integrity, and timeliness of Federal statistics. This objective is attained by assessing statistical programs, planning and coordinating statistical improvements, and reviewing data collection plans to help minimize the federal reporting burden.

This function will be transferred on April 1, 1981, from the Department of Commerce as directed by the Paperwork Reduction Act, and will have lead responsibility for implementing Section 103 of the Budget and Accounting Procedures Act concerning government-wide statistical policy and statistical standards.

Regulatory Policy

In discharging this responsibility, the office oversees implementation of Executive Orders dealing with regulatory reform (E.O. 12291 on Federal Regulation), develops guidelines for conducting and reviewing regulatory analyses and sunset reviews, and designs procedures for assisting agencies generally to improve their regulatory practices.

Reports Management

The statutory authorities for discharging this function are the Federal Reports Act and the Paperwork Reduction Act. These laws direct OMB to minimize the burden of public reporting. This function entails the responsibility for developing government-wide regulations on reports management activities and periodic reports to the Congress on the status of paperwork control. The function also entails the development and operation of the Federal Information Locator System, a directory of information resources and a referral service, to reduce duplication in agency activities.

Management Activities

Associate Director

The Associate Director for Management provides executive direction and coordination for the following divisions: Management Improvement and Evaluation Division, Federal Personnel Policy Division, the Intergovernmental Affairs Division and the Organization and Special Projects Division.

Management Improvement and Evaluation Division

This Division develops executive branch initiatives to improve management practices and promote improved program evaluation in Federal agencies. In addition to administering the President's Management Improvement Program, the Division identifies specific opportunities for management improvement and cost reduction in high priority programs. It also provides management systems assistance to OMB's reorganization activities.

The Division works with OMB program divisions to assure that program evaluation is an integral and relevant part of the budget process. The Division collaborates with executive agencies and the General Accounting Office to promote useful techniques for evaluating Federal programs. The Division coordinates the activities of the Presidents' Council on Integrity and Efficiency, and the Assistant Secretaries Management Group. In addition, the Division conducts the Debt Collection Project and the Interagency Travel Management Project.

Federal Personnel Policy Division

This Division is OMB's principal advisor on Government-wide personnel management policy issues, providing a central focus within OMB and the Executive Office for personnel policy options, leadership in the improvement of personnel management systems, and other OMB input on personnel matters. The Division anticipates Government-wide personnel problems and initiates solutions; formulates and administers Federal pay and benefits policy; analyzes legislative proposals with personnel policy implications, coordinates an Administration position; helps to formulate policy direction on major Government-wide Federal labor relations issues; and performs other personnel management functions such as administering the President's pool of Executive Level positions and providing guidance to agencies on position management. The Division serves as OMB liaison with the Office of Personnel Management.

Intergovernmental Affairs Division

This Division coordinates activities which involve the different levels of government; Federal, State, Indian tribal, county, and municipal; to make the Federal government more responsive to the other levels' concerns, to promote more effective management, providing liaison and coordination for the Intergovernmental Relations Group, Federal Regional Councils, and Federal Executive Boards. The Division works closely with other OMB divisions; other Federal agencies; State, Indian tribal, and local officials; and private organizations as required.

Organization and Special Projects Division

This Division provides staff support for organizational initiatives of the Administration, especially those which cross agency lines or require Congressional approval. Proposals may involve use of the President's reorganization authority, legislation, or executive action. Individual projects may involve leadership of organization studies to develop Administration positions.

Chapter VI—Workload of the Office of Management and Budget

The variety and complexity of the work of the Office of Management and Budget in functioning as staff to the President is enormous and cannot easily be summarized in a brief statement. Continuing workload responsibilities and significant accomplishments in FY 1981 and priorities for FY 1982 are set forth below.

Office of the Director

The Office of the Director consists of the Director, Deputy Director, Executive Associate Director, and their principal secretaries, assistants, and support personnel. The support staff includes those in Economic Policy; Legislative Affairs; Special Counsel; Public Affairs; Administration; and Civil Rights. The Director's staff has a total of 59 full time permanent positions.

Major Workload Activities in 1981

The workload of this office includes:

— Carries out overall executive m anagement responsibilities for the Office of Management and Budget.

— Providing short and long range economic forecasting, economic analyses, fiscal analyses, and special economic studies. Representing the OMB Director on The Economic Policy Council.

— Providing a central inquiry and referral point for thousands of Congressional inquiries, both written and oral.

— Providing a coordinated legislative presence on Capitol Hill for supporting the Administration's economic and budgetary recommendations, with a particular focus on the Congressional budget process.

— Providing legal advice to OMB officials and staff; coordinating and clearing proposed Executive Orders and proclamations; assisting Department of Justice attorneys in representing OMB in litigation; reviewing legislative proposals as requested; and providing Government-wide assistance on the implementation of many statutes. Specific actions include:

- Acting upon 119 proposed Executive Orders and nearly 600 proclamations to date in 1981. Of these, 79 Executive Orders and 95 proclamations have been approved and issued.
- Drafting some and approving all appropriations language in the 1981 and 1982 budgets, supplemental estimates, amendments, rescissions and deferral packages.
- Assisting the Department of Justice in the defense of 25 lawsuits and responding to 13 discovery motions.
- Assisting in the response to 125 Freedom of Information Act requests.
- Assisting in the enforcement of the Ethics in Government Act and reviewing all financial reports of senior OMB employees for potential conflicts of interest.
- Providing legal drafting services to hundreds of requests from all divisions in OMB.

— Handling thousands of inquiries from the press and general public regarding OMB activities and publications; preparing speeches; organizing briefings for visitors and press officials; preparing general descriptive materials about the agency's operations.

— Establishing, implementing and monitoring personnel, buget, accounting, procurement, parking, publishing, office space allocation and other administrative systems necessary to the daily operations. Specific activities include:

- Developing procedures, methods and instructions for the preparation and execution of the Office's $34 million budget. Administering the President's $1,000,000 Unanticipated Needs Fund and the $350,000 Management Improvement Fund.
- Participating in the hiring of permanent and temporary staff including processing all security clearances related to their employment.
- Managing a computerized Director's Correspondence system which handles over 2,000 documents per week.
- Acting as Freedom of Information Officer for over 200 FOIA actions and serving as Ethics Officer for all financial disclosure activities.
- Establishing new procedures for reducing the number of bulletins and circulars; issued instructions for using "plain English" in OMB documents.

— Participating in legislative and budgetary reviews of agency civil rights budget submissions. These totaled over $600 million in FY 1981.

— Developing a computerized data base of Federal civil rights programs to measure productivity and to assess the effectiveness of civil rights activities. Assisting in the coordination of major civil rights activities throughout the Executive Branch.

Expected Emphases for 1982

In addition to continuing the support staff activities described above, workload emphases in 1982 will include:

— Improving coordination and work procedures in the immediate Office of the Director through the oversight of an Executive Assistant.

— Utilizing a broader spectrum of econometric modeling systems, with a particular emphasis on economic models based on neoclassical assumptions.

— Substantial emphasis on close coordination with House and Senate Leadership and committees through a reorganized Legislative Affairs office.

— Special Counsel and General Counsel will coordinate legal advice on the Paperwork Reduction Act of 1980 (P.L. 96–511), in addition to handling expanding workloads in all 1981 activities.

— Establishing enhanced word processing capabilities within the Office to promote more efficient handling of text and text revisions, and to permit automated transmission and cross-sharing of data within the OMB Divisions.

— Perfecting an automated, streamlined budget distribution system to allow prompt distribution of the budget documents.

— Preparing Spring and Fall budget review issues and crosscutting issues affecting the management of civil rights programs and resources.

Legislative Reference Division

The Legislative Reference Division has a total of 27 full-time, permanent positions, of which 15 are professional. The staff received more than 11,000 legislative items during the 96th Congress.

Major workload activities in 1981 and 1982:

The following table furnishes recent data on the volume of the workload involved in the Legislative Reference Division:

	94th Congress	95th Congress	96th Congress
Congressional request for OMB views	3,577	3,399	3,154
Agency reports and testimony for clearance	7,878	7,081	6,738
Agency draft bills	957	889	983
Enrolled bills	762	822	746
TOTAL	13,174	12,191	11,621

This large volume of work affects all organizational units of OMB, since the specialists in each program or functional area are called upon to assist in the review, analysis, and clearance of agency legislative proposals, reports, and testimony, in the preparation of replies to congressional committee requests for OMB's views on pending legislation, and in the handling of enrolled bills. The table does not include all legislative coordination and clearance functions of the Division, such as requests for information and the coodination of agency views on other agencies' testimony.

Moreover, officials and staff members spend a substantial amount of time in testifying before congressional committees, attending committee hearings, and working informally with committee staff on pending legislation. This workload is contingent upon the number of congressional requests received each year.

The dramatic shift of priorities represented by the Administration's budget proposals will require the drafting and clearance of numerous pieces of significant legislation in the coming year. This legislative reorientation will greatly expand the activities of the Legislative Reference Division as well as increasing the workload of all involved divisions of OMB.

Budget Review Division

The Budget Review Division has the lead staff role in the exercise of the Office's responsibilities for the federal budget, financial management in the executive branch, and information on Federal assistance programs. It has 84 full-time permanent positions in 1981 and 1982. Its responsibilities include: coordination of the executive branch budget process; development and improvement of the Federal budget

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formulation and execution systems; coordination of the preparation of the Preisdent's budget and the rescission and deferral messages required by Title X of the Congressional Budget and Impoundment Control Act; development of budget policies; development and operation of the system for controlling Federal civilian employment in the executive branch; improvement of financial management systems for Federal departments and agencies; preparation of fiscal and credit analyses, preparation of the Catalog of Federal Domestic Assistance Programs, and maintenance of the Federal Assistance Program Retrieval System.

Major Workload Activities in 1981

The Division's major workload activities in 1981 are:

— Maintenance of an orderly budget process despite rapidly increasing complexities and a substantially greater workload;

— Establishment of a credit program control system and a credit budget, both of which became operational in 1981;

— Preparation of the annual budget documents, revised budget documents, summary tables, scorekeeping reports, and other supporting materials;

— Development and application of automated systems to permit rapid preparation of budget estimates under alternative economic assumptions;

— Establishment and vigorous management of a program to improve financial management in the Federal government. Realized significant advances in internal control systems, cash management, audit practices, grant financing and accountability, and accounting systems;

— Application of advanced computer information processing and electronic photocomposition techniques to produce at low cost an increasingly useful body of information on Federal assistance programs for the benefit of the Congress, Federal agencies, State and local governments, the public, and private firms.

— Successful initial testing and development of plans for government-wide adoption of an automated budget submission system, as called for by OMB Bulletin 79–10; and

— Coordination of the revisions of the 1982 budget that resulted from policy changes by this Administration immediately after the initial 1982 budget had been transmitted to the Congress.

Expected Emphases for 1982

The major emphases of the Division for 1982 include:

— Coordination and completion of the budget process for the 1983 budget and the 1983–1986 planning period, and preparatory work on the 1984 budget;

— Substantial completion of the process of automating budget submissions and further progress in automating preparation and printing of the budget;

— Consolidation of and improvement in the system of Federal credit program control;

— Initiation of a thorough review and restatement of Federal credit policy and of efforts to improve Federal credit program management;

— Continued improvement in financial management through a comprehensive program, with particular emphasis on achieving improvements in internal control systems, accounting systems, cash management and debt management, and on consolidating recent improvements and simplifications in uniform principles for determining allowable costs under grants and contracts, grant financing and accountability, and audit requirements for grant programs;

— Continued improvement in the usefulness of and access to information on Federal assistance programs, with special attention to the feasibility of achieving significant improvements in the way in which information is made available through electronic media;

— Coordination of the process of controlling employment in the Federal Government and of the shift in employment controls from end–of–year employment to full–time equivalent employment; and

— A constant search for ways (e.g., through budget process simplifications and greater use of automation) to carry out the steadily increasing workload of the Divisions.

National Security Division

The National Security Division currently has 41 full-time professional positions and is assigned review responsibility for the Department of Defense, the intelligence agencies and five small agencies. The actual 1980 expenditures for these agencies totaled over $142 billion. These agencies employ over 2,000,000 military personnel and over 900,000 civilian personnel.

Major Workload Activities in 1981

Defense Department. The Division conducted an extensive review of the entire Defense program in preparation for the 1982 budget presented to Congress in January. A major revision to the 1981 and 1982 budgets is currently underway. In examining the Defense Department programs, the staff has:

— Identified policy issues requiring Presidential review. Included in this year have been a number of questions affecting military pay and benefits, civilian employment levels, and the relative Defense contribution of the U.S. and its allies in Europe and Japan.

— Addressed potential alternatives on a wide range of program and budgetary issues including an assessment of the inflation impact upon Defense of the price increases for fuel and other purchases; opportunities for managerial improvements within Defense, particularly in the areas of weapons acquisition; and the relative emphasis on near term readiness versus long term modernization in the allocation of Defense resources.

— Coordinated joint efforts with national security agencies (DOD, NSC, State, (ACDA) on opportunities to enhance the combat capabilities of U.S. land and sea forces in areas outside Europe, as well as a continuing review of force requirements and capabilities in Western Europe; reviewed the environmental impact study for the new MX land-based strategic missile system; and contributed to arms control impact statements on major weapon systems.

— Reviewed a large number of legislative proposals affecting the Defense Department, (primarily a large number of pay and benefits proposals to change the military pay system).

— Helped oversee the implementation of Presidentially enunciated policies — including civilian hiring freeze, travel restrictions, cutbacks in consultants and restrictions on equipment purchases.

The Division has been reviewing the Defense budget and programs since the Department of Defense was created. Numerous issues and alternatives have been proposed and accepted over the years — many of them without credit because of the unique nature of the joint review with the Office of the Secretary of Defense.

Intelligence Agencies. The Division also reviewed the entire intelligence program in preparation for the 1982 budget presented to Congress in January and the President's March budget revisions. Division staff work with the staffs of the intelligence agencies and the NSC in the identification and presentation of issues.

The Division has been reviewing the intelligence budget and programs for many years and has participated heavily in all of the reorganizations and studies of the Intelligence Community in recent years. Numerous issues and alternatives have been proposed and accepted over this period.

Small Agencies. A large staff effort in the past twelve months involved the draft registration program implemented by the Selective Service System.

Expected emphases for 1982

Major workload items are expected to include:

— Review of the size and content of the Defense and intelligence programs for the President's 1983 budget.

— Major program initiatives will be reviewed. These will include the specific mix of strategic programs, naval force requirements, near term improvements to the readiness of combat forces and the mix of modernization programs in support of overall Administration policies.

— Increased emphasis on improved management of the Defense program. Specific projects will include continued emphasis on aspects of Defense acquisition, economies in operation of the basing structure including possibilities for contracting out selected activities, and revisions to practices which produce inefficiency in government contracts.

— Proposals for possible improvements to the active military and civilian pay systems; proposals for possible adjustments to the military retired pay system.

International Affairs Division

The International Affairs Division has 20 fulltime professional positions. The Division covers 16 agencies carrying out international affairs, which were estimated in the January budget to spend $11 billion for 1982. Their total Federal employment ceiling is 40,000 personnel.

Major Workload Activities in 1981

— The Division conducted ongoing program and budget review responsibilities for international affairs, including agency hearings, Director's Review, Agency Head appeals to the President, and printing of estimates for the 1982 budget transmitted to the Congress in January, 1981, and the revisions proposed in March, 1981.

— Budget execution duties during 1981 involve apportioning and reapportioning accounts, preparation of deferral and recission reprogramming notifications to the Congress, the review of Presidential Determinations under the various foreign aid and refugee laws, the release of funds from the President's Emergency Refugee Fund, the reporting to Congress on use of the Board for International Broadcasting's foreign exchange contingency fund, and allocating of foreign currencies under P.L. 480.

— Participation in the clearance of bills and agency legislative reports on international affairs constitutes a major workload factor. Annually, this requires participation in the drafting of Administration bills (and monitoring their passage through the Congress) to authorize appropriations for International Development Assistance, International Security Assistance, P.L.–480 food aid, subscriptions to Multilateral Development Banks, the Department of State, ICA, ACDA, OPIC, etc. In addition, during the past session of the Congress, there was considerable Division involvement in the Refugee Act, foreign investment in the U.S., and other international affairs legislation.

— Division personnel participated actively in interagency committees concerned with international affairs, representing OMB interests or supporting the participation of the Director, Deputy Director or other OMB policy officers in such bodies as the National Security Council (its Security Coordinating Committee and Policy Review Committee), the National Advisory Council on International Monetary Policies, the Arms Export Control Board, the Economic Policy Council, the Trade Policy Committee, and the Interagency Staff Committee on P.L. 480.

— The Division provided staff support for several urgent and major refugee matters with policy, budget, and legislative implications: Cuban–Haitian entrants 1981 refugee admissions level set by the President, role and location of the Office of U.S. Refugee Coordinator, and organizational responsibility for refugee placement grants.

— A major work item this past year was participating in executive branch consideration of the Foreign Service Act of 1980, the first comprehensive rewriting of the basic law on the Foreign Service since 1946. Following its enactment, attention shifted to implementation of the Act, in which the Division reviewed drafts of key regulations under the Act, assisted in the determination of discretionary allowances to be provided under the Act, and cleared necessary Presidential Executive Orders.

— The Export–Import Bank and other export promotion programs consume large amounts of staff time. In addition to the normal budgetary and legislative review functions during the past year, OMB staff co–chaired with Treasury an interagency study of alternative budget treatments for the Bank as it adapts its policies to fit within tighter resource contstraints.

— A major portion of Division effort was devoted to arms sales policy development and the processing of individual cases to the President for approval prior to transmission to the Congress.

— The problems of embassy security (personnel and documents) were reviewed in the context of resource requirements. Among the factors considered in the review were building alterations, revised communications, automatic data processing and filing systems.

— The Division prepared briefing materials and talking points for use by the Director and other OMB policy officials when they were visited by foreign officials. This is necessary but time–consuming, and often involves contacting other agencies regarding the purpose of the visit. The number and frequency of visitors is largely unpredictable.

— Organization issues require relatively short but intense commitment of resources. The Division has been heavily involved in both trade and foreign aid reorganizations in the past year. A fresh look at the foreign aid organization is likely over the next few months.

Expected Emphases for 1982

— Close and continuous review of international affairs spending initiatives to assure, within an overall stringent fiscal policy, that resources will be adequate for our most pressing foreign policy needs.

— Participation in reorientation of international assistance programs to place greater reliance on bilateral aid rather than multilateral aid, and on security assistance rather than development assistance.

— Efforts to strengthen international trade programs both to support beneficial U.S. exports and to create an international environment favorable to the World's economic well-being.

— Work to strengthen the operations of the Department of State and other international affairs agencies and the effectiveness of the Foreign Service, now operating under a new Foreign Service Act.

National Security and International Affairs Special Studies Division

The Special Studies Division for National Security and International Affairs is responsible for the conduct of in-depth analyses of selected policy issues in this program area and for the coordination of certain crosscutting reviews. There are six full-time professional positions assigned to these activities.

Major Workload Activities in 1981

— Analyzed the management of the development assistance programs of other donors (i.e., France, Germany, United Kingdom, and the World Bank). This report was used to support AID's efforts to improve the utilization of its staffing.

— Completed a study on ways to increase competition in defense procurement. This study was provided to DOD to encourage further efforts to increase the amount of competitive procurement.

— Led a major crosscutting review of overseas staffing. The Division coordinated the preparation of issue papers with interagency groups and conducted a comprehensive analysis of requirements for overseas U.S. personnel attached to diplomatic missions.

— Reviewed DOD efforts to increase military readiness.

— Conducted a study of U.S. negotiations with the less developed countries.

— Supervised the preparation of the Presidential report required by Congress on the impact of major, new defense projects on communities.

— Assisted in the development and implementation of nuclear nonproliferation policy including issues regarding nuclear export policy, stockpiles of enriched uranium for an international fuel bank, and storage of spent nuclear fuel.

— Examined proposed international science and technology initiatives involving developing countries, South American countries, Japan and China.

Expected Emphases for 1982

— The Division will continue studies and policy reviews begun in 1981 and will also initiate work on a number of new projects involving evaluation of Defense and international program issues. Studies currently underway which will continue into 1982 include:

a. Retention of Military Careerists.
b. Community Impact Assistance for Defense Projects.
c. Military Compensation Issues
d. Effectiveness of U.S. Nonproliferation Programs.
e. Foreign Assistance and International Trade.
f. Refugee Program Management.

Health and Income Maintenance Division

The Health and Income Maintenance Division examines budget requests, operating methods, programs, and legislative proposals for the Department of Health and Human Services, the Department of Agriculture's food and nutrition programs, and several smaller agencies having health and income maintenance functions. These programs involve almost 100 separate budget accounts, over 165,000 federal employees, and over $265 bilion in outlays — more than one-third of the entire 1982 federal Budget. To meet these broad responsiblities, HIM Division has seventeen professional and six support staff.

Major Workload Activities in 1981

— Development of 1982 budget and legislative proposals, including significant reforms of Medicare, Medicaid, food and nutrition programs, and other entitlements, as follows:

Mental Health Systems Act	Social Security Interfund Borrowing bill
Health Care Cost Control	Adoption Assistance/Child Welfare Act
Medicare/Medicaid Amendments	Low Income Energy Assistance bill
Health Planning Act	Social Security Coverage legislation
Health Professions Education	Refugee Act
Food Stamp Authorization bill	Railroad Windfall Subsidy bill
Railroad Retirement Pension Assurance Amendments	Disability Insurance Reform

Activities associated with the above proposals include monitoring, analysis, and clearance of reports and testimony as the bills move through the Congress. This involved working on approximately 200–300 individual reports and pieces of testimony.

— Preparation and presentation of 1981 and 1982 Spring Planning and Director's Review issue papers (25 major issue write–ups).

— Preparation of major crosscutting issues (e.g., Hospital Construction policy, Public Health Service Commissioned Corps Pay, and public assistance programs).

— Routine program functions:

- Development and review of legislative proposals, testimony, and enrolled bill memos for areas listed above.
- Development and review of three agency reorganization proposals.
- Review 12 personnel, supplemental, and budget amendment requests.
- Annual reviews of over 300 advisory committees and their reports.
- Technical assistance to agencies.
- Monitoring of appropriation actions and development of recommendations for Administration positions on appropriation bills.
- Response to numerous congressional and public inquiries.
- Apportionments and reapportionments, totalling 125, including rescissions and deferrals.
- Regulation reviews and analyses.

— Completion of OMB internal requirements (e.g., preparation of budget documents for printing, long-range analysis, travel ceiling monitoring, personnel ceiling development and monitoring, consultant contract reviews, review of quarterly outlays, furniture acquisition plan review, forms clearance).

Anticipated 1982 Activities Will Focus on:

— Development of budget, legislative, and regulatory proposals for 1983 and beyond, including health cost control, Medicare and Medicaid reforms, Social Security financing, welfare reform, health and social services block grants, and other items.

— Periodic updates of the revised 1982 Budget.

— Ongoing review, evaluation, and monitoring of agency program policies.

— Continued performance of routine program functions.

Labor, Veterans and Education Division

This Division, which has 19 full-time professional employees, examines the budget requests, programs, legislative proposals, and operations of the Departments of Labor and Education, the Veterans Administration, and nineteen independent agencies, commissions, and boards. The Division concentrates on education; the arts and humanities; employment and training; workplace standards; unemployment, private pension, and workers' compensation; veterans' benefits and services; civil rights and equal employment opportunities; and domestic volunteer service programs. These agencies had total outlays of over $75 billion and about 258,000 full-time equivalent end-of-year employees in the initial 1982 Budget.

Major Activities of the Division During 1981 and 1982

— Developed and reviewed over 100 individual legislative proposals, testimony and enrolled bill memos. Analyzed and responded to hundreds of congressional and public inquiries, and over 300 apportionments.

— Redesigned A-11 requirements for the Education special analysis, substantially reducing the data requirements.

— Continued review of the $25 billion program of medical care, education, housing, and income assistance for veterans and their dependents. During 1982 a significant analytical effort will be necessary to assist the Veterans Administration in reviewing its programs to meet the needs of its aging veterans population, particularly in outpatient and long-term medical care.

— Analyzed and developed expenditure recommendations for training and employment programs with outlays of an estimated $11 billion in the 1982 Budget submitted in January, and unemployment and disability compensation programs budgeted at $23 billion. Also reviewed the expenditures of numerous programs located in six separate labor-related agencies, with estimated outlays of $333 million in the initial 1982 Budget. The programs deal with the establishment and enforcement of standards that affect the relationship between employers and employees (i.e., minimum wage, overtime pay, welfare and pension plans, job safety and health, and labor-management relations).

— Will spend staff time in 1982 monitoring the effectiveness of the Department of Labor and EEOC's revised structure for handling their civil rights responsibilities. Additionally, possible changes in unemployment compensation benefits and financing, and in workers' compensation laws, along with the need to review closely the regulatory efforts of several agencies, will raise complex issues for detailed analysis and decisions.

— This Division has assumed full responsibility for the review and analysis of budget and legislative proposals affecting education and related programs. Outlays for these programs were an estimated $15.7 billion in the initial 1982 Budget. Major staff efforts will be devoted to (1) increased efforts to review the structure and functions of the Department of Education and (2) an analysis of the needs of vocational educational, in light of other Federal training and employment programs, to prepare for possible reauthorization of its basic statute.

Human Resources, Veterans, and Labor Special Studies Division

The Special Studies Division has five full-time permanent professional staff members who undertake in-depth and cross-cutting analyses of issues and problems related to the Departments of Labor, Education, and Health and Human Services, the Veterans Administration, and numerous small agencies.

Major Workload Activities in 1981

Approximately 25 percent of the Division's time was spent in providing technical and analytical assistance to the budget divisions, including fall budget and spring planning reviews; budget revisions; and legislative, regulation and forms clearance. The remainder was devoted largely to major efforts in the following areas:

— *Long-Term Care Programs.* Coordinated all OMB activities related to long-term care (LTC) for the elderly; organized and directed the Interagency Statistical Committee on LTC, which assessed the adequacy for policymaking of available LTC data and made recommendations concerning needed data; initiated and coordinated major evaluations of five Federal programs which provide LTC support; and undertook a variety of analyses designed to better address the LTC problem and strategies for addressing it.

— *Quality Control in Federal Benefit Programs.* Continued a major multifacted effort to improve and expand systems designed to measure and correct payment errors in individual benefit programs. Provided technical assistance and guidance on improvements to existing and planned quality control (QC) systems and on pilot tests of QC in eight major Federal programs. Also initiated and coordinated the work of an interagency task force which is integrating QC review processes and QC ADP systems for needs-based Federal programs run by State agencies. Began an assessment of the use of QC systems to provide person-based data on beneficiaries in programs where these data are collected on an ad hoc basis.

— *Cash and In-Kind Benefit Programs.* Initiated a new effort to better understand the interrelationships and impact of cash and in-kind benefit programs. The project includes efforts to (1) identify and assess existing models and data bases used in costing cash and in-kind benefits and (2) develop alternative models/modifications to existing methodologies to improve budget and legislative cost estimates. Work was begun on Food Stamps, Medicaid, Medicare, and Social Security. Also did preliminary analysis of the effect of in-kind benefits on the poor.

— *Block Grants.* Undertook a historical analysis of block grant proposals and a variety of analytical efforts designed to define the framework for, and content of, grant consolidation proposals.

Expected Emphasis for 1982

Efforts in each of the areas listed above will be continued as follows:

— The long-term care project, which to date has focused on the elderly, will be expanded to include analyses of nonelderly long-term care issues.

— Additional quality control pilot tests and/or systems will be implemented in human resource programs. Increased emphasis will be placed on improving corrective actions to reduce fraud, waste, and abuse.

— Work on better cost estimates of the Food Stamp, Medicare, Medicaid, and Social Security programs will continue and additional work begun on other programs. In addition, efforts will be made to improve methodologies for valuing in-kind benefits.

— Work on block grant analyses will be continued.

Natural Resources Division

The Natural Resources Division has 31 full-time permanent professional staff. This staff has responsibility for examining and making recommendations on the budget submissions and program levels of 14 agencies with budget and lending authority of $45 billion and staffing levels of over 200,000 positions.

Major workload requirements in FY 1981 include:

— Continued review and evaluation of the environmental programs including pollution control and abatement, and the grant program for municipal sewage treatment facilities. Legislative proposals and regulations initiated for environmental programs have significantly expanded the basic workload of this Division.

— Continued efforts to promote interagency cooperation and coordination on environmental matters.

— Under Executive Order 12113, the Division conducts policy reviews of reports on projects proposed by the Corps of Engineers, the Water and Power Resources Service, and the Soil Conservation Service (SCS) before they are transmitted to the Congress. The Division also reviews the reports of the Water Resources

Council, required by this Executive Order. This workload increases with the number of projects, the increasing complexity of multi-purpose water projects, conflicting demands for water, and growing interest in environmental preservation.

— Coordinates water data activities required under OMB Circular A-67. Also works with the Water Resources Council on comprehensive river basin planning, cost-sharing for water programs evaluation standards, and national water needs assessments.

— Increased staff work is being devoted to public lands issues, especially for oil, gas, and coal development which may result in significant Federal revenues. This year's work included studies of oil and gas leasing on the Outer Continental Shelf, disposition of the Alaska lands under the Alaska National Interest Lands Conservation Act, wilderness reviews with the Bureau of Land Management and reviews of legislative proposals regarding the disposition of minerals on public lands. The Division also reviews the Department of the Interior's program of surface mining reclamation and enforcement.

— Proposals for changes to the National Park System, wild and scenic rivers, endangered species, and national trails, as well as plans for development and operation of new areas continue to place significant review and analysis demands on the Division's staff resources.

— Considerable staff efforts are going into the analysis of Indian reservation resources, Indian welfare services, eastern Indian land claims and financial assistance to the Trust Territories of the Pacific.

Examples of workload in the current year are (estimates based on 1980 and first quarter 1981 experience):

Workload Indicators Summary for 1981

Scope of responsibility for examination	
— Number of agencies	
Large–4	
Small–10	
— Number of accounts —	364
— Total program (BA plus loan level) —	$44,760,000
— Total personnel —	206,300
Budgetary workload	
— Special analytical studies in preparation for budget—	60
— Rescission and deferral reports—	25
— Supplemental requests considered—	30
— Reprogrammings cleared—	70

Legislative workload	
— Major reports and testimony items cleared—	245
— Major draft bills developed and cleared—	80
— Major issues raised for policy decision—	60
Other workload	
— Major regulations reviewed—	40
— Reports to Congress (other than budgetary or legislative) cleared—	70
— Organization or management reviews assisted—	20
— Congressional and public letters—	1,000
— Major special exercises originated by OMB or other EOP management—	30+
Major legislative items or program reviews in coming year—	30+

Examples are: 1981 farm bill
Clean Water Act
Clean Air Act
Water policy legislation
Major budget revision—
preparation, monitoring, implementing

The primary emphasis in FY 1982 will be determined largely by the agenda of the new Administration and the new Congress. Major analyses and staff support work on budget matters across the board, as well as work on cost-reducing legislation, is expected.

Energy and Science Division

The Energy and Science Division consists of 22 full-time professional positions. The Division assures appropriate allocation and effective use of Federal resources in achieving policy, program, and management objectives with respect to the programs of the Department of Energy and numerous other energy and science programs.

Major workload activities in 1981:

The Division will continue to provide the professional staff capabilities required to:

— Maintain an in-depth understanding of the programmatic responsibilities and objectives of assigned agencies in order to maintain an appropriate Federal role and to constrain unwarranted demands on the Federal budget.

— Assure that adequate resources are anticipated and available for priority needs in response to national problems.

— Assure complete analysis of energy issues facing the Administration, including development of options and their programmatic and budgetary implications, e.g., funding for the breeder reactor, solar energy, conservation, natural gas controls and their phaseout, and other interagency efforts on oil import reduction issues.

— Assure balanced treatment of issues and program opportunities that cut across Federal departments and agencies, e.g., Federal agency energy management; basic research; use of defense and civilian space capabilities; nuclear nonproliferation; energy issues with social, agricultural, or foreign trade impacts; and industrial innovation through R&D.

— Assure effective implementation of program initiatives through the budget and regulatory processes, e.g., general reduction of the direct Government role in energy, synthetic fuels demonstrations, nuclear waste management policy, and regulations.

— Assure effective technical and economic review of large-scale R&D investments, e.g., space shuttle, major space scientific and applications projects, liquid metal fast breeder reactor, coal liquids, uranium enrichment production, and fusion R&D.

— Assist in the development of an Administration position on legislative initiatives, including Congressional initiatives and Congressional action on Administration proposals. Also assist in maintaining the progress of Congressional action on legislative proposals sponsored by the Administration.

Expected emphases in 1982:

— Continue to improve understanding of assigned programs and agencies in order to develop effective strategies and options for Federal policies and programs; assure that adequate resources are available for priority needs; insure interagency coordination.

— Give increased attention to assuring effective phasing and implementation of budgetary reductions and new policy directions initiated by the new Administration, particularly in energy programs.

— Give increased attention to the management problems of assigned agencies, as reflected, for example, in continued cost overruns in major scientific projects of NASA.

— Participate in further studies and recommendations involving reorganization of agencies assigned to Division—particularly Department of Energy.

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— Provide monitoring and analysis of private sector R&D and demonstrations to assure an effective overall national R&D effort — particularly to encourage private sector investments in the energy area.

— Monitor progress and activities of the Office of Federal Inspector, Alaska Gas Pipeline project, and play an active procedural role in implementing Presidential and Congressional energy initiatives.

— Work with assigned agencies to further improve the technical side of the budget process (e.g., analytical techniques), financial management (e.g., cash management), and budget tracking (especially for the Department of Energy).

Natural Resources, Energy and Science Special Studies Division

This Division analyzes policy and program issues in the natural resources, energy, and science area. In-depth analyses are completed for development of new or revised policies and programs. The division either directs or participates in interagency efforts. The staff consists of five professionals and two secretaries.

Major objectives include:

— Complete in-depth analyses of issues of major importance to the Administration to provide concise, objective assessments of the issues and alternatives for decision by the Director and the President.

— Provide analytic expertise on interagency issues.

— Insure implementation of Administration policies/decisions through monitoring and oversight of agency efforts.

— Provide day-to-day advice to OMB officials on a range of issues.

The Special Studies Division develops study plans, completes parts or all of the analyses, expedites scheduling/completion of work, assures quality and objectivity in methodology and work products. Final products typically are decision papers with options for a given policy or program issue.

Major Workload Activities in 1981

— *International Energy Areas* — Monitor U.S. actions with International Energy Areas and other countries. Complete analyses and develop options for various issues that arise as a result of IEA meetings, summits, etc.

— *Coal Export Study* — Participate in interagency effort to assess the world market outlook for steam coal demand and U. S. prospects as a supplier.

— *Petroleum Supply Disruption Planning* — Complete an evaluation of alternative strategies to deal with major supply disruptions.

— *Strategic Petroleum Reserve Cost/Benefit Assessment* — Complete a cost/benefit and strategic assessment of Strategic Petroleum Reserve size.

— *Nonfuel Minerals Policy* — Work with various agencies to evaluate U.S. vulnerability to foreign supply disruptions and assess alternatives for reducing vulnerability.

— *Utility Industry Oil/Gas Use* — Evaluate utility industry oil/gas use and develop cost effective alternatives for reduced use.

Expected Emphasis for 1982

It is difficult to identify specific studies for 1982. In general, it takes one-fourth to one-half a man-year, on the average, of staff time to complete a project. For FY 82, with 5 professionals, approximately 15-20 study projects or issues will be completed.

Justice, Treasury, and General Management Division

The Division's 17 professional staff are responsible for reviewing the budgets of two cabinet departments and 30 other agencies, including the General Services Administration, the Office of Personnel Management and the Federal Emergency Management Administration. Total on-budget outlays associated with these agencies are estimated to exceed $126 billion in 1982, and total employment in these agencies (excluding the Postal Service) is almost 230,000 as indicated in the table below. In addition, the Division prepares and coordinates budget materials for the Judiciary and Congressional Branches of Government.

Type Agency	No. of Agencies	Aggregate BA Level in billions*	Employment**
Cabinet-level	2	$ 92.7	170,600
Major noncabinet	3	31.3	43,100
Regulatory Agencies	4	0.2	5,500
Other agencies	23	2.0	8,200
Total	32	$126.2	227,400

*Figures represent 1982 budget authority request as of mid-February.

**Total end-of-year employment projected for FY 1982, excluding the U.S. Postal Service.

Major workload activities in 1981

The directions of the Administration to reduce the size, scope, complexity, and costs of Federal programs are expected to have a significant impact on the workload of the Justice, Treasury, General Management Division. The Administration's objectives of reducing regulatory burden and costs, eliminating unnecessary and unproductive activities, curtailing spending growth, controlling inflation and reducing business and individual taxes will affect the entire gamut of programs and agencies examined by this Division. The mission of some of these programs and agencies is to provide basic services and supplies, enforce Federal laws, collect taxes and distribute revenue — functions which are expected to continue.

In this connection, a heavier workload will be placed upon division examiners to:

— Review and make suggestions on the appropriate Federal role vis-a-vis States and individuals in law enforcement, revenue collection and revenue sharing activities.

— Seek greater efficiencies in general government functions and processes, including but not limited to more effective but less intrusive Federal tax collection, better service to the travelling public and the international traders, better control over entry of undocumented individuals, development of leaner and more targeted Federal personnel policies and procedures, greater emphasis in Federal law enforcement on covering gaps which State enforcement can not reach and even more cost-effective production of currency, coins, stamps, and Federally-issued checks.

— Implement the Administration's policy in anti-trust matters.

— Study and make recommendations on further changes to bank examination and regulatory functions.

— Review pending prospectuses for construction of new Federal buildings, major repair and alteration proposals, and new leases for office space.

— Reevaluate current Federal pension benefits and coverage.

— Reevaluate the appropriate level of postal subsidies.

In addition, this Division is responsible for reviewing the budgets for the various components of the Executive Office of the President, including the White House. The transition from the outgoing to the incoming Administration has required the establishment of new policies and procedures that will place additional demands on Division examiners to review, monitor, and ensure compliance.

Finally, the across-the-board employment reduction proposed for cabinet and noncabinet agencies will intensify pressures to explain, defend, and respond to a broad range of inquiries from the Congress, affected interest groups, and the public at large.

Expected emphasis for 1982

In 1982, many of the reductions and changes proposed by the Administration will continue to impact the workload of the Division. Federal pension benefits, postal subsidies, and regulatory reform can be expected to receive special emphasis, as well as the effort to continue constraints on Federal employment. Within the Justice Department, proposed resource changes in the Immigration and Naturalization Service will require extra effort and attention. Within the Departments of Justice and Treasury, continuing efficiencies in and better management of workload will be sought in tax and law enforcement activities, as well as in the Department's production operations for coins, currency, stamps, and checks.

Transportation, Housing, and Commerce Division

The Transportation, Housing, and Commerce Division's 23 full-time, professional employees review the budget and program plans of three cabinet departments and 14 other agencies and establishments. These agencies planned, in January of 1981 for the fiscal year 1981, to employ a total of about 152,000 workers and to expend about $43 billion. Most of the Division's budget authority programs are relatively controllable—as are well over half of the outlays. This contrasts with 75-80 percent relative uncontrollability for budget outlays as a whole and means that the division has a large number of issues on which decisions must be made.

Major workload activities in 1981

The Division's workload is concentrated on issues in the areas of transportation assistance and regulatory reform, economic and community development, domestic and international commerce, and Federally assisted housing and credit programs. Major workload requirements have included:

— Policy reviews of the Federal highway program to examine questions such as the appropriate emphasis for future funding, the role of the States in collecting and disbursing highway revenues, and the structure of the several Federal programs that provide highway assistance.

— Operations and capital program reviews of several personnel-intensive functions of the Federal government—the Federal Aviation Administration, the Coast Guard, and the weather programs of the National Oceanic and Atmospheric Administration.

— Consideration of the policy alternatives for Federal assistance to the nation's rail system—passenger (AMTRAK), freight, and commuter. This has been an especially active area because of the financial problems of several major railroads, the effect of the economy on Conrail, the settlement of the Penn Central valuation case, and the continuing renovation of the Northeast Rail Corridor.

— Deregulation efforts in the air, truck, and rail areas have been the object of much previous effort by the Division and the implementation of these efforts is being closely followed.

— The Division has given particular attention, in this period of fluctuating interest rates, to the housing financing and credit problems that have appeared as issues in such agencies as the Federal Home Loan Bank Board, the Federal Housing Administration, and the Government National Mortgage Association.

— Continuing staff work is devoted to assessing the need for and structure of the various Federal subsidies to housing (construction, rental and home ownership assistance, and rehabilitation efforts) particularly for low-income groups. These programs have been heavily impacted by rising costs and interest rates. Further, there is evidence that major strides have been made in improving the nation's housing stock over the years since World War II.

— Policy alternatives for Federal promotion and monitoring of foreign trade have been reviewed.

— The appropriate Federal role in promoting productivity improvements and technological innovations has been a major concern of the Division.

— Various programs of assistance to business in both the Small Business Administration and the Department of Commerce have received continuing review—as well as programs in HUD and Commerce that are intended to promote economic and community development.

Examples of workload in the current year are (based on 1980 and 1st quarter of 1981):

- — review of programs totaling $4.3 billion in outlays and 152,000 employees
- — 180 hearings held
- — 1600 budget decision packages reviewed
- — 40 spring issues presented to the Associate Director or Director
- — 100 fall issues presented to the Associate Director or Director
- — 60 supplemental and amendment requests reviewed
- — 2200 responses to internal budget exercises
- — 400 apportionments reviewed
- — 40 rescissions or deferrals reviewed
- — 80 major legislative proposals reviewed or developed
- — 520 pieces of testimony and reports cleared
- — 100 studies or major analyses conducted or monitored
- — 200 responses to Congressional letters
- — 60 responses to other letters
- — 240 resposes to requests for comments from the White House, other EOP agencies, or OMB top management
- — 60 clearances of periodicals or forms
- — 40 responses to GAO reports
- — 20 responses to an FOIA requests

Expected emphases for 1982

Workload measures for the Division in 1982 are expected to exceed those given above for 1981. Increased activity appropriate to the efforts to bring greater control to the Federal budget are expected. Because the proportion of the Division's controllable outlays is great, the workload is expected to be especially heavy.

Economics and Government Special Studies Division

This Division is comprised of four full-time analysts assisted by the support staff (2) and guided by a supervisor. Alone and in cooperation with the budget divisions, this division undertakes in-depth analyses of policy, budget, and management issues of major Federal programs, concentrating on the Departments of Commerce, Treasury, Justice, Transportation, and Housing and Urban Development to provide a better analytical basis for decisions on the Administration's budget and legislative program. In addition, the Division coordinates — within OMB, the Executive Office of the President, and interagency review groups — the analysis, policy development, and implementation of multi-agency or government-wide issues.

A significant portion of the division's time over the past year has been utilized in performing analyses in support of budget division projects and in providing critical reviews of analyses prepared by Federal agencies in direct support of their budget requests as well as reports by nongovernment entities relevant to national problems or Federal programs. Major workload accomplishments during 1981:

— An evaluation of the forecasting model used by HUD to estimate the future acquisition costs of the housing units for the FHA program.

— A study of substandard housing focusing on the incidence of deficient housing and highlighting differences between families eligible and ineligible for housing assistance.

— A study of the effectiveness of public works as countercyclical assistance.

— An analysis of the financial structure of federally insured savings and loan associations to discern significant changes in member institutions' net worth during the recent credit shortage.

— An analysis of industrial policy options.

— A review of the current system for coordinating weather service activities throughout the government.

— A preliminary analysis of Coast Guard requirements for cutters.

— A report on the general revenue sharing program, and

— An analysis of alternative procurement policies for replacing sedans in the GSA interagency motor pool.

Expected emphasis for 1982

During the coming year Special Studies analysis efforts will increasingly emphasize work in the area of Federal credit policies and programs. Substantial time will continue to be devoted to analyses of national housing and development problems and the Federal role in solving such problems. In addition, Special Studies has the lead for an interagency review of the roles and missions of the Coast Guard. Direct assistance to the budget divisions on a wide variety of subjects will continue to be provided.

Office of Information and Regulatory Affairs

The Office of Information and Regulatory Affairs (OIRA) was established in January, 1981 in accordance with the Paperwork Reduction Act of 1980. The Office is responsible for establishing the policies, principles, and guidelines on implementation of regulations, collection of information, and management of statistical activities. With the transfer from the Department of Commerce, OIRA will have a permanent full-time staff of 90 in 1982.

Major accomplishments and activities during FY 81:

— Published the second annual report on OMB progress in implementing regulatory activities including a review of agencies' compliance.

— Published a report about agencies' actions on the Commission on Federal Paperwork recommendations that were addressed to multiple agencies.

— Developed the first Information Collection Budget as required by E.O. 12174. Federal Paperwork in 1981 has been reduced by about four percent below the 1980 level. Implemented a modernized computer support system for analyzing the Federal paperwork burden and controlling transactions under the Act and E.O. 12291 on Federal Regulation.

— Processed 3,861 agency requests for action under the Federal Reports Act.

— Prepared supplementary guidance on administering the Privacy Act of 1974. Prepared the Fifth Annual Report of the President on the Privacy Act covering 1980 activities.

— Reviewed the information technology budgets of over 62 departments and agencies exceeding $6.6 billion in proposed expenditures. Prepared special analysis of Federal ADP resources.

— Issued Circular No. A–121 on full–cost recovery for Federal computer centers.

— Implemented multi–year planning and budgeting process for statistical programs. Developed top–down planning guidelines for statistical programs.

— Developed draft legislation on the Standard Statistical Establishment List and on the Confidentiality of Federal Statistical Records.

— Developed government–wide data access and user services policy including directive for statistical agencies and standards for machine–readable data.

— Revised Standard Industrial Classification system including a draft revision for public comment. Published *The Standard Occupations Classification Manual, 1980.*

— Improved statistical program coordination by publishing *Statistical Reporter* and *Federal Statistics, 1980.*

— Implemented a new program to manage regulatory activities in the Federal Government. E.O. 12291 on Federal Regulation was signed by the President February 17, 1981, to replace the former Administration's E.O. 12044. This new order strengthens the central oversight role of OMB and increases the analytical requirements which agencies must meet before issuing rules.

— Provided staff support to the Vice–President's Task Force on Regulatory Relief.

Expected Emphases for 1982

Major efforts planned in FY 82 include:

— Review of approximately 11,000 proposed information collection activities (including 1,500 from agencies either previously exempt or subject to GAO review) and about 7,000 regulatory proposals and final rules containing information collection requirements.

— Develop a five–year plan for meeting the ADP/telecommunication needs of the Federal Government under a Paperwork Reduction Act of 1980 requirement.

— Establish the second Information Collection Budget and set government paperwork reduction goals of 15% by October, 1982 and an additional 10% by October, 1983.

— Develop specifications, compile information, and begin testing of the Federal Information Locator System.

— Update the 1977 publication *A Framework for Planning U.S. Federal Statistics for the 1980's.* Implement capabilities provided in legislation on Standard Statistical Establishment List and on Confidentiality of Federal Statistical Records.

— Implement revised criteria for Standard Metropolitan Statistical Areas including publishing list of SMSA's based on 1980 Census data.

— Publish and implement *Standard Industrial Classification Manual, 1982.*

— Continue to implement Executive Order 12291 on Federal Regulation and continue to provide staff support to the Vice-President's Task Force on Regulatory Relief.

— Develop and oversee the schedule and standards for audits of government information systems and develop materials for delegation of authority for conducting agency and multi-agency audits under the requirements of the Paperwork Reduction Act of 1980.

Management Improvement and Evaluation Division

The Management Improvement and Evaluation Division has a full-time permanent staff of twenty-six to initiate Government-wide management improvements, administrative cost reductions, and program evaluation policies.

Major Workload Activities in 1981

— Cost reduction leadership is provided through the Interagency Travel Management Improvement Project, the Debt Collection Project, and various instructions for reductions in furniture, consultants, film-making, magazine publishing, and advisory committees.

— Develop specific program evaluation measures and measurement techniques tied to agency budget reviews by budget divisions. Seven projects were developed and tested, two in the Department of Health and Human Services and one each in the Departments of Justice, Agriculture, Energy, Treasury, and the Federal Mediation and Conciliation Service.

Expected Emphasis in 1982

Increased emphasis will be placed on systematic reductions of employment and overhead costs. Division staff will provide management analysis and implementation assistance in affecting Government-wide reductions. Emphasis will be placed on assisting agencies through coordinating mechanisms. The Division will continue to develop performance measures and to identify specific areas where cost reductions and management improvements can be made.

Intergovernmental Affairs Division

The Intergovernmental Affairs Division has a full-time staff level of 21 responsible for developing, promulgating, and monitoring intergovernmental and interagency systems to administer domestic assistance to state and local governments. It has a principle role in carrying out the administration's directives to make the Federal Government more responsible to state and local concerns including assuring that Federal delivery systems are implemented.

Staff work is devoted to the following activities:

— Oversight of assistance information useful to state and local government, as required by the Intergovernmental Cooperation Act, through Circular A-95 "Coordination of Federally Assisted Programs and Projects."

— The Federal Program Information Act directs a continuing program to improve information on assistance programs. Includes the development of the Federal Assistance Award Data System (FAADS).

— Oversight of OMB Circular A-84 for information on obligations by geographic location.

— Oversight of agency implementation of the Federal Grant and Cooperative Agreement Act and Development of appropriate procedures.

— Implementing policies governing the field organizational structures of 32 Federal departments and agencies, including standard regional boundaries and field locations (A-105).

— Implementation of the Joint Funding Simplification Act (A–111).

— Liaison with State and Local interest groups.

— Improving coordination by working through the 10 Federal Regional Councils (FRCs), with 17 major agencies located in the 10 standard regions; the 26 Federal Executive Boards (FEBs) and over 100 Federal Executive Associations (FEAs).

Accomplishments in 1981

— Completed a review of OMB Circular A–95. Conducted a national conference attended by all 50 states. A new A–95 circular was issued in 1981.

— Expanded testing of the Federal Assistance Information system from 10 states to 50 states.

— Completed the two year study of Federal assistance practices required by P.L. 95–224.

— Strengthened the Joint Funding process, OMB Circular A–111, by allowing grants from several agencies to be combined into one coordinated grant.

— Promulgated a Circular which established a system of management for administrative standards applicable to federal assistance programs.

— Improved the Budgetary Information System (BIS) by distributing the BIS Reports directly to governors, state budget officers, and state legislative fiscal officers to expedite dissemination and obtain users' feedback on the system.

— Assisted in developing a strategy for a system of state and local block grants, and an agenda and legislative schedule for federal program devolution.

Expected Emphasis for 1982

— Implementation of the findings of the Federal Grant and Cooperative Agreement Act Study (P.L. 95–224).

— Expand Federal Assistance Award Data System to a nation-wide system covering all financial assistance actions and A–84 oversight.

— Implement revised OMB Circular A–95 including budgetary guidelines for clearinghouse implementation.

— Maintain liaison with State and Local Interest Groups on administration liaison initiatives.

— Strengthen the 10 Federal Regional Councils and the 26 Federal Executive Boards to provide greater support to the Administration programs.

— Further strengthen OMB Circular A-111 "Joint Funding Simplification" as part of our total effort to improve federal management practices.

Federal Personnel Policy Division

The Division consists of a full-time staff of 7 engaged in identification, analysis, and resolution of Federal personnel management policy issues.

Major workload activities for 1981 and 1982 will include:

— Jointly with OPM, develop legislative proposals providing comprehensive changes in the method used to set Federal civilian pay rates.

— Work with the Congress to develop ways of addressing inadequate and compressed executive, legislative, and judicial salaries.

— Present recommendations on legislative proposals involving white and blue collar pay, retirement, cost-of-living adjustments, annuities, insurance, consultants, military and foreign service personnel, bonuses, merit pay, death benefits, and other proposals.

— Develop personnel management improvements involving Civil Service Reform, reductions in Federal employment, a variety of labor-management issues, position management guidance, and other matters.

Organization and Special Projects Division

The Division consists of a full-time staff of eight who provide staff support for organizational initiatives of the Administration, especially those which cross agency lines or require Congressional approval. Where necessary, the staff is augmented on a project-by-project basis.

Major Workload Activities in 1981

The Division will provide staff support with the objective of reducing the role of government by recommending actions to consolidate similar programs, and eliminate outmoded or unnecessary organizations. Activities will include:

— Obtaining Congressional extension of the President's reorganization authority.

— Representation of OMB in the formulation of a Hoover-type Commission.

— Staff support on specific reorganization proposals selected by the Administration.

Expected Emphasis for 1982

— The Division will emphasize Administration initiatives to reduce the role of government as is reflected in organizational proposals.

Chapter VII—Agency and Program Responsibilities

AGENCY AND PROGRAM RESPONSIBILITIES ASSIGNED TO:

National Security Division

Air Force, Department of the (see Defense Department)

American Battle Monuments Commission

Army, Department of the (see Defense Department)

Central Intelligence Agency

Defense Intelligence Agency

Defense Investigative Service

Defense Mapping Agency

Defense, Department of:
- Military Functions
  - Personnel, Civilian
  - Personnel, Military
  - Personnel, Reserve
  - Personnel, Retired
  - Operations, ground Forces
  - Operations, Tactical Air
  - Operations, Naval Forces
  - Operations, Air Force
  - Procurement, Ground Forces
  - Procurement, Tactical Air
  - Procurement, Naval Forces
  - Procurement, Air Force Missile
  - Research and Development
  - Military Construction
  - Family Housing
- Civil Functions:
  - Cemeterial expenses
  - Wildlife conservaation
  - US Soldiers & Airmen's Home
- Intelligence Community Staff
- National Security Agency
- National Security Council
- Navy, Department of the
- Selective Service System

International Affairs Division

Agency for International Development

Arms Control and Disarmament Agency, US

Board for International Broadcasting

Defense Security Assistance Agency

Export-Import Bank of the United States

Food Aid Program, Office of the Inter-American Foundation

International Development Cooperation Agency

International Communication Agency

International Economic Policy Analysis

Interagency mechanisms that consider international economic and other policies

International Trade Commission

Japan-US Friendship Commission

Military Assistanace Programs

Multilateral Development Banks

Overseas Private Investment Corporation

Peace Corps (ACTION)

State, Department of

Office of the Special Trade Representative

Health and Income Maintenance Division

Aging, Administration on

Alcohol, Drug Abuse, and Mental Health Administration
- National Institute of Mental Health

National Institute on Alcohol Abuse and Alcoholism
National Institute on Drug Abuse
Saint Elizabeth's Hospital

Administration of Native Americans

Center for Disease Control

Child Support Enforcement, Office of (HHS)

Children, Youth, and Families, Administration for (HHS)

Community Services Administration

Consumer Affairs, Office of

Consumer Product Safety Commission

Domestic Violence, Office on (HHS)

Families, Office on (HHS)

Family Assistance, Office of Food and Drug Administration (HHS)

Food and Nutrition Service (USDA)

Health Resources Administration (HHS)
Bureau of Health Planning
Bureau of Health Facilities
Bureau of Health Manpower

Health Services Administration (HHS)
Indian Health Service
Bureau of Medical Services
Bureau of Community Health Services

Health and Human Services, Department of (General)
Office of Secretary
Office for Civil Rights
Office of the Inspector General

Health, Office of the Assistant Secretary for (HHS)
National Center for Health Services Research
National Center for Health Statistics

Health Care Financing Administration (HHS)

Legal Services Corporation

Medicaid

Medicare

National Advisory Commission on Social Security

National Advisory Council on Economic Opportunity

National Institute for Occupational Safety and Health (under OSHA)

National Institutes of Health

National Library of Medicine (HHS)

Office of Refugee Resettlement

Office of Human Development Services (HHS)

President's Council on Physical Fitness and Sports

President's Commission for the Study of Ethical Problems in Medicine

Professional Standards Review Organizations (HHS)

Public Health Service

Railroad Retirement Board

Social Security Administration (HHS)

Labor, Veterans, and Education Divison

ACTION

Advisory Commission on Intergovernmental Relations

Commission on Civil Rights

Committee for Purchases for the Blind and Other Severely Handicapped

Corporation for Public Broadcasting

Department of Education

Department of Labor

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Equal Employment Opportunity Commission

Federal Mediation and Conciliation Service

Federal Mine Safety and Health Review Commisssion

Harry S. Truman Scholarship Foundation

Minimum Wage Study Commission

National Commission on Employment and Unemployment Statistics

National Commission on Employment Policy

National Commission on Libraries and Information Science

National Endowment for the Arts

National Endowment for the Humanities

National Labor Relations Board

National Mediation Board

National Railroad Adjustment Board

Occupational Safety and Health Review Commission

Pension Benefit Guarantee Corporation

President's Committee on Employment of the Handicapped

Veterans Administration

Transportation, Commerce and Housing Division

Alaska Railroad (Transportation)

AMTRAK

Appalachian Regional Commission

Bureau of Economic Analysis (Commerce)

Census, Bureau of (Commerce)

Civil Aeronautics Board

Coast Guard

Coastal Plains Regional Commission

Commerce, Department of

Community Planning and Development (HUD)

Conrail

Economic Development Administration (Commerce)

Fair Housing and Equal Opportunity, Office of (HUD)

Federal Aviation Administration (Transportation)

Federal Highway Administration (Transportation)

Federal Home Loan Bank Board

Federal Home Loan Mortgage Corporation

Federal Housing Administration (HUD)

Federal Maritime Commission

Federal National Mortgage Association

Federal Railroad Administration (Transportation)

Federal Savings and Loan Insurance Corporation

Four Corners Regional Commission

Government National Mortgage Association

Housing and Urban Development, Department of

Inspector General (DOT)

International Trade Administration (Commerce)

Interstate Commerce Commission

Interstate Land Sales, Office of (HUD)

Marine Mammal Commission

Maritime Administration (Commerce)

Minority Business Enterprise, Office of (Commerce)

National Bureau of Standards (Commerce)

National Highway Traffic Safety Administration (Transportation)

National Institute of Building Sciences

National Oceanic and Atmospheric Administration (Commerce)

National Technical Information Service (Commerce)

National Transportation Safety Board

Neighborhood Reinvestment Corporation

New Communities Administration (HUD)

New England Regional Commission

Old West Regional Commission

Ozarks Regional Commission

Pacific Northwest Regional Commission

Panama Canal Commission

Patent and Trademark Office (Commerce)

Policy Development and Research (HUD)

Research Special Programs Administration (DOT)

Saint Lawrence Seaway Development Corporation (Transportation)

Small Business Administration

Solar and Energy Conservation Bank

Transportation, Department of

Travel Service, US (Commerce)

US Metric Board

US Railway Association

Upper Great Lakes Regional Commission

Urban Mass Transportation Administration (Transportation)

Washington Metropolitan Area Transit Authority

Justice, Treasury, General Management Division

Administrative Conference of the United States

Administrative Office of the US Courts (Judiciary)

Advisory Committee on Federal Pay

Alcohol, Tobacco and Firearms, Bureau of (Treasury)

Appellate Revision Commission (Judiciary)

Architect of the Capitol (Legislative Branch)

Attorneys, US (Justice)

Automated Data & Telecommunications Service (GSA)

Botanic Garden (Legislative Branch)

Compensation of the President

Comptroller of the Currency, Office of the (Treasury)

Congressional Budget Office (Legislative Branch)

Council of Economic Advisers (EOP)

Council on Wage and Price Stability (EOP)

Customs Service, US (Treasury)

District of Columbia Government

Drug Enforcement Administration

Engraving and Printing, Bureau of (Treasury)

Exchange Stabilization Fund (Treasury)

Executive Residence

Executive, Legislative, and Judicial Salaries, Commission on

Federal Buildings Service (GSA)

Federal Bureau of Investigation (Justice)

Federal Bureau of Prisons (Justice)

Federal Communications Commission

Federal Deposit Insurance Corporation

Federal Election Commission

Federal Emergency Management Agency

Federal Financing Bank (Treasury)

Federal Prison Industries, Inc (Justice)

Federal Procurement Policy, Office of

Federal Property Resource Service (GSA)

Federal Labor Relations Authority

Federal Reserve Board

Federal Supply Service (GSA)

Federal Trade Commission

Fine Arts, Commission on

Foreign Claims Settlement Commission

General Accounting Office

General Services Administration

Government Financial Operations, Bureau of (Treasury)

Government Printing Office (Legislative Branch)

House of Representatives

Immigration and Naturalization Service (Justice)

Internal Revenue Service (Treasury)

Judiciary, The

Justice, Department of

Law Enforcement Assistance Administration

Law Enforcement Training Center, Consolidated Federal (Treasury)

Legal Divisions (Justice)

Legislative Branch

Library of Congress (Legislative Branch)

Marshals Service, US (Justice)

Merit Systems Protection Board

Mint, Bureau of (Treasury)

National Archives and Records Services (GSA)

National Capital Planning Commission

National Consumer Cooperative Bank

National Credit Union Administration

National Telecommunications and Information Administration (Commerce)

Office of Administration (EOP)

Office of Management and Budget (EOP)

Office of Personnel Management

Office of Policy Development (EOP)

Official Residence of the Vice President

Pardon Attorney, (Justice)

Parole Board, US (Justice)

Pennsylvania Avenue Development Corporation

Postal Service, United States

Public Building Service (GSA)

Public Debt, Bureau of (Treasury)

Revenue Sharing, Office of (Treasury)

Secret Service, US (Treasury)

Securities and Exchange Commission

Select Commission on Immigration and Refugee Policy

Senate

Special Assistant to the President

Supreme Court of the United States (Judiciary)

Technology Assessment, Office of Transportation and Public Utilities Service (GSA)

Treasury, Department of the

United States Tax Court

Wartime Relocation and Internment of Civilians

White House Office

Natural Resources Division

Advisory Council on Historic Preservation

Agricultural Maketing Service (Agriculture)

Agricultural Stabilization and Conservation Service (Agriculture)

Agriculture, Department of (General)

Animal and Plan Health Inspection Service (Agriculture)

Commodity Credit Corporation (including PL 480) (Agriculture)

Commodity Futures Trading Commission

Council on Environmental Quality

Delaware River Basin Commission

Economics, Statistics and Cooperative Service (Agriculture)

Engineers, Corps of (Civil)

Environmental Protection Agency

Farm Credit Administration

Farmérs Home Administration (Agriculture)

Federal Crop Insurance Corporation (Agriculture)

Federal Grain Inspection Service

Fish and Wildlife Service (Interior)

Food Safety and Quality Service (Agriculture)

Foreign Agricultural Service (Agriculture)

Forest Service (Agriculture)

Franklin D. Roosevelt Memorial Commission

General Sales Manager (Agriculture)

Geological Survey (Interior)

Heritage Conservation and Recreation Service

Indian Affairs, Bueau of (Interior)

Interior, Department of the

Interstate Commission on the Potomac River Basin

John F. Kennedy Center for the Performing Arts (Interior)

Land Management, Bureau of (Interior)

Mines, Bureau of (Interior)

National Park Service (Interior)

Navajo & Hopi Relocation Commission

Office of International Cooperation and Development (USDA)

Rural Electrication Administration (Agriculture)

Rural Telephone Bank (Agriculture)

Science and Education Administration (Agriculture)

Soil Conservation Service (Agriculture)

Surface Mining, Reclamation and Enforcement, Office of

Susquehanna River Basin Commission

Territorial Government (Interior)

Trust Territory of the Pacific (Interior)

Water and Power Resources Services

Water Resources Council

Water Research, and Technology, Office of (Interior)

World Food and Agricultural Outlook and Situation Board

Energy and Science Division

Energy, Department of

Inspector for the Alaska Natural Gas Transportation System, Office of the

National Aeronautics and Space Administration

National Gallery of Art

National Science Foundation

Nuclear Regulatory Commission

Science and Technology Policy, Office of

Smithsonian Institution (except JFK Center)

Tennessee Valley Authority

Woodrow Wilson International Center for Scholars

VIII. Legal Authorities

Legal Authorities

The legal authorities of the Office of Management are defined in the following:

Reorganization Plan No. 2 of 1970, 35 F.R. 7959, which established the Office of Management and Budget in the Executive Office of the President. See also Reorganization Plan No. 1 of 1977, 42 F.R. 56101, which changed the functions of the Office from those contained in the 1970 Plan.

Budget and Accounting Act, 1921 as amended, (31 U.S.C. 1–24), which established the Bureau of the Budget as a staff arm of the President to assist him in the preparation of the annual budget and any supplemental or deficiency estimates, and to conduct administrative studies to enable the President to achieve greater economy and efficiency in the executive branch. As part of its budgetary functions under this Act, the Office reviews for the President agency recommendations for, or on, legislation.

Government Corporation Control Act of 1945 (31 U.S.C. 847–849, 852), which extends the budgetary function to wholly–owned Government corporations.

Budget and Accounting Procedures Act of 1950 (64 Stat. 832), which amplifies the Budget and Accounting Act by providing for a performance budget; improved administration of executive agencies; integration of statistical activities; and a continuous program for the improvement of accounting and financial reporting throughout the Government.

Section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), which prescribes procedures for apportioning appropriations, provides for agency systems of administrative control of funds, and authorizes establishing reserves in appropriations and funds.

Act of August 1, 1956 (70 Stat. 782), which amended the Budget and Accounting Act and the Budget and Accounting Procedures Act, mainly to make further improvements in governmental budgeting and accounting methods and procedures.

Act of October 30, 1965 (40 U.S.C. 759), which deals with automatic data processing equipment, and under which the Office provides guidelines and information for the management of automatic data processing activities in the Federal Government.

Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334), which requires the Office to prescribe rules and regulations for the coordination of Federal aid in metropolitan areas.

Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4201–4244), and the President's memorandum of November 8, 1968, delegating certain authority under that Act (33 F.R. 16487), which require issuance of rules and regulations with regard to: (1) improved administration of grants–in–aid to the States; (2) special or technical services to State and local units of government; and (3) the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development.

Sections 201–203 of the Legislative Reorganization Act of 1970 as amended, (31 U.S.C. 1151–1153) which provides for the establishment of a standardized information and data processing system for budgetary and fiscal data.

Congressional Budget Act of 1974 (Title I–IX, P.L. 93–344) which requires the Office to prepare legislation and to perform other functions in relation to the new fiscal year and budget submissions.

Impoundment Control Act of 1974 (Title X, P.L. 93–344) which governs the establishment of budgetary reserves and reports of those reserves to the Congress.

Office of Federal Procurement Policy Act (P.L. 93–400) established, in the Office of Management and Budget, the Office of Federal Procurement Policy.

Privacy Act of 1974 (P.L. 93–579) requires the Office to provide for oversight and to issue guidelines for implementation of the Act.

44 U.S.C. 1108, which requires approval of the use of appropriated funds for the printing of periodicals

44 U.S.C. 3501–3511 (the Federal Reports Act), which requires coordination of Federal reporting and statistical services in order to eliminate duplication, reduce the cost of such services, and minimize the burden on the public of furnishing information to Federal agencies.

Paperwork Reduction Act of 1980 (P.L) 96–511 strengthens the role of OMB in reducing the paperwork burden imposed on the public by the Federal government, and sets a paperwork reduction goal of 15 percent by October 1, 1982, and an additional 10 percent a year later. The act sets up a new unit (the Office of Information and Regulatory Affairs) in the Office of Management and Budget. See previous description of that office and this Act in II. General Statement and V. Organization and Statement of Functions.

Executive Orders

Executive Order No. 8248 of September 8, 1939 (4 F.R. 3864), which specifies the functions of the Office as part of the Executive Office of the President.

Executive Order No. 9094 of March 10, 1942 (7 F.R. 1972), which provides for coordination and planning of Federal mapping and chartmaking activities.

Executive Order No. 10579 of November 30, 1954 (19 F.R. 7925), which provides for final decision on appeal by an agency from any determination by the Administrator of General Services with respect to the establishment of an interagency motor vehicle pool or system.

Executive Order No. 10654 of January 20, 1956 (16 U.S.C. 1005) delegating certain functions under the Watershed Protection and Flood Prevention Act.

Executive Order No. 10900 of January 5, 1961 (26 F.R. 143), as amended, which provides for fixing amounts of certain foreign currencies to be used for various purposes and waiving certain statutory requirements.

Executive Order No. 11030 of June 19, 1962 (27 F.R. 5847), as amended, which provides for clearance for the President of Executive Orders and proclamations.

Executive Order No. 11060 of November 7, 1962 (27 F.R. 10925), which provides for determining and establishing rates of hospital care and treatment furnished by the United States, for use in connection with recovery from tortiously liable third persons.

Executive Order No. 11541 of July 1, 1970 (35 F.R. 10737), as amended, which delegated to the Director of the Office of Management and Budget the functions of the Bureau of the Budget which were transferred to the President by Reorganization Plan No. 2 of 1970.

Executive Order No. 11592 of May 6, 1971 (36 F.R. 8555), which delegates to the Director of the Office of Management and Budget the function of granting certain aprovals under provisions of the Rivers and Harbors Act of 1970 and the Flood Control Act of 1970.

Executive Order No. 11609 of July 22, 1971 (36 F.R. 13747), as amended, which delegates to the Director of the Office of Management and Budget the exercise of statutory authorities of the President involving (1) regulatory functions with respect to quarters and facilities, (2) transfers of balances of appropriations, (3) land acquisitions, contracts for land acquisitions, and other land transactions, (4) approval of regulations relating to rental of substandard housing for members of the uniformed services, (5) approval of use of funds for printing of periodicals, and (6) allocation of funds for management improvement.

Executive Order No. 11647 of February 10, 1972 (37 F.R. 3167), as amended, which established the Federal Regional Council System and also established the Under Secretaries Group for Regional Operations, to be chaired by the Deputy Director, to give the Councils policy guidance.

Executive Order No. 11672 of June 6, 1972 (37 F.R. 11455), which requires approval by the Director of property transferred from the Postal Service to other agencies.

Executive Order No. 11721 of May 23, 1973 (38 F.R. 13717) as amended, which designates the Director of the Office of Management and Budget, the Secretary of Labor and the Director of the Office of Personnel Management, as the President's agents under 5 U.S.C. 5305, relating to Federal pay administration.

Executive Order No. 11747 of November 23, 1973 (38 F.R. 30993), which delegates certain functions under the Water Resources Planning Act to the Director, Office of Management and Budget.

Executive Order No. 11758 of January 15, 1974 (38 F.R. 1075) as amended, delegating to the Director certain functions under the Rehabilitation Act of 1973.

Executive Order No. 11845 of March 24, 1975 (40 F.R. 13299) which delegates to the Director certain functions of the Impoundment Control Act of 1974.

Executive Order No. 11874 of July 25, 1975 (40 F.R. 31737) delegating certain functions to the Director regarding support assistance to the Legal Services Corporation.

Executive Order No. 11893 of December 31, 1975 (41 F.R. 1040) transferring certain management functions from GSA to the Director.

Executive Order No. 11961 of January 19, 1977 (42 F.R. 4321) provides for OMB to exercise oversight over certain international investment surveys.

Executive Order No. 11954 of January 7, 1977 (42 F.R. 2297) as amended by Executive Order No. 12030 of December 15, 1977 (42 F.R. 63633) provides for OMB to exercise oversight over Federal real property policies.

Executive Order No. 12039 of February 24, 1978 (43 F.R. 8095) delegates certain science and technology functions to the Director, including those related to facilitating the transfer and utilization of research and development results, and those related to reorganization functions.

Executive Order No. 12044 of March 24, 1978 (43 F.R. 12661) assigns to the Director the responsiblity for management and oversight of the Government-wide regulatory improvement program.

Executive Order No. 12036 of March 27, 1978 (43 F.R. 13349) delegates to the Director the responsibility for telecommunications procurement and for deciding Government appeals from radio frequency assignments by the Secretary of Commerce.

Executive Order No. 12088 of October 13, 1978 (43 F.R. 47707) assigns oversight responsibility to the Director for agency pollution control plans.

Executive Order No. 12092 of November 1, 1978 (43 F.R. 51375) provides for the Administrator of the Office of Federal Procurement Policy, Office of Management and Budget, to exercise overall direction of the program designed to prohibit inflationary procurement practices.

Executive Order No. 12152 of August 14, 1979 (44 F.R. 48143) which requires establishing regulation and oversight of systematic review by agencies of their operation.

Executive Order No. 12174 of November 30, 1979 (44 F.R. 69609) which assigns to the Director responsibility for supervision of the paperwork reduction program in the Executive branch.

Executive Order No. 12185 of December 17, 1979 (45 F.R. 75093) which delegates to the Director certain authorities and responsibilities vested in the President by the Power Plant and Industrial Fuel Use Act of 1978 (92 Stat. 3318).

Executive Order No. 12196 of February 26, 1980 (45 F.R. 12769), as amended by Executive Order 12223, provides that the Director of the Office of Management and Budget is responsible for approving basic program elements to be issued by the Secretary of Labor in order to assist agencies establish occupational safety and health committees and operate effective occupational safety and health programs.

Executive Order No. 12262 of January 7, 1981 (46 F.R. 2313) designates the Director of the Office of Management and Budget as a member of the Interagency Employee Benefit Council. The purpose of the Council is to improve the administration of the Employee Retirement Income Security Act.

HEARING ON

THE FISCAL YEAR 1982 BUDGET

FOR

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

EXECUTIVE OFFFICE OF THE PRESIDENT

BEFORE THE

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE

AND GENERAL GOVERNMENT APPROPRIATIONS

MAY 5, 1981

WITNESSES:

Ursula H. Pearson,
Financial Manager, Office of Administration

Richard D. White,
Budget Officer, Office of Administration

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

Statement of Ursula H. Pearson
Financial Manager, Office of Administration
Before the Subcommittee on Treasury,
Postal Service, and General Government Appropriations
U.S. House of Representatives

May 5, 1981

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to present the Fiscal Year 1982 budget request for the Office of Policy Development in the Executive Office of the President. The structure of the Office is somewhat different from that of the Domestic Policy Staff during the previous Administration and, therefore, the name of the Office is being changed from the "Domestic Policy Staff" to the "Office of Policy Development."

The 1982 appropriation request is for the salaries and expenses of the new staff charged with advising and assisting the President in the formulation, evaluation and coordination of national domestic policy. The Office of Policy Development has the central role in formulation of domestic policy and is responsible for coordinating and supporting the Cabinet Councils and for supporting the President's Economic Policy Advisory Board. The budget request for the Office of Policy

Development also provides for the staff of the closely related activities; Planning and Evaluation (5 positions) and Cabinet Administration (4 positions).

The Fiscal Year 1982 appropriations request in $2,959,000 which is an increase of $32,000 or 1% over Fiscal Year 1981. Please note that we have withdrawn the previous request for a Fiscal Year 1981 supplemental appropriation of $89,000 which was to cover a portion of the cost of the October 1980 civilian pay raises. Therefore, the revised budget estimate for Fiscal Year 1981 is reduced from the previous estimate of $3,016,000 to $2,927,000. The request for Fiscal Year 1982 includes continuing the current authorization for 50 full-time permanent positions.

The budget as requested reflects our effort to develop an organization which will provide policy advice and assistance to the President in an efficient and effective manner.

Thank you again for the opportunity to appear before your Committee. I will be glad to answer any questions you may have regarding this budget request.

FISCAL YEAR 1982 BUDGET REQUEST

FOR

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

SALARIES AND EXPENSES

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

SALARIES AND EXPENSES

For necessary expenses of the Office of Policy Development (Domestic Policy Staff), including services as authorized by 5 U.S.C. 3109, and 3 U.S.C. 107, and other personal services as authorized by 3 U.S.C. 107, $2,959,000.

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-2200-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Program by Activity:			
1. Advise and assist the President in the development of domestic policy.........	2,329	935	---
2. Drug abuse policy..........	301	98	---
Subtotal, Domestic Policy Staff......................	2,630	1,033	---
3. Advise and assist the President in the development of domestic policy and coordinate the activities of the Cabinet Councils (Office of Policy Development).....	---	1,894	2,959
Total Program Costs, funded	2,630	2,927	2,959
Change in selected resources (undelivered orders).......	63	---	---
10.00 Total obligations........	2,693	2,927	2,959
Financing:			
25.00 Unobligated balance lapsing.................	18	---	---
39.00 Budget Authority	2,711	2,927	2,959
Budget Authority:			
40.00 Appropriation..........	2,711	2,927	2,959
44.20 Supplemental for civilian pay increase...........	---	---	---

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

(Continued)

Program and Financing (in thousands of dollars)

Identification code 11-2200-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Relation of Obligations to Outlays:			
71.00 Obligations incurred, net	2,693	2,927	2,959
72.40 Obligated balance, start of year..................	384	418	521
74.40 Obligated balance, end of year..................	-418	-521	-577
77.00 Adjustments in expired accounts................	-41	---	---
90.00 Outlays, excluding pay increase supplemental...	2,618	2,824	2,903
91.20 Outlays from civilian pay increase supplemental...	---	---	---

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-2200-0-1-802	1980 actual	1981 estimate	1982 estimate
Personnel compensation:			
11.1 Permanent positions	1,700	1,629	1,697
11.3 Positions other than permanent	153	201	100
11.5 Other personnel compensation	55	60	60
11.8 Special personal services payments	69	159	30
Total personnel compensation	1,977	2,049	1,887
Personnel benefits:			
12.1 Civilian	146	155	161
~~13.0 Benefits for former personnel~~			
21.0 Travel and transportation of persons	79	76	90
23.1 Standard level user charge	237	224	358
~~22.0 Transportation of things~~			
23.0 Rent, communications, and utilities	150	156	170
24.0 Printing and reproduction	3	15	15
25.0 Other services	37	140	160
26.0 Supplies and materials	62	57	63
31.0 Equipment	2	55	55
~~32.0 Lands and structures~~			
~~33.0 Investments and loans~~			
~~41.0 Grants, subsidies, and contributions~~			
~~42.0 Insurance claims and indemnities~~			
~~43.0 Interest and dividends~~			
~~44.0 Refunds~~			
99.0 Total obligations	2,693	2,927	2,959

(Mono cast: 20.11) (Mono cast: 5.9) (Mono cast: 5.9) (Mono cast: 5)

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

The Office of Policy Development (Domestic Policy Staff) advises and assists the President in the formulation, evaluation and coordination of national domestic policy; coordinates and supports the activities of the Cabinet Committees; and, in accordance with Executive Order No. 12296, supports the President's Economic Policy Advisory Board.

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

PERSONNEL SUMMARY

Identification code 11-2200-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Total number of permanent positions....................	50	50	50
Total compensible work years			
Full-time equivalent employment.................	56	58	56
Full-time equivalent of overtime and holiday hours..	2	2	2
Average salary of ungraded position....................	$34,156	$33,719	$34,056

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
DETAIL OF PERMANENT POSITIONS

	1980 actual	1981 estimate	1982 estimate
Ungraded............................	50	50	50
Total Permanent Positions........	50	50	50
Unfilled Positions, end of year..	-3	--	--
Total permanent positions, end of year....................	47	50	50

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

Explanation of the Fiscal Year 1982 Budget
and Major Increases and Decreases From Fiscal Year 1981

The Fiscal Year 1982 budget request of $2,959,000 for the Office of Policy Development is a 1% increase or $32,000 over the budget for Fiscal Year 1981. The major changes are a decrease of $162,000 in personnel costs and an increase of $134,000 in charges by the General Services Administration for office space used by the staff.

The Fiscal Year 1981 budget estimate reflects the operation of the previous Domestic Policy Staff for the first four months of Fiscal Year 1981 and the operation of the Office of Policy Development for the remaining eight months. The pending Fiscal Year 1981 supplemental request for $89,000 for the civilian pay increase has been withdrawn. The Fiscal Year 1981 budget also reflects payment of $140,000 for accrued annual leave for staff departures associated with the change of Administration.

Fiscal Year 1982 Budget
by Major Object Classification

o <u>Personnel Compensation and Benefits</u>: $2,048,000 (69% of the total budget). This is a reduction of $156,000 below the current Fiscal Year 1981 estimate. Of the total, $1,697,000 is for full-time permanent positions (50 positions - no change from the Fiscal Year 1981 budget). The reduced use of other than permanent employees (- $101,000), the non-recurring nature of the large payment for annual leave associated with the change of Administration and reduction in other special pay (- $129,000) offset the increase in full-time permanent salaries and benefits (+ $74,000). The possible October 1981 cost of living pay adjustment is not included in this budget.

o <u>Travel</u>: $90,000 (3% of the total budget). The increase of $14,000 over the Fiscal Year 1981 travel budget reflects the cost of staff and invitational travel for the full year operation during Fiscal Year 1982. This travel budget reflects a reduced level of staff travel from previous requests and an increase in invitational travel, primarily to provide for the expenses of the President's Economic Policy Advisory Board. This support is a new requirement specified in Executive Order No. 12296, March 3, 1981.

o <u>Rent, Communications, and Utilities</u>: $528,000 (18% of the total budget). The increase of $134,000 in the Standard Level User Charges reflects the guidance furnished by the General Services Administration regarding their standard charges. The increase of $14,000 in Other Rents, Communications, and Utilities reflects general increases in telephone charges, rentals and GSA maintenance support.

o <u>Printing</u>: $15,000 (less than 1% of the total budget). No change from the Fiscal Year 1981 estimate. Reflects the estimated printing costs to support the Office of Policy Development.

o Other Services: $160,000 (5% of the total budget). The increase of $20,000 reflects general increases in maintenance contracts, training, and services. A total of $125,000 is included in this object class for analyses of the information needed to meet policy development, implementation, and evaluation requirements, and related system development costs; and other special studies as required.

o Supplies and Materials: $63,000 (2% of the total budget). The increase of $6,000 reflects general increased costs of GSA and commercial office supplies and publications.

o Equipment: $55,000 (2% of the total budget). No change from Fiscal Year 1981 budget. This includes typewriter replacement, purchase of word processing equipment, and furniture replacement as required.

TESTIMONY OF MEMBERS OF CONGRESS AND INTERESTED INDIVIDUALS AND ORGANIZATIONS

TUESDAY, MAY 12, 1981.

GSA STOCKPILE

WITNESS

HON. CHARLES E. BENNETT, CHAIRMAN, SEAPOWER AND STRATEGIC AND CRITICAL MATERIALS SUBCOMMITTEE

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear outside witnesses.

The first witness this morning is the Honorable Charles Bennett, Chairman of the Seapower and Strategic and Critical Materials Subcommittee.

Mr. Bennett, the committee would like to welcome you this morning and request that you proceed in any way that you may desire.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Mr. Chairman, my statement is short so I am going to read it, if that is all right with you.

Mr. Chairman and members of the subcommittee, I thank you for this opportunity to express my views about the strategic and critical materials stockpiling problems.

As you indicated, I am Chairman of the subcommittee which handles authoriztions in this field.

I believe the $120 million requested is all proper and greatly needed and should be approved.

The Administration's request for authorization to sell and purchase stockpile commodities in fiscal year 1982 is contained in H.R. 2912, which is now before the House Armed Services Committee. Although it requests authorization for appropriation of $2.14 billion for purchase of needed critical and strategic material, the Administration is only asking for appropriations for $120 million.

The Administration seeks authorization to sell various quantities of seven commodities estimated to be valued at over $2 billion which are excess to the current requirements for the stockpile and which would include the disposition of all of the silver held in the stockpile.

Based on experience with past administrations, I am concerned that this could be another attempt at budget balancing by projecting high income from stockpile sales without increased outlays for the purchase of desperately needed commodities.

Mr. Chairman, last year you were kind enough to put in your report number 96–1090, 96th Congress, and at page 45 the following language:

> The Committee therefore directs the Office of Management and Budget in coordination with the Treasury Department and GSA to take the actions necessary to reconcile this conflict between the law and the manner in which the Budget is presented to the Congress. The Committees on Appropriations of the House and Senate should be kept informed concerning this matter.

The past and present Administrations seem to have ignored your language and have not, to my knowledge, provided the Congress with a report of action to make the appropriations for the stockpile program consistent with the intent of the Congress as expressed in the Strategic and Critical Materials Stock Piling Revision Act of 1979.

I hope that both your committee and the House Armed Services Committee can persuade Treasury, OMB and GSA to report at an early date, as per your request, on reconciling the conflict between the law and budgetary process. Otherwise, I am prepared to offer legislation that would effect a statutory solution. Perhaps that might not be the best solution.

The $120 million in the Administration's budget for acquisition of stockpile material in fiscal year 1982, in my opinion, is meager. So I urge you to approve the appropriation of the amount.

The real reason for coming here, Mr. Chairman, is because I am of the strong opinion that we will be doing a real service to our country if we follow out the law that was passed which indicates as you sell down from the stockpile, you use that money immediately to purchase materials that are needed for our national defense.

As a practical, political matter, when you have a popular thing like silver that is mostly overstocked, you just can't sell it unless you present to the Congress at the same time a program for the purchase of the other materials which are so greatly needed for our stockpile, so even if the committee which I chair were inclined to go along with the idea of selling all excess material and, hopefully, then later some time purchasing more desperately needed things; as a practical matter, Congress is not likely to go along with that point of view, so we will not do anything about aiding our national defense by selling excess material without having a program for the use of the derived funds for the purchase of proper things for the stockpile.

Mr. ROYBAL. The Office of Management and Budget did not comply with the committee language?

Mr. BENNETT. No, sir; they did not.

Mr. ROYBAL. Was that language in any other report?

Mr. BENNETT. You were the only one that put it in your report, but we did pass a bill that stated that the money that went into the special fund, although it would be appropriated for, would be there for the purchase of commodities, and this year they have come to the authorization committee and said, well, sell off $2 billion plus of silver and other things, and let us have that sitting around to purchase things from time to time, but they have only asked for $120 million of purchases.

They have evaded the purpose of the law, but what is more distressing to me from a practical standpoint is we are not going to be able to sell the silver and that sort of thing out of the stockpile unless they address the things that are needed more. They won't do it. They will hold on to the silver in the hopes it will go up.

Mr. ROYBAL The legislation that you have in mind, is that something that would be offered?

Mr. BENNETT. It is already law. The law says already, it was passed about a year or so ago, the law already says that when things are in the stockpile in surplus, they shall be sold off, and that money be put into a trust fund and that trust fund be used as a source of buying new commodities, that is the law.

Mr. ROYBAL. So what you are asking then is that they comply with the law?

Mr. BENNETT. That is correct.

I thank you very much, Mr. Chairman.

Mr. Miller, it's good to see you.

Mr. ROYBAL. We thank you very much.

Mr. BENNETT. Thank you; I am writing up the bill myself.

God bless you, and thank you.

TUESDAY, MAY 12, 1981.

GSA FEDERAL BUILDINGS FUND

WITNESSES

HON. CARL D. PERKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

HON. JACK THOMPSON, MAYOR, ASHLAND, KY.

RICHARD MARTIN, CITY ATTORNEY, ASHLAND, KY.

Mr. ROYBAL. Next we have the Honorable Carl D. Perkins.

STATEMENT OF HON. CARL D. PERKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. PERKINS. Mr. Chairman, I want to thank you for the privilege of appearing before you this morning.

I have with me the Honorable Jack Thompson, Mayor, City of Ashland, and Richard Martin, the City Attorney.

On February 29, 1980, the General Services Administration transmitted to Congress Prospectus #PKY-77021, recommending the construction of a new Courthouse and Federal Building for Ashland, Kentucky, with a cost of $6,938,000. On April 23, 1980, the Committee on Public Works and Transportation approved the Prospectus.

The Senate approved the project last year as a part of S. 2080, and, I am informed by Senators Ford and Huddleston, have again approved it as a part of S. 533. Funds were included in the Senate version of the Continuing Resolution last year, but this and other projects were dropped in conference.

I am aware of the budgetary constraints this year, but the construction for this building will save funds through the reduction of the use of leased space. At present most Federal agencies are housed in leased space in Ashland. The Internal Revenue Service, the Alcohol, Tobacco and Firearms Division and Social Security are all housed in leased space.

Last year the Hon. H. David Hermansdorfer, at that time District Judge, appeared with me before the Public Works Committee and described the inadequate Court facilities. I have attached his testimony. Although Judge Hermansdorfer resigned in January, a new Judge has been selected and is undergoing the final FBI check. He will be assigned to Ashland.

The present Court facility was constructed in 1910 and 1911. This facility is a fire hazard and the security for prisoners is inadequate at best. The Bankruptcy Judge and the Magistrate have no quarters worthy of the name.

GSA determined that it would be more economically feasible to build a Federal Building in Ashland rather than lease more space or any other alternative. They have proposed a very functional building to meet the needs of the various Federal agencies so that they may serve the people.

I might add that this will help in an area with an unemployment rate of 9.7 in March, the most recent figures available. There are many skilled building tradesmen ready to go to work. Again, I recognize the budgetary realities, but this building will have a favorable return through the reduction of leased space.

I want to thank you for the privilege of appearing before you, and now I want to introduce Mayor Jack Thompson and Richard Martin, the City Attorney.

[The statement of Mr. Perkins follows:]

Prepared Testimony of Congressman Carl D. Perkins

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Testimony of Hon. H. David Hermansdorfer Before the Public Works Committee

Mr. Atkinson. Congressman Perkins?

Mr. Perkins. Mr. Atkinson and members of the Committee, I am here this morning with Judge Hermansdorfer of the Eastern District of Kentucky.

Kentucky originally had two districts—the Eastern and Western Districts. The Eastern District is comprised of 67 counties. Two of the newest buildings—neither of them are in my Congressional district: they are Covington, Kentucky and Lexington. They were constructed in the 1930s during the WPA days.

I know that the building at Catlettsburg is outdated, and I would ask you to review the prospectus sent up by the General Services Administration very carefully. I feel that this area needs a building just as much, if not more, than any other area in the United States.

The docket is one of the most congested in the United States. I have an appointment, unfortunately, with Senator Bentsen at 11:00 on the pension plan. But Judge Hermansdorfer will take his time and explain the great need, and I think the prospectus sets forth the great need for this new building. It would be my hope that it would be approved by your Committee and we could get the building under construction at the earliest possible date.

Judge Hermansdorfer will answer all of your questions; he can tell you about the shortage of space and everything else. I know you will be interested in his testimony; he is a great judge. I thank all of you.

Mr. Atkinson. I thank you for being here, Mr. Perkins. Your testimony, of course, is highly respected in this House and this Committee.

Mr. Perkins. Thank you very much.

Testimony of Hon. Howard David Hermansdorfer, District Judge for the Eastern District of Kentucky

Judge Hermansdorfer. Mr. Chairman and members of the Committee, I thank you for the opportunity of appearing. I would like to thank Congressman Perkins for coming with me.

If it would suit your needs better, I will offer to retire and let you hear your GSA witnesses on Little Rock; whatever your pleasure is.

Mr. Atkinson. Proceed, Judge.

Judge Hermansdorfer. Thank you very much.

The situation, I think, is best described by understanding something about the Eastern District of Kentucky. We have six places of holding court in the Eastern District of Kentucky; we have 67 counties. So we appropriate a court facility to serve approximately one-sixth of the counties most adjacent to the place of holding court.

My responsibilities have to do with the division at Pikeville, which is in southeastern Kentucky, and the division at Catlettsburg, which is in northeastern Kentucky. Catlettsburg is not within 100 miles of any other place of holding court. The facility at Catlettsburg was constructed in 1910 and, as I understand it, may have been finished in 1911. Originally, it was designed under the concept known as an outlying court facility. It was never intended to be a place for a sitting judge holding court full-time.

I came on the bench in 1972, and it was necessary to do some refurbishing of that building. GSA provided architectural services through their Atlanta office. It was determined at that time that the floors would not accept the weight of library books. Therefore, we had to wall-hang all shelves to take the dead weight of library books.

We have one stairway going to the upper floors of the building; there are no fire doors. It is a four-story building, fully occupied; there is no fire escape. We have one restroom for women, lawyers, defendants, and the public, and it has one toilet facility within it.

We have no conference rooms; we have no room that we can offer to defense counsel and their clients to give them reasonably privacy during the trial of a case, or where they might leave their witnesses. It is often said that some of our cases are tried in the hallways and the restrooms.

We have no discrete ability to enter the building. All federal prisoners in custody are brought in in restraint, pursuant to the security regulations of the United States Marshall Service. We necessarily demonstrate these prisoners, potentially, to the public and to every member of the jury panel.

[Whereupon, Mr. Levitas resumed the Chair.]

Judge Hermansdorfer. Cosmetically, the building is unsatisfactory, but I am not here for cosmetic reasons. We simply have a totally inadequate facility. This is not a new matter. I became concerned for my staff and the persons that work in the building as soon as I got there.

The United States Marshall Service ran a security survey of the building in 1973. By a TWX coming from the Office of the Chief of the Court Support and Safety Section, dated January 29, 1974, the United States Marshall Service adopted my recommendation that we move any security type prisoners to more secure facilities, which means that we also move the trials.

The building will not permit any type of protracted litigation. This is a leased facility from the Postal Service. I had the building inspected in February of 1974. Mr. Gulston, who is the postal inspector, filed an inspection report and determined that it was inadequate. I caused an inspection to be made by the state fire marshall, very much against his will, because we did not know what type of a hazard we presented to adjoining private properties. It was determined that we had a boiler in the building that had no evidence of ever having been inspected or certified.

I would be happy to answer any questions, but I believe this situation is on the threshold of being so bad that you would not believe it if I told you how bad it was. So I will undertake to answer any questions that you have.

I would tell you that the city of Catlettsburg is a lovely city, and it is made up of a lot of very nice people. Unfortunately, it is a very small city; it has no motel. We cannot feed a jury or have a sequestered trial at that place of holding court. I have a slight physical impairment, and due to a back condition, it is necessary for me to bring a lot of work from Pikesville up there.

The facility is highly used, and much like Judge Eisele, we have the same use requirements. We have a full-time magistrate who uses the facility; we have a bankruptcy judge who uses the facility. We had to give up our grand jury room to make a probation office. We now use the petit jury room for bankruptcy; we use the petit jury room for the United States Magistrate when I am occupying the courtroom. Like the judges in Arkansas, if the magistrate has a more important function than I, the magistrate takes the courtroom.

I am presently holding court this week and next week in Frankfort, which is the newest facility in the district, and if you can move it by helicopter to our part of the state, we have no problems at all.

Mr. LEVITAS. Let me see if I understand the situation. The facility at Catlettsburg is inadequate?

Judge HERMANSDORFER. Yes, sir, that is my considered judgment.

Mr. LEVITAS. And the proposal to construct this courthouse and federal office building in Ashland would take over the functions that are now being performed there?

Judge HERMANSDORFER. Yes, sir. As far as the Administrative Office of Courts is concerned, that is leased space. We would simply turn it back to the landlord, the United States Postal Service.

Mr. LEVITAS. You have the designation of six places to held court in the Eastern District. Ashland is now designated as a seventh. Am I correct in that?

Judge HERMANSDORFER. Yes, sir.

Mr. LEVITAS. Will any federal district trials be held in Catlettsburg after the construction of the Ashland facility?

Judge HERMANSDORFER. No, sir.

Mr. LEVITAS. Now, it is my understanding, based on our conservations over the last number of months with the Administrative Office of the U.S. Courts, that the average size courtroom to be constructed for a new district court is 1,800 square feet. As I read this prospectus, it calls for a 2,400-square-foot courtroom, which is basically the size of ceremonial courtrooms that are being constructed. Do you know the reason for that size designation, Judge?

Judge HERMANSDORFER. I do not know the technical reason. I can tell you why I would be in favor of the larger courtroom. We have a rather unusual problem, or perhaps it is just my lack of knowledge that makes me believe it is unusual. But eastern Kentucky is a rather mountainous area. When we have a jury panel summoned to court, it is necessary for us to summons more persons than we are going to use, because we have to be generous in allowing people to be excused because of age and travel distance.

We gave up some of our space in our present courtroom to make an adequate clerk's office as part of the refurbishing in 1972. We cannot seat the prospective jurors. This is a rural area, and the function of a United States court, while sitting during a trial, is somewhat different perhaps than it is in a metropolitan area. We have people who come to court; they get involved.

We do use it as a ceremonial courtroom. We have naturalization proceedings on a regular basis in that courtroom. I do have, and I would be happy to submit it for your consideration—and I confess that I do not know the technicalities of it, but it was believed to be necessary that the size of the courtroom be presented to the United States Circuit Court of Appeals for the 6th Circuit sitting as a circuit judicial council.

That council passed a resolution of need, and also, pursuant to their authority, designated or recommended that the size of the courtroom be 2,400 square feet. If that would be of any assistance to you—

Mr. LEVITAS. It would be helpful; I would want to have that for our consideration.

Judge HERMANSDORFER. All right.

Mr. LEVITAS. Now, will this facility also provide space and utilization by magistrates and bankruptcy judges?

Judge HERMANSDORFER. Yes, sir. The Commonwealth of Kentucky recently, by constitutional amendment at the state level, revised their state judiciary, creating for the first time a state supreme court. The former court of appeals now becomes an intermediary appellate court, and they travel. To the extent that it is possible, we have been trying to cooperate with these traveling three-judge panels, and we try to make some space available for them in our courthouse when they need it.

This is an area that is impacted very heavily by all legislation dealing with coal and coal mines. We probably have the highest backlog filing in the United States on black lung cases, and that also results in disability insurance benefit cases arising out of the Social Security laws.

We have hearing examiners or administrative law judges in our district, I would think, almost on a continuous basis. To the extent possible, we try to accommodate them. We have one courtroom, and we have many needs. When I can, I get out and go someplace else to hold court so that the courtroom can be utilized.

Mr. LEVITAS. Thank you, Judge. Mr. Abdnor?

Mr. ABDNOR. How muh is this building going to cost a square foot; do you have any idea?

Judge HERMANSDORFER. Sir, I do not know or understand a thing in the world about construction costs, but I understand that there are people here who do. I am sorry; I just do not know.

Mr. ABDNOR. I have been talking back and forth and I came in late. Have you always had a district judge located here?

Judge HERMANSDORFER. No.

Mr. ABDNOR. You have not?

Judge HERMANSDORFER. No. Originally, under an old concept, this was known as an outlying court, and that concept still carries over. For instance, we have library limitations. By law, I am only permitted to have a certain sized library, so I privately fund the necessary books to conduct some aspects of a place of holding court.

No resident judge was present at Catlettsburg until I came on the bench in March of '72.

Mr. ABDNOR. Just how many judges, all told, then, will be housed in Ashland?

Judge HERMANSDORFER. One, and one United States Magistrate, and then the other persons would be persons who would come in, like the bankruptcy judge, for temporary business.

Mr. ABDNOR. The magistrates and the bankruptcy judges will carry on their proceedings in the one courtroom; is that the idea?

Judge HERMANSDORFER. We are hoping to get a small facility for the magistrate—a hearing room of some kind. As you probably know, under the existing law, the jurisdiction of the United States Magistrates is being increased; they now hold jury trials.

The bankruptcy judges, under the new laws, also will hold jury trials.

Mr. ABDNOR. How big a room will that be? Is that in these plans?

Judge HERMANSDORFER. I have not been consulted on what the exact space requirements are, Mr. Abdnor.

Mr. ABDNOR. Maybe I can find that from our next witness.

In the past, how far did they have to go for cases coming into this area of Ashland? Did they have to travel quite a ways to another court?

Judge HERMANSDORFER. I have been carrying a case load of about 1,500 cases for several years. The national planning average is about 351. Most of these, in fairness, are paper cases in the sense that they are matters on appeal from an appeals council, either through black lung or Social Security. But we have enough to do.

Pikeville is about 110 miles away; by air, it is not that far, but it is mountainous and to get there you travel quite a distance. Lexington would be the next closest facility, and this is 120 miles, I should think.

I am advised that a hearing room of 1,000 square feet is included in the prospectus, and it is intended to be used by the United States Magistrate and the bankruptcy judge.

Mr. Abdnor. And you really feel that 2,400 square feet is needed? I guess I did not quite get the feeling that it had to be that big, even though you do have to bring extra people in.

Judge Hermansdorfer. I am a great believer that the courts need to serve the people and be where the people are. In a rural area, people come to court; they watch. We encourage school children to come to court, and they do come. I sometimes speak at a small junior college in the political science area, and they come. It is a utilized facitity.

Mr. Abdnor. How many more people would you anticipate you could seat in the adience, or whatever you call it? How many more would you be able to seat, going from the 1,800 to the 2,400?

We have been touring courtrooms, because this is a big subject. With this expanded number of judges, they need space, and to get a little better acquainted with it, we have visited some courtrooms. We would like to visit more.

Judge Hermansdorfer. I invite you to come to Catlettsburg, sir.

Mr. Abdnor. Sometimes, I see big amounts of room in the bigger courtrooms, and no one is hardly in them. I suppose that once in a while, you do attract cases that have the interest of the local people, but I am just wondering about day in and day out when you are holding court.

Can someone give you an idea here of how many more people could——

Judge Hermansdorfer. I am advised that it is 40 to 50, but I do not really know.

Mr. Abdnor. Well, I will ask the GSA. Thank you very much.

Mr. Levitas. We are aware that GSA and representatives of the Administrative Office of the U.S. Courts are here, and we will ask them some questions. For example, one question I am curious about is that your district seems to be the fair-haired child of this decision-making. Judge Eisele wanted a larger courtroom, and they cut him back to 1,800 square feet, and you get your 2,400 square feet. I just want to find out why.

Judge Hermansdorfer. All I can tell you is that I was advised that it was necessary for me, through my chief judge, to submit the matter to the 6th Circuit judicial council for resolution, and that has been passed up to you, Mr. Chairman. I do not know what criteria they used, but it is my understanding that they have the obligation to set the size of the courtrooms, I cannot tell you if that is true or not.

Also, I would like to retract my previous advice that I received, and now I understand that a larger courtroom would seat an additional 60 to 70 persons. In all fairness, I must say that Mr. Abdnor is correct. If we have a land condemnation case before a jury, we just simply do not have many people watching it. But there are cases where we have a great many people watching them, and in rural areas I really believe it is valuable.

Of course, I will abide by your judgment on the matter, but the serving of the people, I think, and giving them a place to see the court in action—and they do use it—is something of value. Under the present situation, it may not be sufficient, but it is my judgment that it has real merit.

Mr. Levitas. Thank you. Mr. Atkinson?

Mr. Atkinson. I have no questions of the judge. I would just thank him for his testimony. I respect his recommendation as the person who uses the room and knows what the greatest needs are, and knows the dire straits that the present facility is in.

Judge Hermansdorfer. Should you be out on an inspection tour, gentlemen, Huntington has a nice airport; we can meet you, and Catlettsburg is not far away. I would be honored to show you our facility.

Mr. Levitas. Well, Judge, if we were going to be able to do that, we would have scheduled it for next weekend. I understand there may be some events occurring in the general area of that part of Kentucky.

Judge Hermansdorfer. There may be. [Laughter.]

Mr. Levitas. Thank you.

Judge Hermansdorfer. Mr. Chairman, I would like to thank you and the members of the Committee for permitting me to appear. I appreciate it very much; thank you.

Mr. Levitas. Thank you.

Mr. Perkins. I want to read a little of the testimony of Judge Hermansdorfer of last year who resigned in January of this year, and they are in the process of selecting a new Judge.

I might say, Mr. Miller, that this city is located right across the Ohio River from Ohio.

Mr. Miller. I am well acquainted with that, yes, indeed.

Mr. PERKINS. This is the largest city I have in my district, which is a large area, going within 40 miles of Cincinnati and within 50 miles of Tennessee, and includes 27 counties.

Judge Hermansdorfer. Mr. Chairman and members of the committee, I thank you for the opportunity of appearing. I would like to thank Congressman Perkins for coming with me.

If it would suit your needs better, I will offer to retire and let you hear your GSA witnesses on Little Rock; whatever your pleasure is.

Mr. Atkinson. Proceed, Judge.

Judge Hermansforder. Thank you very much.

The situation, I think, is best described by understanding something about the Eastern District of Kentucky. We have six places of holding court in the Eastern District of Kentucky; we have 67 counties. So we appropriate a court facility to serve approximately one-sixth of the counties most adjacent to the place of holding court.

My responsibilities have to do with the division at Pikeville, which is in Southeastern Kentucky, and the division at Catlettsburgh, which is in Northeastern Kentucky. Catlettsburgh is not within 100 miles of any other place of holding court. The facility at Catlettsburgh was constructed in 1910 and, as I understand it, may have been finished in 1911. Originally, it was designed under the concept known as an outlying court facility. It was never intended to be a place for a sitting judge holding court full-time.

I came on the bench in 1972, and it was necessary to do some refurbishing of that building. GSA provided architectural services through their Atlanta office. It was determined at that time that the floors would not accept the weight of library books. Therefore, we had to wall-hang all shelves to take the dead weight of library books.

We have one stairway going to the upper floors of the building; there are no fire doors. It is a four-story building, fully occupied; there is no fire escape. We have one restroom for women, lawyers, defendants, and the public, and it has one toilet facility within it.

We have no conference rooms; we have no room that we can offer to defense counsel and their clients to give them reasonably privacy during the trial of a case, or where they might leave their witnesses. It is often said that some of our cases are tried in the hallways and the restrooms.

We have no discrete ability to enter the building. All Federal prisoners in custody are brought in in restraint, pursuant to the security regulations of the United States Marshal Service. We necessarily demonstrate these prisoners, potentially, to the public and to every member of the jury panel.

[Whereupon, Mr. Levitas resumed the Chair.]

Judge Hermansdorfer. Cosmetically, the building is unsatisfactory, but I am not here for cosmetic reasons. We simply have a totally inadequate facility. This is not a new matter. I became concerned for my staff and the persons that work in the building as soon as I got there.

The United States Marshal Service ran a security survey of the building in 1973. By a TWX coming from the Office of the Chief of the Court Support and Safety Section, dated January 29, 1974, the United States Marshal Service adopted my recommendation that we move any security type prisoners to more secure facilities, which means that we also move the trials.

The building will not permit any type of protected litigation. This is a leased facility from the Postal Service. I had the building inspected in February of 1974. Mr. Gulston, who is the Postal Inspector, filed an inspection report and determined that it was inadequate. I caused an inspection to be made by the State fire marshal, very much against his will, because we did not know what type of a hazard we presented to adjoining private properties. It was determined that we had a boiler in the building that had no evidence of ever having been inspected or certified.

I would be happy to answer any questions, but I believe this situation is on the threshold of being so bad that you would not believe it if I told you how bad it was. So I will undertake to answer any questions that you have.

He invited the committee to go down and look at it, and so forth. It is a situation that would pay good dividends to the government to correct. The Mayor is here this morning and the City Attorney.

They can give you more evidence, but I would appreciate your taking such steps as necessary to get the building back on the track.

It was lost in the Continuing Resolution last year with everything that was in the Continuing Resolution.

Mr. MILLER. Before we move away to that, on page 30, Carl, where you were reading you say, "We have no discrete ability to enter the building." Then, at the top of the page, you say, "All Federal prisoners in custody are brought in in restraint, pursuant to the security regulations of the United States Marshal Service."

It says, "We necessarily demonstrate", and it should be, "We necessarily do not."

Mr. PERKINS. I am quoting the way the transcript reads.

I would think that is a mistake here.

Mr. ROYBAL. You stated that the Internal Revenue Service, the Bureau of Alcohol Tobacco and Firearms, and Social Security are all housed in leased space.

Mr. PERKINS. That is correct.

Mr. ROYBAL. If this building is constructed, will those facilities go to the new building?

Mr. PERKINS. Yes; all of them would go to the new building, and I think there are numerous other Federal agencies that are housed in leased space down there. This was in Judge Hermansdorfer's mind. He was a great judge, and, unfortunately, I guess this was one thing that discouraged him so badly, this building, that made him quit.

Everybody liked him, both parties, even though he was a good Republican, everybody liked him.

Mr. ROYBAL. How big a building was it?

Mr. PERKINS. Forty-one thousand square feet, I understand. The Mayor can describe it.

I am not that familiar with it.

Mr. ROYBAL. Mr. Miller?

Mr. PERKINS. Occupiable space, 41,000 square feet.

Mr. MILLER. You do mention, Congressman, the Internal Revenue Service, and other agencies. But do you have some figures showing what the total lease would be for a year for those other agencies so we could have something to compare to the initial investment?

Mr. PERKINS. The City Attorney has all of that information here, and what does the figure come to?

Tell them now.

Mr. MARTIN. This is the February 1980 GSA report which we will submit a copy for you.

Here is the leased space right now.

Mr. PERKINS. The leased space comes to about 14,800, no, annual cost, rent including services as $83,637.

Mr. MILLER. I think, Carl, if we could have that for the record we could use those figures.

Mr. ROYBAL. Any questions, Mr. Addabbo?

Mr. ADDABBO. We supported you last year, and I hope the committee will look favorably on it again.

Mr. PERKINS. The Mayor is going to testify.

Mr. Roybal. Will you please proceed?

Mr. THOMPSON. I have a prepared statement. I would like to read it and at the conclusion I would be more than happy to attempt to answer any questions.

Mr. Chairman, committee members, I want to thank you for the privilege of appearing before you this morning.

The topic I come to discuss has been considered by the United States Congress for approximately seven years, that is, a new Federal Building and Courthouse for Ashland, Boyd County, Kentucky.

As Mayor of the City of Ashland, I have followed the progress of this consideration with great interest. I want to thank our congressional contingent, Senator Walter D. Huddleston, Senator Wendell Ford, and Congressman Carl D. Perkins, for their unrelenting efforts to secure this facility for our Eastern Kentucky community.

You have undoubtedly seen the GSA prospectus prepared and released in February, 1980 for the project which made the determination that:

One. The space needs of the Federal Government in the area cannot be satisfied by utilization of existing suitable property now owned by the government;

Two. Suitable rental space is not available and a price commensurate with that to be afforded through the proposed action, and;

Three. The most feasible means of housing agencies in the community is by construction of a new Courthouse and Federal office building.

The proposal was for a downtown Ashland site of 41,000 occupiable square feet with surface parking for 50 vehicles. Space would be provided for the U.S. Courts, other Federal activities now located in 8 leased locations throughout the community, expansion space for Federal activities, multi-use space for commercial activities, full accessibility for physically handicapped and adherence to fire safety, security, environmental requirements and OSHA safety and health standards.

The estimated cost of the project at last evaluation was $6,938,000. This included site acquisition and relocation costs, and at least one of the locations presently under consideration by GSA has been offered to the Federal Government by the City of Ashland without charge.

It is noteworthy to point out that a management review study was conducted by the Eastern District of Kentucky, United States District Court by the Administrative Office of the U.S. Courts in April of 1980. Their report relating to the Catlettsburg facility, the present location of U.S. Courts serving our area, was that "a lack of adequate space presents a critical problem in the Catlettsburg facility. * * * The Catlettsburg facility is totally inadequate and cannot be made adequate, safe, or comfortable without a total remodeling of the present building which is over 68 years old."

The Administrative Services Division of the Administrative Office joined in the GSA recommendation for construction of a new Courthouse in Ashland.

Incidentally, apparently at least potentially due to the frustration resulting from the negative action taken by Congress late last fall on this project, the Eastern District of Kentucky lost a very competent and highly-respected Judge, Judge Hermansdorfer, to retirement.

This has only been a highlighting of the background considerations for a facility in Ashland. It is needless to say it does not touch upon community concern. Ashland is a community of approximately 27,000 people located in the Huntington, West Virginia-Ashland Standard Metropolitan Statistical Area. It is an industrial community, being the home of Kentucky's largest corporation, Ashland Oil, Inc.

Other industries located in Ashland include Armco Steel and Allied Chemical. It is the river loading site for a very critical and burgeoning industry of our Nation, the coal industry.

The majority of this industry developed in the late 1920's to 1940's and the community has been patiently awaiting further development since that time. Recent events have heartened the citizens to the belief that this unrealized potential may yet be reached.

After 37 years of being a dry community the Kentucky General Assembly adopted legislation permitting the volatile issue of legal alcohol sales to be resolved at a precinct level. Four downtown precincts voted for the limited sale precinct concept permitting alcohol to be sold in these downtown precincts in the belief that these precincts have been adversely affected economically due to their inability to sell alcohol. No hotel facilities exist in Ashland and the motel facilities are at best inadequate.

In September of 1980, David Hocker and Associates of Owensboro, Kentucky, and Jacobs, Visconsi & Jacobs of Cleveland, Ohio, jointly announced plans to construct the "Ashland Centre", a mixed-use project on 47 acres of property bordering the central business district in Ashland.

Part of this project included the utilization of the Federal office building. The project is to be financed by UDAG grants, State economic development bonds and private financing.

Last Thursday in Ashland the State announced that it was prepared to commit its financing abilities to the project. The memorandum of intent that was executed between the parties and the city in December is progressing favorably with property aquisition negotiations in process along with feasibility studies, economic development plans, construction estimates and negotiations with anchor stores and hotels.

Attached to my statement are letters from the Chamber of Commerce, Executive Secretary, and one of the developers of the Ashland Centre which amplified the Centre's concept, and I have also brought photos of the architect's markup.

In 1976, when I was first serving on the Ashland Board of City Commissioners, the city went on record as offering the Federal Government a downtown central business district site to the Federal Government for use for the construction of such a Federal office facility.

This property is still available and is being considered along with tying the Federal building into the Ashland Centre project located approximately 7 blocks away. Ashland's momentum is positive, its needs are real as are those of the Federal agencies now spread throughout the area.

The Federal Court facilities are an embarrassment and a detriment to the administration of our Federal judicial system.

As Congressman Perkins told the Subcommittee on Public Buildings and Grounds, the proposed project is "not a grandiose monument". It is a proposal for a very functional building to meet the needs of the various Federal agencies so that they can serve the people.

However, in the event that the building is constructed, I can think of no better name for the building than The Carl D. Perkins Federal Building.

Thank you for your consideration.

[The statement of Mr. Thompson follows:]

PREPARED TESTIMONY OF MAYOR JACK THOMPSON, ASHLAND, KY.

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The Chamber of Commerce of Boyd and Greenup Counties, Inc.

P.O. Box 830
Ashland, Kentucky 41101
(606) 324-5111

May 7, 1981

Mayor Jack Thompson
City of Ashland
P. O. Box 1839
Ashland, KY 41101

Dear Mayor Thompson:

As you know, economic and cultural growth in our community has been stifled for a number of years. The population has dimimished, our tax base eroding and the City of Ashland is losing residents and businesses to outlying areas. However, recent events have lead us to conclude that a myriad of opportunities await us...opportunities that we cannot ignore. One such opportunity is the proposed Ashland Centre.

As originally conceived, the Ashland Centre would provide our community with 1500 jobs, a strong tax base as well as cultural, retail and tourist related activities.

It is our understanding that the proposed federal building in Ashland is an interval part of that development. The developers have indicated that the federal building is virtually a necessity for their project. It may well be that the Ashland Centre will not become a reality unless the federal building is located in Ashland and in close proximity to the Centre.

Furthermore, leaders in government and business have indicated that the City of Ashland can become a leading cultural, economic and governmental center for eastern Kentucky. Inasmuch as Ashland is the only second class city in our area, such a projection seems appropriate. However, for Ashland to achieve this, a federal building within the City limites is an absolute necessity.

If I or this office can be of any assistance in this matter, please don't hesitate to contact me.

Sincerely,

Raymond B. Graeves. Jr.

Raymond B. Graeves, Jr.
Executive Vice President

RBG:clr

VIA PUROLATOR

DAVID HOCKER & ASSOCIATES

May 8, 1981

Mayor Jack Thompson
City Hall
Ashland, Kentucky 41101

Dear Mayor Thompson:

This letter is intended to provide you with a current status of the proposed Ashland Centre project and to express our direct interest in including within the Ashland Centre project the proposed Federal Building to be located in Ashland, Kentucky.

The Ashland Centre project is a proposed mixed-use urban redevelopment project to be located in downtown Ashland, Kentucky, along Winchester Avenue at Seventh Street. The proposed mixed-use project is a joint venture development involving David Hocker & Associates, Owensboro, Kentucky, and the development company of Jacobs, Visconsi & Jacobs of Cleveland, Ohio. Our development team proposes to develop an urban mixed-use project consisting of approximately 400,000 s/f of retail shopping mall facilities, including three major department stores, approximately 200,000-250,000 s/f of commercial office space in two buildings and a first-class hotel consisting of approximately 250 rooms, together with convention meeting space and restaurants. Our preliminary planning has been completed and I am enclosing photographs of the project model.

The site is approximately 40 acres of flat land along Winchester Avenue in downtown Ashland beginning at Seventh Street. The property is owned by the Chessie System and Armco Steel. We are presently negotiating with both parties for acquisition of said property. Both have indicated a sincere willingness to sell the property. Fortunately, the land is substantially clear of improvements.

During the last two and one-half months, we have been obtaining detailed cost estimates for the project and that process is now substantially complete. Further, we have conducted our own in-house retail market analysis and we are just beginning the hotel market analysis at this time. We have also been in negotiations with two major department stores and we will begin next week negotiations with three additional prospective department stores for the Ashland Centre. As a result of our negotiations and our cost estimating program, we have been able to prepare a preliminary pro forma feasibility

500 Wesleyan Park Plaza • Post Office Box 1539 • Owensboro, Kentucky 42301 • (502) 926-2616

analysis for the Ashland Centre project. Our analysis indicates two things. First, we are convinced that the economics of the project can be tested and will indicate sufficient economic feasibility to move forward. However, our analysis also indicated that because of the extreme cost of the land and the market considerations of a middle market retail facility and the limitations imposed by that market, together with today's considerable financing costs, the project will require some form of additional assistance from state and federal government agencies who have programs designed to assist in these types of projects.

We have been in contact with the Kentucky State Commerce Cabinet as well as the Governor's office regarding this project. They have indicated to us and to you a sincere willingness to participate in this project through the Governor's new Economic Development Bond Program. We further anticipate that the Federal Urban Development Action Grant Program will be necessary to assist in the capital financing required to complete a successful development project. We feel confident that with these forms of assistance, together with the inclusion of a Federal Office Building as an integral part of this project, the Ashland Centre can, in fact, become a reality in the City of Ashland. As you know, we have estimated that the project will generate some 1,500 permanent new jobs and considerable new local tax base in your community.

Early on in our explorations regarding the market and economic potentials for a project of this scope, we closely examined the potential office market in the Ashland region. We have had several conversations with potential major office users in the Ashland area. Those conversations have been very positive, and, we think, will result in commitments prior to construction of around 100,000-115,000 s/f of office space. However, as we have discussed several times over the last few months, the ambitiousness of an urban redevelopment project of tyis type and scope in Ashland, Kentucky, requires many levels of commitment to the project for it to succeed. We became aware, through your offices, of the potential for a Federal Building to be located in Ashland, Kentucky. As I understand it, there have been some conversations with various GSA officials as well as with your congressional representative regarding the Federal Building and the Ashland Centre project. I have indicated to you before and I do so again now, it is our belief that the best possible location for the Federal Building would be as an integral part of the Ashland Centre project. Ashland, Kentucky, has the potential to become a center of commerce for a large region of Eastern Kentucky and Southern Ohio. We are certainly convinced that the opportunity for retail and hotel development does indeed exist in Ashland. However, the office market in Ashland is not perceived by us at this time to be dynamic and growing. However, this is primarily because there are no first-class facilities in Ashland at the present time, except on small individual single purpose buildings. Further, the very nature of a mixed-use project is one where various centers of activity and generators of pedestrian traffic can be brought together in one place at one time. Then the whole of the project becomes greater than the sum of its parts. We know that the presence of the Federal Office Building will not only generate additional pedestrian traffic to support the retail center but it will also serve as a magnet for a certain level of residual office demand in the Ashland area. Therefore, our objective is to achieve a level of pre-lease commitments equal to approximately 75-80% of the total commercial office space to be offered in Ashland Centre including the Federal Building.

Further, the various cost elements of this project dictate that we achieve a certain level of density of development in order to make the entire package economically feasible. Therefore, it is absolutely essential that all three of the elements of the center -- retail, hotel and office -- be in place from the very beginning. With the 100,000-115,000 s/f of office space from major users in Ashland together with the Federal Office Building, we will achieve both the density of development required and the level of pre-construction lease commitments necessary to make the project a go situation.

We are prepared to move forward with you and the federal government agencies responsible for the Federal Office Building project at this time. If I can be of any further assistance to you or provide any information to you or your staff, please do not hesitate to call.

Sincerely,

Charles H. Burton

Charles H. Burton
Vice President - Development

/ptp
Encl.

Mr. ROYBAL. Mayor Thompson, may we have a look at the architect's model?

Mr. THOMPSON. Yes, sir.

Mr. PERKINS. If you gentlemen will excuse me, I have my own committee meeting this morning.

Mr. ROYBAL. Thank you, Congressman.

It is a pretty big building. How much land will it occupy?

Mr. THOMPSON. Forty-seven acres, difficult thing to find within city limits.

Mr. ROYBAL. That is within the city, 47 acres?

Mr. THOMPSON. Yes, sir; heart of our downtown, 16th Street, and this is at 7th Street.

Mr. ROYBAL. Any other questions from members?

Mr. MILLER. Yes, Mr. Chairman.

Forty-seven acres in town, you say, Mayor?

Mr. THOMPSON. Yes, sir.

Mr. MILLER. You also say in 1976 the city went on record as offering the Federal Government the downtown Federal business district site, not 47 acres.

Mr. THOMPSON. No, sir; this was a piece of property that housed the old YMCA, which was torn down and the property was deeded to the city, and I had the pleasure in 1976 to make that offer.

Mr. MILLER. The model that we see, there was no design for that downtown business district site?

Mr. THOMPSON. No, sir; when this was made available, nobody ever dreamed of anything such as this magnitude.

Mr. MILLER. I see where you tell about the largest corporation being Ashland Oil, and I am surprised you didn't put in a punch also for the Kentucky Derby.

Mr. THOMPSON. That is 108 miles away. We are very proud of the Kentucky Derby, sir.

Mr. MILLER. You are in God's country, and we can look across the River into you and your area, and you with us in Ohio, and the Ohio Valley is a beautiful area. We are very, very proud of it.

Mr. THOMPSON. So am I. I spent many years away from here, and I came back and am very pleased that I did.

Mr. MILLER. It is beautiful country.

Thank you, Mr. Chairman.

Mr. ADDABBO. That building is estimated at $6.9 million.

Mr. THOMPSON. No, sir; this is our new center; it will have hotels, convention centers, a $105 million project.

Mr. ADDABBO. You mentioned three or four various agencies that are now renting space. Will there be available tenants for those spaces or will you create a problem by a new Federal building with additional rentable space that may be excess?

Mr. THOMPSON. We don't think so, sir. There are eight, it is spread out through the town, and it would be a chance to bring those all together.

Our main objective, first, you should understand I am not an authority on those courts, I am a part-time Mayor and a full-time sales representative, but my company sometimes wonders if I am but, nevertheless, my job, and the Federal building is something that Ashland and the area dearly needs very badly. This is what I want to see.

If it can be worked in with the complex, fine, and if it can't, that property is still available at no cost to the Federal Government.

Mr. ADDABBO. Thank you, Mr. Chairman.

Mr. MILLER. One other question, if I might.

It can be off the record. You and Mr. Perkins mentioned no hotel in Ashland. There was a hotel some 15 or 20 years ago; did that go away as all community hotels?

Mr. THOMPSON. We had two hotels, one is the Ventura Hotel and the Henry Clay Hotel, and it is still standing but no longer serves as a hotel.

Mr. MILLER. Are there motels?

Mr. THOMPSON. Yes, sir.

Mr. MILLER. Very good.

Thank you, Mr. Mayor, for your testimony.

Mr. THOMPSON. I appreciate, sir, your giving me the time.

Mr. ROYBAL. Thank you all.

Mr. ROYBAL. The next witness is Congressman Glickman, who is not present but would ask unanimous consent to insert his testimony in its entirety in the record at this time.

[The statement of Mr. Glickman follows:]

DAN GLICKMAN

Fourth District-Kansas

STATEMENT BY
REPRESENTATIVE DAN GLICKMAN (D-KS.)
BEFORE HOUSE APPROPRIATIONS SUBCOMMITTEE ON
TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
TUESDAY, MAY 12, 1981

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. Thank you for setting aside this time for me to testify on an issue which comes up every year when your Subcommittee's bill comes to the floor, funding to cover revenues fore-gone in conjunction with the use of third-class non-profit postage rates by political party committees. I feel sure that you all recall the fact that I raised this issue on the House floor two years ago as we were working on the Fiscal 1980 appropriations. I offered an amendment to strike funds to cover revenues foregone associated with this particular subsidy. My amend-ment was amended on the House floor so as to reduce the appropriation for this subsidy and to limit availability of the reduced postal rates to the major parties. That limitation and reduced appropriation was finally enacted as part of the FY80 bill and was included in the FY81 bill which you sent to the floor. Because of my serious concerns about the constitutionality of the limitation which had been attached, last summer I offered an amendment to your bill to prohibit the use of funds for this subsidy altogether. The amendment was de-feated on a roll call vote of 96 to 310.

I know it might sound like I am beating a dead horse on this, but a number of developments have reinforced my belief that, ideally, the subsidy should be repealed and, on an interim basis, we should not provide funds to allow its continuation.

First, a U. S. District Judge ruled last summer that restricting use of the special mail rates to the major political parties is unconstitutional in that it violates both the equal protection clause and First Amendment protections of freedom of speech. It initially appeared that the decision would be appealed by the government; however, the Justice Department subsequently decided not to pursue an effort to reinstate the limitation through the courts. In a letter to the Speaker and Vice President, the Justice Department explained:

> " . . . to obtain a stay we must also demonstrate a substantial likelihood of success on the merits. We do not believe that the arguments that the Department made in defense of the statute's constitutionality in the district court are sufficiently strong to meet this test."

In short, the Justice Department conceded that they did not have the kind of arguments it would take to overturn the lower court decision. The restriction was indeed unconstitutional! Certainly, the Congress does not want to get into the habit of enacting provisions of law which have already been determined to be unconstitutional. Therefore, I strongly urge that such restrictive language not be included in this year's bill.

Second, budgetary considerations are even more critical today than they were a year ago. The President has recommended to us a reduction in the revenue foregone appropriation to the Postal Service of $500 million. As you are aware, that amounts to cutting this appropriation by nearly two-thirds. That won't be easy, and it certainly can't be achieved by enhanced efficiency alone. There will definitely need to be a cutback in terms either of the amount of the subsidy per letter or of what groups are eligible for the subsidy. In putting together the appropriations measure, I understand that $4 million was included in the general revenues foregone appropriation to cover the costs associated specifically with the subsidy for political party mailings. A recent GAO investigation found that the subsidy during the election cycle leading up to the general elections last November totalled just under $7 million. Since the funding was included in a lump sum appropriation rather than a line item, spending for this subsidy could surpass the $4 million anticipated. The experience during the last election cycle reinforces the belief expressed by the House Post Office and Civil Service Committee when it recommended repeal of the authority for this subsidy as part of the Budget Reconciliation bill enacted during the last Congress: "In essence, the existence of the rate creates the demand for the service." This is indeed an "uncontrollable" which we should terminate before it gets out of control.

Finally, we need to be aware of the fact that allegations of abuse of this subsidized rate have surfaced. As I am sure this Subcommittee is aware, so-called "cooperative mailings" by which ineligible groups take advantage of reduced postal rates through the auspices of an eligible mailer are illegal. Investigations of such violations are currently underway in two instances at this time; the allegations involve both of our major parties in the nation's two largest states. What they will find at this point is unclear, but it is evident that this particular subsidy is very vulnerable to misuse at taxpayer expense.

Wrapping this up, I urge this Subcommittee to include language in your Subcommittee's FY82 bill to prohibit the use of funds for implementing this particular subsidy. At a time when postal rates have just increased and when we expect a whole range of non-profit mailers to accept higher postage rates, I think we definitely should make sure that this subsidy for our political parties is discontinued without further delay.

77-741 O—81——22

TUESDAY, MAY 12, 1981.

COALITION TO SAVE OUR DOCUMENTARY HERITAGE

WITNESSES

MICHAEL AINSLIE, PRESIDENT, NATIONAL TRUST FOR HISTORIC PRESERVATION

CAROL HENDERSON, DEPUTY DIRECTOR, AMERICAN LIBRARY ASSOCIATION, WASHINGTON OFFICE

THAD TATE, DIRECTOR, INSTITUTE OF EARLY AMERICAN HISTORY AND CULTURE

Mr. ROYBAL. The next witnesses are Carol Henderson, Michael Ainslie, Thad Tate.

Ms. HENDERSON. Mr. Ainslie was not able to stay. He would like a statement submitted for the record.

Mr. ROYBAL. Mr. Ainslie's testimony will be included in the record at this point.

[The statement of Mr. Ainslie follows:]

National Trust for Historic Preservation

1785 MASSACHUSETTS AVENUE, N.W. WASHINGTON, D.C. 20036 (202) 673-4000

STATEMENT OF MICHAEL L. AINSLIE
PRESIDENT OF THE NATIONAL TRUST FOR HISTORIC PRESERVATION
ON BEHALF OF APPROPRIATIONS FOR THE
NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
MAY 12, 1981

Mr. Chairman and Members of the Committee, as President of the National Trust for Historic Preservation, I am pleased to have this opportunity to appear before you this morning on behalf of the Coalition to Save Our Documentary Heritage.

The National Trust supports the reauthorization and funding of the National Historical Publications and Records Commission (NHPRC) for FY 1982 and FY 1983 at the level of $3 million annually. This would be a 25% reduction in the NHPRC's grant funds, but, clearly, this is an acceptable alternative given the current climate of budget restraint.

As you know, the National Trust was created by Act of Congress in 1949 as a private organization to preserve sites, buildings and objects significant in American history and culture and to facilitate public participation in preservation. The preservation of our American heritage must include preservation of those documents most important to our history. It must also include making those documents, and the ideas they contain, available to the public. The work of the NHPRC is crucial to this national task, and it has complemented the goals and objectives of the National Trust.

The NHPRC's grant program is a paradigm of productive partnership among federal, state and private agencies. To let the program die or refuse to fund it would be an abdication of a national responsibility.

With limited annual appropriations, only reaching the level of $4 million in FY 1980 and FY 1981, the NHPRC has judiciously administered a program that has proven to be a commendable balance of private and public funding. This association has produced results: over 200 letterpress and microform publications projects have been funded since 1964 and over 300 institutions in 49 states, the District of Columbia and Puerto Rico have received archival records grants since 1974. The assumption that private support can be found for all of the NHPRC's ongoing projects at current levels is very unlikely in view of the increasing competition for private charitable support. Private funding to date has been generous, but it is dependent upon the stabilizing presence of NHPRC funds.

Since 1976, the National Trust has been sponsoring one of the NHPRC's forty-five publications projects: The Daniel Chester French Papers. French (1850-1931), creator of Abraham Lincoln in the Lincoln Memorial, was one of this country's foremost sculptors and a leading figure in American art during the late nineteenth and early twentieth centuries. French's summer home and studio, Chesterwood, a National Trust museum, provides the foundation for our rewarding partnership with the NHPRC.

Since the Trust received the Stockbridge, Massachusetts estate in 1969 as a gift from the sculptor and his daughter, Margaret French Cresson, it has been actively preserving the memory of this important American. Today, Chesterwood, with its unique collection of the sculptor's original models, is maintained as a regional museum. This collection is augmented by an extensive archive of period photographs that present an extraordinary visual record of the creative sculptural process. The Trust is committed to the preservation of these materials and to the dissemination of information about the sculptor, that will make Chesterwood a major repository for those interested in Daniel Chester French, the social and cultural world he knew, and the study of American painting, sculpture and architecture.

Because of this scholarly study of French's life, the significance of our museum property, Chesterwood, is enhanced. Clearly our preservation effort has benefitted from the funding of the NHPRC. It has enabled the Trust to find, gather, organize, index, catalogue and annotate some 30,000 letters that document his sixty-three-year career. This historical research project and and other publications and records projects like it have added a new dimension to the public's awareness and understanding of American history.

At the time of the introduction of the records program in 1974, it was observed by members of the NHPRC that there was a lamentable paucity of adequately documented source materials relating to many facets of American life. To complement its sponsorship of the powerful and the influential, the Commission began in the mid-1970's to endorse and support the publication of papers of other Americans: astronomer George Ellery Hale, physicist Robert Millikan, labor leader Samuel Gompers, architects William Thornton and Benjamin Henry Latrobe, landscape architect Frederick Law Olmsted, painter and scientist, Charles Willson Peale and sculptor Daniel Chester French. The last five men have something in common: Each left his mark on the U. S. Capitol. Latrobe and Thornton designed and built the original Capitol, Olmsted planned and landscaped the grounds, two of Peale's famous paintings hang in the Capitol and French's sculptures are found in the Senate Chamber and Statuary Hall. Like the Trust, the sponsors of these projects--the American Institute of Architects Foundation (Thornton), the Maryland Historical Society (Latrobe), The American University (Olmsted) and the National Portrait Gallery (Peale)--have benefitted from the endorsement and support of the NHPRC.

The NHPRC's records program has been the primary Federal funding source for historical phototography preservation projects over the past several years, which have begun to provide visual documentation of the built environment. For example, the Colonial Williamsburg Foundation received a matching grant to stabilize and preserve a major collection of over 15,000 archival photographs recording the restoration ot Williamsburg, and southern colonial architecture. Another project was undertaken by the California Historical Society to place on microfiche 4,401 images of San Francisco's streets in the present downtown and finacial districts. The NHPRC is presently considering, but may not be able to fund, a project aimed at preserving the architectural drawings of the Cincinnati Historical Society. This collection is an unusually large and complete one for a local historical society. Several of the city's most significant architects are represented in it as are all types of structures--from factories and shops to schools and residences. The NHPRC stresses that the photographs and architectural records preserved must have historical value.

This scholarship would not be possible for the National Trust or other sponsoring institutions to undertake without the support of the NHPRC. We feel strongly that the work of the NHPRC should continue, not only to insure the timely end of the French Papers project, now 75% completed, but also to guarantee that this type of historical research can be undertaken in the future. It is with this commitment that the National Trust signed a contract with the University of California Press to publish three volumes of Daniel Chester French's selected letters by 1983, producing a publication that will become a definitive study of a major figure in the history of American art.

As a discipline of American history, documentary editing is an exacting, time-consuming enterprise that has required the vigorous dedication and determination of scholars, institutions, funding organizations, and publishers. Each has a financial stake in these long-term and short-term publications and records projects. This NHPRC program is a cooperative venture that has well served the American people by preserving and disseminating the facts of our country's history and heritage. To halt or interrupt the work of the National Historical Publications and Records Commission seems ill-conceived. The NHPRC offers dramatic proof of a worthwhile and effective government funding program, which even in times of fiscal restraint deserves national support.

The National Trust for Historic Preservation, as one of forty-six member organizations of the Coalition to Save our Documentary Heritage, supports the enactment of H.R. 2979 and the preservation of the National Historical Publications and Records Commission.

Mr. ROYBAL. You may proceed.

Ms. HENDERSON. I am Carol Henderson.

I am Deputy Director of the American Library Association's Washington Office.

I am speaking in behalf of the Coalition to Save our Documentary Heritage, which is an ad hoc group of 46 organizations. The list of members is attached to my statement which, to save time, I will just highlight for you.

Mr. ROYBAL. Your statement in full will be included in the record.

Ms. HENDERSON. The Coalition strongly supports an appropriation in fiscal year 1982 of $3 million for the National Historical Publications and Records Commission grant programs.

I will speak mostly about the Records Program.

The Records Program, which was begun in 1974, [with a small amount of money], has accomplished a great deal. There are a number of examples of such projects in my testimony, but I will simply list some unique aspects of the Records Program which make it especially deserving of continued support.

First, the NHPRC is not a large bureaucracy. It is a commission of experts working with a small staff of experts with an emphasis on sound, efficient techniques in archival and records management and on technical assistance to spread those techniques.

Second, the program does lead to cost savings. Many projects emphasize drawing up of carefully considered records schedules, so that bulky low value records occupying expensive office and storage space can be destroyed while those that clearly have continued value are identified, put in order and made more easily accessible, This improved access also saves time and money.

Mr. Chairman, in your own city of Los Angeles an archivist was hired and a consultant's report was prepared with NHPRC assistance. That grant project is now over, but based on the consultant's report, an archival program has been started which the city realized that it needed, and the archivist has been kept on with city funds.

Third, further cost savings result from the sharing of information which NHPRC fosters—the replication of model projects, the spreading of technological advances, particularly in automated processing and information retrieval.

Fourth, NHPRC grant programs have stimulated non-Federal funding. Over 60 percent of the funding for records grants comes from non-Federal sources. The Federal share of those grants averages only $20,000, and NHPRC pays no indirect costs to any grantees. The projects often continue with non-Federal funds after the grant runs out. Before the NHPRC records program began, many States had no archival programs at all.

Records preserved through NHPRC contribute to scholarly research but also assist in policy study and formulation, in the conduct of State and local affairs, in the better administration of nonprofit organizations, and in the protection of the rights of citizens.

At the invitation of the Commission, 49 Governors have appointed State Historical Records Advisory Boards to coordinate and evaluate with no Federal compensation for their good work.

Finally, the Records Program's Summary Statistics for the first five years make clear that this has not just been a program for the original 13 States but that the distribution of funds is very evenly spread across all regions of the country and grants have been awarded in 49 of the 50 States.

I would like to conclude by pointing out that we are literally in danger of losing our past. In particular the paper that has been manufactured in the last 100 years has a very high acid content, and is subject to rapid deterioration.

What you have noticed happening to newspaper clippings over a matter of months happens to almost all paper now over a number of years.

So we must continue as the Commission has done to identify the most valuable materials and to preserve them. These records are the primary sources on which textboks are based, students are educated, policies are formulated, and theories are built. True national security depends not just on military preparedness but on a clear perception of what has happened in the past, and on the patriotism generated by citizen awareness of our country's accomplishments.

To spend $3 million in such a cause is clearly in the national interest. Three million represents a 25 percent reduction from the current level of only $4 million, but that is more in line with the sacrifices that other programs are being asked to make than is the proposed zero funding.

Thank you.

[The statement of Ms. Henderson follows:]

Statement of

Carol C. Henderson

for the

Coalition to Save Our Documentary Heritage

before the House Subcommittee on

Treasury--Postal Service--General Government Appropriations

on FY 1982 appropriations for the

National Historical Publications and Records Commission

May 12, 1981

My name is Carol C. Henderson. I am Deputy Director of the Washington Office of the American Library Association (ALA). Today I am speaking in behalf of the Coalition to Save Our Documentary Heritage, an association of forty-six organizations whose members represent archivists, historians, state and local government officials, editors, librarians, genealogists, college and university professors and officials, and historical program administrators. A list of the member organizations, including ALA, is attached. The Coalition strongly supports an appropriation in FY 1982 of $3 million for the National Historical Publications and Records Commission (NHPRC) grant program.

The Administration has recommended that no funding be provided and that the NHPRC grant programs be abolished. The Coalition believes that a modest federal role in helping to preserve the documentary record of a free society is appropriate and necessary. If we do nothing now, the cost in later years will be enormous. As Sen. Mark Hatfield recently noted, "80 percent of all library and archival collections will require some conservation treatment to survive past the end of this century."

The NHPRC is both authorized and funded at $4 million in FY 1981. Funding of $3 million in FY 1982 is a minimal amount, but would allow continuation of major publications projects and technical assistance to states and communities, many of which lack effective methods and means of preserving and disseminating their records, even those of prime national interest. Such records are being destroyed every day at an increasing rate. Nothing can take their place!

Publication Program. Since the beginning of the Publications Program in 1965, the Commission endorsed and vigorously promoted those projects it considered the most authoritative and lasting and which contributed most fully to an understanding of America's history and heritage. In its documentary program the Commission has supported such projects as The Papers of Thomas Jefferson and The Documentary History of the First Federal Congress, which, for the first time, have placed before the American Public the complete records of this country's founding fathers and the creation of the government.

It is hard to imagine a more appropriate subject for federal support than publication of the records of the First Federal Congress. Three of eighteen projected volumes have so far been published, although all the materials have now been collected. These include primary source materials, most of which were located in the National Archives, but not arranged in a manner useful for legislative history. Additional materials have also been gathered from around the country. The finished product will mean that all the materials leading up to the Bill of Rights, for instance, will be available in one place.

Publication projects are not limited to the founding fathers and the federal government, but encompass such significant and diverse figures as social worker Jane Addams, suffragist Isabella Beecher Hooker, civil rights activist Frederick Douglass, labor leaders Eugene Debs and Samuel Gompers, and the sculptor of the Lincoln Memorial, Daniel Chester French. For all these projects, the federal presence acts as a catalyst for other funds. Sponsoring organization support is very dependent on the federal share.

The Publications Program has also played a leadership role in editorial training and in setting standards for paper preservation and microform publication. For instance, because of concern about the billions of books crumbling away on library shelves as sulfuric acid from the woodpulp process and environmental pollutants take their toll upon the paper, NHPRC developed specifications for long-life alkaline-buffered paper. These standards are being used by some publishers and by other groups addressing the problem of book paper quality, such as the Council on Library Resources Committee on Production Guidelines for Book Longevity, whose members include the NHPRC Executive Director as well as representatives of the publishing, manufacturing, and library communities. This committee's report, due shortly, includes recommended standards drawn heavily from the NHPRC specifications.

Records Program. In its Records Program, signed into law in 1974 by President Ford, the Commission advises and assists public and private institutions to ensure the discovery and preservation of valuable historical documents. The Records Program has funded projects of national importance such as manuals on archival techniques, research and development projects in historical photo preservation, appraisal studies for a variety of types of records, and needs assessment and planning on such key problems as labor records, police records, and records documenting science and technology in the United States.

Most records grants have been designed to strengthen individual or cooperative archival programs across the country in their efforts to save America's past. Emphasis has been on modern archival techniques and on increasing non-federal support whenever possible, as descriptions of a few records grants will demonstrate.

One group of grants has addressed the problem of preservation of state and local records. There had been no generally acceptable practices being employed in the management of records at the state and local level, so the NHPRC funded the publication of a widely acclaimed archival procedures manual--the first book that assists local officials in coping with the ever increasing volume of their records. Most American communities, and many states, had done little to control these records for administrative research purposes due to lack of understanding about what could be done. To fill this gap, the Commission has sponsored model records management and archival programs in a number of states and localities. The reports, guidelines, and blueprints from these projects are having a strong impact on records administration across the nation.

One cooperative project involving the Wisconsin state archival agency and the Historical Society identified and developed appraisal guidelines for Wisconsin city records. The studies, based on records in five cities of varing size, were incorporated in the Wisconsin Municipal Records Manual, published to assist public officials in the administration of current public records and the disposition of non-current materials. An NHPRC pilot project also helped Wisconsin prepare and test guidelines for retention, disposition, and handling of computer-generated state records.

In Los Angeles, a small nine-month NHPRC project paid the salary of an archivist and an outside consultant to outline for the city what kind of program was needed. As a result of the project and the consultant's report, the city government realized they needed an archival program, and have agreed to keep the archivist on with local funds.

In Massachusetts, a grant to the Social Law Library, Suffolk Court House in Boston, was central to the development of a systematic program for the preservation and use of early court records in the Commonwealth, perhaps the most important set of legal records in the U. S. not readily available for research. It was the NHPRC State Advisory Board which led interested legal librarians, scholars, and archivists to push for the creation of the Massachusetts Judicial Records Committee which has become the base for project approaches, fund raising, and political action since its formation.

In our opinion, the Commission has targeted its funding effectively to achieve the most impact with a very small amount of money. It assisted the Western Council of State Libraries to devise a master plan for the conservation and preservation of rapidly deteriorating library and archival materials in 18 western states. Such a cooperative developmental start-up effort could probably only be achieved with federal assistance, which then generates considerable state and local effort. Since the establishment of the Western Conservation Congress to provide for continuing communication, archivists and librarians in Alaska, Arizona, Colorado, Nebraska, Oklahoma, Iowa, South Dakota, and Montana are organizing and conducting conservation workshops to educate fellow professionals and concerned citizens. State conservation committees and clearinghouses have been or will soon be established in Arizona, Colorado, Idaho, Iowa, Montana, Nebraska, Oklahoma and Wyoming. The Colorado State Library contracted the services of the New England Document Conservation Center to provide conservation surveys and workshops throughout the state. The Oklahoma Department of Libraries and the Oklahoma Historical Society engaged the services of a consultant to survey conservation needs and recommend actions to implement a conservation program.

Another area of NHPRC emphasis is the preservation of historic photographs and increasing access to them by the public. At Northern Arizona University, the Emery and Ellsworth Kolb Collection of nitrate and glass plate negatives spans a 74-year period from 1902 to 1976 and is the most complete visual record available on human history of the Grand Canyon region. The NHPRC grant made possible the transfer of over 7,000 images to safety-negative film. A combination of outright and matching grants to the Bishop Museum in Honolulu funded a cooperative program to transfer 21,000 nitrate-base photo negatives to safety-base film. The collection, from seven Hawaiian institutions, form a photographic record of Hawaii from 1845 to the present.

Other grants illustrate the range of NHPRC activity. A grant was made to the California State University at Northridge for a survey of historical records held by institutions, organizations and individuals in the San Fernando Valley. The survey, related to the establishment of an Urban Archives Center at the University, focused on the records of ethnic and minority organizations, social service agencies, organized labor, the aeronautics and space industries, the popular music industry, and other area records. A guide to the collections of the South Carolina Historical Society, published with NHPRC assistance, made these manuscripts much more accessible. The introductory analysis required to produce the guide improved internal operations by showing which collections needed better control.

In Ohio an NHPRC grant to the Northwest Ohio-Great Lakes Research Center at Bowling Green University helped establish a nineteen county microfilming consortium to preserve historical records. The consortium will enable the center to preserve records which few could save on their own. A matching grant to the New York Public Library enabled the microfilming of the Library's H. L. Mencken and Fiorello H. La Guardia collections.

With NHPRC assistance, the Society of American Archivists in Chicago has published eleven basic archival manuals on security, arrangement and description, surveys, appraisal and accessioning, reference and access, administration, cartographic records and architectural drawings, public programs, reprography, automation, and exhibits. These manuals have helped to improve the organization and preservation of archival materials throughout the country.

Need for Federal Role. The National Historical Publications and Records Commission grant programs should be continued because of several unique features:

1. The NHPRC grants programs are highly specialized. They are not run by bureaucrats, but by a Commission of experts working with a staff of experts. The emphasis is on sound efficient techniques in historical editing and archival and records management. The very modest funding has merely provided a bit of incentive

to foster use of cost-efficient techniques throughout the country. The Records Program is primarily a technical assistance program.

2. The programs lead to cost savings. Many projects emphasize drawing up of carefully considered records schedules so that bulky low value records occupying expensive office and storage space can be destroyed while those that clearly have continuing value to society are identified, put in order, and made more easily accessible. This improved access also saves time and money, and the savings increase with each use. Publications projects such as The Documentary History of the First Federal Congress, which bring together widely scattered or hard-to-access material save time and money for government agency personnel, congressional staff, lawyers and other researchers tracking legislative history or pursuing other research.

3. Cost savings also result from the sharing of information, the replication of model projects, and the spreading of technological advances which NHPRC fosters. Historical preservation and publication projects have been slow and labor intensive. By demonstrating the use of automated word processing and information retrieval techniques, through the guidance provided by manuals and other publications, through training personnel, and through bringing archivists and librarians from throughout the country together, the NHPRC has induced cooperation and avoided much duplication of effort.

4. The NHPRC grant programs have stimulated, not supplanted, non-federal funding. The records grants, averaging $20,000, have demonstrated to many state and local governments and to nonprofit organizations their continuing need for a professional archives and records program maintained with their own resources. Over 60 percent of the funding for records grant projects comes from non-federal sources. The Commission has paid no indirect costs to any grantee. The sponsoring organization's share of publications projects would decline abruptly if federal funding were

withdrawn. It is estimated that half the 42 current projects would come to a halt immediately; the others would be greatly slowed and hampered by extremely precarious funding. Before the NHPRC grants programs began, only a few founding fathers projects were underway, and many states had no archival programs.

5. Records preserved and publication projects made available through NHPRC grants contribute to important scholarly research. But they also assist in policy study and formulation, in the conduct of state and local affairs, in the better administration of nonprofit organizations, and in the protection of the rights of individual citizens.

6. At the invitation of NHPRC, governors in 49 states have appointed citizens to form State Historical Records Advisory Boards. These citizen boards, consisting of archivists, records managers, and other volunteers, receive no federal compensation or expense money for their efforts at planning, coordination, proposal evaluation and other good work. These boards, the first such coordinating bodies in most of the states, demonstrate the broad need and support for the NHPRC's modest programs and its practical approach.

7. The Records program summary statistics for the first five years of the program make clear that this is not just a program for the original thirteen states. The distribution of funds in relation to requests is evenly balanced across all regions of the country, and grants have been awarded in 49 of the 50 states.

<u>Conclusion</u>.

> To bring together the records of the past and to house them in buildings where they will be preserved for the use of men and women in the future, a nation must believe in three things. It must believe in the past. It must believe in the future. It must, above all, believe in the capacity of its own people so to learn from the past that they can gain in judgment in creating their own future.
>
> --Franklin D. Roosevelt

We are literally in danger of losing our past. These are the primary sources on which textbooks are based, students are educated, theories are built, and policies are formulated. If we still have hope for the future, we must preserve our own heritage. True national security depends not just on military preparedness, but on a clear perception of what has happened in the past, and on the patriotism generated by citizen awareness of our country's accomplishments. To spend $3 million in such a cause is clearly in the national interest.

However, NHPRC funding should not come at the expense of the programs administered directly by the National Archives and Records Service, of which the commission is a part. We recommend that your subcommittee consider funding for NHPRC grants and administration separately from funding for federal records management activities of the National Archives and Records Service.

Thank you for this opportunity to testify on behalf of the Coalition to Save Our Documentary Heritage.

COALITION TO SAVE OUR DOCUMENTARY HERITAGE

The American Association for State and Local History
National Association of State Archivists and Records Administrators
American Historical Association
National Coordinating Committee for the Promotion of History
American Catholic Diocesan Archivists
Association for Documentary Editing
Northeast Document Conservation Center
Pacific Northwest Archivists, Inc.
Association of American University Presses
Organization of American Historians
Society of Georgia Archivists
Kentucky Council on Archives
Tennessee Archivists
Society of Southwest Archivists
Long Island Archives Conference
New England Archivists
Society of Ohio Archivists
Society for History in the Federal Government
American Library Association
Society of Indiana Archivists
New England Museums Association
Massachusetts Committee for the Preservation of Architectural Records
Conference of Intermountain Archivists
Society for the Preservation of New England Antiquities
Southern Historical Association
Western Council of State Libraries
The National Trust for Historic Preservation
Michigan Archival Association
Columbia Seminar on Early American History and Culture
American Society for Legal History
Regional Conference of Historical Agencies (Central and Northern New York)
Mid-Atlantic Regional Archives Conference
New England Library Board
Midwest Archives Conference
Association of Research Libraries
Conservation Administration News
Public Works Historical Society
Society for Historians of the Early American Republic
Kansas City Area Archivists
Association for the Study of Afro-American Life and History, Inc.
Dobbs Brothers, Restoration and Conservation Company, Inc.
Association of Records Managers and Administrators, Inc.
Coordinating Committee on Women in the Historical Profession
Society for Scholarly Publishing
National Association for Interdisciplinary Ethnic Studies
Tennessee Cultural Crisis Committee

May 1981

Ms. HENDERSON. In addition to my complete statement, I wonder if I might submit some other material from the Coalition members for the hearing record.

Mr. ROYBAL. Without objection, it will be included in the record.

[The information follows:]

TESTIMONY OF CHARLENE N. BICKFORD, EDITOR

A DOCUMENTARY HISTORY OF THE FIRST FEDERAL CONGRESS

IN BEHALF OF THE ASSOCIATION FOR DOCUMENTARY EDITING

IN SUPPORT OF AN APPROPRIATION OF $3 MILLION FOR

THE GRANTS PROGRAM OF

THE NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

SUBMITTED FOR THE RECORD OF HEARINGS HELD ON

APRIL 29, 1981

BY THE SENATE SUBCOMMITTEE ON

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

The Association for Documentary Editing strongly supports an appropriation of $3 million for the National Historical Publications and Records Commission in FY 1982. The ADE, a national professional organization, is convinced tnat the abolition of the NHPRC's grants program as proposed by the OMB will have a devastating effect on the publication and preservation of the records that document our nation's history. The public/private funding partnership that has been so successful over the past fifteen years will collapse and the forty-three ongoing publications projects currently funded in part by the NHPRC will be left struggling for survival.

Nearly half of these projects will cease to exist, and a considerable portion of the public and private funds that have been spent on them will be wasted. While the projects that are publishing the papers of the founding fathers (i.e., Jefferson, Adams, Franklin, Madison, and Washington) may find sufficient funding in the private sector, projects relating to such diverse figures as Daniel Chester French, the sculptor of the Lincoln memorial, labor leader Samuel Gompers, social worker Jane Addams, the famous Chief Justice of the Supreme Court John Marshall, Civil War General Ulysses S. Grant, and even the Documentary History of the First Federal Congress, will probably terminate. Many years of effort and much of the funding that has already gone into these projects will be wasted.

Several reasons have been used to justify the discontinuation of the NHPRC's grant program. I would like to enumerate two of the most commonly cited reasons and give you evidence that they are based upon false premises.

First, it has been said that the private sector will fund these publications projects, as it did before the grants program was funded in 1964. In truth, only a handful of publications projects existed in 1964, and they were operating on very small private grants, together with institutional support. The beginning of the federal funding in 1964 made it possible to expand the number of publications projects and also provided the nucleus of funding necessary to convince the private institutions and other sources of financial support to contribute to this endeavor. But the private sources cannot and will not support these projects alone. Rather than receiving increased private support, the projects will receive less, and in many cases this support will disappear completely.

For example, the Documentary History of the First Federal Congress currently receives indirect costs (office space, furniture and equipment, together with the University's administrative support system) and the salary of its Editor in Chief from the George Washington University. If no federal funds are being contributed, no research project will exist in the University's estimation and the project office will be forced to close down. The three volumes, including two volumes of histories of First Congress legislation, on which the staff has worked for the past four years, will not go to press. But there have been encouraging signs that sponsoring institutions might be able to shoulder more of the costs of these projects if the federal funding is reduced. One thing is clear: the termination of the federal contribution will also mean the end of much of the private participation.

Secondly, these publications projects have been called a "low priority program" for the federal government. Yet the NHPRC has played a very real and vital role in the preservation of the documents which tell the story of our nation's history and the publication of the papers of notable American personages and institutions. The publications program of the NHPRC has granted only $2 million a year since 1974, and yet the program has been able to expand and to encourage new projects which document the lives of notable women, blacks, hispanics, and native Americans. While continuing in its role as a sponsor of the projects relating to the founding of the nation such as the Documentary History of the Ratification of the Constitution and the Bill of Rights, The Documentary History of the Supreme Court, 1789-1800, and the Papers of James Madison, the Commission has stimulated further private support for these projects so that some federal funding could be provided for publications like the Freedom History Papers. These papers will publish selectively from an incredibly rich collection of documents relating to blacks in the South during the Reconstruction period.

It is difficult to believe that a program that has, to date, sponsored the publication of 319 volumes, 5,450 reels of microfilm, and 1,005 microfiches, all of which have made an important contribution to our knowledge of and access to the documents of our national heritage, could be considered "low priority." As Senator Charles McC. Mathias said in his speech introducing S. 1050, which would reauthorize the NHPRC for two years at the $3 million level:

> The National Historical Publications and Records Commission preserves our Nation's roots and heritage. It is in the national interest that we support it to the fullest possible extent.

The Association for Documentary Editing urges the subcommittee to appropriate a sum of $3 million for FY 1982 for the NHPRC's grant program and asks that this appropriation not be taken from the operating budget of the National Archives and Records Service, which has already been forced to schedule early closings for its exhibit hall this summer and to stop processing the tapes generated during the Nixon presidency in order to comply with budget cutbacks. The ADE hopes that the subcommittee will be able to find another source for the $3 million to continue the NHPRC's programs.

The NHPRC's grant program plays a critical role in the private/public partnership that has been responsible for the publication of the vast amount of material enumerated above.

Without the grant program, the partnership will be dissolved and not only historians, archivists, and other scholars, but also the American people will suffer from this loss. The ADE asks the subcommittee to save this small but effective program which has assisted in the publication of so much that contributes to our knowledge of our American heritage.

TESTIMONY OF WHITFIELD J. BELL, JR.

IN BEHALF OF THE COALITION TO SAVE OUR DOCUMENTARY HERITAGE

IN SUPPORT OF H.R. 2979, A BILL TO EXTEND THE

AUTHORIZATION FOR THE NATIONAL HISTORICAL PUBLICATIONS

AND RECORDS COMMISSION

FOR FISCAL YEARS 1982 AND 1983 TO THE SUBCOMMITTEE ON

GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS,

COMMITTEE ON GOVERNMENT OPERATIONS,

UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 27, 1981

I am Whitfield J. Bell, Jr., Executive Officer of the American Philosophical Society, a general learned society founded by Benjamin Franklin in 1743 and, except for the time when the British Army occupied Philadelphia in 1777-78, in uninterrupted existence since 1769. Although the officers of the Society know that I am appearing here, I do not speak for the Society, which has not been asked to express an opinion on the matter before you, and has not done so. I was formerly associate editor of The Papers of Benjamin Franklin, sponsored by the Society and Yale University; and I served two four-year terms on the National Historical Publications Commission, one as a delegate of the American Historical Association, one as an appointee of the President. Our Society, which receives no public funds, has contributed financially to the editorial costs of several documentary editions--some $350,000 to The Papers of Benjamin Franklin, smaller amounts to the Papers of William Penn; of Benjamin H. Latrobe and William Thornton, architects of the

United States Capitol; of Joseph Henry, first Secretary of the Smithsonian Institution; of the explorers Lewis and Clark; of the painter of American patriots Charles Willson Peale; and of Charles Darwin; and to these and all other editorial projects we have provided without charge copies of all manuscripts their editors may require.

The historical editing program we are concerned with here may be said to have begun in 1950, when President Truman, on receiving the first copy of Volume I of The Papers of Thomas Jefferson, announced his decision to revive the then-moribund National Historical Publications Commission. The time was propitious. Guides and catalogues made it possible to locate many manuscripts, hitherto unpublished, in libraries, large and small, here and abroad. Photography and other methods of inexpensive reproduction assured greater accuracy than was possible when editors had to copy old documents by hand. There were a number of trained scholars, not a few young, who were willing and able to work selflessly in teams, with no thought of claiming personal credit for their research. Generous financial backing was forthcoming from corporations and private foundations and individuals. And, as the volume in President Truman's hands triumphantly demonstrated, it could be done. As a result, with unstinted encouragement, partial support, minimal direction and no control by the NHPRC (and some other federal agencies), American history entered upon a period of remarkable accomplishment. In the past 20-odd years, knowledge of the national past has been extended, enriched, and refined as never before.

Two characteristics of this movement are worthy of mention. It includes not only the greatest figures of American history, but a great many lesser figures and some forgotten groups and forces. Washington, Franklin, General George Marshall, for examples, have strong and admiring constituencies, which would almost certainly eventually provide support for their "complete writings," but only the NHPRC and those private individuals and institutions whom the Commission encouraged, made it possible to initiate scholarly editions of the papers of figures like Frederick Douglass, Samuel Gompers, and the Black abolitionists. It is thanks largely to the Commission that we have or shall soon have documentary histories of the Ratification of the Constitution and the First Ten Amendments, of the First Federal Congress, and of the Supreme Court--records of the origin and founding of our republican government which it astonishes us to learn we have so long done without. And though its funding is not at stake here, one ought to mention <u>The Naval Documents of the American Revolution</u>, now in its eighth volume, an invaluable contribution to our knowledge of that war, edited in the Office of Naval History. Thus far more than 320 Commission-sponsored volumes, not to mention 5400 reels of microfilm, have been published and are available to all. There has been nothing like it in American historiography, hardly anything like it anywhere.

The other characteristic worthy of mention is that these editions collect--and some of them publish--everything relevant that can be found everywhere. Scouring the world for manuscripts--two letters from Benjamin Franklin to successive Presidents of Yale College were located in the Karl Marx University in Dresden in East Germany; the Otoe Indians of Oklahoma are proud possessors of a letter Thomas Jefferson wrote the tribe--and printing both sides of the correspondence, the editors display our national history, warts (if any) and all, as it then seemed and must have been. Thus the editors and their support, including the NHPRC, perform an act of democratic faith no less bold and confident, it seems to me, than that of the scientists and engineers who have conducted our space program on camera for all the world to see. Nothing is concealed, and what they have found is worth the effort and deserves, as it has received, general approbation.

Scholars are sometimes taxed with writing for one another. This is not the place to argue the point, but I will assert confidently that editors by the nature of their calling make their work instantly and permanently available to all. Their volumes form a steadily deepening pool for which scholars, journalists, amateurs, citizens of every walk of life make selections, write histories and biographies, prepare college texts and schoolbooks. We can no more predict the uses to which accurate historical texts will be put than Roentgen could have guessed at the diagnostic and therapeutic uses to which we now put those mysterious emanations he inadvertently discovered and called x-rays. The Adams Chronicles, which so many of us watched on public television two or three years ago, could not have been written before the editors of The Adams Papers organized, filmed, annotated, and published parts of the staggering mountain of family papers preserved at the Massachusetts Historical Society; while few who remember John Adams' heartfelt song to Abigail in the musical 1776--"I am yours, yours, yours, yours,"--knew that the words are in a letter that 19th century editors primly rejected as too personal or undignified to print.

The work and influence of the NHPRC have been indispensable. Its informed, dedicated, and hard-working staff, by skillful deployment and scholarly aid and advice and the cautious promise of financial assistance, have induced foundations and private institutions and donors to come forward to take on a major share of the enterprise. The Franklin Papers, for example, which received support from the Commission, has received, during the 25 years and 22 volumes of its life, much larger sums from Time-Life, Inc., the American Philosophical Society, Yale University, and the Ford Foundation. As well it should, for we are all involved, not in a kind of pettifogging scholarship, but in preserving and disseminating the record of the national heritage--a work that may be called without apology an integral part of the national defense.

TESTIMONY OF GERALD GEORGE, EXECUTIVE DIRECTOR,
AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
IN BEHALF OF THE COALITION TO SAVE OUR DOCUMENTARY HERITAGE
TO THE SUBCOMMITTEE ON GOVERNMENT INFORMATION
AND INDIVIDUAL RIGHTS,
COMMITTEE ON GOVERNMENT OPERATIONS,
UNITED STATES HOUSE OF REPRESENTATIVES,
APRIL 27, 1981

I am Gerald George, Executive Director of the American Association for State and Local History, a non-profit, private, educational organization with 7,400 dues paying institutional and individual members in the United States and Canada.

Dr. Bell and I are speaking today in support of H.R. 2979 as representatives for the Coalition to Save our Documentary Heritage, an ad hoc group of over 40 organizations. These organizations represent historians, archivists, genealogists, editors, educators, librarians, publishers, and others, who have a concern for the preservation and publication of the documents which tell the story of our nation's history for use by this and future generations.

I feel especially grateful for the opportunity to appear here at this time to ask you to reauthorize the National Historical Publications and Records Commission. This is a time of pressure on government at all levels to lower costs and increase efficiency. This is a time when the Congress may find it necessary to cut some programs--but may also come to recognize the value of those that are more distinguished for what they save than for what they spend. The records program of the NHPRC is such a program. I will explain this as specifically as I can.

In the state of Wisconsin in 1936, ground was broken for a new town called Greendale, one of the first three "Greenbelt" communities sponsored by the federal government as an experiment in housing. Two years later, the first houses were occupied. By 1941--just five years after the first spade of dirt was turned--there were 635 houses in Greendale. There were also by that time 103 separate series of records produced by that young municipality, records so diverse that it took 84 single-spaced typewritten pages in an historical records survey just to describe them and place them in their organizational setting.

What I have just read is the first paragraph in a book published last year, entitled, Local Government Records: An Introduction to their Management, Preservation and Use. Written by Dr. H. G. Jones, a distinguished historian and former state archivist of North Carolina, and published by my organization, this book was funded cooperatively by the NHPRC and the AASLH.

Dr. Jones's book makes the point that there are three ways by which local governments all over this nation can deal with the tons of records they accumulate. They can arbitrarily dump them all, depriving their community of one of the things that creates a community--its history. Or town and county clerks can keep everything forever, in which case the cost of storing the materials will get larger and larger, and the cost in time as well as money for sorting through them in order to use them will get higher and higher. Neither historians nor governments can afford that. The third alternative is a system of records management, designed to preserve important documents while saving tax dollars now thrown away on storing too much that isn't needed. Such a system would also save time and money for historians, genealogists, and other citizens trying to find the records they need.

This book tells local governments how to organize their archives effectively. My organization is consulting with NHPRC right now about ways to get more local records managers to take advantage of this information. To the extent that we succeed, the small grant from NHPRC which commissioned Dr. Jones's book will lead to enormous savings of public and private dollars as well as of historical resources all over the United States.

This story is typical of the cost effectiveness and economic benefits of projects aided by the records program of the NHPRC.

The records program began in 1974. Its grants have followed priorities identified in an NHPRC "Statement of National Needs and Preferred Approaches for Historical Records," completed in 1978. The program works with state advisory boards that evaluate grant proposals and recommend action to the Commission. The Records program has promoted rational and efficient state archives programs with great effectiveness since its beginning, concentrating on aiding state organizations that could maintain themselves and provide guidance to others.

The money for most day to day work with records comes from state, local or private sources. The NHPRC has judiciously spent its small sums on broader projects, such as the book I have cited, one of several problem-solving kinds of publications assisted by NHPRC, that help people solve records problems; or on projects, such as the slide shows on conservation techniques produced by the Nebraska State Historical Society, that help people learn to take care of records; or on surveys of records to determine what exists and how to deal with it, such as the plan produced by the Western Council of State Libraries in the final report of its <u>Western States Materials Conservation Project</u>; or on projects that help people find and use records more easily and economically, such as guides to collections of Artistic Records in Cincinnati, Architectural Records in Newark, Town and Land Records in Kansas, and Records of Writers in North Carolina.

The Commission has recently turned increasing attention to such encouragement of and support for rational care and use of local records. This is increasingly important, partly because scholars are now digging into local records in unprecedented and exciting ways for ground breaking studies in American social history, and also because citizens themselves benefit from proper care of, and ready access to, their vital records,

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which, among other things, help them to establish rights and protect property.

That kind of encouragement, that kind of aid, for better record keeping and use are what I fear we will lose if the Commission's grant programs are not reauthorized at least at the proposed level. I know of no other federal program that with so few dollars to spend has helped this nation, its governments, and its citizens save so much. I urge you to let it continue. Thank you.

National Historical Publications and Records Commission Factsheet

	Records Program	Publications Program
Fiscal Year 1980 Grant Appropriation	$2,000,000	$2,000,000
Number of Grant Requests	169	87
Total Requests in Dollars	$5,373,804	$2,274,111
Number of Grants Made	86	54
Average Grant Amount	$21,698	$37,209

Publications Program - Beginning in 1965, the Commission has awarded grants for documentary works in American history. At present, 319 sponsored volumes have appeared, as well as 5,450 reels of microfilm and 1,005 microfiches. There are 135 completed microform editions and 20 completed book series, including the 26-volume edition of The Papers of Alexander Hamilton.

Records Program - Beginning in 1976, the Commission has given grants to State and local institutions (historical societies, archives, libraries, associations) for the preservation, arrangement, and description of historical records and for a broad range of archival training and development programs. Since the inception of the program, more than 300 institutions or organizations in 49 States, the District of Columbia and Puerto Rico have received grants totaling over $6,000,000.

COST SHARING

Because it has felt that grant programs should be cooperative ventures, the Commission has required a high percentage of cost sharing from grant applicants. It has encouraged applicants to assume a major share of the direct costs of a project and to waive indirect (administrative overhead) costs or include them as part of the sponsor's cost sharing. To date, the Commission has paid no indirect costs to any grantee.

Cost Sharing in Publications Program Grants (FY 1980)*

	NHPRC	Sponsor	Other Private Source	NEH
Direct Costs	$748,427(57.4%)	$304,328(23.0%)	$191,291(14.3%)	$68,841(5.3%)
Indirect Costs	0(0%)	$473,036(95.4%)	0(0%)	$22,838(4.6%)

*Based on an analysis of 14 representative project budgets. Three grantees claimed no indirect costs under cost sharing.

Cost Sharing in Records Program Grants (FY 1976-80)*

Grant Funds	Private Funds	Total
$2,002,362 (52.8%)	$1,792,722 (47.2%)	$3,795,084 (100%)

*Based on an analysis of 139 completed grant projects. Figure for private funds included cost sharing of some indirect costs in approximately one-third of the cases.

PUBLICATION SUBVENTION PROGRAM

In 1975, the Commission began making small grants (none exceeding $10,000 per volume) to university presses or other nonprofit publishers to defray expenses of publishing the NHPRC's documentary editions. The effect of this program has been to encourage presses to accept and publish in a timely fashion volumes that are frequently more difficult, time-consuming, and expensive to print than the ordinary book.

A condition of each subvention grant is that the press must adhere to stringent paper and binding standards set by the Commission. These NHPRC standards have become widely recognized within the publishing industry as the most practicable guidelines for ensuring book longevity.

To date, the Commission has granted $1,116,593 to 28 publishers in 17 States and the District of Columbia.

CURRENT PUBLICATIONS PROJECTS

Title	Sponsor	Expected FY 1981 Support
The Adams Papers	Massachusetts Hist. Soc.	$75,000
Papers of Jane Addams	Univ. of Ill., Chicago Circle	35,415
Documentary Relations of Southwest	University of Arizona	30,638
Papers of Black Abolitionists	Florida State University	17,875
Papers of John C. Calhoun	University of South Carolina	35,000
Papers of Charles Carroll of Carrollton	University of Maryland	29,000
Papers of Henry Clay	University of Kentucky	26,856
Ratification of the Constitution and First Federal Election	University of Wisconsin	139,000
Papers of Jefferson Davis	Rice University	30,000
Papers of Eugene Debs	Indiana State University	37,000
Papers of Frederick Douglass	Yale University	29,000
Doc. Hist. of First Federal Congress	George Washington University	93,000
Papers of Benjamin Franklin	Yale University	75,000
Freedmen and Southern Society	University of Maryland	83,000
Papers of Daniel Chester French	Nat. Trust for Historic Preservation	57,000
Papers of Marcus Garvey	Univ. of California, Los Angeles	31,988
Papers of Emma Goldman	Univ. of California, Berkeley	22,107
Papers of Samuel Gompers	University of Maryland	65,000
Papers of Ulysses S. Grant	Ulysses S. Grant Association	35,035
Papers of Nathanael Greene	Rhode Island Historical Society	53,000
Doc. History of the Harmony Society	Clark University	39,551
Papers of John Harrington	Natl. Anthropological Archives	28,000
Papers of Andrew Jackson	University of Tennessee	48,500
Papers of Thomas Jefferson	Princeton University	75,000
Papers of Andrew Johnson	University of Tennessee	50,000
Papers of John Paul Jones	U.S. Naval Academy	--
Papers of Rutherford B. Hayes	Hayes Presidential Center	4,500
Papers of Marquis de Lafayette	Cornell University	28,000
Papers of Benjamin Henry Latrobe	Maryland Historical Society	43,831
Papers of Henry Laurens	South Carolina Historical Society	53,000
Papers of William Livingston	New Jersey Historical Commission	27,625
Papers of James Madison	University of Virginia	55,000
Papers of George Marshall	Marshall Research Foundation	47,370
Papers of John Marshall	Institute for Early Am. Hist. and Cult.	27,500
Papers of Philip Mazzei	Fairleigh-Dickinson University	38,000
Papers of Robert Morris	Queens College	17,136
Papers of John Muir	University of the Pacific	20,000
Correspondence of James K. Polk	Vanderbilt University	45,000
Documentary History of the Supreme Court	Supreme Court Historical Society	39,829
Papers of Jonathan Trumbull	University of Connecticut	30,000
Journals of Diego de Vargas	University of New Mexico	16,645
Papers of Daniel Webster	Dartmouth College	14,840

COALITION TO SAVE OUR DOCUMENTARY HERITAGE
(A Working List that is Expanding)

The American Association for State and Local History
National Association of State Archivists and Records Administrators
American Historical Association
National Coordinating Committee for the Promotion of History
American Catholic Diocesan Archivists
Association for Documentary Editing
Northeast Document Conservation Center
Pacific Northwest Archivists Inc.
Association of American University Presses
Organization of American Historians
Society of Georgia Archivists
Kentucky Council on Archives
Tennessee Archivists
Society of Southwest Archivists
Long Island Archives Conference
New England Archivists
Society of Ohio Archivists
Society for History in the Federal Government
American Library Association
Society of Indiana Archivists
New England Museums Association
Massachusetts Committee for the Preservation of Architectural Records
Conference of Intermountain Archivists
Society for the Preservation of New England Antiquities
Southern Historical Association
Western Council of State Libraries
The National Trust for Historic Preservation
Michigan Archival Association
Columbia Seminar on Early American History and Culture
American Society for Legal History
Regional Conference of Historical Agencies (Central and Northern New York)
Mid-Atlantic Regional Archives Conference
New England Library Board
Midwest Archives Conference
Association of Research Libraries
Conservation Administration News
Public Works Historical Society
Society for Historians of the Early American Republic
Kansas City Area Archivists
Association for the Study of Afro-American Life and History, Inc.
Dobbs Brothers, Restoration and Conservation Co., Inc.
Association of Records Managers and Administrators, Inc.
Coordinating Committee on Women in the Historical Profession
Society for Scholarly Publishing
National Association for Interdisciplinary Ethnic Studies
Tennessee Cultural Crisis Committee

[From the Congressional Record, Apr. 29, 1981, p. S4150]

By Mr. MATHIAS (for himself, Mr. PRYOR, and Mr. PELL):

S. 1050. A bill to extend the authorization of appropriations for the National Historical Publications and Records Commission for the fiscal years 1982 and 1983; to the Committee on Governmental Affairs.

NATIONAL HISTORICAL PUBLICATION AND RECORDS COMMISSION

Mr. MATHIAS. Mr. President, I am introducing today a bill to reauthorize the National Historical Publications and Records Commission for fiscal years 1982 and 1983 at an annual $3 million level. The NHPRC is a part of the National Archives which comes under the General Services Administration. It is a vital link in the preservation, documentation and publication of our Nation's important historical figures.

The National Historical Publications and Records Commission has two facets. The Publications Division awards grants to universities, foundations museums, trusts, institutes, and historical societies for the publication of a wide variety of projects.

Publications projects at the present time include the papers of Thomas Jefferson, Henry Clay, Jane Addams, and Booker T. Washington. Works already completed include the papers of Alexander Hamilton and the diary series of George Washington. These projects compile the papers of these great men and w%omen, or in some cases, institutions, and make the record of their beliefs and activities available for students, researchers, and the public in general.

The other facet, the records program, awards grants for the establishment of archives and records management programs and for the presevation of records that are faced with permanent loss. These records are priceless. It takes so little to save them, but, once they are lost they will be gone forever and no amount of money can bring them back.

In my own State, the Maryland Historical Society received $25,000 for the preservation of 6,000 fragile glass and nitrate negatives of Baltimore between 1900 and 1920. The project is halfway completed and already researchers are using the prints that have been produced so far on the average of twice a week. Sixty-five percent of this project's funding comes from the Maryland Historical Society's own treasury.

The Social Law Library in Boston is using an NHPRC matching grant of $37,780 to arrange, clean, deacidify, and buffer valuable documents from the Suffolk County Interior Court of Common Pleas. These documents covered the court's cases from 1699-1820. The 360,000 documents saved from certain destruction by the forces of time and nature covered the early history of law and society and the American Revolution. Works by such men as John Adams, John Hancock, and Paul Revere form a major part of these valuable records. There are many other instances of records in this Nation which require immediate attention, as did those in the Social Law Library.

The reauthorization level for fiscal years 1982 and 1983 proposed in this bill is 25 percent lower than the authorization level of fiscal year 1981. This reduction demonstrates that the NHPRC is taking its fair share in the budget cutting process.

In fiscal year 1980, 256 applications for $7.6 million were made for NHPRC grants. One hundred and forty awards totaling $4 million were made. In fiscal year 1982, the NHPRC expects between $8 and $10 million in requests for the $3 million in actual grant funds. Thus there will continue to be fierce competition for grants and only the most important projects will be funded.

The cost effectivenss of the NHPRC program is apparent. It is considerably less expensive to develop records programs now than to attempt painstakingly to preserve them in 50 to 75 years' time.

Dr. Raymond Smock, editor of the Booker T. Washington papers, summed up the publications and records programs saying, "They provide so much scholarship for so little money."

The Washington Monument and the Lincoln and Jefferson Memorials are visited by more than 5,800,000 people each year. People visit these monuments because they realize the significant contributions of these great men.

The Capitol contains 93 statues of men and women who have contributed significantly to the growth of this Nation. Statuary Hall contains the statues of two famous Senators, Daniel Webster and Henry Clay. Currently their papers are being edited and published in the publications program.

But statues and monuments, no matter how finely sculptured or how beautifully designed, cannot capture the intellect and soul of these great Americans. That is why the publications and records program is so vital.

The dedication of the men and women involved in these projects is impressive. Ronald Hoffman, a University of Maryland historian, works nights and weekends during the year and spends all of his summer working on the papers of Charles Carroll of Carrollton. For this effort. Dr. Hoffman received $3,500 last year from an NHPRC grant, $900 less than if he had taught summer school. I consider this the highest patriotism. There are not many people in the United States today who would sacrifice so much to give their fellow citizens a better understanding of our national heritage. Yet, such sacrifice is common among the scholars of the NHPRC programs.

Two projects of particular importance—the papers of Benjamin Franklin and James Madison—face almost certain demise without continued support from NHPRC.

Mr. President, when my colleagues and I took the oath of office as Senators, we swore "to support and defend" the Constitution of the United States. Yet, "the Documentary History of the Ratification of the Constitution and the First Ten Amendments and the Documentary History of the First Elections," thought by many to be among the best projects that the NHPRC supports, faces certain extinction without continuation of the NHPRC program. It would be a tragedy if this extensive record of the correspondence of Delegates to the Constitutional Convention, personal correspondence of the drafters of the Constitution, and record of the debates of the individual States were to be lost.

The documentary history of the First Federal Congress project includes the House and Senate legislative histories, petitions, debates, and letters to and from Members of Congress. The two volumes of legislative history will go to press at the end of this year. These volumes will provide us with an insight into the First Congress that would otherwise be impossible.

It is our duty as Senator of the United States to defend the Constitution of the United States. But we cannot defend it if we lose the vital historical context in which the Nation's most fundamental document was formed.

The National Historical Publications and Records Commission preserves our Nation's roots and heritage. It is in the national interest that we support it to the fullest possible extent.

Mr. ROYBAL. You may proceed.

Mr. TATE. I am Thad Tate, Director, Institute of Early American History and Culture.

Although my written statement is a brief one, I will confine myself to one or two major points.

Mr. ROYBAL. Your statement will be included in the record in its entirety.

Mr. TATE. I should like to speak in particular to the second of the two major functions of the NHPRC, that of coordinating and assisting the publication of definitive editions of the letters and papers of important persons and movements in American history.

The preservation of the original archival materials itself is, of course, equally important, but it is the publication of the most significant of those documentary materials in accurate, carefully annotated editions that makes them truly accessible not only to scholars but to a larger public.

I will not say much of the great worth of these projects. You have examples of them on the table.

I recall vividly a reception in 1978 in the U.S. Capitol, when copies of one such edition, a three-volume collection of the circular letters sent home by members of the first U.S. Congresses between 1789 and 1829 were presented to a number of congressional leaders.

Senator Baker, Speaker O'Neill, and other members of both Houses spoke very warmly on that occasion of the valuable contribution to our national heritage that this edition and other NHPRC-sponsored projects were making.

I can't forbear even recalling the enthusiasm on that occasion of Senator Helms, who was present. More recently, Senator Robert Byrd has returned to the theme of the value of these early congressional documents in remarks entered in the Congressional Record of December 8, 1980.

I would like to concentrate in my brief time this morning on the question of why we cannot expect this editorial work to go forward with private support alone, if the funding in NHPRC is abolished.

A number of reasons can be advanced for this: The first and most important is that these editorial projects already draw by far the largest share of their financial backing from private individuals, foundations, and State governments. The support from NHPRC has been a valuable stimulus to that aid and, as in the case of the arts and humanities endowments, there is every reason to think that private contributions will shrink rather than grow without the incentives that the NHPRC provides.

It is perhaps not sufficiently recognized that the review of a project by the professional staff of the Commission and its outside consultants is a form of screening that cannot be accomplished ordinarily by foundations or other agencies in the private sector.

Endorsement of a project by the NHPRC and the commitment of funds by it, serves then to assure potential private backers that the project is of genuine significance and capably staffed and organized. In sum, without the coordinating and supporting role of NHPRC, I think many private agencies and foundations will be much less certain about committing themselves to the support of these projects.

As fully as we all recognize the need for substantial economies in the costs of government at this time, I still cannot believe, in the decade in which we are approaching the two-hundredth anniversay of our Federal Constitution, that this Nation cannot afford a small appropriation to safeguard its documentary heritage and make it accessible to larger numbers of Americans.

When students 20, 30, or 40 years from now turn to the study of the founding of this Nation and its subsequent history, it would be tragic if they examined the definitive edition of the papers of Thomas Jefferson only to find that they ceased publication short of Jefferson's presidency, if they turned to those of John Marshall to find that they stopped three months short of his accession to the position of Chief Justice of the Supreme Court, or if they turned to those of George Washington to find that the diaries emphasizing his early years were available but not the bulk of the papers illuminating his military and presidential careers.

I do not believe that such a legacy is the one that this Congress or, in its heart, this Administration really wants to leave this Nation.

Thank you.

[The statement of Mr. Tate follows:]

STATEMENT OF THAD W. TATE, DIRECTOR, INSTITUTE OF EARLY AMERICAN HISTORY AND CULTURE, IN SUPPORT OF H.R. 2979—REAUTHORIZATION OF THE NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

I should like to speak in particular to the second of the two major functions of the NHPRC, that of coordinating and assisting the publication of definitive editions of the letters and papers of important persons and movements in American history. The preservation of the original archival materials itself is, of course, equally important, but it is the publication of the most significant of those documentary materials in accurate, carefully annotated editions that makes them truly accessible not only to scholars but to a larger public.

I recall vividly a reception in 1978 at the U.S. Capitol, when copies of one such edition, a three-volume collection of the circular letters sent home by members of the first U.S. Congresses between 1789 and 1829 were presented to a number of Congressional leaders. Senator Baker, Speaker O'Neill, and other members of both Houses spoke very warmly on that occasion of the valuable contribution to our national heritage that this edition and other NHPRC-sponsored projects were making. I can't forbear even recalling the enthusiasm on that occasion of Senator Helms, who was present. More recently, Senator Robert Byrd has returned to the theme of the value of these early Congressional documents in remarks entered in the Congressional Record of December 8, 1980.

To the question of why we cannot expect this work to go forward with private support, even if the NHPRC is abolished, I think a number of answers can be returned. The first and most important is that these editorial projects already draw by far the largest share of their financial backing from private individuals, foundations, and state governments. The support from NHPRC has been a valuable stimulus to that aid, and, as in the case of the arts and humanities endowments, there is every reason to think that private contributions will shrink rather than grow without the incentives that the NHPRC provides, It is perhaps not sufficiently recognized that the review of a project by the professional staff of the Commission and its outside consultants is a form of screening that cannot be accomplished ordinarily by foundations or other agencies in the private sector. Endorsement of a project by the NHPRC and the commitment of funds by it, serves then to assure potential private backers that the project is of genuine significance and capably staffed and organized. Too, the NHPRC has taken the lead in developing new and higher standards of scholarship and training in documentary editing and in introducing cost-saving techniques in the preparation of these materials for publication. In sum, without the coordinating and supporting role of NHPRC, I think many private agencies and foundations will be much less certain about committing themselves to the support of these projects.

As fully as we all recognize the need for substantial economies in the costs of government at this time, I still cannot believe, in the decade in which we are approaching the two-hundredth anniversary of our Federal Constitution, that this nation cannot afford a small appropriation to safeguard its documentary heritage and make it accessible to larger numbers of Americans.

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Mr. Roybal. Now, the Administration has recommended that no funding be provided?

Mr. Tate. That is correct.

Mr. Roybal. You are supporting a $3 million appropriation?

Mr. Tate. Yes, which would, of course, be less than the appropriation which is being concluded this fiscal year.

Mr. Roybal. The appropriation has been $4 million?

Mr. Tate. That is right.

Mr. Roybal. You are asking a decrease of $1 million?

Mr. Tate. That will certainly result in some cutbacks in existing programs, but would also keep the agency alive and keep the staff that has been assembled somewhat intact and enable the most critical of them to go forward.

Mr. Roybal. Thank you.

Mr. Miller?

Mr. Miller. Do you have a line item report of your accomplishments?

Ms. Henderson. There is information on the specific projects that have been funded since the beginning of the NHPRC grant programs which could be provided for the record.

Mr. Miller. I would appreciate it if that could be provided to the committee. I would not expect you to do research on that, but if you have it available and could furnish it. I would appreciate it. Thank you.

Mr. Roybal. Mr. Addabbo?

Mr. Addabbo. It is unfortunate that we spend so many billions to blow the world apart and then not know what existed before we blew it apart.

Ms. Henderson. Yes, indeed.

Mr. Roybal. On that note, I would like to thank you both for your testimony.

Ms. Henderson. Thank you, Mr. Chairman.

Mr. Tate. Thank you.

[The following statements were submitted for the record:]

STATEMENT

TO THE

SUBCOMMITTEE ON TREASURY/POSTAL SERVICE

OF THE

APPROPRIATIONS COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

ON BEHALF OF

THE RELIGIOUS COALITION FOR ABORTION RIGHTS

May 14, 1981

The Religious Coalition for Abortion Rights was founded in 1973 by members of the clergy who had seen first hand the tragedies associated with illegal abortion. The original coalition of ten religious organizations has grown to include 26 national groups. All of the denominations support a woman's right to safe and legal abortion as a moral response to a problem pregnancy. RCAR is dedicated to the maintainance of this right for all women.

Without a doubt, abortion is one of the most controversial and volatile issues facing American society and this Congress today. There are strong feelings on both sides of the question. The very mention of the word is likely to elicit strong emotional responses among many divergent groups of people.

Nevertheless, America has a long history of pluralism and diversity. The "melting-pot" of society has been able to live in harmony because different beliefs have been allowed to exist side by side. The issue of abortion, however, threatens to disrupt the delicate balance of competing beliefs which has been struck.

The Treasury/Postal Service Appropriations bill for FY 81 was the target of an abortion restriction in the House of Representatives last year. The amendment, sponsored by Representative John Ashbrook (R-OH) stated: "No funds appropriated by this Act shall be available to pay for an abortion or the administrative expenses in connection with any health benefit plan under the Federal Employees Health Benefit Program which provides any benefits or coverage for abortions under such negotiated plans after the last day of the contracts currently in force." The amendment was approved by a vote of 228 - 170 in the House but no bill was ever brought to the floor in the Senate and the language never went into effect.

RCAR is concerned that attempts will be made again this year to prevent federal employees health insurance policies from covering medically necessary abortion. We believe that this denial of medical coverage to nearly 10 million federal employees and their dependents represents the elimination of an important medical service. It also represents a violation of employee rights.

RCAR member denominations firmly believe that abortion is a religious issue and should be respected as such. Most who oppose abortion do so since they confer upon the fetus the status of person. This represents a moral judgement which one can only make through a theological and religious framework. Furthermore, this religious judgement is one upon which most Christian and Jewish faith groups disagree.

The Coalitions's denominations respect those religious beliefs which would cause one to oppose abortion. What they ask in return is that religious views which arrive at different conclusions on the matter of abortion be respected as well.

In denying abortion coverage to federal employees, the Congress is in effect favoring one particular religious perspective over others. RCAR finds this inconsistent with constitutional principles of religious freedom and our democratic traditions.

While our primary concern on this issue is religious liberty and freedom of beliefs, there are a number of additional reasons why this language or similar provisions should be rejected:

1. Employee health insurance is a fully earned benefit, much the same as salary. To deny insurance coverage for a particular medical procedure, such as abortion, represents a lessening of employee benefits, without the usual procedures involved in collective bargaining. When Congress approved the Pregnancy Disability Act, it was careful to specify within the language of the bill itself that employers should remain free to include abortions under their health insurance coverage and that bargaining agreements with regard to abortion coverage should not be tampered with. A prohibition by Congress against coverage of abortions within federal employees' health insurance would violate both of these stipulations.

2. Federal employees contribute significant amounts of money to their health insurance programs through premiums (about 45%). This should give them considerable control over the benefits offered within the programs. A prohibition by the Congress, tacked onto an appropriations bill, does not afford employees the opportunity to express their concerns. In addition, using an appropriations bill as the vehicle to change current benefits is contrary to the rules of Congress that no legislation be placed on an appropriations bill.

3. Currently, there are over 100 separate health benefit plans offered to federal employees throughout the country. Most of these policies cover abortion services (as do comprehensive insurance plans for private groups and individuals). Companies that offer insurance plans would be required to rework their benefits and premium policies. This would require a great deal of time and expense, the brunt of which would ultimately be borne by the federal employees and the American public as well through higher premiums.

4. Finally, consistency with the Medicaid program is a false issue. Medicaid is an entitlement program established by Congress for poor people who cannot afford health care for themselves and their families. In restricting health insurance for federal employees, Congress is cutting direct employee compensation which is negotiated through the collective bargaining process. We consider the restrictions on Medicaid tragic, unjust, and unwise, and believe they should not be perpetuated in other programs.

The Religious Coalition for Abortion Rights wishes to go on record as opposing this type of restriction on the FY 82 Treasury Appropriations bill. It is wrong for Congress to force one particular religious belief about abortion into law or public policy. We ask that every Member of Congress think long and hard before enacting legislation which includes this type of language.

STATEMENT OF THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION'S PANEL ON CIVIL SERVICE REFORM

May 19, 1981

In December 1978 the National Academy of Public Administration established a panel of its members to monitor and evaluate the implementation of the Civil Service Reform Act of 1978. Since then, the Panel has pursued a comprehensive review of the Act's implementation, with a special emphasis on those provisions of the Act relative to the protection of merit.

We have learned of a proposed reduction in the budget of the Merit Systems Protection Board in the amount of $2,000,000. We believe that such a reduction would constitute a crippling blow to the Board's efforts to assure the existence of a viable merit system, and we urge that it be rejected. The Board must have such staff analytical capability as is provided by its Office of Merit Systems Review and Studies in order to carry out its responsibilities under the Act to "conduct, from time to time, special studies relating to the civil service and to other merit systems in the executive branch and report to the President and the Congress as to whether the public interest in a civil service free of prohibited personnel practices is being adequately protected."

The studies conducted thus far by the Office of Merit Systems Review and Studies on sexual harassment, reprisal, and the Senior Executive Service have been comprehensive in coverage and the resulting reports professional in preparation and presentation. The Board's testimony to various congressional committees concerning the studies' findings and their analysis by the MSRS staff demonstrated the essentiality of the presence of such a staff to permit the Board to meet its statutory responsibilities.

The Panel understands that the Merit System Protection Board, like most agencies, is faced with austere staffing for the forthcoming fiscal year. To propose a futher cut and to direct such a cut to the organization which has the primary responsibility of meeting one of the four basic objectives of the Board, is unconscionable, unwarranted, and should be rejected.

FEDERAL EMPLOYEE HEALTH INSURANCE AND ABORTION

WITNESS

SUELLEN LOWRY, NATIONAL ABORTION RIGHTS ACTION LEAGUE

Mr. ROYBAL. The next witness is Suellen Lowry.

Ms. Lowry?

Ms. LOWRY. Mr. Chairman and members of the committee, I represent the National Abortion Rights Action League.

The National Abortion Rights Action League was founded in 1969 to lead the struggle for repeal of restrictive State abortion laws.

Since the 1973 Supreme Court decisions which ruled that abortion is a constitutionally guaranteed right, NARAL has worked to keep abortion legal, safe, and available regardless of socioeconomic level.

The National Abortion Rights Action League has a rapidly growing membership which currently totals over 100,000 dues-paying individuals. NARAL also has affiliates in nearly every State with their own memberships. NARAL is dedicated to the elimination of all laws and practices that would compel a woman to bear a child against her will. We would like to express our appreciation for the opportunity to make this statement.

In working to maintain free choice with regard to abortion, NARAL represents the majority in this Nation, for numerous public opinion polls, conducted by Harris Survey, Gallup Poll, CBS News, and others, which indicate that most Americans are pro-choice.

A poll of registered voters conducted for the National Abortion Rights Action League by the New York based firm of Dresner and Tortorello Research and released in 1980 shows that more than three times as many registered voters are pro-choice as are anti-abortion. This telephone survey reveals that 88 percent of registered voters believe abortion should remain legal in all or some circumstances.

A 1980 CBS News/New York Times poll of adult Americans indicates that 62 percent are for "allowing women to have abortions" while 19 percent oppose "allowing women to have abortions". Most voters do not think of abortion as something they are simply for or against, but rather are moved to support abortion when they consider the specific circumstances surrounding each individual decision.

Last year the House of Representatives approved an amendment to the Treasury, Postal Service and General Government Appropriations bill which would have prohibited Federal employees from using their own, earned wage package as they saw fit. This amendment was not included in the package.

This amendment, which would also have placed a financial burden on Federal employee families and violated congressional intent embodied in the 1978 Pregnancy Disability Act, would have prohibited the Office of Personnel Management from administering any health insurance plans which provide abortion coverage.

There are approximately 9.5 million Federal employees and their dependents covered by Federal employee health insurance. Most of the 105 health insurance plans offered to Federal employees do provide coverage for all or some abortions.

In dealing with health insurance, it is important to remember that insurance coverage is not given to Federal employees. Rather, it is part of the employee wage package, and it is earned just like salary is earned. Restricting health insurance is tantamount to telling employees how to spend their own compensation.

Federal employees not only earn their health insurance as compensation for their work, but also pay an average of 40 percent of their health insurance costs through direct premiums. In fact, Federal employees purchasing health insurance for themselves and their families often pay over $120 per month in direct health insurance premiums.

That is from the Blue-Cross Blue-Shield option plan that covers many Federal employees.

A number of the health insurance plans now offered to Federal employees are offered by employee organizations. If Congress enacts legislation prohibiting health insurance from covering abortions, it will be telling employee organizations the kinds of coverage they can provide for their own members.

Certain employee organizations also have the right to negotiate health insurance benefits, premiums, and contribution rates. Denial by Congress of certain types of health benefit coverage interferes with the right of these employee organizations to collectively bargain for their benefits.

Legislation to prohibit health insurance abortion coverage would establish a precedent for congressional restrictions on other specific health benefits, thus limiting the Federal Employees Health Benefits Program's flexibility to meet the changing health priorities of Federal employees. It would also deny Federal employees health benefits available to most private employees through private health insurance plans.

Two States have approved legislation which prohibits all private insurance within the States from covering abortions, except as an expensive optional rider. Regardless of who your employer is, if you are in those States, you cannot cover abortions.

A similar restriction by the United States Congress on Federal employees health insurance could establish a model which would be followed by State Legislatures throughout the country whereby the Legislatures could deny all public and private employees and their families health insurance coverage for abortions. This coverage could be denied for female employees and dependents, wives and daughters, no matter what the circumstances are which compel them to seek an abortion.

Hard-working American families, who are struggling to make ends meet and who are trying to provide adequate health care for their loved ones, could be faced with significant medical bills for abortions, which their health insurance would be forbidden to pay.

NARAL hopes that the United States Congress will not want to burden Federal employees and their families with such unfair financial demands, and we hope the Congress will also not want to establish a precedent for restriction of private health insurance, which could impact nearly all Americans and their families.

In closing, NARAL once again urges you to oppose legislation which would prohibit Federal employees health insurance from covering abortions. In opposing such restrictions, you will be supporting the right of Federal employees to determine how they and their families will use their own compensation and you will be allowing thousands and thousands of Federal employee families to procure the adequate health care they deem necessary.

Thank you.

[The statement of Ms. Lowry follows:]

STATEMENT OF SUELLEN LOWRY

Dear Mr. Chairman and members, I represent the National Abortion Rights Action League.

The National Abortion Rights Action League (NARAL) was founded in 1969 to lead the struggle for repeal of restrictive state abortion laws. Since the 1973 Supreme Court decisions which ruled that abortion is a constitutionally guaranteed right, NARAL has worked to keep abortion legal, safe, and available regardless of socioeconomic level.

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77-741 O—81——25

interferes with the right of these employee organizations to collectively bargain for their benefits.

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Two States have approved legislation which prohibits all private insurance within the States from covering abortions (except as an expensive optional rider). A similar restriction by the United States Congress on Federal Employees Health Insurance could establish a model which would be followed by State legislatures throughout the country whereby the legislatures could deny all public and private employees and their families health insurance coverage for abortions. This coverage could be denied for female employees and dependents (wives and daughters) no matter what the circumstances are which compel them to seek an abortion.

Hard-working American families who are struggling to make ends meet and who are trying to provide adequate health care for their loved ones could be faced with significant medical bills for abortions which their health insurance would be forbidden to pay. NARAL hopes that the United States Congress will not want to burden federal employees and their families with such unfair financial demands, and we hope the Congress will also not want to establish a precedent for restriction of private health insurance, which could impact nearly all Americans and their families.

In closing, NARAL once again urges you to oppose legislation which would prohibit federal employees health insurance from covering abortions. In opposing such restrictions, you will be supporting the right of federal employees to determine how they and their families will use their own compensation and you will be allowing thousands and thousands of federal employee families to procure the adequate health care they deem necessary.

NUMBER OF STATE RESIDENTS WHO ARE FEDERAL EMPLOYEES

June 1980

Alabama	67,500
Alaska	17,900
Arizona	39,900
Arkansas	22,100
California	325,400
Colorado	58,500
Connecticut	23,500
Delaware	6,300
D.C.	236,900
Florida	10,000
Georgia	81,800
Hawaii	29,800
Idaho	13,400
Illinois	111,300
Indiana	47,200 (Unverified)
Iowa	24,200
Kansas	29,100
Kentucky	42,600
Louisiana	35,000
Maine	18,500
Maryland	137,200
Massachusetts	58,700
Michigan	57,700
Minnesota	35,800
Missouri	32,200
Montana	12,700
Nebraska	17,500
Nevada	10,700
New Hampshire	8,300
New Jersey	80,600
New Mexico	33,000
New York	174,300
North Carolina	52,500
North Dakota	10,300
Ohio	99,100
Oklahoma	50,200
Oregon	32,600
Pennsylvania	146,100
Rhode Island	9,500
South Carolina	40,000
South Dakota	10,900
Tennessee	78,300
Texas	166,400
Vermont	34,700
Utah	4,700
Virginia	160,400
Washington	76,400
West Virginia	17,800
Wisconsin	30,800
Wyoming	7,500
Virgin Islands	700
Approximate Total	3,083,900

Mr. ROYBAL. Will you please tell the committee what two States did in fact approve legislation which prohibits——

Ms. LOWRY. Kentucky and North Dakota. In Illinois and Massachuetts, all State employee health insurance is restricted and, for example, in Rhode Island legislation has been introduced to prohibit private health insurance from covering abortion. I can get that information for you.

In a number of State Legislatures, they have legislation introduced that would restrict private health insurance within the State.

Mr. ROYBAL. These are the only two States that actually passed it?

Ms. LOWRY. Yes.

Mr. ROYBAL. Mr. Miller?

Mr. MILLER. I guess we could get into all kinds of questions here, and we have certainly discussed this on the Floor many times and in committee. But you have one place in your statement where you say two States have approved legislation which prohibits all private insurance in the States in covering abortion "except as an expensive optional rider".

In the States where that is used, do we have an employee who elected to pay that additional amount for the rider?

Ms. LOWRY. I don't have the statistics on that. I don't have the statistics on how many have chosen to purchase it.

Mr. MILLER. Will you furnish that for the record? I would appreciate it very much.

Thank you.

Thank you, Mr. Chairman.

Mr. ROYBAL. Mr. Addabbo?

Mr. ADDABBO. No questions.

Mr. ROYBAL. I have no questions.

Thank you very much, Ms. Lowry.

The committee will stand adjourned.

DEPARTMENT OF THE TREASURY
U. S. SAVINGS BONDS DIVISION
WASHINGTON, D.C. 20226

NATIONAL DIRECTOR

June 8, 1981

Mr. Edward R. Royball, Chairman
Treasury, Postal Service and General Government
Subcommittee on Appropriations
Room H-218, U.S. Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

We respectfully request that this letter be made a part of the record of the House Appropriations Subcommittee hearing of May 12, 1981. The subject is Mr. John W. Breen and his testimony regarding the U.S. Savings Bonds Division.

Mr. Breen is a former employee of the Division. Last fall, as he testified before your committee, he went to the news media alleging corruption and fraud in the Savings Bonds Division, including the fact that he had deliberately falsified a large number of his own work records.

Mr. Breen's allegations were thoroughly investigated by the Treasury Department's Office of the Inspector General. As a result, formal disciplinary action was proposed against three individuals. Two of the individuals have resigned and the third case is being adjudicated.

The Savings Bonds Division cooperated fully with the investigators. Since then, we have intensified our quality control program to "track" more closely the work performance of Savings Bonds Sales Representatives and to monitor the quality of service provided.

We feel that, in light of the investigation and corrective action subsequently undertaken, Mr. Breen's charges of fraud and corruption do not reflect the current situation.

Sincerely,

Angela M. Buchanan

Angela M. Buchanan
Treasurer of the United States

[COMMITTEE NOTE.—The following material was provided to the committee but witnesses from the Office of Policy Development declined to appear.]

HEARING ON

THE FISCAL YEAR 1982 BUDGET

FOR

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

EXECUTIVE OFFICE OF THE PRESIDENT

BEFORE THE

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE

AND GENERAL GOVERNMENT APPROPRIATIONS

MAY 5, 1981

WITNESSES:

Ursula H. Pearson,
Financial Manager, Office of Administration

Richard D. White,
Budget Officer, Office of Administration

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

Statement of Ursula H. Pearson
Financial Manager, Office of Administration
Before the Subcommittee on Treasury,
Postal Service, and General Government Appropriations
U.S. House of Representatives

May 5, 1981

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to present the Fiscal Year 1982 budget request for the Office of Policy Development in the Executive Office of the President. The structure of the Office is somewhat different from that of the Domestic Policy Staff during the previous Administration and, therefore, the name of the Office is being changed from the "Domestic Policy Staff" to the "Office of Policy Development."

The 1982 appropriation request is for the salaries and expenses of the new staff charged with advising and assisting the President in the formulation, evaluation and coordination of national domestic policy. The Office of Policy Development has the central role in formulation of domestic policy and is responsible for coordinating and supporting the Cabinet Councils and for supporting the President's Economic Policy Advisory Board. The budget request for the Office of Policy

Development also provides for the staff of the closely related activities; Planning and Evaluation (5 positions) and Cabinet Administration (4 positions).

The Fiscal Year 1982 appropriations request in $2,959,000 which is an increase of $32,000 or 1% over Fiscal Year 1981. Please note that we have withdrawn the previous request for a Fiscal Year 1981 supplemental appropriation of $89,000 which was to cover a portion of the cost of the October 1980 civilian pay raises. Therefore, the revised budget estimate for Fiscal Year 1981 is reduced from the previous estimate of $3,016,000 to $2,927,000. The request for Fiscal Year 1982 includes continuing the current authorization for 50 full-time permanent positions.

The budget as requested reflects our effort to develop an organization which will provide policy advice and assistance to the President in an efficient and effective manner.

Thank you again for the opportunity to appear before your Committee. I will be glad to answer any questions you may have regarding this budget request.

FISCAL YEAR 1982 BUDGET REQUEST

FOR

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

SALARIES AND EXPENSES

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

SALARIES AND EXPENSES

For necessary expenses of the Office of Policy Development (Domestic Policy Staff), including services as authorized by 5 U.S.C. 3109, and 3 U.S.C. 107, and other personal services as authorized by 3 U.S.C. 107, $2,959,000.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 11-2200-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Program by Activity:			
1. Advise and assist the President in the development of domestic policy.........	2,329	935	---
2. Drug abuse policy..........	301	98	---
Subtotal, Domestic Policy Staff......................	2,630	1,033	---
3. Advise and assist the President in the development of domestic policy and coordinate the activities of the Cabinet Councils (Office of Policy Development).....	---	1,894	2,959
Total Program Costs, funded	2,630	2,927	2,959
Change in selected resources (undelivered orders).......	63	---	---
10.00 Total obligations........	2,693	2,927	2,959
Financing:			
25.00 Unobligated balance lapsing..................	18	---	---
39.00 Budget Authority	2,711	2,927	2,959
Budget Authority:			
40.00 Appropriation...........	2,711	2,927	2,959
44.20 Supplemental for civilian pay increase............	---	---	---
(Mono cast: 21.5)	(Mono cast: 5)	(Mono cast: 5)	(Mono cast: 4.9)

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

(Continued)

Program and Financing (in thousands of dollars)

Identification code 11-2200-0-1-802	1980 actual	1981 estimate	1982 estimate
Relation of Obligations to Outlays:			
71.00 Obligations incurred, net	2,693	2,927	2,959
72.40 Obligated balance, start of year..................	384	418	521
74.40 Obligated balance, end of year..................	-418	-521	-577
77.00 Adjustments in expired accounts...............	-41	---	---
90.00 Outlays, excluding pay increase supplemental...	2,618	2,824	2,903
91.20 Outlays from civilian pay increase supplemental...	---	---	---
(Mono cast: 21.5)	(Mono cast: 5)	(Mono cast: 5)	(Mono cast: 4.9)

STANDARD FORM 304
May 1969, Bureau of the Budget
Circular No. A-11, Revised.
304-103

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 11-2200-0-1-802		1980 actual	1981 estimate	1982 estimate
	Personnel compensation:			
11.1	Permanent positions	1,700	1,629	1,697
11.3	Positions other than permanent	153	201	100
11.5	Other personnel compensation	55	60	60
11.8	Special personal services payments	69	159	30
	Total personnel compensation	1,977	2,049	1,887
	Personnel benefits:			
12.1	Civilian	146	155	161
~~13.0~~	~~Benefits for former personnel~~			
21.0	Travel and transportation of persons	79	76	90
23.1	Standard level user charge	237	224	358
~~22.0~~	~~Transportation of things~~			
23.0	Rent, communications, and utilities	150	156	170
24.0	Printing and reproduction	3	15	15
25.0	Other services	37	140	160
26.0	Supplies and materials	62	57	63
31.0	Equipment	2	55	55
~~32.0~~	~~Lands and structures~~			
~~33.0~~	~~Investments and loans~~			
~~41.0~~	~~Grants, subsidies, and contributions~~			
~~42.0~~	~~Insurance claims and indemnities~~			
~~43.0~~	~~Interest and dividends~~			
~~44.0~~	~~Refunds~~			
99.0	Total obligations	2,693	2,927	2,959

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF POLICY DEVELOPMENT

(DOMESTIC POLICY STAFF)

The Office of Policy Development (Domestic Policy Staff) advises and assists the President in the formulation, evaluation and coordination of national domestic policy; coordinates and supports the activities of the Cabinet Committees; and, in accordance with Executive Order No. 12296, supports the President's Economic Policy Advisory Board.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

PERSONNEL SUMMARY

Identification code 11-2200-0-1-802	19 80 actual	19 81 estimate	19 82 estimate
Total number of permanent positions....................	50	50	50
Total compensible work years			
Full-time equivalent employment.................	56	58	56
Full-time equivalent of overtime and holiday hours..	2	2	2
Average salary of ungraded position.....................	$34,156	$33,719	$34,056
(Mono cast: 21.5)	(Mono cast: 5)	(Mono cast: 5)	(Mono cast: 4.9)

STANDARD FORM 306
July 1968, Bureau of the Budget
Circular No. A-11, Revised.
306-103

OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)
DETAIL OF PERMANENT POSITIONS

	19 80 actual	19 81 estimate	19 82 estimate
Ungraded	50	50	50
Total Permanent Positions	50	50	50
Unfilled Positions, end of year	-3	--	--
Total permanent positions, end of year	47	50	50
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OFFICE OF POLICY DEVELOPMENT
(DOMESTIC POLICY STAFF)

Explanation of the Fiscal Year 1982 Budget
and Major Increases and Decreases From Fiscal Year 1981

The Fiscal Year 1982 budget request of $2,959,000 for the Office of Policy Development is a 1% increase or $32,000 over the budget for Fiscal Year 1981. The major changes are a decrease of $162,000 in personnel costs and an increase of $134,000 in charges by the General Services Administration for office space used by the staff.

The Fiscal Year 1981 budget estimate reflects the operation of the previous Domestic Policy Staff for the first four months of Fiscal Year 1981 and the operation of the Office of Policy Development for the remaining eight months. The pending Fiscal Year 1981 supplemental request for $89,000 for the civilian pay increase has been withdrawn. The Fiscal Year 1981 budget also reflects payment of $140,000 for accrued annual leave for staff departures associated with the change of Administration.

Fiscal Year 1982 Budget
by Major Object Classification

o Personnel Compensation and Benefits: $2,048,000 (69% of the total budget). This is a reduction of $156,000 below the current Fiscal Year 1981 estimate. Of the total, $1,697,000 is for full-time permanent positions (50 positions - no change from the Fiscal Year 1981 budget). The reduced use of other than permanent employees (- $101,000), the non-recurring nature of the large

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payment for annual leave associated with the change of Administration and reduction in other special pay (- $129,000) offset the increase in full-time permanent salaries and benefits (+ $74,000). The possible October 1981 cost of living pay adjustment is not included in this budget.

o <u>Travel</u>: $90,000 (3% of the total budget). The increase of $14,000 over the Fiscal Year 1981 travel budget reflects the cost of staff and invitational travel for the full year operation during Fiscal Year 1982. This travel budget reflects a reduced level of staff travel from previous requests and an increase in invitational travel, primarily to provide for the expenses of the President's Economic Policy Advisory Board. This support is a new requirement specified in Executive Order No. 12296, March 3, 1981.

o <u>Rent, Communications, and Utilities</u>: $528,000 (18% of the total budget). The increase of $134,000 in the Standard Level User Charges reflects the guidance furnished by the General Services Administration regarding their standard charges. The increase of $14,000 in Other Rents, Communications, and Utilities reflects general increases in telephone charges, rentals and GSA maintenance support.

o <u>Printing</u>: $15,000 (less than 1% of the total budget). No change from the Fiscal Year 1981 estimate. Reflects the estimated printing costs to support the Office of Policy Development.

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o <u>Other Services</u>: $160,000 (5% of the total budget). The increase of $20,000 reflects general increases in maintenance contracts, training, and services. A total of $125,000 is included in this object class for analyses of the information needed to meet policy development, implementation, and evaluation requirements, and related system development costs; and other special studies as required.

o <u>Supplies and Materials</u>: $63,000 (2% of the total budget). The increase of $6,000 reflects general increased costs of GSA and commercial office supplies and publications.

o <u>Equipment</u>: $55,000 (2% of the total budget). No change from Fiscal Year 1981 budget. This includes typewriter replacement, purchase of word processing equipment, and furniture replacement as required.

WITNESSES

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