

SMALL AGENCY REVIEW

SESSION 2



22 February 1995

4:00 p.m.

Small Agency Review
Index

February 22, 1995

Tab A ---- Committee for Purchase from People who are Blind or Severely Disabled

Tab B----- Consumer Product Safety Commission

Tab C----- Federal Communications Commission

Tab D ---- Federal Maritime Commission

Tab E----- Marine Mammal Commission

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A

Divider Title: _____

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

DESCRIPTION: The Committee for Purchase From People Who Are Blind or Severely Disabled was established by the Wagner-O'Day Act of 1938, as amended by the Javits-Wagner-O'Day Act of 1971. Its primary objective is to provide employment and training for persons who are blind or have other severe disabilities and, wherever possible, to prepare them to engage in competitive employment. Key duties include mandating that Federal agencies purchase specified supplies and services from nonprofit agencies employing such individuals, promoting the program, determining which commodities and services are suitable for Government procurement from qualified nonprofit agencies, maintaining a procurement list of such commodities and services, determining the fair market price for commodities and services on the procurement list, and making rules and regulations necessary to carry out the purposes of the Act.

FY 1996 BUDGET PROPOSAL: Proposed FY 96 budget authority is \$1.8 million, an increase of \$118,000 from FY 95. Proposed FY 96 FTE is 18; no change of FTE from FY 95.

AGENCY PROPOSAL: The Committee proposes no significant changes in its organization or operation. Minor increases are proposed through FY 2000 (to \$2.1 million). The Committee argues that its approach has, from its inception, been based on the "privatization" of many "support" activities. It has appointed two central nonprofit agencies to assist state and private nonprofit agencies participate in the program. In recent years, all but the essential Government functions have been assigned to private organizations.

DECISION OPTIONS:

- A. No change; follow FY 96 budget recommendation
- B. Coordinate joint review as part of the Administration's disability review effort (co-chaired by Carol Rasco and Alice Rivlin) and as part of procurement reform review.
- C. Terminate Federal funding for the Committee

ADVISORY GROUP RECOMMENDATION:

B.

RATIONALE: Since there are cross-cutting reviews underway concerning disability as well as procurement issues, it makes sense to revisit the Committee's federal role as part of these reviews.

STEERING COMMITTEE DECISION

<i>Option</i>	<i>Agree</i>	<i>Disagree</i>	<i>Study Further</i>
A			
B			
C			

February 15, 1995

**COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE
BLIND OR SEVERELY DISABLED**

**NPR PHASE II
OPTIONS PAPER**

Overview

The Committee for Purchase From People Who Are Blind or Severely Disabled (the Committee) is an independent Federal agency that implements the Javits-Wagner-O'Day (JWOD) Act of 1971 (41 U.S.C. 46-48c, amends the earlier Wagner-O'Day Act of 1938). The JWOD Program provides employment and training for persons who are blind or have other severe disabilities by mandating that Federal agencies purchase specified supplies and services from nonprofit agencies employing such individuals. The Committee is comprised of 15 Presidentially appointed members, 11 of whom are high-level Federal officials from other agencies¹ and four of whom are private citizens knowledgeable about the employment problems of people who are blind or have other severe disabilities.

The Committee's approach to implementing the JWOD Program has, from its inception, been based on the "privatization" of many "support" activities. In recent years, all but the essential Government functions have been assigned to private organizations, making the Committee a model for other Federal agencies. In accordance with the JWOD Act, the Committee has appointed two central nonprofit agencies (CNAs) to assist state and private nonprofit agencies to participate in the Program. These are National Industries for the Blind (NIB) and NISH (formerly National Industries for the Severely Handicapped). Attachment 1 illustrates the program's organizational structure and indicates the number of partners involved at each level of the structure: the size in FTEs of the Committee staff (18) and the CNAs (238 total); the number of participating nonprofit agencies (567); and consumers served by the Program (26,690).

Attachment 2 lists the key functions of the Committee as established by the JWOD Act. In summary, these are:

- Determining which commodities and services should be purchased by the Federal Government under the JWOD Program and placing those items on its Procurement List;
- Determining the fair market prices for such items and revising prices to reflect changing market conditions; and
- Establishing rules needed to administer the Program.

Attachment 3 lists the functions of the CNAs. These include responsibility for developing new products and services to propose to the Committee for addition to its Procurement List, providing technical assistance to nonprofit agencies, allocating

Federal orders to these agencies, and reporting to the Committee on nonprofit agencies' compliance with JWOD Program requirements.

During FY 1994, the JWOD Program provided \$565 million in products and services to Federal customers and generated employment for over 26,000 people with severe disabilities. This was accomplished with an FY 1994 budget of less than \$2 million.

Mission and Goals

The JWOD Program is designed to achieve a socioeconomic goal by using the tremendous purchasing power of the Federal government as a catalyst in employing people who are blind or have other severe disabilities. The Program's mission is to increase employment and training opportunities for these individuals and, whenever possible, to prepare them to engage in competitive employment. The Committee collects data on the results of its efforts, which are published in its Annual Report. Attachment 4 illustrates outcomes for the past ten years on these measures. In FY 1994, Program accomplishments included:

- 26,690 blind or severely disabled individuals employed on JWOD contracts;
- 21.1 million direct labor hours worked on JWOD contracts by these individuals;
- \$124.8 million received in direct labor wages by these individuals;
- Average hourly wage of \$5.91 (Federal minimum is \$4.25).
- \$565 million in sales of Procurement List items to Federal customers;
- 1,653 new work years of employment for people with severe disabilities created by Procurement List additions.

Overall, the Program has maintained steady growth over the past decade both in terms of number of consumers served as well as the volume of sales to Federal customers. However, most of this growth has benefitted individuals with severe disabilities other than blindness. This fact reflects the increasing difficulty of generating employment opportunities through the provision of office supplies and other common-use products to Federal agencies, which has traditionally been the way the JWOD Program has created jobs for people who are blind.

During the past year, the Committee has worked in partnership with GSA and the Office of Federal Procurement Policy to accommodate procurement reform and previous Federal procurement changes that have implications for the product portion of the JWOD Program and its ability to generate jobs for people who are blind. These changes include the movement away from GSA (the JWOD Program's primary distributor) as the supplier of common-use products and the issuance of credit cards to thousands of Federal staff without training in procurement. In addition, NIB (the CNA

appointed by the Committee to work with nonprofit agencies serving people who are blind) has become more aggressive in working with Federal agencies to increase purchases of JWOD supplies. These efforts are aimed at preserving as much as possible of the current employment generated through such products.

Future growth in JWOD jobs, however, is expected to come from adding to the Committee's Procurement List more service contracts, as well as contracts for specialized products (such as some required by the military) which are not available on the commercial market. By focussing on these types of procurement opportunities, the Committee expects that it will be able to continue expanding the amount of employment available to people with severe disabilities, including blind persons, under the JWOD Program in the future. In fact, the very downsizing of the Federal work force that is contributing to the reduction of jobs associated with JWOD products is already creating opportunities for nonprofit agencies to perform--under JWOD service contracts--functions previously carried out by Federal employees.

It is important to note that much of the Program's growth has been accomplished without commensurate growth in the size of the Committee staff or budget. The graph in Attachment 5 illustrates that the Committee's resources have remained relatively stable compared to the substantial increase in Program outcomes in the past ten years. This growth has been partially accommodated by increasing the efficiency of the staff through expanded use of computers, better training in program operations and substance, and elimination/devolution of non-essential activities.

Program growth has also been accommodated by the expansion of the CNAs. These entities perform much of the data collection and initial analysis necessary for the Committee to consider proposed actions. Attachment 5 shows that the growth of CNA resources, while slower than that of the JWOD Program, has reflected the Program's expansion to a much greater degree than changes in the Committee's resources. In addition, the Committee has made use of staff of other Federal agencies as described below.

Program Assessment

Is the agency's mission critical, based on "customer" input?

The national interest in increasing employment opportunities for individuals who are severely disabled is evident from the 1990 passage of the Americans with Disabilities Act (ADA), and with the growing visibility of disability rights advocacy. A recent Harris poll shows that two-thirds of Americans with disabilities are not employed.² The JWOD Program provides a mechanism for funding employment and training for people with disabilities without directly subsidizing service providers or consumers.

Interviews with individuals employed on JWOD contracts provide strong evidence of the contribution that they feel the Program has made to their lives.' In recent surveys and focus group meetings, state and private nonprofit agency executives have indicated strong support of the JWOD Program, particularly the Program's provision of stable employment and training opportunities.' Based on this input, the Committee is convinced that its mission is critical to the consumers it serves.

Can the agency's mission be better accomplished at the state or local level?

The JWOD Program must be administered by the Federal government. Only members of the Federal work force such as those appointed by the President to serve on this Committee possess the authority and knowledge to set aside Federal procurements for mandatory sources. State and local governments have similar programs to leverage procurement dollars to support employment for people with severe disabilities. The Committee and its private partners encourage such efforts to further increase employment and training opportunities for people with disabilities, and have assisted some state governments in setting up their "state use" programs.'

Are there ways to cut costs or improve performance?

As noted above, the Committee has from its beginnings employed non-Federal organizations to carry out many of the activities necessary to assure Program success. As also noted above, in recent years, the Committee has streamlined its operations even more to facilitate administering a growing program without commensurate increases in staff resources. Attachment 6 is a list of significant streamlining/performance improvement activities that have been accomplished or are underway. In summary, these efforts include:

- **Use of new technology to assist program administration:** integrated computer system; electronic mail; electronic dissemination of Program documents
- **Reductions in regulations:** reductions and clarifications in both internal and codified regulations
- **Addition of education and research functions:** increase the Committee's ability to respond to customer demands; improve Federal compliance with the JWOD Act by educating customers; develop better information about program benefits and costs; obtain expert assistance in revising policies and procedures
- **Program management initiatives:** changes in pricing procedures; direct delivery initiative; improved products; use of other Federal agency staff to promote JWOD within their organizations

- **Staff development:** cross-training; team-building; sensitivity training; involvement in decision-making
- **additional responsibilities to CNAs.**

As indicated above, the JWOD Program already makes extensive use of non-Federal personnel. While the Committee, and thus far, the courts are satisfied with the division of functions between the Committee and the CNAs, there are individuals in both the public and private sectors who believe that the CNAs are too involved in the JWOD Program. To turn over to the CNAs any of the functions currently performed by the Committee staff--with the exception of education--would, in the opinion of the Committee, be inappropriate and indefensible from a legal standpoint. With respect to the education function, it should be noted that the CNAs are involved in and expanding their efforts in that arena. However, it is essential to retain a Committee role in this function, since as Federal employees, Committee members and staff bring a credibility and a level of access that cannot be replicated by the private organizations involved with the JWOD Program.

OPTION 1 -- Terminations of Major Programs (or the entire agency)

The agency operates only the JWOD Program; therefore, termination of the Program would be tantamount to terminating the agency. The Committee opposes the termination of the JWOD Program, since such action would severely impact the lives of the individuals with severe disabilities who are served by the Program, while contributing almost nothing to reducing the deficit. In fact, the loss of income tax revenues and increased disability payments created by the termination of employment for people with severe disabilities might actually have a net negative effect on the deficit. Feedback from customers and stakeholders indicates that the JWOD Program provides a stable employment option that would otherwise not be available, and provides high quality products and services for Federal employees.

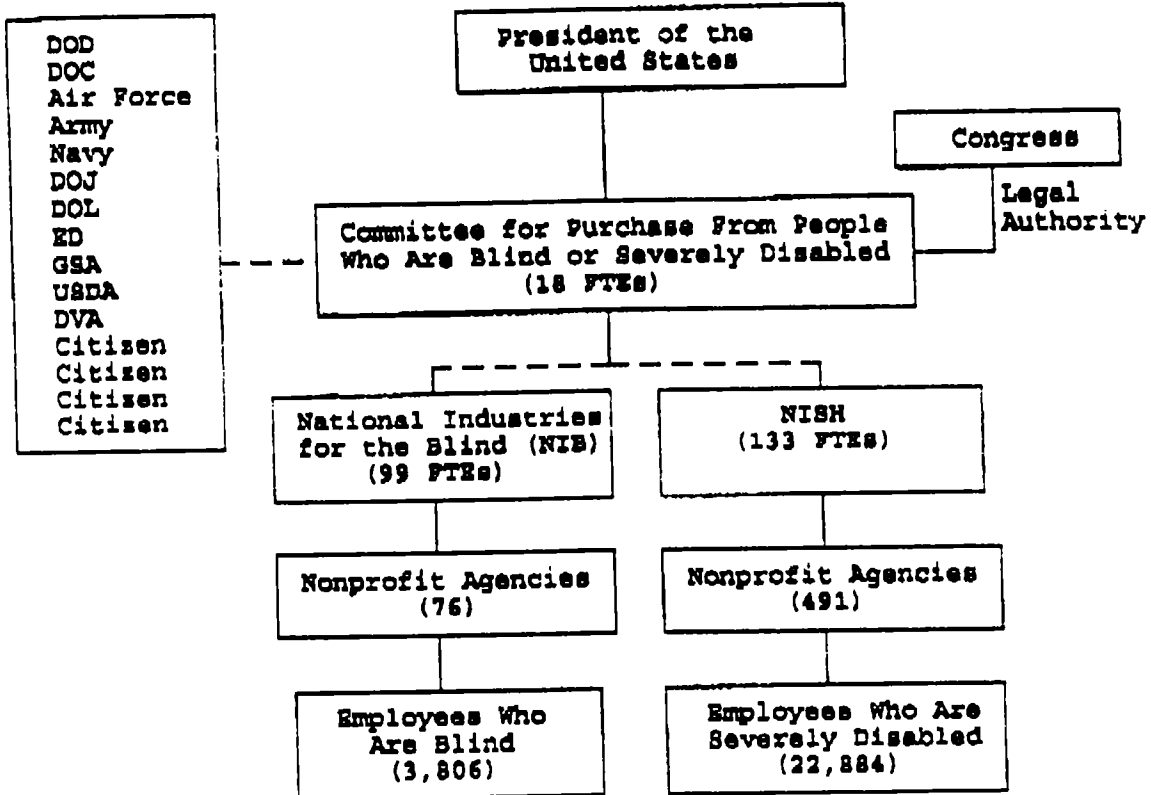
OPTION 2 -- Restructuring of Major Programs (or entire agency)

As summarized above, the Committee has accomplished significant restructuring and streamlining initiatives over the past few years. Because the Committee is currently operating with fewer resources than needed to support a growing program, further streamlining will have to occur. However, it is unlikely to reduce the current FTE and budget requirements; it will simply enable existing staff to keep up with absolutely essential functions.⁶ The Committee expects to adhere to OMB's five-year planning estimate that maintains the agency at its current FTE size and permits only modest budget increases (see table at Attachment 7). In the Committee's judgment, this represents an appropriate and cost-effective means for the Administration to demonstrate its commitment to helping people with disabilities.

ATTACHMENT 1

ATTACHMENT 1

ORGANIZATION OF THE JWOD PROGRAM



ATTACHMENT 2

ATTACHMENT 2

KEY COMMITTEE FUNCTIONS**Maintain Procurement List:**

- Determine which commodities and services procured by the Federal Government are suitable to be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities and add those items to the Procurement List
- Publish notices of addition to the Procurement List in the Federal Register
- Disseminate information on Procurement List items to Federal agencies
- Delete items no longer suitable to be furnished by nonprofit agencies

Pricing:

- Determine fair market prices for items added to the Procurement List
- Revise prices in accordance with changing market conditions to assure that they continue to represent fair market values

Designate Central Nonprofit Agencies:

- Designate central nonprofit agencies
- Set appropriate ceilings on fee paid to central nonprofit agencies by nonprofit agencies selling items under the JWOD Program
- Provide guidance to central nonprofit agencies engaged in facilitating the distribution of Government orders and helping State and nonprofit agencies participate in the JWOD Program

Make Rules and Regulations:

- Establish rules, regulations and policies to assure effective implementation of the JWOD Act

Research:

- Evaluate activities of the Committee maintain effective and efficient administration of the JWOD Act
- Improve JWOD Program and impacts as a result of analyses of various activities and issues
- To the extent possible, monitor Federal agencies' compliance with JWOD requirements

Compliance:

- Determine eligibility of nonprofit agencies to participate in the JWOD Program
- Monitor nonprofit agency compliance with Committee regulations and procedures
- Provide technical assistance, including studies, to the central nonprofit agencies and participating nonprofit agencies to contribute to the successful implementation of the JWOD Act

Education:

- Inform Federal agencies about the JWOD Program and the statutory mandate that items on the Procurement List be purchased from qualified nonprofit agencies
- Encourage and assist entities of the Federal Government to identify additional commodities and services that can be purchased from qualified nonprofit agencies

ATTACHMENT 3

ATTACHMENT 3

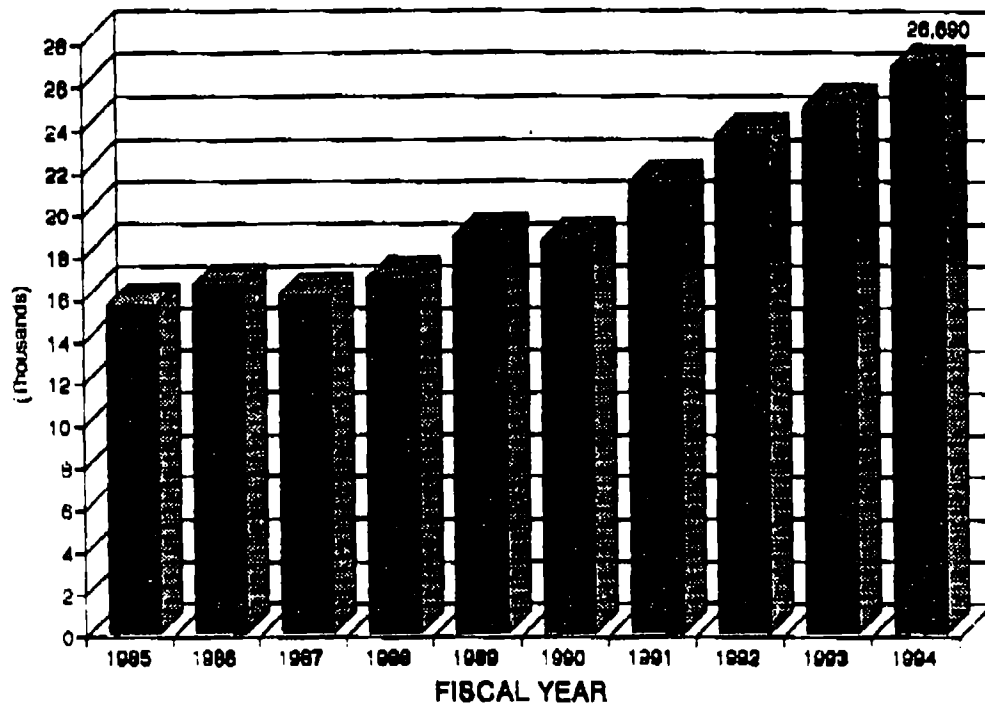
CENTRAL NONPROFIT AGENCY FUNCTIONS

- Represent participating nonprofit agencies in dealing with the Committee under the JWOD Act
- Evaluate the qualifications and capabilities of nonprofit agencies and provide the Committee with pertinent data concerning their status as qualified nonprofit agencies, their manufacturing or service capabilities, and other information concerning them required by the Committee
- Obtain procurement information from Federal contracting entities as required by the Committee to determine the suitability of a commodity or service for addition to the Procurement List
- Recommend to the Committee, with appropriate justification including recommended prices, suitable commodities or services for procurement from nonprofit agencies
- Allocate orders for Government purchases to participating nonprofit agencies, within the guidelines of the Committee
- Maintain records on nonprofit agencies
- Assist nonprofit agencies in contract oversight
- Recommend price changes to the Committee as market conditions change
- Monitor compliance of nonprofit agencies with the JWOD Act and appropriate regulations
- When authorized by the Committee, serve as prime contractor to facilitate nonprofit agencies to furnish commodities or services to the Federal government
- Submit to the Committee the initial certification form for nonprofit agencies
- Submit to the Committee annual certification forms for each participating nonprofit agency
- Perform other JWOD administrative functions, including activities to increase government and public awareness of the JWOD Act subject to oversight of the Committee

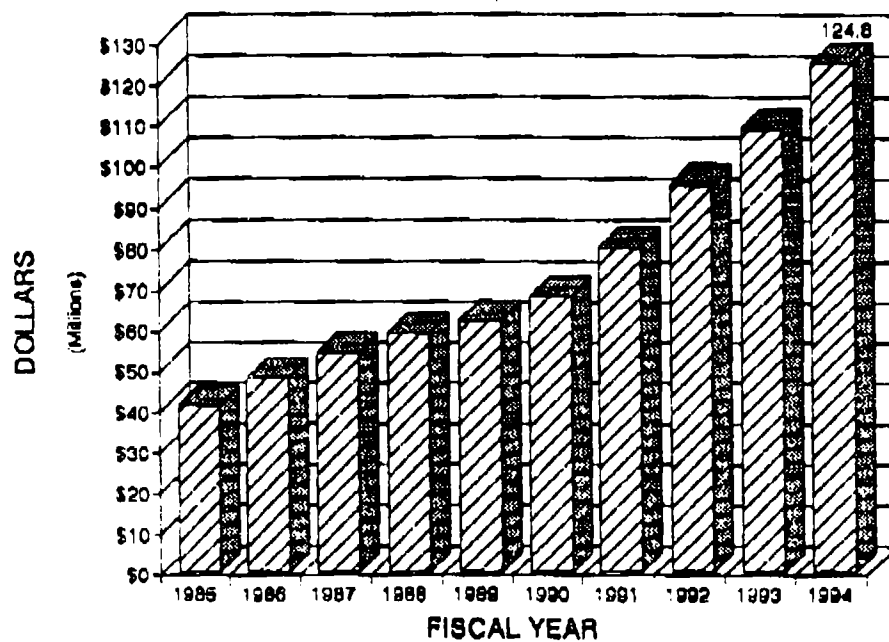
ATTACHMENT 4

ATTACHMENT 4

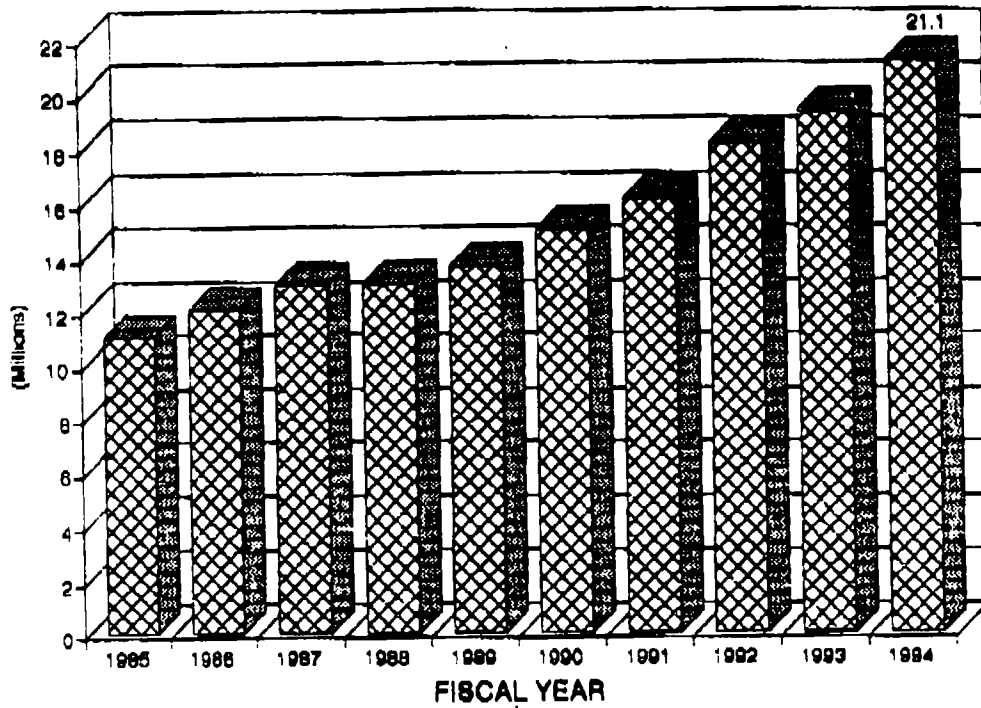
JWOD EMPLOYMENT



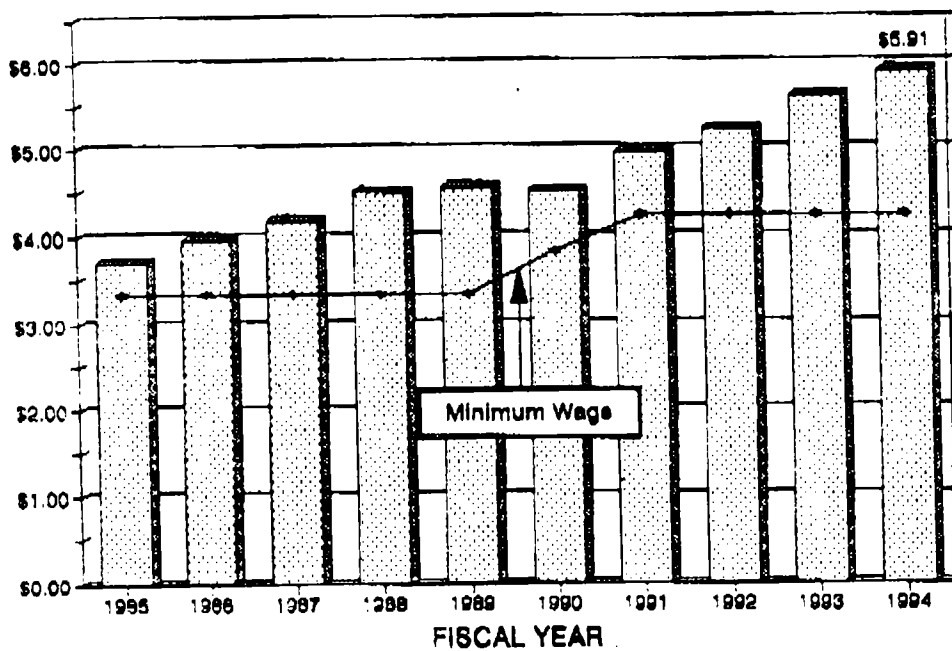
JWOD WAGES



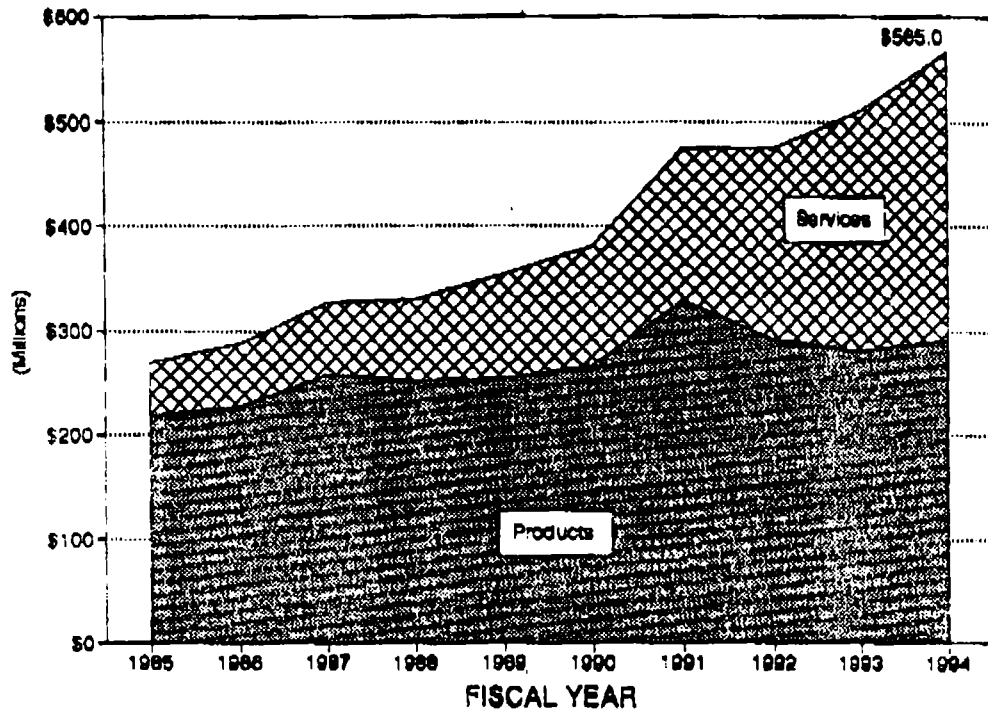
JWOD DIRECT LABOR HOURS



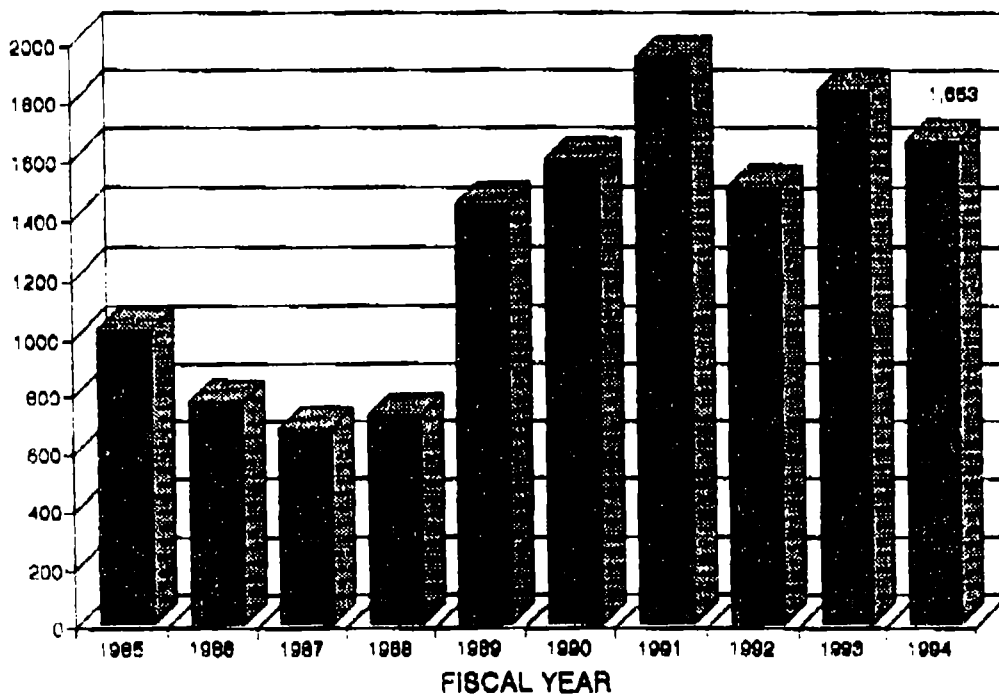
JWOD AVERAGE HOURLY WAGE



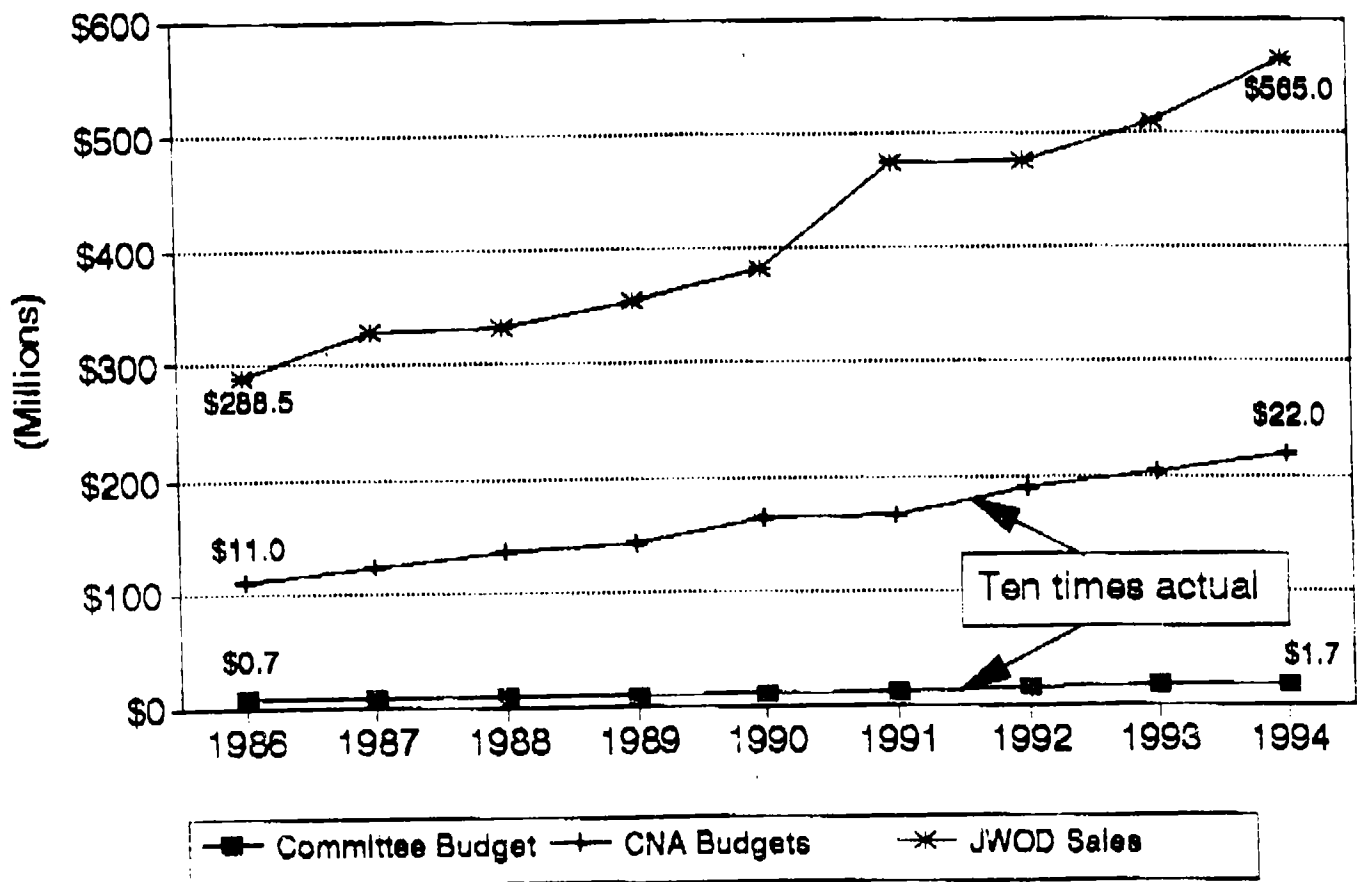
JWOD SALES



WORK YEARS CREATED BY JWOD



JWOD Program Growth versus Committee and CNA Growth



ATTACHMENT 6

ATTACHMENT 6

COMMITTEE STREAMLINING/PERFORMANCE IMPROVEMENT ACTIVITIES
(Accomplished or Underway)**PROGRAM MANAGEMENT**

- **Service pricing procedures.** In FY 1994, the agency implemented new pricing procedures for services provided under the JWOD Program. The new procedures:
 - establish prices for five years instead of three years
 - allow the Committee establish at the outset the follow-on year prices for most aspects of the contract, thereby reducing the amount of renegotiation required for follow-on years
- **Other pricing procedures.**
 - Worked with GSA, CNAs, and nonprofit agencies to establish a partnering agreement with a goal of better quality at less cost.
 - Changed to a more appropriate producer price index for adjusting prices for JWOD commodities. The indexes have been coordinated with the contracting activity, which should reduce the number of objections to proposed prices.
 - Raised the ceiling for pricing actions that require Committee staff review, which reduced workload and enabled the parties most affected by the price to negotiate and agree on the price for the commodity or service.
 - Streamlined price change procedure by requiring CNA to notify the Committee and contracting activity simultaneously.
 - Expanded use of computerized procedures to calculate prices.
 - Developed model pricing procedure for commissary shelf stocking procedures.
- **Compliance.** The following initiatives have streamlined the agency's compliance function:

- Reduced the frequency of visits to each nonprofit agency to monitor compliance from once every three years to once every five years, except in cases where the agency is out of compliance (these are revisited at 18-month intervals by either Committee or CNA staff until conditions for compliance are met).
- Improved coordination of compliance data collection with CNA compliance staffs, and computerized compliance information.
- Extension of Influence. To expand education efforts without increasing Federal staff, the Committee (soon after initiating its education program) secured the cooperation of major Federal departments and agencies in appointing JWOD liaisons. These liaisons are responsible for working with the Committee staff to increase purchases of JWOD items within their departments and agencies.
- Direct delivery. The Committee is working with GSA, DLA and other agencies involved in distributing JWOD products to expand direct delivery of products to Government customers.
- Product Improvement. The agency has worked with participating JWOD nonprofit agencies to develop new products that are environmentally friendly, less costly, and state-of-the-art.

EDUCATION AND RESEARCH

- Educating Federal customers. The agency has established an education function to increase the Committee's ability to respond to customer demands, as well as to educate Federal customers, hence improving compliance with the JWOD Act. While some members of the Committee staff are devoted to this effort, as noted above, a management initiative to seek the appointment of JWOD liaisons in large Federal agencies has made it possible to reach thousands more Federal employees with a minimal increase in the Committee's budget.
- Cost effectiveness. The agency has undertaken a comprehensive benefit/cost analysis of the JWOD Program to provide more definitive data on the cost effectiveness of the Program.
- Commercial impact. The agency has initiated a study of the impacts of the JWOD Program on commercial government contractors.
- Competitive employment strategies. The agency has recently completed a study of outstanding examples of participating

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nonprofit agencies' programs to provide competitive employment opportunities to JWOD and other agency clients.

- Revising policy and procedures. The agency has undertaken initiatives, sometimes involving expert consultants, to revise program policies and procedures.

USE OF NEW TECHNOLOGY

- Integrated computer system. Implemented the following improvements:
 - Converted routine work from manual to electronic performance, reducing time required for performance and allowing delegation of tasks to support staff.
 - Linked databases from different functional areas, streamlining data entry, tracking, and analysis.
 - Developed new software to perform essential functions of accounting, property inventory, personnel documentation, and purchasing.
- Electronic mail. Initiatives related to the electronic transmission of information include:
 - Introduction of E-mail to communicate with Committee members regarding decision packages.
 - Introduction of E-mail for internal office communication.
 - Introduction of E-mail to communicate with CNAs and participating nonprofit agencies [planned].
 - Collaboration with General Services Administration, Department of Defense and other Federal agencies to implement electronic data interchange (EDI) for all procurement transactions.
 - Dissemination of Committee documents (reports, studies, Procurement List) via electronic media [planned].
- Procurement. In FY 1994, the agency implemented the use of a Government credit card to facilitate small purchases.

REDUCTIONS IN REGULATIONS

- Internal regulations. In FY 1993, the Committee undertook an initiative to significantly reduce the internal memoranda which specify procedures associated with program operations.

- Codified regulations. In FY 1991-92, and again in FY 1994, the agency modified its regulations (at 41 CFR Ch. 51) governing the JWOD Program. These changes to the regulations provide greater clarity for the public and for government customers who use the program.

STAFF DEVELOPMENT

- Staff cross-training. Eighty-three percent of Committee staff members are cross-trained to perform duties in more than one functional area of the agency. Staff responsibilities are shifted in response to changes within the program. Staff productivity is increased by varying assignments, filling downtime, and filling absences due to illness, vacation or heavier than normal workload.
- Team-building. Senior staff meetings have been implemented to assure that key personnel are made aware of significant events that cross-cut functional lines within the agency.
- Sensitivity training. Services were contracted for sensitivity training for the entire agency staff. Staff were given the opportunity to express concerns regarding interpersonal dynamics at the agency with the goal of increasing productivity through greater teamwork and understanding of others' concerns and preferences.
- Staff empowerment. Staff are encouraged to recommend operational changes for the agency. Staff members review existing policies in their functional areas and recommend changes they feel are appropriate.

USE OF FRANCHISE SERVICES

- The agency purchases support services from the General Services Administration in the areas of personnel, payroll, finance and accounting, and budget administration.

ATTACHMENT 7

ATTACHMENT 7

	FY 1996 program levels in Budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 2000	5-Year Cumulative (FY 1996- 2000)
Discretionary Budget Authority	\$1,800,000	\$1,800,000	\$2,137,000	\$9,824,000
Discretionary Budget Outlays	\$1,788,000	\$1,788,000	\$2,129,000	\$9,780,000
FTE Changes	18	18	18	no change

ENDNOTES:

1. These members received no compensation for their Committee duties. They are representatives of the Departments of Agriculture, Air Force, Army, Commerce, Defense, Education, Justice, Labor, Navy, and Veterans Affairs, and the General Services Administration.
2. Louis Harris and Associates, Inc. N.O.D./Harris Survey of Americans With Disabilities, conducted for the National Organization on Disability by Louis Harris and Associates, Inc., 1994.
3. Consumers of the JWOD Program are interviewed at each nonprofit agency that is visited by the Committee's compliance staff, to determine their level of satisfaction with the program and other vocational goals. In addition, the Committee has published two sets of case studies concerning the contribution that JWOD employment has made in the lives of individuals: Jobs, Training and Independence. The Role of the Javits-Wagner-O'Day Program in the Competitive Employment of Persons Who Are Blind or Have Other Severe Disabilities. Eight Case Studies, December 1990; Long-Term JWOD Employees. The Role of the Javits-Wagner-O'Day (JWOD) Program in the Employment of Persons Who Are Blind or Have Other Severe Disabilities. Eight Case Studies, October 1992.
4. Nonprofit agency executive directors are interviewed at each site visited by the Committee's compliance staff to elicit their feedback about the JWOD Program. In addition, focus group meetings with the General Council of Workshops for the Blind and the National Council of Work Centers (composed of executive directors of nonprofit agencies serving people who are blind or have other severe disabilities, respectively) elicited feedback related to the costs and benefits of the JWOD Program from the agency directors' point of view.
5. One of the Committee's "Private Citizen" members is the Chairperson of the Ohio State Use Committee.
6. In both its FY 1993 and FY 1994 budget requests, the Committee requested two additional FTEs to support increased work load resulting from Program growth. These requests were denied and, due to the climate of budget reduction, the Committee did not repeat its request for FY 1995 and FY 1996 despite the continued need for additional staff.

**COMMISSION ON NATIONAL AND
COMMUNITY SERVICE****Federal Funds****General and special funds:****SALARIES AND EXPENSES****Program and Financing (in thousands of dollars)**

Identification code 95-2150-0-1-808	1994 actual	1995 est.	1996 est.
Relation of obligations to outlays:			
71.00 Total obligations			
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	135,663	46,405	
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-46,405		
77.00 Adjustments in expired accounts	-156		
90.00 Outlays	89,102	46,405	

The Commission has been merged into the Corporation for National and Community Service according to the provisions of The National and Community Service Trust Act of 1993 (P.L. 103-82). Funds to carry out the programs previously administered by the Commission under the National and Community Service Act of 1990, as amended, are reflected in the request of the Corporation for National and Community Service.

**COMMISSION ON THE BICENTENNIAL OF
THE UNITED STATES CONSTITUTION****Federal Funds****General and special funds:****SALARIES AND EXPENSES****Program and Financing (in thousands of dollars)**

Identification code 76-0054-0-1-808	1994 actual	1995 est.	1996 est.
Financing:			
17.00 Recovery of prior year obligations	-68		
21.40 Unobligated balance available, start of year: Treasury balance	-892	-960	-960
24.40 Unobligated balance available, end of year: Treasury balance	960	960	960
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Total obligations			
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	126	41	41
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-41	-41	-41
78.00 Adjustments in unexpired accounts	-68		
90.00 Outlays	18		

The Commission on the Bicentennial of the United States Constitution was established by Public Law 98-101 for the purpose of promoting and coordinating activities to commemorate the Bicentennial of the Constitution. The commemoration date of the signing of the Constitution was September 17, 1987. The Commission ceased operation on June 30, 1992.

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED****Federal Funds****General and special funds:****SALARIES AND EXPENSES**

For necessary expenses of the Committee for Purchase From People Who Are Blind or Severely Disabled established by the Act of June 23, 1971, Public Law 92-28; [\$1,682,000] \$1,800,000. (Independent Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 95-2000-0-1-505	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	1,670	1,682	1,800
Financing:			
25.00 Unobligated balance expiring	19		
40.00 Budget authority (appropriation)	1,689	1,682	1,800
Relation of obligations to outlays:			
71.00 Total obligations	1,670	1,682	1,800
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	290	244	252
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-244	-252	-270
77.00 Adjustments in expired accounts	-3		
90.00 Outlays	1,707	1,674	1,782

The Committee for Purchase From People Who Are Blind or Severely Disabled was established by the Wagner-O'Day Act of 1938, as amended. Its primary objective is to increase the employment opportunities for people who are blind or have other severe disabilities and, whenever possible, to prepare them to engage in competitive employment. In 1996, approximately 27,000 people who are blind or have other severe disabilities are projected to be employed in nearly 600 producing nonprofit agencies. The Committee's duties include promoting the program; determining which commodities and services are suitable for Government procurement from qualified nonprofit agencies serving people who are blind or have other severe disabilities; maintaining a procurement list of such commodities and services; determining the fair market price for commodities and services on the procurement list; and making rules and regulations necessary to carry out the purposes of the Act. In 1996 the Committee expects to have nearly 5,000 items on its Procurement List and sales of \$570 million.

The Committee staff's responsibilities include promoting and assessing the overall program; supervising the selection and assignment of new commodities and services; assisting in establishing prices; reviewing and adjusting these prices; verifying the qualifications of nonprofit agencies; and monitoring their performance.

Object Classification (in thousands of dollars)

Identification code 95-2000-0-1-505	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	792	899	960
11.3 Other than full-time permanent	84	31	31
11.5 Other personnel compensation	10	10	10
11.9 Total personnel compensation	886	940	1,001
12.1 Civilian personnel benefits	165	184	204
21.0 Travel and transportation of persons	77	100	125
23.1 Rental payments to GSA	127	125	128
23.3 Communications, utilities, and miscellaneous charges	33	48	45
24.0 Printing and reproduction	60	60	62
25.1 Advisory and assistance services	151	110	100
25.2 Other services	92	40	45
25.3 Purchases of goods and services from Government accounts	45	50	50

Supplies and materials	23	15	20
Equipment	11	10	20
Total obligations	1,670	1,682	1,800

Personnel Summary

Identification code 95-2000-0-1-505	1994 actual	1995 est.	1996 est.
100L Total compensable workyears: Full-time equivalent employment	18	18	18

COMMODITY FUTURES TRADING COMMISSION

Federal Funds

General and special funds:

COMMODITY FUTURES TRADING COMMISSION

For necessary expenses to carry out the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1 et seq.), including the purchase and hire of passenger motor vehicles; the rental of space (to include multiple year leases) in the District of Columbia and elsewhere; and not to exceed \$25,000 for employment under 5 U.S.C. 9109; [\$49,144,000] \$59,711,000, including not to exceed \$1,000 for official reception and representation expenses: *Provided*, That the Commission is authorized to charge reasonable fees to attendees of Commission sponsored educational events and symposia to cover the Commission's costs of providing those events and symposia, and notwithstanding 31 U.S.C. 3302, said fees shall be credited to this account, to be available without further appropriation. *If, prior to enactment of this Act, legislation amending the Commodity Exchange Act to establish a fee system beginning in fiscal year 1996 for the purpose of funding the Commission is enacted, \$59,711,000 from fees and annual charges received in fiscal year 1996 shall be credited to this appropriation as offsetting collections and be available until expended for necessary expenses under this head: Provided further, That the sum herein appropriated from the General Fund shall be reduced as such fees are deposited to this appropriation so as to result in a final total fiscal year 1996 appropriation from the General Fund estimated at not more than \$0. (Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95-1400-0-1-376	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
00.01 Market surveillance, analysis, and research	11,161	11,026	12,313
00.02 Enforcement	18,139	19,220	24,410
00.03 Contract markets and registered futures associations, regulatory development and registration and audit and review	15,495	16,187	19,658
00.04 Proceedings	2,661	2,711	3,330
00.91 Total direct program	47,456	49,144	59,711
01.01 Reimbursable program	42	48	48
10.00 Total obligations	47,498	49,192	59,759
Financing:			
25.00 Unobligated balance expiring	29		
39.00 Budget authority (gross)	47,527	49,192	59,759
Budget authority:			
Current:			
40.00 Appropriation	47,485	49,144	59,711
Permanent:			
68.00 Spending authority from offsetting collections	42	48	48
Relation of obligations to outlays:			
71.00 Total obligations	47,498	49,192	59,759
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	6,207	6,534	6,740
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-6,534	-6,740	-3,050
77.00 Adjustments in expired accounts	-332		

87.00 Outlays (gross)	46,833	48,986	58,449
Adjustments to gross budget authority and outlays:			
88.00 Offsetting collections from: Federal sources	-42	-48	-48
89.00 Budget authority (net)	47,485	49,144	59,711
90.00 Outlays (net)	46,797	48,938	58,401

Summary of Budget Authority and Outlays

(in thousands of dollars)

Enacted/requested:	1994 actual	1995 est.	1996 est.
Budget Authority	47,485	49,144	59,711
Outlays	46,797	48,938	58,401
Legislative proposal, not subject to PAYGO:			
Budget Authority			-59,711
Outlays			-59,711
Total:			
Budget Authority	47,485	49,144	
Outlays	46,797	48,938	-1,310

The Commodity Futures Trading Commission (CFTC) administers the Commodity Exchange Act of 1936, as amended. The purpose of the CFTC is to further the economic utility of the futures markets by encouraging their efficiency, assuring their integrity, and protecting participants against abusive trade practices, fraud, and deceit. The object of commodity futures trading regulation is to enable the markets to better serve their designated functions of providing a price discovery mechanism and a means of offsetting price risk. By properly serving these functions, the futures markets serve the public interest by contributing toward better planning, more efficient distribution and consumption, and more economical marketing. The commodity futures and options markets represent one of America's most innovative and competitive contributions to the international financial services industry.

Authorizing legislation will be proposed to establish a transaction fee on commodity futures and option contracts traded on futures exchanges to cover the cost of the Commission's regulatory activities. The collection and use of this fee, once authorized, will be contingent on appropriation action. For 1996, the fee would be set at 10 cents per round turn transaction and would generate offsetting governmental collections of approximately \$59 million. The authorizing legislation would in future years give appropriators the ability to adjust the fee in order to match the Commission's appropriated level. The enactment of such fee legislation would allow the Commission, the nation's principal exchange-traded derivatives marketplace regulator, to overcome past budget restraints without harming the competitive position of U.S. futures exchanges.

Market surveillance, analysis and research.—Responsibilities under this program include daily surveillance of the market activity of large individual traders and fundamental economic market factors to insure orderly markets. Contract terms and conditions are reviewed to insure conformity with current cash marketing conditions and adequate deliverable supplies. This program also systematically investigates the functioning of markets and market users and develops better tools to assist in detecting and preventing price distortions.

	1994 actual	1995 est.	1996 est.
Trader and broker reports analyzed (thousands)	863	933	989
Weekly surveillance sheets analyzed	2,877	2,900	3,100
Economic review of futures contract rule changes completed	81	82	83
Economic review of new futures contracts completed	14	15	16
Economic review of option rule changes completed	12	13	14
New options contract reviews completed	14	15	16

Enforcement.—The enforcement program is responsible for detecting, investigating, and litigating violations of the Act or regulations. These violations may include actual and attempted market manipulations, cheating and defrauding cus-

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B

Divider Title: _____

CONSUMER PRODUCT SAFETY COMMISSION

DESCRIPTION: The CPSC protects the public against unreasonable risks of injury from consumer products; assists consumers in evaluating the comparative safety of consumer products; develops uniform safety standards for consumer products and minimizes conflicting State and local regulations; and promotes research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries. CPSC has three commissioners and enforces five federal statutes: the Consumer Product Safety Act, the Federal Hazardous Substances Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, and the Refrigerator Safety Act.

FY 1996 BUDGET PROPOSAL: Proposed FY 1996 gross budget authority is \$44.931 million, an increase of \$866,000 from FY 1995. Estimated FY 1996 FTE is 487, no change from FY 1995 levels.

AGENCY PROPOSAL: CPSC states that its functions of Data Collection and Hazard Analysis, Product Safety Standards Setting and Compliance, and Consumer Information cannot be devolved to state and local governments or privatized without redundancy and loss of efficiency escalating costs to the tax payer. CPSC believes it should be left in tact to pursue its reinvention efforts. These reinvention efforts include the utilization of flexiplace and telecommuting to effectively deploy staff and expand the span of supervisory control to 10 to 14 by reducing one level of management, the consolidation of CPSC's two laboratories into one (contingent upon GSA funding), and the consolidation of information and administrative services. These efforts are projected by the CPSC to provide \$450,000 in FY '95.

DECISION OPTIONS:

- A. Devolve CPSC's functions to state and local governments,
- B. Privatize the CPSC,
- C. No Change, allow CPSC to continue its reinvention effort.

ADVISORY GROUP RECOMMENDATION:

- C. No Change

RATIONALE:

Allow CPSC to continue its aggressive reinvention efforts. This would also serve to maintain a federal presence to ensure fair competition between the states.

STEERING COMMITTEE RECOMMENDATION

UNITED STATES CONSUMER PRODUCT SAFETY COMMISSION

Each year, consumer product hazards result in 21,700 deaths and 28.6 million injuries. The deaths, injuries and property damage associated with consumer products cost the nation about \$200 billion annually.

Introduction

The U.S. Consumer Product Safety Commission (CPSC) was established in 1973 as a five-member, now a three-member, independent agency with a mission to protect the public against unreasonable risks of injury and death from consumer products.

CPSC enforces five federal statutes: the Consumer Product Safety Act; the Federal Hazardous Substances Act; the Flammable Fabrics Act; the Poison Prevention Packaging Act; and the Refrigerator Safety Act. Additionally, the CPSC has jurisdiction over 15,000 consumer products which are found in and around the home.

CPSC is a unique public health asset because it is the only federal agency that identifies and acts on such a wide range of product safety hazards. The agency operates unique expert hazard identification systems, such as a national hospital emergency room reporting system and a toll-free Hotline for reporting hazards and obtaining critical information on hazardous products. CPSC also uses a variety of tools to correct hazards including voluntary standard setting, consumer education, voluntary product guidelines, cooperative product recalls and corrective actions and, as a last resort, mandatory rulemakings. Because CPSC is a federal agency, its product safety work ensures businesses have consistent safety regulations nationwide.

The goals of CPSC are to reach out and prevent deaths and injuries from hazardous products, rather than acting long after tragedies have occurred. Second, it seeks to become more visible and accessible to its customers-- American consumers and businesses. Finally, CPSC is striving to be as efficient and cost-effective in achieving its goals.

Reinvention Principles

CPSC is aggressively pursuing a course to reinvent the agency to better serve its ultimate customer, the American consumers, families and businesses. In many ways, CPSC has already been streamlined and reinvented. For example, in FY 1979, the agency had a budget of \$42.9 million and 935 employees. Today, our FY 1995 budget is \$42.5 million and 487 employees. This is a 60 percent reduction in inflation adjusted 1983 dollars.

Within our current structure and budget resources, CPSC is creating a more efficient agency, using the principles of flexibility, common sense and risk-based decisionmaking. This will yield an agency that:

- o Enhances cooperative efforts with industry to actively pursue non-government actions or voluntary standards to reduce product hazards.

- o Improves hazard identification early warning systems by expanding the collection of medical examiner and coroner reports, incorporating automated technologies, and maintaining investigator training.
- o Expands cooperative efforts with industry on major enforcement, recall and information campaigns.
- o Stresses a partnership triangle between government, industry and the consumer that encourages business to work toward risk reduction and helps consumers help themselves.

Critical Agency Functions

There are three interrelated functions performed by CPSC in reducing the deaths, injuries and property losses from consumer product hazards:

- o Data collection and hazard analysis;
- o Promulgation and enforcement of product safety standards and the recall of defective products, not subject to standards; and
- o Consumer information and education.

OPTION 1: GOVERNMENTAL AND PRIVATE SECTOR ALTERNATIVES

State and Local Government Option

Each critical agency function is unique to the CPSC and can not be performed by either state or local governments.

Legislation at the national level protects manufacturers and consumers, regardless of where they do business or live. Manufacturers are protected because all market participants are held to a common standard for their products. Conflicting state requirements would seriously affect the sale of products in interstate commerce. In addition, many consumer products are imported. This requires close coordination between CPSC and U.S. Customs Service in order to prevent unsafe products from entering the United States, as well as seizing hazardous products which have already entered the country. This cooperative effort is uniquely federal.

The responsibility of the CPSC to promulgate and enforce regulations is inherently governmental. Its replication at the state level would require either the creation of new programs or the substantial expansion of current programs. There would be conflicting enforcement and standard-setting actions and no economies of scale for data collection or consumer information.

1. Data Collection and Hazard Analysis. Consumer products are sold throughout the United States with very few, if any, differences between the states. Theoretically, each state could collect and analyze injury and death data. However, this redundancy of effort would increase the cost of this activity and reduce the timeliness essential for effective use of the data even if data-sharing procedures were implemented. The collection of information nationwide and central evaluation of that data by a single agency affords both the efficiency and expertise necessary for governmental action. The CPSC data systems not only collect reliable information, but also this

3. *Consumer Information.* Information developed by CPSC is made available to the public in the form of publications, camera-ready copy, and video news releases. In addition, CPSC has always worked cooperatively with private organizations to develop and distribute safety information. Also, the broadcast media is used extensively through regular appearances on "Good Morning America" and similar programs which reach millions of consumers -- all at no cost to the government.

OPTION 2 - MAJOR RESTRUCTURING AND CONTINUED REINVENTION

The Consumer Product Safety Commission is reengineering its process beyond the reinvention already underway. Because the reinvention already has yielded maximum savings in terms of budget and FTEs, the restructuring focuses on obtaining the maximum return on these investments and the redeployment of staff to handle the high demand areas.

COMPONENT 1. CREATE "WALK-AROUND OFFICES" IN THE FIELD.

The CPSC has less than 100 investigatory personnel with an elaborate infrastructure in 3 regional offices, 3 satellite offices, and 32 resident posts. The space rent for these offices exceeds 2% of the Commission's budget. A combination of flexiplace and telecommuting will allow the CPSC to effectively deploy its staff and expand the span of control to 10-14 by reducing one level of management. The space-rent savings in the first year would equip the investigatory staff and still realize a substantial savings. Outyears would realize additional savings.

FTE Reduction:	0
Budget Reduction:	-250,000 (minimum FY96 space-rent reduction); -500,000 (annual, post-FY96 space-rent reduction)

COMPONENT 2. CONSOLIDATE CPSC LABORATORIES AND EXPAND USE OF STATE AND PRIVATE LABORATORY SERVICES.

The CPSC presently operates two laboratories at two different sites. These labs were consolidated into a single organization as a part of NPR I. Consolidation at a single site is necessary to realize maximum savings. In addition, emergency testing and overflow testing can be obtained from external laboratories on contract when needed to meet increased demand. Furthermore, animal testing can be purchased from state or local laboratories, thus eliminating the staff expenses and space rent associated with animal testing. An FTE saving has already been realized in FY95. Contingent on GSA funding of laboratory space construction in FY97.

FTE:	-1
Budget Reduction:	-230,000 (annual, post-FY97 reduction)

COMPONENT 3. CONSOLIDATE INFORMATION SERVICES.

In addition to customer service improvements, CPSC is consolidating information services to increase coordination and reduce inefficiencies. This initiative will continue in FY96.

The Commission recently restructured the Office of Administration (financial management, procurement, and administrative services) to streamline its operations and eliminate a layer of supervision as a part of its customer service initiative. The CPSC also began full implementation of its electronic commerce program to increase efficiencies in the contracting process. Further

single source permits the injury and death data to be integrated into a comprehensive national picture for use by consumers and businesses as well as CPSC.

2. Product Safety Standard-Setting and Compliance. In the area of standards-setting and compliance actions, the Federal Government protects both industry and consumers. The legal authority of individual states is diverse and limited and tends to concentrate on unfair competition rather than product safety. At the market level, safety standards promulgated by one state will differ from standards for the same product set by another state. It would be costly for industry to meet conflicting standards. Thus, industry and consumers are best served by a national approach.

3. Consumer Information. The CPSC reaches all print and broadcast markets by virtue of its national visibility as a federal agency. National print markets are also served by CPSC's recently enhanced Internet and fax systems. In addition, CPSC's information and education programs are directed to national organizations, including major trade associations, consumer groups, and civic organizations. Individual consumers and businesses contact the CPSC directly through the toll-free Hotline, on the Internet, and by fax. CPSC develops and supplies information and education programs by making available camera-ready copy for publications for easy reproduction and distribution by states, localities, businesses, professional associations, and nonprofit organizations.

Privatization Option

Private sector organizations cannot provide these programs with the same high level of effectiveness and efficiencies.

1. Data Collection and Hazard Analysis. As a result of the CPSC's recent customer service initiatives under NPR I, the CPSC toll-free Hotline was upgraded to be more responsive to the public. In upgrading the telecommunications package for the Hotline, CPSC contacted several vendors to provide Hotline services. In each instance, the outside vendor was unable to provide the basic services at a price less than the CPSC separately could contract for each service. Moreover, comparable services were more expensive and not responsive to the customer requirement that Hotline messages contain the most recent information regarding consumer product hazards. Although the technical aspects of the Hotline remain in-house, the personnel responsible for handling the calls are handled through a contractor. This was the most cost effective and efficient method.

By contrast, Internet technical services were awarded to a private contractor because it could provide the best customer service at less cost than CPSC. Data collection and hazard analysis by private contractors is already utilized whenever feasible.

2. Product Safety Standards and Compliance. Rather than promulgating mandatory standards, CPSC defers to adequate existing voluntary standards set by an industry group or nongovernmental standard-setting organization whenever there is substantial industry conformance. However, not every private organization can develop voluntary standards because their consensus process is not sufficiently rapid to prevent injuries and deaths. With safety as the primary goal, CPSC can act more quickly to protect the public.

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Divider Title: _____

FEDERAL COMMUNICATIONS COMMISSION

DESCRIPTION: The FCC regulates interstate and foreign communications by radio, television, wire, satellite, and cable. It is responsible for the orderly development and operation of broadcast services and the provision of rapid, efficient nationwide and worldwide telephone and telegraph services at reasonable rates. Its responsibilities also include the use of communications for promoting safety of life and property and for strengthening the national defense.

FY 1996 BUDGET PROPOSAL: Proposed FY 1996 gross budget authority is \$224.2 million, an increase of \$28.11 million from FY 1995, which includes the one time cost (\$25.1 million) of the move to the Portals. Estimated FY 1996 FTE is 2,267, no change from FY 1995 levels.

AGENCY PROPOSAL: Because of the rapid development of the domestic cable and wireless telecommunications industries, the FCC is positioning itself as the Federal agency that regulates and safeguards communications access for private citizens and private enterprise. In the past year, the FCC developed and implemented several agency restructuring, upgraded telephonic and computer systems, developed customer service standards, and undertook other major reinvention efforts. Based on these initial efforts, the FCC supplied two appendices of new recommendations to further reduce administrative costs and increase operational efficiency and customer satisfaction. While the FCC did not complete the specific decision tree exercise, the report addressed issues relevant to NPR II.

DECISION OPTIONS:

- A. No change; follow FY 1996 budget recommendation. Follow-up and implement 1995 legislative proposals (Appendix A) and administrative actions (Appendix B) that develop further efficiencies at FCC and generate more funds for the treasury. If the Telecommunications Act passes this session of Congress, another review of FCC will be necessary.
- B. Abolish agency and privatize functions.

ADVISORY GROUP RECOMMENDATION:

A.

RATIONALE: FCC's licensing and policy-making roles are Federal functions. Monies generated for the treasury from the spectrum auctions of broadband personal communications services (\$6 billion in bids) more than offset the appropriation increases. The Senate version of the Telecommunications Act would deregulate the industry.

STEERING COMMITTEE RECOMMENDATION:

**Federal Communications Commission
FY 1996 Appeal Resolution**

(dollars in millions)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Discretionary BA	68.8	77.1	82.1	82.1	82.1	82.1
96 Move		25.1	5.0	--	--	--
ADP		5.0	7.0	5.0	--	--
Total Disc. BA	68.8	107.2	94.1	87.1	82.1	82.1
Discretionary OL	70.7	104.9	94.9	87.5	82.4	82.1
Fees	117.0	117.0	117.0	117.0	117.0	117.0
Gross BA	185.8	224.2	211.1	204.1	199.1	199.1
Gross OL	187.7	221.9	211.9	204.5	199.4	199.1
FTE	2,271	2,271	2,271	2,271	2,271	N/A



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February 2, 1995

"REPORT ON CREATING AN FCC FOR THE INFORMATION AGE"

A Report to the Commissioners from the Special Counsel to the FCC on Reinventing Government was released today by Mary Beth Richards. Ms. Richards, an 11 year Commission veteran, was appointed by the Commission a year ago to spearhead a year long review on how the Commission should reinvent itself.

The Report described the Commission's efforts over the past year to eliminate backlogs, streamline processes and reduce regulatory burdens, redeploy staff to higher priority functions, and outsource some functions that could be performed by the private sector. This past year the FCC completely restructured itself for greater efficiencies of scope, have and are continuing to augment staffing with new and varied expertise, and have acquired state-of-the-art computer and telephone systems. Further, the Report listed legislative proposals and contemplated administrative actions that would further streamline processes, reduce regulation, get the agency out of non-essential functions and move the industry toward full competition.

The report cites numerous examples of the FCC's success in reinventing government including:

1. A proposal to revamp computer equipment regulations that would save the industry time and hundreds of millions of dollars annually.
2. The FM License Team improvement of the FM application forms and instructions resulted in an increase in error-free applications from 40% to 80%, a reduction in the backlog from 600 to 16, and a 47% improved speed of service.
3. An FCC proposal reducing the number of Antenna registrants with the FCC from 850,000 to 70,000 would save the FCC and industry hundreds of thousands of dollars while improving the information the agency receives.

The Report concludes that while the FCC has begun the transformation, there is still much more it can do and will do. The Report provides a number of specific proposals of how it can do so.

Report to the Commissioners

Creating

a

Federal Communications Commission

for the Information Age

**Report of
the Special Counsel to the Commission
on Reinventing Government**

Mary Beth Richards

February 1, 1995

This is an historic and amazing time for the communications industry. The FCC is in the eye of the telecommunications hurricane. Companies are merging at an unprecedented rate, new technologies are being discovered that make it impossible to predict what the industry will look like in the future, foreign markets are opening, and consumers, new entrants and existing players are demanding that they have full opportunity to participate in the telecommunications revolution. The FCC must be well positioned to safeguard the access to communications pathways that will permit private enterprise to innovate new competitive services and will give citizens the benefit of the communications revolution.

During a time when the FCC is faced with unprecedented policy development challenges in the cable, wireline, wireless, broadcast, and satellite areas, it must transform itself into an agency positioned to meet the challenges. Two recent legislative initiatives illustrate just how important it is that the FCC transform itself. The first is in the area of cable television. By the 1992 Cable Television Consumer Protection and Competition Act, Congress directed the FCC to issue numerous rules regarding the \$23 billion cable television industry - an industry with nearly mature growth in many markets, substantial debt, monopoly rents, and a record of some customer dissatisfaction with prices and service. Chairman Quello said it was the biggest job undertaken by the Commission during his 20 years at the FCC. What is more, the 1992 Cable Act required us to undertake more than two dozen new proceedings and complete them on stringent time schedules, initially without additional staff and funding. Implementing the 1992 Cable Act was a great challenge for the FCC. The cable television industry is not a traditional public utility. It is part content and part conduit, with an ever changing competitive environment that requires new regulatory techniques and, above all, flexibility. We met the challenge, but the effort showed the need to transform ourselves.

"Hundt and his people have been unfailingly open and accessible to us. We obviously continue to have some very profound policy differences, but I think we have a constructive, open dialogue with the commission."

- Decker Anstrom, President
National Cable Television Association
Chicago Sun-Times
January 2, 1995

The second is in the area of wireless telecommunications. In 1993, Congress gave us auction authority. In June 1994, the Commission allocated spectrum for broadband personal communications services (PCS) in a plan that was hailed by industry and is expected to introduce multiple competitors to the wireless marketplace and result in substantially lower prices to consumers. In addition, within one year of passage of the authorizing legislation, the Commission adopted rules and procedures for competitive bidding for spectrum-based licenses based on game theories honored with the 1994 Nobel Prize for Economics, developed an unprecedented auction system that allows marketplace forces to create efficient spectrum and geographic aggregation, and held the first-ever spectrum auction. As of

January 27, 1995, the Commission has conducted four auctions and raised nearly \$6 billion for the U.S. Treasury. Again we discovered the need to reinvent ourselves, even as we met the challenge.

"[The FCC] made [the PCS spectrum allocation plan] a better situation for virtually everybody."

- John Hulak, Telecommunications Analyst
BIS Strategic Decisions
New York Times
June 9, 1994

Both of these responsibilities taught us the need for a highly qualified, versatile and interdisciplinary staff, state of the art technology, and the flexibility to meet challenges that are complex and unique. It also taught us that we need to resist the impulse to issue rules for all industries in precisely the same manner and adhere to existing models, just because that is the way we have done it in the past. Fair rules of competition in all markets must not be pressed from a cookie cutter model. Our policies can remove or prevent obstacles to growth and access. Successfully stimulating competition leads to lower prices, creating more choices and better and cheaper service for consumers. As the traditional telephone companies and cable operators edge closer and closer into each other's businesses, and more generally, as the formerly separate wireless and wireline, terrestrial and space segments converge into a multilane information highway, new challenges and new tasks will undoubtedly emerge.

B. Our Efforts at Transformation Have Been Substantial

"[W]e intend to reinvent ourselves. Consistent with the Vice President's National Performance Review of last fall, the FCC will act to: cut red tape, put the customer first, empower employees to get results; and get back to basics."

We intend to make the Commission as efficient as the most efficient 21st century business. In an age of microprocessors and speed-of-light communication, there's no reason why you should tolerate quill and ink regulators."

- Reed E. Hundt
Remarks at the
Information Superhighway Summit
January 11, 1994

We have begun the transformation. But there is still much more we can do. And will do. This past year we completely restructured ourself for greater efficiencies of scope, have seen an increase in our staffing and budget, have and are continuing to augment staffing with new and varied expertise, have and are continuing to consolidate staff and units into a

still-insufficient amount of space, and have acquired state of the art computer and telephone systems. We also have reexamined our mission, improved the efficiency of our processes and streamlined our operations, redeployed staff to higher priority functions, outsourced some functions that could be performed by the private sector, have sought and will continue to seek legislative changes to allow us to perform functions more efficiently or to stop performing functions, changed our rules to reduce filing burdens on our customers, and have begun to introduce electronic filing and commerce.

In February 1994, the Commission appointed me to a one-year detail as Special Counsel to the Commission for Reinventing Government to determine what steps the Commission could take to implement the reinventing government strategies and to oversee those measures. This report identifies what has been done over the last year to move us from quill and ink to microprocessors. It also identifies what still needs to be done to complete the journey.

II. THE WAY WE WERE

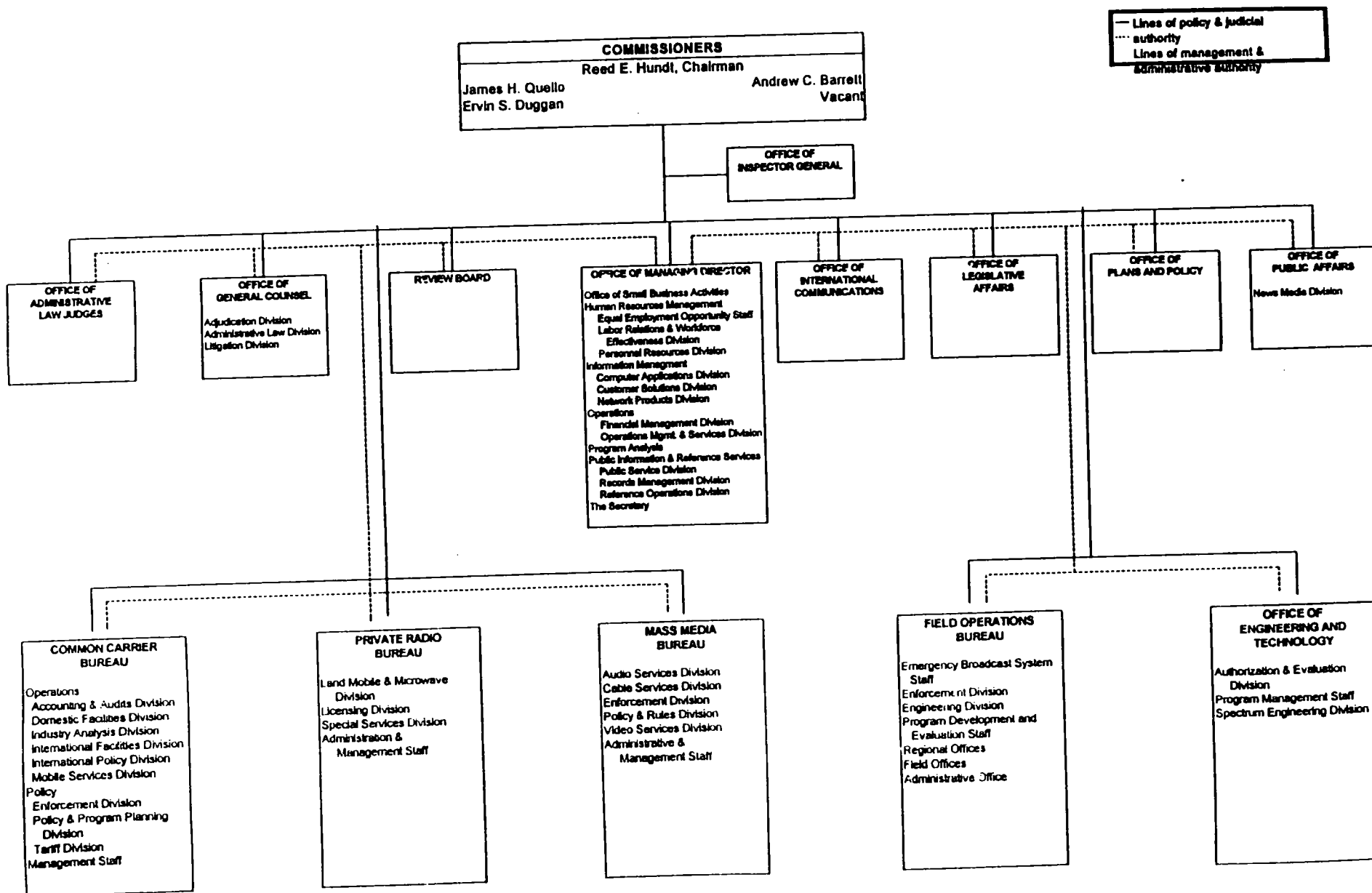
This is time of historic growth and extraordinary public attention for the FCC. The industries we regulate are huge and growing at a rapid rate. In constant dollars, the industries grew from \$478 billion in 1982 to \$783 billion in 1993. By contrast, the Commission staff dropped by 500 Full Time Equivalents (FTE) from 2,200 in 1980 to 1,724 in 1992. Our budget also declined, in constant dollars, and, consequently, the agency's infrastructure suffered.

In 1992, Congress gave the FCC new responsibility with the passage of the Cable Act. As a result, under Chairman Quello, the agency's fiscal year 1994 FTE ceiling increased by 240 to 1,964, to implement the Cable Act.

The 1,964, FTEs were distributed among Bureaus and Offices as follows: 559 in Mass Media Bureau (MMB)(including the cable allocation), 374 in Field Operations Bureau (FOB), 329 in Common Carrier Bureau (CCB), 257 in Office of Managing Director (OMD), 194 in Private Radio Bureau (PRB), 98 in Office of Engineering and Technology (OET), 48 in Office of General Counsel (OGC), 35 in Offices of the Commissioners and Chairman, 17 in Office of the Administrative Law Judges (ALJ), 12 in Office of Public Affairs (OPA), 11 in Office of Plans and Policy (OPP), 9 in Review Board (RB), 7 in Office of Legislative Affairs (OLA), 8 in Office of International Communications (OIC), and 6 in Office of Inspector General (OIG). (See attached organizational chart from November 1993.) Shortly thereafter, the Commission received congressional approval to create the Cable Services Bureau (CSB).

At the beginning of fiscal year 1994, the distribution of staff broke down along the following activity lines: 37.9% for enforcement, 23.3% for authorization of service, 12.9% for executive director/administrative support, 13.5% for policy/rule making, 6.1% for public information services, 3.4% for legal services, and 2.9% for international.

FEDERAL COMMUNICATIONS COMMISSION



Because of the lack of resources over the years, the tools that employees had were far from state of the art. The telephones were only one generation removed from obsolete and did not have voicemail, conference call or re-dial capabilities. As of October 1992, the FCC's Honeywell computer was almost twice the comparative age of federal government computers and three times that of Fortune 500 computers. Few employees had access to personal computers.

III. 1994

It was against this landscape that you asked me to oversee the task of implementing the principles of reinventing government - cutting red tape, putting the customer first, empowering employees to get results, getting back to basics - and making the Commission work better and cost less. In the short term, I was to determine how the FCC organization could be made more efficient, better serve the public interest and be responsive to the industry. In the long term, I was to work with a task force of Bureau and Office representatives to review our functions and programs to find and eliminate things that do not need to be done by the FCC and to streamline those that do. Throughout the year I worked with countless employees dedicated to improving the agency. The accomplishments identified in this report are to their credit.

Starting in February 1994, I spent several months talking with hundreds of people inside and outside the Commission and reviewing dozens of organizational proposals. The Chairman and I held meetings with essentially all employees - supervisory and non-supervisory - by conference call or in person. Those meetings provided employees the opportunity to give us suggestions for how we should be doing our job better. Employees provided concrete suggestions for how to streamline the review process, delegate more authority to the staff, ensure better coordination between the people who make the rules and those who apply them on the application processing line, and eliminate unnecessary and duplicative rules.

I held scores of meetings with industry representatives and members of the communications bar to learn what the Commission should be doing, to help frame the questions that we should be asking, and to solicit their ideas about procedure that should be changed and rules that should be eliminated. Those meetings resulted in dozens of organizational proposals and other suggestions. I also met with Union representatives to solicit their comments, suggestions and approval.

At the end of February, the Chairman and senior management from throughout the agency participated in a retreat led by a renowned Harvard Business School professor. The major outcome of the retreat was an agreement that the agency structure no longer met the Commission's needs. The discussions that took place at the retreat laid the foundation for subsequent organizational changes.

A. People and Their Work Environment

Based on these meetings and conversations, I recommended that the Commission change the structure of the agency. Thereafter, the agency undertook the largest reorganization in its history, resulting in a structure that more closely resembles the industries the FCC regulates. The reorganization was undertaken to eliminate: overlap of functions, customers having to deal with multiple Bureaus, inefficiencies caused by multiple management structures, and competing priorities within Bureaus. It was also undertaken so as to recognize the emergence of new technologies and markets that require special attention.

The first of the organizational changes was the creation of the Cable Services Bureau in early 1994. Effective October 1994, we eliminated the Office of International Communications and created the International Bureau to consolidate all international and satellite functions and to have the principal representational role on behalf of the Commission at international conference, meeting and negotiations. Effective December 1994, we eliminated the Private Radio Bureau and created the Wireless Telecommunications Bureau to consolidate the responsibility for wireless telecommunications licensing and regulation and to administer the spectrum auctions.

Throughout the year other changes took place. At the suggestion of employees and the Union, the Office of Workplace Diversity was created to foster a diverse workforce and to ensure equal opportunities for employment, career growth and training. The Office of Small Business Activities was made an independent office and was renamed the Office of Communication Business Opportunities (OCBO) to reflect its expanded mission to help increase opportunities for small, minority and women-owned businesses or individuals engaged in or seeking to participate in communications industries.

The Office of Legislative and Inter-Governmental Affairs (OLIA)(formerly the Office of Legislative Affairs) was realigned to reflect its liaison role to other federal, state and local government agencies in addition to its continuing dialogue with the Congress. The Field Operations Bureau changed its name to the Compliance and Information Bureau (CIB) to reflect its mission better. The Competition Division was moved from CSB to the Office of General Counsel and its responsibilities were expanded to include administering analysis and advocacy of competitive market structures agency-wide. The Public Information and Reference Services and the Audio-Visual staff were moved to the Office of Public Affairs to give customers one place to go for all their information needs and to strengthen the agency's customer focus. Finally, the responsibility for Multichannel Multipoint Distribution Services (MMDS) was moved to the Mass Media Bureau and MMB's staff was augmented so as to facilitate the rapid delivery of wireless video service to the public.

In addition to structural changes, about a third of the senior executives were reassigned to new positions in order to make each Bureau and Office diverse in terms of experience, civil service status, and knowledge. What resulted were Bureau front offices that generally included a newly hired non-career person, a career employee, someone with

experience within the subject area of the Bureau and a career employee who brought experience from another area. The cross fertilization of knowledge and skill was important in this time of tremendous change and convergence with the communications industry and markets.

In filling positions due to the increase in staffing, significant activities were launched in the area of staff recruitment to broaden our outreach activity. As a result of this expanded outreach, minority and female representation in our four primary professional occupations (accountant, attorney, economist and engineer) increased dramatically. Prior to FY94, 16% of the FCC employees in these occupations were minorities. Of the 158 such employees hired in FY94, 28% were minority. Similarly, prior to last year only 22% of the employees in these four categories were female. In FY94, 46% of new hires were female. Of the 19 new engineers hired in FY94, 53% were minority (compared to 19% of the existing FCC engineers) and 37% were female (compared to 6% of the existing FCC engineers).

In addition to reorganizing the structure of the agency, we have begun to move people physically so as to consolidate Offices, Bureaus, and Divisions into contiguous space as much as possible. Even with the recent acquisition of additional space, we continue to have an insufficient amount of space for our needs.

The meetings with employees and the industry also resulted in suggestions for improving how we do business. One of the major components of reinvention or re-engineering is an evaluation of the mission and functions of the Office or Bureau. During the last year, every unit did such a self examination. In October, every Bureau and Office accounted for the major functions and missions that they perform, the amount of staff time spent on the functions, the benefits of the function to the economy, consumers or other customers, and whether the function should be continued, changed or stopped. We have begun to effectuate the results of that analysis through redeployment of staff and changes to our rules and processes. We hope to effectuate the results more through the proposed changes to the Communications Act discussed below.

Additionally, the Bureaus and Offices have assessed the make up of their staffs and, through ongoing hiring, are augmenting their existing staffs with new expertise. This has resulted in hiring more economists - we have hired 23 in the last year, thereby doubling our economic staff, and hope to hire about as many more within the next several months, individuals with extensive experience in the areas of computers, consumer electronics, auctions, and management, as well as with MBAs and other financial background. We have also hired individuals with stellar litigation and appellate court credentials, including a former Supreme Court law clerk and Assistant to the Solicitor General who had argued 27 cases in the Supreme Court on behalf of the federal government and another recent Supreme Court law clerk. Our Attorney Honors Program this past year was an extraordinary success. We selected 12 outstanding attorneys from over 1200 candidates. We are also initiating a summer internship program for MBA candidates, and hope to have six interns this summer.

Additionally, we have borrowed individuals from other federal agencies -- FDIC and RTC -- to help with our spectrum auction, because of their particular expertise.

The meetings with employees resulted in numerous suggestions for improving things in the area of management, personnel, appraisals and awards, training, and technical support. The general nature of the suggestions were passed along to management at the meetings with the supervisors. Some suggestions have been implemented and others are in the process of being implemented.

In the management area, employees suggested that we improve communication, hold managers accountable, eliminate management layers, and streamline the edit and review process. In the personnel area, employees suggested that we offer more positions through the upward mobility program, that vacancy announcements be posted on the computer system, that we create a better system for employees to change jobs and move up on the career ladder, and that we need more diversity throughout the agency. In the appraisal and awards area, employees suggested that the appraisal system be improved, employees be given the chance to appraise supervisors, the award system be expanded to include a wider range of awards, and appraisals be timely. In the training area, employees suggested that the training be expanded and improved. In the technical support area, employees suggested that we use computers more, expand the availability of Westlaw and Lexis, put the FCC telephone directory on-line, use bulletin boards more, and acquire fax cards for the personal computers.

Some of the things that have been done to address these suggestions include:

- o reducing the number of layers of management between employees and their Bureau or Office Chiefs;
- o creating the Office of Workplace Diversity;
- o posting vacancy announcements on the e-mail system;
- o providing training on filling out applications for vacancies;
- o creating ASAP (\$50 on the spot awards) and time off awards;
- o creating an appraisal task force to review how we can improve the current appraisal system consistent with current regulations and agreements;
- o agency-wide AIDS awareness training;
- o personal computer and voice mail training;
- o the creation of a graduate level engineering course offered by the George Washington University;
- o equal employment opportunity and diversity training for senior executives;
- o Westlaw and Lexis access for all employees directly from their desktop personal computers; and
- o an on-line telephone directory.

Need
page 2
appendix
A

B. Tools

"Those who regularly do business with the FCC may have noticed signs recently that the agency is making an effort to join the 1990s."

In the past six months, the commission has introduced voice mail and E-mail and has begun filing public documents on the Internet. FCC Chairman Hundt regularly notes that the agency receives more than 4,000 Internet messages a week. These developments come only a few years after the FCC made the transition from rotary to touch-tone phones.

The modernization is part of a larger effort to reorganize under Vice President Al Gore's mandate to the federal government to reinvent itself."

- Christopher Stern
Broadcasting & Cable
July 18, 1994

Tremendous changes have taken place over the past year in the provision of new equipment. Under the leadership of OMD, the agency acquired 1567 personal computers, 210 laser printers, 106 laptop computers, 25 fax machines, 1300 ISDN telephones, 55 cellular telephones, 299 high-density file cabinets and 1386 pieces of office furniture.

In response to employees' requests for better tools to do their jobs, we now have access to a voice mail system, and a modern Windows-based computer network. The staff now receives Communications Daily and job vacancy announcements on their screen, obtains direct access to Westlaw data bases, uses an on-line telephone directory of FCC staff, sends and receives Internet mail and documents as well as internal FCC electronic mail. The staff sends and receives over 25,000 e-mail messages per day. We have also established microwave links to additional buildings for video access to the Commission meeting room.

C. Customer Service

"I recently completed a transaction with the Commission almost entirely over the Internet. Contacts with the Commission staff were made using e-mail and the information which I was seeking was ultimately delivered to my e-mail address, without paper correspondence or telephone calls. Although most of this happened while I was attending an all day conference, there were no telephone tag delays or other hassles because I was able to read and respond to e-mail messages during breaks in the meeting and after hours at my home computer. This is the flexibility promised by the information superhighway."

- Henry E. Crawford
the FCBA News
August 1994

We have made it easier for people outside the FCC to access information. We now put orders, decisional documents, sunshine agenda, daily digest, speeches, FCC telephone directory, and other documents on the Internet. One recent week we received over 35,000 requests for information via the Internet. We have also implemented fax-on-demand, which allows people to call in from a fax machine and receive information. Additionally, we now have electronic versions of FCC forms, and have distributed a series of cable forms on computer disk in Excel for Windows, Lotus for DOS and Lotus for Windows format. *In the last example, the requests for disks out-paced the requests for paper almost 3 to 1 and cut the time for completing the forms by 90%.* In 1994, the Commission responded to approximately 12,500 phone inquiries from the media and arranged and participated in approximately 300 interviews with Commissioners and senior FCC staff.

We are also changing the standard for serving our customers. On September 11, 1993, the President issued an Executive Order on "Setting Customer Service Standards" which requires agencies providing service to the public to provide a quality of service that is equal to the "best in business." Last year, the Commission engaged Booz-Allen & Hamilton to assist us in implementing customer service standards. Specifically, Booz-Allen will assist in identifying our customers, design survey instruments and collect data from identified customer groups, and analyze survey data and assist with formulating service standards and developing a customer service implementation plan.

We have set customer service standards in one area and are in the process of setting standards in six others. As part of its overall plan, the Commission initiated a pilot program using customers of the Private Land Mobile Radio Services. It held a series of focus groups with external customers and then asked the employees of the Gettysburg Licensing Division to develop customer service standards, using the information from the focus group. The Division implemented the following standards:

- o it will respond to telephone inquiries within one business day;
- o it will not transfer any caller more than twice - or the Bureau will obtain the information at the second transfer and call back;
- o it will give accurate and consistent information on FCC policy and rules;
- o it will give a requested form within 10 days -- in addition to giving the caller immediate access to forms through "fax-on-demand" and the Internet;
- o it will give materials that clearly describe the licensing process;
- o it will provide status information on license applications;
- o it will try to resolve errors in applications by telephone; and
- o it will send renewal notices 90 days prior to the expiration of a license.

It also identified the need for an 800 number for calling the Licensing Division.

We are in the process of setting customer service standards with regard to the following customer groups: broadcast applicants and licensees, common carrier telephony providers, cable local franchise authorities, wireless radio applicants and licensees, and the

general public. Final standards in these areas are scheduled to be implemented within the next six months.

The Bureaus have increased efforts to educate people about our rules. For example, the Commission held a series of regional seminars on cable television regulation open to state and local regulatory officials and franchising authorities. PRB and the auction team held seminars on spectrum auctions for interested participants. WTB's Auction Division has published a 30 page handout summarizing the results of all FCC auctions to date. CSB periodically issues answers to frequently asked questions about the cable regulations.

"Our decision today [adopting the PCS allocation band plan] gives PCS a real opportunity to become a significant part of our future wireless infrastructure."

- Andrew C. Barrett
Separate Statement
Re: Broadband PCS Reconsideration Order
June 9, 1994

We are also trying to involve our customers more in the decision making process. For example, last June, the Commission held an en banc hearing on children's television to hear presentations from interested parties and to have a direct exchange of viewpoints on the issues raised in the children's television proceeding. Panels consisting of industry representatives, public interest groups, broadcasters, producers and children discussed topics including (1) Educational and Informational Programming: Will We Know It When We See It? (2) Educational and Informational Programming: How Much Is Enough? (3) The Economics of Providing Educational and Informational Programming for Children. We have also held meetings for interested parties in the cable home wiring area and with regard to the PCS broadband allocation proceeding.

D. Regulatory Improvements

1. Auctions

"The Federal Communications Commission has transformed itself from a sleepy little agency into a billion-dollar revenue raiser for the federal government."

The commission -- which regulates phone, television, radio, cable and satellite companies -- tossed out its old system of giving away the airwaves for free in favor of a new plan to auction them to the highest bidder. Its auctions generated bids of more than \$ 2.5 billion, kudos from Vice President Al Gore and renewed respect from the industries it regulates."

- Chicago Sun-Times
January 2, 1995

Led by a task force of employees from a number of Bureaus and Offices, the Commission held the first successful auction of licenses for the use of the electromagnetic radio spectrum. We have also held the largest auction of property in the history of the United States. Perhaps most impressive was the speed with which the FCC implemented its auction authority. On July 25, 1994, less than a year after Congress gave us the authority to do so, the FCC held its first auction. In the auctions that have taken place since that day in July, the auctions have generated bids of approximately \$6 billion which will go to the U.S. Treasury. As of January 30, 1995, that equates to \$2.6 million per FCC employee, \$65 per U.S. household, and \$23 per U.S. citizen.

"The Commission, of under 2,000 people, set a standard for government performance. An interagency team of employees worked together with outside contractors to run auctions of electromagnetic spectrum -- never done before -- using an auction method that had never been used outside a laboratory -- electronic simultaneous multiple round bidding.

Part of reinventing government is taking risks; asking government employees, asking ourselves, to do things that no one has ever done before. The FCC, under the leadership of Reed Hundt, took those risks and now we are all the beneficiaries."

- Vice President Al Gore
Hammer Award Ceremony
August 4, 1994

"I do complement the FCC and Reed Hundt in particular for coming up with a process that's new. Everyone is generally saying the narrowband (paging) auctions were very successful."

- Charles Lee, Chairman and Chief Executive
GTE
Chicago Sun-Times
January 2, 1995

The auction team and the Commission worked hard to ensure that anyone who was interested in participation in a spectrum auction be given the opportunity to do so. The agency held a number of informational seminars -- with coast-to-coast coverage -- to let people know what we are doing and how they can get involved. It distributed hundreds of bidder's information packages with clear instructions on how to be part of the auction process.

The Commission's auctions have been executed virtually flawlessly and have been praised for their fairness. Because of the auction team's outstanding work, Vice President Gore awarded the FCC one of 33 government-wide Hammer awards for excellence in government reinvention.

"Clearly [the auction as a catalyst for change for other FCC programs] rubs off. It's changing the mindset here at the agency. We're looking at it in terms of the customers. We're looking at how it can be done faster, easier, better."

- Gerald Vaughan, Deputy Chief, WTB
Chicago Sun-Times
January 2, 1995

2. Processing Improvements

Throughout the year, the Bureaus and Offices have implemented a number of procedural changes or recommended rule changes to streamline processes and reduce regulatory burdens. For example, the Commission made changes in the payment collection area to make it easier for people to pay processing and regulatory fees. We now allow licensees to use credit cards to pay processing and regulatory fees and allow inspectees to use Western Union to pay fees for ship inspections. We also allow applicants, regulatees and licensees to make electronic payments for processing and regulatory fees.

Other examples are:

Last summer, the WTB's licensing group in Gettysburg, Pennsylvania, set up a *"WorkSmart" program - modeled after one in the private sector - to improve speed-of-service, quality, customer service, communication, and to reduce costs.* They have implemented suggestions including giving the processing staff authority to collect information and refund fees without supervisory approval, and streamlining the application review process by eliminating a level of review in an area where few applicant errors were found.

On January 31, 1995, *less than 30 days after the close of the public notice and comment period, the Commission issued licenses for the world's first "Big Leo" satellite systems.* This was considerably less time than traditionally spent in the licensing process. The new satellite systems will provide both voice and data mobile satellite service, via hand-held telephones, on a global basis.

The FM License Team improved the FM application forms and instructions, which resulted in an increase in error-free applications from 40% to 80%, a reduction in the backlog from 600 to 16, and a *47% improved speed of service.*

CCB recommended changing the information collection requirements for depreciation filings which *reduces the filing requirements by 25%.*

On May 19, 1994, the Commission adopted a MMB recommendation to *reform the application process for Low Power Television stations.* Specifically, the Commission modified the "letter perfect" acceptance standard for applications and replaced it with a "substantially complete" standard. The Commission also expanded the waiver policy regarding consideration

of terrain shielding. Finally, the Commission authorized the use of four-letter call signs, replacing the five-character alpha-numeric call signs with should serve to enhance low power television licensees' ability to compete more effectively in the video marketplace.

OET recommended, and the Commission adopted, proposed rule changes to relax the rules to allow equipment to be advertised - with the appropriate disclaimer - before it has been authorized. This action will *remove the barriers to marketing equipment and promote the sale of American goods*. The Commission also adopted OET's recommendation to allocate some of the 50 MHz of spectrum to be transferred from Government to private sector use for a generic fixed/mobile allocation, thereby *opening the development and introduction of new radio services*.

OET also recommended, and the Commission adopted, rules to *provide flexibility for the millimeter wave bands (above 40 GHz)*. This will open spectrum previously limited to military and scientific applications to commercial development.

IB held a public roundtable to invite suggestions for improving the service of the Bureau. As a result of that meeting the Bureau now *"grant stamps" requests for Special Temporary Authorization and pro forma transfers of control*. It is releasing Public Notices twice a week which will start the 30-day clock sooner, and has *committed to processing unopposed, routine international Section 214 applications within 30 days of the comment period*. It is also getting more information by telephone versus through written correspondence when processing Section 214 applications. IB will hold such roundtables periodically to solicit other suggestions.

MMB has designed more efficient systems for processing several types of applications. For example, in the Audio Services Division, a team has *designed a new system for processing the more than 12,000 radio renewal applications* that will be filed during the upcoming renewal cycle. They have created a renewal booklet that consolidates all information and forms necessary in the renewal process. They also plan to institute an "800" renewal information number and an e-mail Internet address as well as a computerized application processing system that will permit the automatic generation of deficiency letters and grants. The Division has formed a self-directed work team to develop a speedier, more consistent method of processing extension of time requests.

A self-directed work team in MMB's Video Services Division produced a Notice of Proposed Rule Making to streamline filing and processing procedures for new MMDS applications, including auction procedures. The NPRM also proposes to *implement an electronic filing system*. As a complement to the electronic procedures, the NPRM proposes that the Commission *utilize computerized interference studies, revise application forms, permit electronic payment of fees, and establish a current database with on-line viewing access to the public*. The Commission upheld another team's recommended *return of 4,391 new MDS station applications* as unacceptable for filing. Further, the Commission adopted the recommendations of the MMDS staff team, that resolved and *disposed of over 4,431 pending petitions* for reconsideration. These actions reduced the backlog of legal challenges by sixty percent.

In November, the Commission announced that, pursuant to an agreement with industry, it will be able to process Specialized Mobile Radio (SMR) licenses with fewer Commission resources, *saving hundreds of thousands of dollars, and in about one-third the time.* An industry coalition offered the use of computer resources, primarily software, which would perform frequency coordination more efficiently than the Commission had been able to perform it. The goal is to complete processing of the estimated 42,000 pending applications by the end of February.

MMB recommended allowing unattended operation of broadcast stations in light of the many improvement which have been made in the stability, reliability and automatic control of transmission systems. The Commission issued a Notice of Proposed Rule Making adopting the recommendation in November 1994. Also in November, the Commission adopted MMB's recommendation to change the license renewal dates for AM, FM, and TV translators and for LPTV stations to coincide with renewal dates for full-service stations operating in the same state. By coordinating the renewal dates and merging the translator and radio/television license renewal application forms for licensees of such commonly owned station in the same state, it is expected that affected licensees will save approximately 35 minutes per combined application. For FM translator licensees alone, this will represent nearly 290 work hours. Finally, the merging of the forms and the synchronization of the renewal expiration dates will *result in the savings of at least one workyear for the Commission.*

In December 1994, an NPRM was issued *to simplify the rules for the common carrier and private operational fixed services* so as to make them easier for the public to understand and use, to conform similar rule provisions, to eliminate redundancy, and to remove obsolete language.

OET has prepared an item to *revamp the computer equipment regulations that would save the industry time and hundreds of millions of dollars annually,* while preserving the agency's responsibilities in this area. }

In January 1995, the Commission adopted the recommendations of a group of employees from several Bureaus called the Antenna Structure Team that would make antenna tower owners, and not the licensee on the tower, responsible for compliance with FCC regulations. *This would reduce the number of registrants with the FCC from 850,000 to 70,000, and would save the Commission and industry hundreds of thousands of dollars.*

The General Counsel has proposed a number of specific recommendations to provide for the *more timely consideration of items before the Commission and release of items adopted by the Commission.* These include streamlining the editing process, releasing items immediately after they have been voted and giving Commissioners more time to review items. As Commissioner Chong noted in her recent remarks before the Federal Communications Bar Association, we have made progress on the timely release of agenda items in the past few months. Of the twenty items decided at the last three Commission meetings, six were released in eight days or less, and two of those were released on the day of the meeting.

The Commission has also made strides in reducing the number of pending circulation items. Over the past year, *the number of pending circulation items has been reduced by 50 percent. The backlog of circulation items -- those pending more than 30 days -- has been reduced by 50 percent as well.*

IV. WHAT IS AHEAD

"We are in the midst of a great crossing from the Industrial Era to the Information Age - a crossing as perilous and as full of opportunity as the crossing our ancestors made between the Old World and the New."

- David Osborne
The Washington Post Magazine
January 8, 1995

A. People and Their Work Environment

We moved into fiscal year 1995 with an increased budget and FTE ceiling. The Commission was appropriated \$185.8 million for fiscal year 1995 with an FTE ceiling of 2,271. The appropriation is \$24.9 million above our fiscal year 1994 level and allowed us to fund 225 additional positions and provide \$2.6 million for infrastructure modernization. The agency's success in the appropriations cycle reflects bipartisan support for the mission of the agency to promote competition and an appreciation for the dramatic increase in the agency's workload.

After the reorganizations and with the additional staff, the fiscal year 1995 FTEs were distributed among the Bureaus and Offices as follows: 384 in CIB, 335 in MMB, 312 in WTB, 270 in CCB, 240 in OMD, 223 in CSB, 124 in IB, 98 in OET, 91 in OGC, 75 in OPA, 36 in the Offices of the Commissioners and Chairman, 24 in OPP, 17 in ALJ, 15 in OLIA, 9 in OCBO, 7 in RB, 6 in OIG, and 5 in OWD. (See attached organizational chart from November 1994.)

At the beginning of fiscal year 1995, the distribution of staff broke down along the following activity lines: 28% for enforcement, 19.8% for authorization of service, 13.9% for executive director/administrative support, 18.3% for policy/rule making, 12.7% for public information service, 4.4% for legal services, and 2.9% for international.

Several additional internal reorganizations will occur over the next couple of months. This month, OGC consolidated the Adjudication Division into the Administrative Law Division. As a result of the movement of the Competition Division to OGC and to help in the speedy processing of the work before it, CSB will recommend changes to its structure to break major functions into separate work units. OET has pending a proposal to reorganize to enable it to operate more efficiently and effectively, particularly with regard to the conduct of rule making proceedings. The proposal would also establish that OET's mission is to manage spectrum and provide technical leadership to create new opportunities for competitive technologies for the

American public. The licensing facility in Gettysburg will undergo a redesign and refurbishing of its space, including the installation of systems furniture. OPA is examining its mission and is considering a reorganization. The work load of the ALJ and RB has decreased as a result of less adjudicatory cases and a recent court decision. A task force has been meeting since last year to reassign work from the Bureaus to the ALJ and RB and to reassign staff temporarily to other higher priority work. Finally, CIB will soon complete an evaluation of its mission and structure and will make recommendations for streamlining.

B. Tools

During the coming year, a greater number of employees will be able to access the agency's network from home and other remote locations, take part in video-conferences right from the conference rooms located in several of our buildings, and send documents directly from their PCs to the print plant for printing. To increase communications with the Commission, we will install a new electronic bulletin board system and a network hard drive that can be shared by all employees. Additionally, we hope to start a telecommuting pilot project over the next several months.

C. Customer Service

The Commission currently has more than 20 electronic filing initiative that are in various stages of development. With regard to the PCS auctions, we are considering accepting electronic filings of the auction short form. We will also be developing a new licensing system to process the filing of the auction winners. This system will incorporate provisions to facilitate electronic filing.

As we continue to improve our customer service standards, we will focus generally on the agency's use of the new telephone system, especially the use of voice mail. We intend to judge ourselves against the "best in the business." We will issue standards to ensure that customers can reach the people they need and get the information they want. Our customers must be assisted, not stymied, by this technology.

What our customers want most is action by the Commission. We have used various techniques to eliminate backlogs and speed processing. For example,

- o in the wireless cable area, we created a self-directed work team, detailed employees to the team, hired additional staff, and streamlined the process;
- o in the SMR area, we entered into an agreement with the industry to provide software and computer support;
- o in the antenna structure area, we proposed changing the rules to reduce substantially the number of entities responsible for registering; and
- o in the marine radio area, we are proposing that Congress change the Act to delicense this service.

This is an ongoing process. We intend to continue to eliminate backlogs and speed consideration and release of our decisions.

On January 31, 1995, the FCBA asked us to initiate a comprehensive review of our Bureaus and Office to ensure the greatest possible consistency of interpretation and process and of our licensing forms and processes with a view towards consolidation and simplification; to increase the accessibility of FCC records and ease of filing; and to speed FCC action. We have taken steps over the last year to do all of these things, and look forward to continuing to work with the FCBA to accomplish these shared goals.

D. Regulatory Improvements

"Every agency, every policy, every program, every activity, should be confronted with these questions: 'What is your mission?' 'Is it still the right mission?' 'Is it still worth doing?' 'If we were not already doing this, would we now go into it?'"

- Peter F. Drucker
The Atlantic Monthly
February 1995

For the past several months, a task force of Bureau and Office representatives has met to suggest changes to the Communications Act and our rules that would streamline our processes, reduce regulation, get us out of non-essential functions and move us to full competition in the industry. Appended is the task force's list of recommended legislative proposals (Appendix A) and contemplated administrative actions (Appendix B).

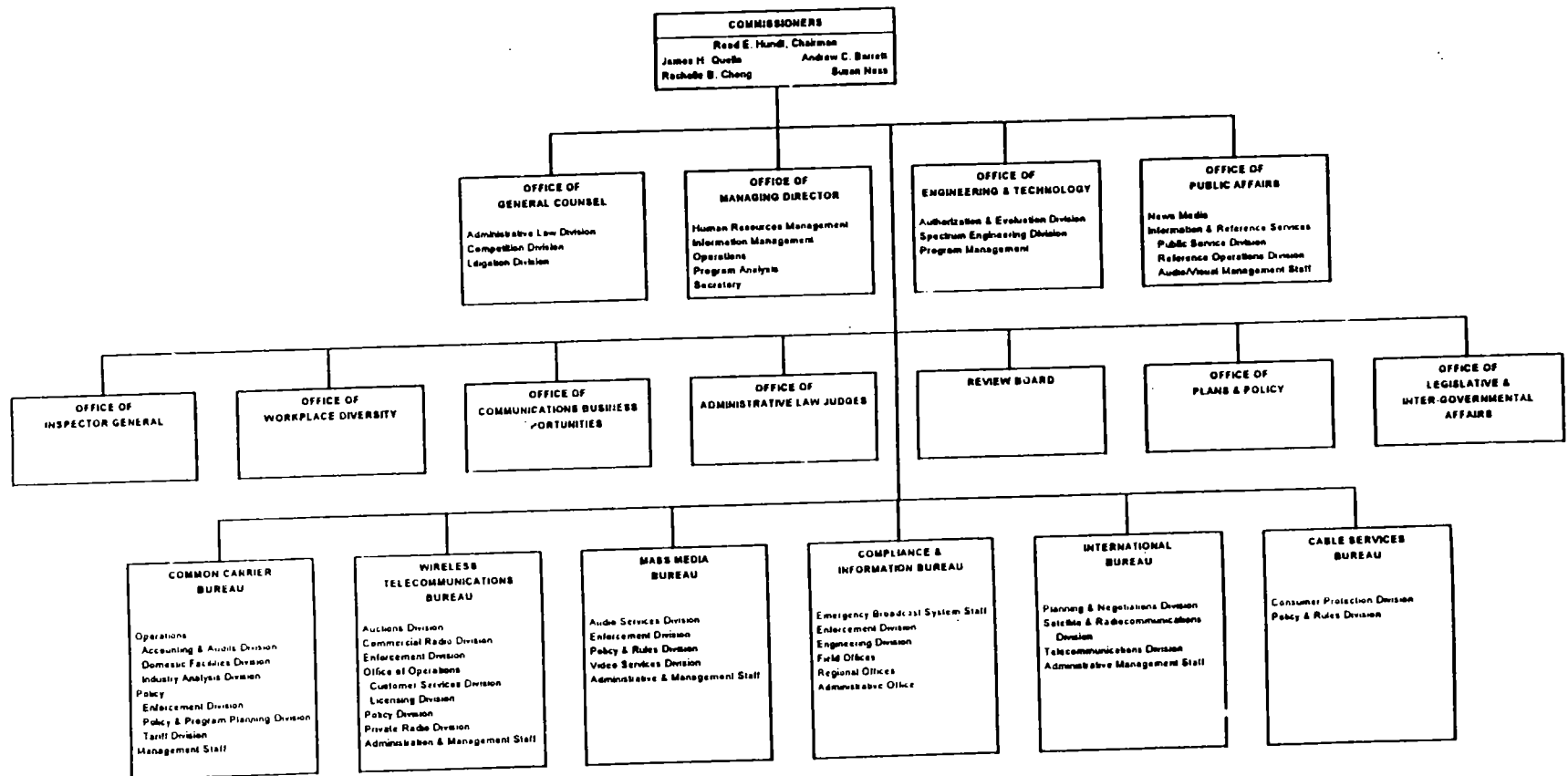
"[T]he current challenge for communications policymakers is to have the courage to sweep out antiquated policies and replace them with innovative ones -- ones that will make sense for the Information Age.

To meet this challenge, I would like to suggest that policymakers, including our colleagues on the Hill, strive to do what I call "think outside of the box."

- Rachelle B. Chong
Remarks to the FCBA
January 19, 1995

As we continue to review every function we perform and whether it is essential and appropriate that we perform it, we will continue to change our processes and rules and recommend changes to the Communications Act. This analysis is critical to the Agency's success in moving from quill pens to microprocessors, analog to digital, and the industrial age to the information age.

FEDERAL COMMUNICATIONS COMMISSION



November 1994

APPENDIX A

Summary of Bureau and Office Recommendations for 1995 Legislative Proposals

1. Codify Forbearance.* (Secs. 3, 203) Authorize FCC not to regulate classes of telecommunications carriers or services where unnecessary to protect the public interest. This would authorize the FCC to forbear from and streamline regulation, e.g., by eliminating the tariff filing requirement for non-dominant long distance carriers such as MCI and Sprint. This proposal would save resources, reduce paperwork, increase efficiency, and promote competition.
2. Repeal Setting of Depreciation Rates.** (Sec. 220(b)) Repeal mandatory FCC setting of depreciation rates for common carriers. This would give the FCC greater flexibility if it determined that setting depreciation rates for some or all telecommunications carriers no longer serves the public interest.
3. Authorize Physical Collocation for Expanded Interconnection.* (Sec. 201(a)) Authorize FCC to require physical collocation for expanded interconnection. This would permit the FCC to require the local exchange telephone carriers to open their central offices to the equipment of competitors. This authority would enable the FCC to implement competition in a way that best serves the public interest.
4. Authorize Expanded FCC Auction Authority.** (Sec. 309(j)) Expand the scope of the "uses" to which competitive bidding may apply to include, but not be limited to, other scarce public resources. Possibilities include not only new spectrum licenses, but also commercially valuable telephone numbers such as 1-800 and N11 numbers, and blocks of telephone exchange numbers for new services such as Personal Communications Services. This would be a more efficient way to get these valuable public assets to those most likely to distribute them to small as well as large firms.
5. Privatize Use of Independent Auditors.** (Sec. 220) Authorize FCC to use independent auditors to augment its carrier audit program. Present authority does not permit the FCC, unlike the carriers, to hire outside, independent auditors. Commission hiring of its own independent auditors could reduce the carriers' ability to influence unduly the findings of their independent auditors. This proposal would also save money by reducing the additional staff auditors the FCC would have to hire to scrutinize the audits of the carriers' independent auditors.
6. Simplify the Federal-State Coordination Process.** (Sec. 410) Simplify and expedite the Federal-State coordination process. This would give the Commission and the states flexibility in selecting the consultative means, whether Joint Board or less formal process, best suited to resolving specific regulatory issues of mutual concern. This proposal would decrease the time and cost of resolving pressing state-Federal telecommunications issues.

7. Clarify Refund Authority.* (New sec. 229)(FCC Authorization Act of 1994) Give FCC explicit authority to order a common carrier to make refunds to other carriers and customers, if statutory and regulatory violations are proved against that carrier. This would encourage compliance with FCC rules governing common carrier charges and reduce the costs of enforcing such compliance.
8. Privatize Ship Inspections.* (Secs. 4(f)(3), 362(b), 385)(FCC Authorization Act of 1994) Authorize FCC to use private entities to conduct inspections of ship radio stations and broaden the FCC's authority to waive the now required annual ship radio station inspection. This would eliminate the current requirement that ship radio stations be inspected only by the FCC and would provide more flexibility in scheduling the required annual inspection for U.S. ships operated domestically. This would save the Commission staff and travel resources, improve inspection service to the maritime industry, and promote private sector jobs.
9. Acquire Technical Equipment by Patent License Agreements.* (Sec. 4(g)) Authorize FCC to obtain on favorable terms technical and electronic devices pursuant to negotiated patent license agreements. This proposal would enhance the Commission's ability to acquire state-of-the-art electronic equipment, significantly increase the number of units available to the Commission, and assist budgetary restraint efforts by reducing the funds that would otherwise be expended for such equipment from the FCC's budget. It is estimated that enactment of this proposal could save the Commission approximately \$300,000 a year.
10. Rewrite Communications Satellite Act of 1962.** (P.L. No. 624) Rewrite law governing Comsat, INTELSAT, Inmarsat, etc. This would promote a worldwide competitive market for satellite communications services, benefiting both consumers and the satellite industry by (1) privatizing INTELSAT and Inmarsat and eliminating the privileges, immunities and special access to spectrum and orbital slots currently enjoyed by those organizations; (2) eliminating Comsat's current exclusive status as the sole U.S. investor in, and provider of, INTELSAT and Inmarsat services; and (3) developing a policy and regulatory framework that permits other U.S. carriers and users to invest in and receive services directly from INTELSAT and Inmarsat. This proposal would save agency resources by eliminating current U.S. government and FCC oversight of Comsat's involvement in INTELSAT and Inmarsat.
11. Modify Construction Permit Requirement.** (Sec. 319(d)) Modify the prohibition against the Commission waiving the requirement for a broadcast construction permit. This proposal would give the Commission flexibility to determine when permits are necessary and when construction can be undertaken without prior approval. In circumstances where prior approval is deemed unnecessary, broadcasters would only be required to file a license application within 10 days of completing construction. This proposal would eliminate the essentially duplicative process of filing separately for both a construction permit and license in instances where elimination of the CP requirement would create little or no potential for interference.
12. Limit Silent Station Authorizations.** (Sec. 312) Provide that a license authorization for a station silent for one year automatically cancels. This would save Commission resources,

eliminate undue protection of non-operational stations, and allow operational stations greater flexibility in changing frequencies and upgrading facilities.

13. Extend TV License Term.** (Sec. 307(c)) Extend TV license term from 5 to 7 years. This would make the license terms for radio and TV identical and reduce costs both for the television industry and the Commission. In view of the competitiveness of the video marketplace today, it is unlikely that the extension of the license term would be detrimental to the public interest.
14. Expedite ITFS Processing.* (Sec. 5(c))(FCC Authorization Act of 1994) Expedite processing of ITFS applications by delegating to staff routine, comparative ITFS cases. This would streamline agency processes by eliminating current, final review by the full Commission of routine comparative ITFS cases, thereby expediting new ITFS service.
15. Modify Anti-Lottery Provision.* (18 U.S.C. Sec. 1304) Legalize the broadcast or cablecast advertisement anywhere in the United States of any lottery enterprise which is lawful where conducted. This would simplify existing law, reduce current governmental responsibilities of interpretation and enforcement, increase competition among alternative advertising media, and reduce the burden of compliance for broadcasters and cable systems.
16. Simplify Broadcast License Renewal Process.* (Sec. 309) Simplify the broadcast license renewal process by establishing a two-tiered process: first, the incumbent licensee's performance during the preceding license term would be compared only against statutory standards and not against any competing applications, and second, the renewal application would be automatically granted if the statutory standards are met or exceeded, or designated for hearing if the standards are not met. This would streamline license renewal procedures, eliminating the costly process for both the agency and broadcasters of considering competing applications to a renewal application even though the incumbent's performance has been in compliance with Commission standards.
17. Delegate Equipment Testing and Certification to Private Labs.* (Sec. 302(b)) Authorize the use of private, independent testing labs to test and certify radio equipment to ensure compliance with technical standards for radio frequency (RF) emissions. This proposal would permit a reduction in the number of persons engaged in equipment testing with no adverse impact on the Commission's role in ensuring that RF emitting devices are safe.
18. Make License Modification Uniform.* (Sec. 303(f)) Eliminate the public hearing requirement concerning changes in the frequencies, authorized power, or times of operation of any station so that the written procedure provisions of Section 316 will uniformly apply to any appropriate modifications of broadcast authorizations. This could potentially save money by eliminating the need for any public hearings that would be required by existing Section 303(f) of the Act.
19. Allow Market-Based Payments for Experts and Consultants.* (Sec. 4(f)(1))(FCC Authorization Act of 1994) Authorize FCC to obtain services of non-agency experts and

consultants at higher rates of daily compensation than allowed under the current GS 15- Step 10 limit. This would save the FCC permanent staffing resources, enable the Commission to offer competitive compensation to temporary, outside experts and consultants, and thus augment the FCC's existing staff expertise.

20. Delete Travel Reimbursement Authority.* (Sec. 4(g)(2))(FCC Authorization Act of 1994) Delete FCC-specific travel reimbursement authority since agency is now covered by government-wide provisions of "Ethics in Government Act of 1989" and related regulations issued by the General Services Administration. This would simplify administration of the travel reimbursement authority and eliminate duplication.

21. Extend "Older Americans Program".* (6(a) of the FCC Authorization Act of 1988)(FCC Authorization Act of 1994) Extend until rescinded the "Older Americans" program which enables the FCC to use volunteer services of older U.S. citizens. This would permit the FCC to augment its staff with specialized skills available in the older American labor pool.

22. Amend Application Fee Provisions.* (Sec. 8) (FCC Authorization Act of 1994) Authorize FCC to retain fees above a certain sum sent to the Treasury, to change or create new Section 8 fees, to allocate costs associated with legal and executive services, and to continue to collect application fees at the prior year's rates until the effective date of a new fee schedule. This proposal would bring the FCC closer to full self-funding.

23. Establish Application Fee Schedule for PCS.* (Sec. 8(g))(FCC Authorization Act of 1994) Establish a fee schedule for Personal Communications Services. This would permit the FCC to charge a processing fee for applications in these services.

24. Amend Regulatory Fee Provisions.* (Sec. 9)(FCC Authorization Act of 1994) Authorize FCC to allocate and recover legal and executive costs it incurs in the discharge of enforcement, policy and rule making, user information services and international activities, to continue to collect regulatory fees at prior year's rates until the effective date of a new fee schedule and to provide 30 days notice of fee changes. This proposal would simplify administration of the current regulatory fee program and bring the FCC closer to full self-funding.

25. Amend Regulatory Fee Categories.** (Sec. 9) Amend current statutory user fee categories to conform with recent FCC reorganization and grant FCC generic authority to further amend such categories in the future to conform to changing organizational structures and nomenclature. This would simplify administration of the current regulatory fee program.

26. Make Auction Technical Amendments.* (Sec. 309(j)(8)(B))(FCC Authorization Act of 1994) Amend the competitive bidding provisions of the Communications Act to provide FCC with more flexibility in the collection and use of auction funds and to authorize FCC to establish an interest bearing escrow account and to pay interest to unsuccessful bidders. This would permit the FCC to use funds in any year to reimburse itself for the cost of conducting the auctions. It

would also ease the burden on bidders who have money on deposit with the Commission when that money would likely be earning interest if otherwise invested.

27. Grant FCC Independent Leasing Authority.** (Sec. 303(q)) Grant FCC independent leasing authority to procure its own office space like the authority already granted the Commodity Futures Trading Commission and the Securities and Exchange Commission. This proposal would streamline the agency's search for adequate office space by permitting it to go directly to the private real estate market rather than using the General Services Administration as an intermediary. The proposal could save the agency and the government money by expanding the range of competitive space solutions for the FCC and would likely result in a lower rental rate than would be available through reliance on GSA.

28. Delicense Wireless Radio Services by Rule.* (Sec. 307(e))(FCC Authorization Act of 1994) Permit FCC to authorize by rule rather than through individual licensing the operation of radio equipment on domestic ships, aircraft, and in the personal radio services. This would streamline the process for placing radio equipment in operation by eliminating the need to obtain specific licensing authority. It would eliminate over 200,000 applications for radio station licenses each year.

29. Replace Equipment on Cargo Vessels.* (Secs. 351-358) Authorize FCC to fully implement the Global Maritime Distress and Safety System (GMDSS) by giving the agency authority to relieve cargo vessel owners from the burden of current domestic radio equipment carriage requirements. This would enhance world-wide competition in the shipping industry by eliminating a requirement now generally applicable only to United States ships. Most other countries have already adopted the GMDSS and have eliminated the costly requirement to equip vessels with Morse Code equipment as well as the newer satellite radio technology of the GMDSS.

30. Expedite Licensing for Fixed Microwave Service.** (Sec. 309(c)(2)) Expedite processing of microwave applications by eliminating requirement that such applications be placed on at least 30 days public notice prior to grant. This would streamline processing by eliminating the delay in granting licenses caused by the mandatory public notice period. (Generally, these applications are not contested or could be petitioned against after the grant, so there is no need for a pre-grant public notice.)

31. Eliminate FCC Jurisdiction Over Government-Owned Ship Radio Stations.* (Secs. 305(b), 382(2)) Eliminate FCC jurisdiction over ship radios belonging to other government agencies such as the Department of Transportation and the Panama Canal Zone Authority. This would eliminate a duplication of effort between the FCC and other Federal Government agencies by eliminating the need for the FCC to review the operations of vessels operated by other agencies.

32. Modify Amateur Radio Examination Procedures.* (Sec. 4(f)(4)) Eliminate conflict-of-interest provisions for publishers to broaden the category of those authorized to administer

amateur radio service examinations and eliminate burdensome record maintenance and annual financial certification requirements. This would streamline the amateur radio examination process, make a greater variety of entities eligible to administer the tests, and eliminate numerous filings with the Commission.

33. Change Statute of Limitations on Forfeitures.* (Sec. 503(b)(6)) Change the statute of limitations on forfeitures from one to five years. This would permit the Commission to better enforce its regulations by allowing a longer period of time in which to uncover violations.

34. Streamline Non-Broadcast Radio License Renewals.* (Sec. 309) Streamline or reduce comparative renewal hearings for non-broadcast radio license applicants such as cellular licensees. This would enhance renewal expectancy, reduce renewal filings for licensees, and streamline FCC renewal procedures.

35. Authorize Vanity Call Signs.* (Secs. 8(g),9(g))(FCC Authorization Act of 1994). Authorize an application fee of \$150 for amateur vanity call signs, authorize these fees to be credited to the FCC's appropriation account, and delete existing fee of \$7 for such call signs from Section 9(g) of the Act. This would make the vanity call sign program essentially self-funded.

* Previous proposal.

** New proposal.

APPENDIX B

Summary of Bureau and Office Recommendations for 1995 Administrative Actions

Simplify and clarify the ex parte rules.

Simplify and clarify the criteria used in comparative hearings to choose among competing applications for new broadcast facilities.

Provide uniform guidelines for confidentiality and protective orders.

Amend Part 74 with regard to the Instructional Television Fixed Service to create a window filing procedure.

Eliminate the Table of Allotments for FM stations and substitute a one-step application process.

Revise the rules to simplify filing requirements for making specific modifications to FM facilities.

Revise the rules to simplify procedures for AM stations to verify the proper performance of their directional antenna arrays.

Streamline and consolidate equipment authorization process, including shifting to electronic filing.

Relax the requirement for spread spectrum transmitters to reduce transmitter power when using a directional antenna.

Delete the requirement for TV receiver manufacturers to file an annual report of the UHF noise figures for their receivers.

Relax the authorization process for personal computers and peripherals and provide authorization of modular computer designs.

Delete the requirement for TV receivers manufactured after January 1995 to incorporate closed caption compatibility for cable systems that use the Eidak encryption technology - which is never used.

Relax the marketing and certain administrative rules related to equipment authorization.

Remove restrictions on the use of frequencies above 40 GHz and open up spectrum for licensed and unlicensed services.

Extend the experimental license period from one to three years.

Eliminate the declaration requirement for importing radio frequency devices (Form 740 Program).

Examine the rules to make the international Section 214 processing more efficient.

Examine the rules to make satellite licensing more efficient.

Privatize the HF broadcasting coordination process.

Authorize the use of electronic mail and electronic filing.

Make the effective date for delegated authority items the date released to the public network like Internet.

Delegate to the designated frequency coordinators authority to deal with Canada for frequency coordination.

Simplify procedures for certification to the requirements of the Drug Abuse Act.

Allow construction before receiving the license authorization for domestic public fixed radio stations.

Eliminate the requirement to file a Form 494A to certify construction.

Eliminate or simplify several current filing requirements under Part 21.

Allow applicants to set up Digital Termination Nodal stations anywhere within the service area.

Allow DEMS applicants to file for multiple frequencies.

Allow Local Television Transmission Service licensees to access other frequency pools on a temporary basis.

Streamline and simplify private land mobile rules to provide more flexibility to licensees and improved channel capacity.

Combine and simplify common carrier and private carrier paging rules.

Simplify or eliminate several filing requirements for microwave stations, including expansion of the types of station modifications that do not require FCC approval and expanded use of video frequencies by law enforcement agencies without obtaining FCC approval.

Combine and simplify common carrier and private microwave rules.

Lengthen the license terms to ten years for ship and aircraft licenses (in the absence of legislation to eliminate the need for licensing).

Allow amateur radio licensees to change mailing address by letter or electronic mail.

FARM CREDIT SYSTEM INSURANCE FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in thousands of dollars)

Identification code 78-4171-4-3-351	1994 actual	1995 est.	1996 est.
Program by activities:			
0001 Administrative operating expense			-1,132
0000 Total obligations			-1,132
Financing:			
0100 Unobligated balance available, start of year: Treasury balance			
0100 Unobligated balance available, end of year: Treasury balance			1,132
0000 Budget authority			
Relation of obligations to outlays:			
0000 Total obligations			-1,132
0000 Outlays			-1,132

Beginning January 1, 1996, current law requires the Corporation to be governed by a full-time three member Board of Directors independent of the Farm Credit Administration. The fiscal year 1996 budget reflects the Corporation's estimated cost and staff levels for implementing the current law. The Administration proposes to amend current law to provide a Board of Directors structure for the Corporation that will be cost effective, ensure appropriate coordination with the System's regulator, the Farm Credit Administration, and have adequate authority and resources to carry out its mission. This proposal would also require a lower level of FTEs to implement.

Statement of Operations (in thousands of dollars)

Identification code 78-4171-4-3-351	1993 actual	1994 actual	1995 est.	1996 est.
0101 Revenue				
0102 Expense				1,132
0109 Net income or loss (-)				1,132

Balance Sheet (in thousands of dollars)

Identification code 78-4171-4-3-351	1993 actual	1994 actual	1995 est.	1996 est.
NET POSITION:				
3100 Appropriated capital				1,132
3999 Total net position				1,132
4999 Total liabilities and net position				1,132

Object Classification (in thousands of dollars)

Identification code 78-4171-4-3-351	1994 actual	1995 est.	1996 est.
11.1 Personnel compensation: Full-time permanent			-593
12.1 Civilian personnel benefits			-309
21.0 Travel and transportation of persons			-51
22.0 Transportation of things			-30
23.2 Rental payments to others			-21
23.3 Communications, utilities, and miscellaneous charges			3
25.2 Other services			-69
26.0 Supplies and materials			-3
31.0 Equipment			-59
99.9 Total obligations			-1,132

Personnel Summary

Identification code 78-4171-4-3-351	1994 actual	1995 est.	1996 est.
01 Total compensable workyears: Full-time equivalent employment			-12

FEDERAL COMMUNICATIONS COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901-02; not to exceed \$600,000 for land and structures; not to exceed \$500,000 for improvement and care of grounds and repair to buildings; not to exceed \$4,000 for official reception and representation expenses; purchase (not to exceed sixteen) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109; [\$185,232,000] \$223,600,000, of which not to exceed \$300,000 shall remain available until September 30, [1996] 1997, for research and policy studies: *Provided*, That \$116,400,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year [1995] 1996 so as to result in a final fiscal year [1995] 1996 appropriation estimated at [\$68,832,000] \$107,200,000: *Provided further*, That any offsetting collections received in excess of \$116,400,000 in fiscal year [1995] 1996 shall remain available until expended, but shall not be available for obligation until October 1, [1995] 1996: *Provided further*, That of the budgetary resources available in fiscal year 1995 in this account, \$197,000 are permanently canceled: *Provided further*, That amounts available for procurement and procurement-related expenses in this account are reduced by such amount: *Provided further*, That as used herein, "procurement" includes all stages of the process of acquiring property or services, beginning with the process of determining a need for a product or services and ending with contract completion and closeout, as specified in 41 U.S.C. 403(2): *Provided further*, That none of the funds appropriated by this Act shall be used to repeal, to retroactively apply changes in, or to continue a reexamination of, the policies of the Federal Communications Commission with respect to comparative licensing, distress sales tax certificates granted under 26 U.S.C. 1071, to expand minority ownership of broadcasting licenses, including those established in the Statement of Policy on Minority Ownership of Broadcasting Facilities, 68 F.C.C. 2d 979 and 69 F.C.C. 2d 1591, as amended 52 R.R. 2d 1313 (1982) and Mid-Florida Television Corp., 69 F.C.C. 2d (Rev. Bd. 1978), which were effective prior to September 12, 1986, other than to close MM Docket No. 86-484 with a reinstatement of prior policy and a lifting of suspension of any sales, licenses, applications, or proceedings, which were suspended pending the conclusion of the inquiry: *Provided further*, That none of the funds appropriated to the Federal Communications Commission by this Act may be used to diminish the number of VHF channel assignments reserved for noncommercial educational television stations in the Television Table of Assignments (section 73.606 of title 47, Code of Federal Regulations): *Provided further*, That none of the funds appropriated by this Act may be used to repeal, to retroactively apply changes in, or to begin or continue a reexamination of the rules and the policies established to administer such rules of the Federal Communications Commission as set forth at section 73.3555(d) of title 47 of the Code of Federal Regulations, other than to amend policies with respect to waivers of the portion of section 73.3555(d) that concerns cross-ownership of a daily newspaper and an AM or FM radio broadcast station]. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 27-0100-0-1-376	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
00.01 Executive direction and support	20,507	24,499	30,029
00.02 Legal services	5,339	7,516	9,204
00.03 Authorization of service	37,282	36,620	44,217
00.04 Policy and rulemaking	6,974		7,059
00.05 Enforcement	30,968	924	10,705
00.06 International	2,003		1,113
00.07 Public information services	3,847		4,873
00 91 Total direct program	106,920	59,559	107,200

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 27-0100-0-1-376	1994 actual	1995 est.	1996 est.
01.01 Reimbursable program	66,258	127,258	117,000
10.00 Total obligations	173,178	196,817	224,200
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-6,283	-924	
24.40 Unobligated balance available, end of year: Treasury balance	924		
25.00 Unobligated balance expiring	37	197	
39.00 Budget authority (gross)	167,856	196,090	224,200
Budget authority:			
Current:			
40.00 Appropriation	101,598	68,832	107,200
Permanent:			
Spending authority from offsetting collections:			
68.00 Spending authority from offsetting collections (reimbursable Federal)	428	450	450
68.00 Spending authority from offsetting collections (regulatory fees)	65,830	126,808	116,550
68.90 Spending authority from offsetting collections (total)	66,258	127,258	117,000
Relation of obligations to outlays:			
71.00 Total obligations	173,178	196,817	224,200
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	14,160	29,312	11,624
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-29,312	-11,624	-13,255
77.00 Adjustments in expired accounts	-358		
87.00 Outlays (gross)	157,668	214,505	222,569
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.00 Federal sources	-428	-450	-450
88.40 Non-Federal sources	-65,830	-126,808	-116,550
88.90 Total, offsetting collections	-66,258	-127,258	-117,000
89.00 Budget authority (net)	101,598	68,832	107,200
90.00 Outlays (net)	91,410	87,247	105,569

Executive direction and support.—This activity provides the overall policy direction, program development, and executive direction for the Federal Communications Commission (FCC) as provided by the Chairman and staff, Commissioners and their staffs, and by the Managing Director. It also includes support services such as management planning, budgeting and financial management, personnel resource management, information resources management and ADP operations, security, and administrative and office services. It includes the activities of the Office of Legislative Affairs and the Office of the Inspector General.

Legal services.—This activity includes legal review and support services including matters of administrative law, litigation, and adjudication. It includes the activities of the Office of General Counsel, Office of Administrative Law Judges, and the Review Board.

Authorization of service.—This activity includes the authorization or licensing of radio stations, telecommunications equipment, and radio operators. It also includes the authorization of common carrier services and facilities.

Policy and rule making.—This activity includes: formal inquiries, rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; spectrum planning, modeling, propagation-interference analyses, and allocation; and development of equipment standards. It also includes policy and

rule making associated with FCC participation in international organizations, conferences, and negotiations.

Enforcement.—This activity includes enforcement of the Commission's rules, regulations, and authorizations, including investigations, inspections, compliance monitoring, and sanctions of all types. It also includes the receipt and disposition of formal and informal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription, and audit of carrier accounting practices.

International.—This activity includes: the preparation for and participation in international, regional, and bilateral conferences, meetings, and negotiations; and administration of Commission responsibilities under international radio regulations and other treaties, conventions, and agreements. It also includes activities associated with international frequency coordination and notification.

Public information services.—This activity includes: the publication and dissemination of Commission decisions and actions, and related activities; public reference and library services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries; consumer, small business, and public assistance; and public affairs and media relations.

Object Classification (in thousands of dollars)

Identification code 27-0100-0-1-376	1994 actual	1995 est.	1996 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	57,476	41,209	46,129
11.3 Other than full-time permanent	1,747	1,253	1,402
11.5 Other personnel compensation	783	562	629
11.8 Special personal services payments	241	172	193
11.9 Total personnel compensation	60,247	43,196	48,353
12.1 Civilian personnel benefits	10,819	8,710	9,936
13.0 Benefits for former personnel	187	24	24
21.0 Travel and transportation of persons	979	747	804
22.0 Transportation of things	111	71	73
23.1 Rental payments to GSA	7,655	5,393	7,797
23.2 Rental payments to others	266	154	182
23.3 Communications, utilities, and miscellaneous charges	2,839	1,753	4,892
24.0 Printing and reproduction	670	568	616
25.2 Other services	9,494	5,387	13,939
26.0 Supplies and materials	1,546	929	1,730
31.0 Equipment	11,840	2,595	18,822
32.0 Land and structures	261	15	15
42.0 Insurance claims and indemnities	1	10	10
43.0 Interest and dividends	5	7	7
99.0 Subtotal, direct obligations	106,920	69,559	107,200
99.0 Reimbursable obligations	66,258	127,258	117,000
99.9 Total obligations	173,178	196,817	224,200

Personnel Summary

Identification code 27-0100-0-1-376	1994 actual	1995 est.	1996 est.
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	1,827	2,267	2,267
1005 Full-time equivalent of overtime and holiday hours	12	12	12
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	4	4	4

FEDERAL DEPOSIT INSURANCE CORPORATION

The Federal Deposit Insurance Corporation was created by the Banking Act of 1933 to provide protection for bank depositors and to foster sound banking practices. The Financial Institutions Reform Recovery and Enforcement Act (FIRREA) of 1989 established the Bank Insurance Fund (BIF), the Sav-

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Divider Title: _____

FEDERAL MARITIME COMMISSION

DESCRIPTION: The FMC regulates the domestic offshore and international waterborne commerce of the United States. It enforces the shipping statutes to protect shippers and carriers from unfair practices of foreign governments and foreign-flag carriers, and to provide for the nondiscriminatory process of common carriage of goods by water. It licenses ocean freight forwarders, ensuring that non-vessel-operating common carriers are tarified and bonded. It ensures that cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury, death, or nonperformance of a voyage. It reviews and monitors agreements among ocean common carriers, U.S. ports and others to prevent discriminatory or unreasonable practices. The FMC also resolves disputes between private parties, maintains a computerized database of rates and charges of ocean carriers, and serves as an ombudsman for parties involved in ocean transportation.

FY 1996 BUDGET PROPOSAL: Proposed FY96 gross budget authority is \$18.947 million, a decrease of \$32,000 from FY95. This appropriation is partially offset by receipts from fines, penalties and user fees (user fees are estimated to equal up to \$2.55 million in FY96). Estimated FY96 FTE is 201, a decrease of 4 FTE from FY95.

AGENCY PROPOSAL: Continue to fund the Commission with only minor changes in its regulatory activities. The agency maintains that the Commerce Clause of the Constitution precludes devolving its regulatory functions to state or local governments, and that self-regulation by the private sector is impractical. It also argues against reassignment of its statutorily mandated activities to other Federal agencies due to the nature of its activities.

DECISION OPTIONS:

- A Eliminate the FMC - eliminate both antitrust immunity of ocean conferences and tariff filing and enforcement requirements; assign residual activities to DOT (option 1 on attached OMB paper)
- B No change; maintain funding and operations as indicated in the proposed FY96 budget (OMB option 2)
- C Eliminate the FMC - reassign oversight of antitrust immunity to Justice and eliminate mandatory tariff filing and enforcement (OMB option 3)
- D Reduce FMC activities to only those strictly required by statute and reduce its budget accordingly [e.g., eliminate its ombudsman and dispute resolution roles]

ADVISORY GROUP RECOMMENDATION: A

RATIONALE: DOJ maintains that the ocean shipping industry is not a natural monopoly deserving antitrust immunity. DOJ estimates that elimination of antitrust immunity for ocean conferences will result in lower shipping rates and billions of dollars in savings to the economy as a whole. Anticipated opposition to this option by small shippers does not justify foregoing the projected economic efficiencies to be gained by adopting it. Legislation will be required.

STEERING COMMITTEE DECISION

NPR PHASE II: ANALYSIS OF PROPOSAL TO ELIMINATE THE FEDERAL MARITIME COMMISSION

Issue: The NPR Phase II review addresses two issues related to the Federal Maritime Commission (FMC):

(1) should the 1984 Shipping Act be dismantled so that the U.S. Government, currently FMC, would no longer be responsible for:

- providing antitrust immunity for groups of carriers known as ocean conferences operating in U.S. international commerce?; and/or
- collecting and enforcing tariffs filed by these ocean carriers?

(2) should the FMC then be eliminated with residual functions transferred to other agencies?

Background: Under the shipping laws of the United States, FMC's primary responsibilities are: (1) regulating activities of ocean carriers, conferences, ports and other operators in the U.S. foreign trades, and (2) monitoring the laws and practices of foreign governments which could have a discriminatory or adverse impact on U.S. shipping conditions.

At the core of the issue are two elements of the 1984 Shipping Act, which form the basis of FMC's regulatory agenda -- antitrust immunity, and tariff filing and enforcement (TFE). Antitrust immunity refers to the authority granted to a group of carriers known as conferences to meet and set rates. Antitrust immunity is necessary to continue the conference system, which is permitted in almost all countries. TFE refers to the requirement that carriers file rate and service information with the FMC. FMC uses these tariffs to enforce the terms of the tariffs including rates charged to U.S. shippers.

Options/Analysis:

Option 1: eliminate FMC, dismantling the Shipping Act. If it were determined that the 1984 Shipping Act should be dismantled, eliminating both antitrust immunity and TFE, then the primary federal purpose of the FMC would also be eliminated. Residual functions of licensing and monitoring foreign practices could be transferred to other agencies such as the Department of Transportation and USTR.

Pros:

- Maritime industry would no longer receive favorable treatment under the antitrust laws of the U.S. The Department of Justice (DOJ) argues that the ocean shipping industry lacks the characteristics that justify departure from market competition, being neither a natural monopoly nor exhibiting spillover benefits (i.e., externalities) to the public. DOJ argues that shipping rates would then be reduced, saving billions of dollars throughout the economy.

- Because the U.S. carries only 20-percent of U.S. exports and imports, the U.S. shippers only receive 20-percent of the monopoly profits.
- Shippers, specifically large shippers, support dismantling the Shipping Act since they believe that rates charged by carriers would drop without change in service.
- U.S.-foreign trade vs. foreign-foreign trade: carriers could join cartels for shipping materials between non-U.S. ports, but could not join cartels if the origination or destination of the cargo is in the U.S. DOT or other U.S. agencies could enforce U.S. laws against foreign flag carriers regardless of laws in foreign countries.

Cons:

- U.S. maritime laws and practices would be out of harmony with the rest of the world. All other countries have some form of antitrust immunity.
- Carriers and possibly small shippers would strongly oppose changes to the Shipping Act. U.S. carriers argue that they could not compete without conferences which are given antitrust immunity. Consequently, the U.S. could potentially lose its U.S. flag fleet, which is contrary to current policy supporting that fleet (e.g., new maritime operating subsidy program included in the 1996 Budget). Some small shippers view access to ocean shipping at competitive rates and rate stabilization as important benefits of the status quo.

Option 2: retain FMC, retaining antitrust immunity and TFE. If it were determined that the Act should not be dismantled, retaining antitrust immunity for ocean conferences and TFE, then the FMC would still serve an important federal purpose to the maritime industry.

Pros:

- Harmony would be retained with international laws and practices.
- Carriers support no change to current law and view the FMC, in its independent status from administration policy, as extremely useful in implementing the shipping laws and monitoring practices and U.S. shipping conditions.

Cons:

- Shipping rates would remain unchanged with no potential savings to the economy.
- DOJ and shipping agencies such as the Department of Agriculture would oppose this option since they believe cost-savings to the economy and to themselves would accrue by deregulating ocean shipping.

Option 3: retain minimal U.S. Government role, not necessarily FMC, retaining only antitrust immunity and eliminating mandatory TFE. If the maritime industry believes that TFE is important to maintaining the conference system, then this function could be privatized. Oversight of anti-trust immunity could be performed by DOT, DOJ or other agencies.

Pros:

- International harmony would still be maintained since almost all nations grant carriers antitrust immunity but not necessarily mandated TFE.
- TFE could be conducted by the maritime industry itself. Currently, third-party vendors collect rate information and disseminate it throughout the industry.

- TFE could be viewed as an inappropriate function for the Federal government, where the government enforces price fixing.
- Largely eliminates need for FMC.

Cons:

- Carriers would oppose since it would be more expensive to the carriers themselves to self-police their industry.
- DOJ, shippers would view option as not going far enough in deregulating industry.



Federal Maritime Commission
Washington, D.C. 20573

February 15, 1995

Office of the Chairman

Mr. Wally Keene
The National Performance Review
750 17th St., N.W.
Suite 200
Washington, D.C. 20006

Dear Mr. Keene:

This constitutes the report of the Federal Maritime Commission in response to the questions raised by the Vice President in his January 3, 1995, memorandum as part of the second phase of the National Performance Review. By way of introduction, I have enclosed a one-page synopsis describing the Commission's major functions.

1. The goals and programs of the Federal Maritime Commission are statutorily mandated and are designed in part to ensure a nondiscriminatory system of oceanborne commerce in the U.S. domestic and international trades. The Commerce Clause of the U.S. Constitution would preclude state and local governments from attempting to regulate the nation's maritime transportation industry, and the international nature of our oceanborne transportation system would render such efforts ineffective in any event. Private sector regulation of the industry would also be impractical, given the broad range of conflicting private sector interests, both U.S. and foreign, which are covered by the regulatory scheme, and the national security objectives and implications of our maritime transportation laws.¹

Thus, a nation-wide, centrally-operated program is the only effective means of regulating this diverse industry of common carriers, ports, forwarders and others engaged in the oceanborne U.S./foreign commerce. Moreover, the interrelated aspects of the various programs mandated by the several statutes administered by the Commission -- the agreement review function, tariff-filing responsibilities, authority to address restrictive foreign trade practices, etc. -- militate against dissemination or scattering of these functions among various federal agencies with diverse missions and priorities. The Commission's success in administering the nation's shipping legislation is largely attributable to its

¹ Some minor aspects of the industry are somewhat amenable to a form of self-regulation, and to this end, the Commission has proposed or adopted regulations such as those providing for self-policing of carrier agreements, and group acceptance of financial liability for non-vessel-operating common carriers and passenger vessel operators.

- 2 -

being a small, independent agency, which has developed an expertise in a relatively narrow area, and is segregated from other external political and commercial pressures.

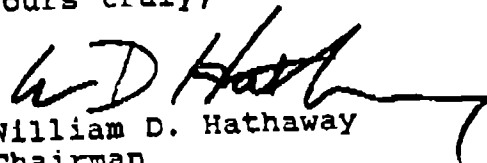
2/3. Whether to revise the goals and programs of the statutes administered by the Commission has been the subject of an ongoing dialogue for some time. In connection with the President's FY 1996 budget process, the Administration under the auspices of the National Economic Council closely considered whether the functions and responsibilities of the Commission should remain intact. It was ultimately decided to fund the Commission for FY 1996 at an increased level through a combination of appropriated funds and offsetting collections. In Congress, hearings were held on February 2, 1995, before the relevant subcommittee of the Commission's House oversight committee, on the appropriate form and extent of maritime regulation. These forums are benefitting from the input of the various interests within the maritime community, none of which has proven reticent about representing its positions, pro or con, on possible changes in our maritime regulatory regime.

Nor are these dialogues only a recent development. Our regulatory apparatus was substantially revised with the enactment of the Shipping Act of 1984, and the issues were revisited when an advisory commission mandated by that legislation convened five years later to review the statute's impact and to consider whether to recommend further changes.²

Both Congress and the Administration have shown every indication that the broadest spectrum of views and opinions is being considered in determining the desirability of making adjustments to the maritime regulatory program. These views include not only those of the entities directly regulated under the program, but also the interests of the American consumer and the national security of the nation.

I have also enclosed a copy of a letter to President Clinton, dated December 9, 1994, which further sets forth why the functions and programs of the Federal Maritime Commission should not be substantially reorganized or restructured. Please let me know if I can be of further assistance to you in your efforts.

Yours truly,


William D. Hathaway
Chairman

Enclosures

² No such changes were in fact recommended.

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FEDERAL MARITIME COMMISSION

Established in 1961, the Federal Maritime Commission is an independent transportation/trade agency whose primary functions are to ensure the fair treatment of U.S. exporters and importers by vessel operators in the oceanborne international commerce of the United States, and to protect U.S. trades from unfair foreign shipping practices.

The Commission's 200 employees, located in Washington, D.C. and in seven major port cities, oversee an industry that transported over 11 million container loads of imports and exports in 1994, with a value of over \$320 billion. The Commission discharges its responsibilities with an appropriation of less than \$19 million. Over the last six years, the Commission has collected over \$55 million in fines and penalties that have been returned to the U.S. Treasury. In the next fiscal year, the Commission expects to raise an additional \$1.7 million from the assessment of user fees.

The Commission administers the Shipping Act of 1984; the Shipping Act, 1916; the Intercoastal Shipping Act, 1933; section 19 of the Merchant Marine Act, 1920; the Foreign Shipping Practices Act of 1988; and sections 2 and 3 of Public Law 89-777. The Commission's responsibilities under these statutes include protecting shippers and carriers from restrictive or unfair practices of foreign governments and foreign-flag carriers. In the past ten years, the Commission has initiated numerous actions against various countries, including China, Korea, Japan, Taiwan, Colombia, Brazil, and Ecuador. In each instance, the underlying issues were resolved to the satisfaction of the affected U.S. parties. In addition, the Commission ensures that ocean carriers that are owned or controlled by their foreign governments operate fairly in U.S. trades. Currently, there are thirty-seven such carriers under Commission surveillance.

The Commission also is charged with assuring the nondiscriminatory common carriage of goods by water to give U.S. importers and exporters access to world markets they might otherwise not reach. Further, the Commission reviews and monitors agreements among ocean common carriers, U.S. ports and others to ensure that they are not abusing their statutory antitrust immunity by engaging in discriminatory or unreasonable practices.

Additional functions performed by the Commission include ensuring that cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury or death or for nonperformance of a voyage; licensing and bonding international transportation intermediaries to protect U.S. exporters and importers who use their services; administering a computer system which provides the shipping public instant access to the rates and charges of ocean carriers and enables shippers to make meaningful rate comparisons; and assuring that the rates charged by carriers providing all water service between the continental United States and Alaska, Hawaii or U.S. territories or possessions are not excessive. The Commission also provides an expeditious and inexpensive forum for the resolution of formal disputes between private parties; in the past four years, some 100 such complaints have been filed with the Commission. Additionally, on an informal basis, the Commission acts as an ombudsman for shippers and others involved in ocean transportation.

The primary statute under which the Commission operates, the Shipping Act of 1984, has as one of its objectives to encourage the development of an economically sound and efficient U.S.-flag fleet capable of meeting national security needs. That statute was enacted in 1984, when a bipartisan effort overhauled the predecessor legislative scheme and substantially deregulated the ocean transportation industry. This statute, based in large part on a shipper-carrier compromise, was reviewed in 1990 by a Congressionally mandated Advisory Commission. No changes to the Act were recommended.

The Commission should be distinguished from the Maritime Administration, which is part of the Department of Transportation. The Commission does not allocate any grants, subsidies, cargo preferences, carrier routes or operating rights, nor does it regulate mergers or abandonments.



Federal Maritime Commission
Washington, D.C. 20573

December 9, 1994

Office of the Chairman

(202) 523-5911

Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

Enclosed please find a memorandum supporting the continuation of the Federal Maritime Commission in its present state.

My fellow Commissioners and I would appreciate your consideration of our position before making a decision on your 1996 Budget.

Sincerely,

William D. Hathaway
Chairman

cc: Honorable Alice M. Rivlin
Director
Office of Management and Budget

Honorable Robert Rubin
Director
National Economic Council

FEDERAL MARITIME COMMISSION

Established in 1961, the Federal Maritime Commission is an independent transportation/trade agency with a critical role in ensuring full United States participation in international commerce.

The Commission's 200 employees, located in Washington, D.C. and in seven major port cities, oversee an industry that transported over \$320 billion of U.S. exports and imports in 1994. The Commission has been able to discharge its responsibilities with an appropriation of less than \$19 million. This cost, however, is offset by receipts from fines, penalties, and user fees collected by the Commission. (The net cost of the Commission to the government has averaged \$7.0 million per year over the last six years). In two of the last six years the Commission actually returned a profit to the Treasury.

The Commission has no connection with the Maritime Administration, which is part of the Department of Transportation. Nor does the Commission allocate any grants, subsidies, cargo preferences, carrier routes or operating rights, nor does it regulate mergers or abandonments.

The Commission oversees an industry that is a vital link between the U.S. economy and the rest of the world. This industry is now made up almost entirely of foreign carriers. With the expansion of trade brought on by NAFTA and GATT, the Commission's role becomes increasingly important. Many foreign carriers are actually owned by their government and, as such, play a pivotal role in their international trade and export policies. Government-owned or controlled carriers (37 of which are under constant surveillance by the Commission) have the potential of having an enormous effect on American trade and American business since they are not generally driven by profit but rather by the desire for market share and national flag presence. Unlike domestic surface transportation which is exclusively governed by U.S. law, international shipping and international trade are subject to the laws of many sovereign nations.

It is the mission of the Federal Maritime Commission to identify and eliminate protectionist practices of other countries that favor their domestic interests and discriminate against U.S. trade interests in ocean shipping. The Commission has been extremely successful in attaining this goal. In the past ten years, the Commission has initiated numerous actions against various countries, including Japan, China, Korea, Taiwan, Colombia, Brazil, and Ecuador. In each instance, the underlying issues were resolved to the satisfaction of the affected U.S. parties. Without the authority and expertise of the Commission, the ability of other countries to manipulate international transportation and market

- 2 -

conditions would flourish and some U.S. companies - importers, exporters, carriers, and freight agents - would suffer while others would cease to exist altogether.

The Commission is further charged with providing for the nondiscriminatory process of common carriage of goods by water which gives U.S. importers and exporters access to world markets they might not otherwise be able to reach. It is also responsible for reviewing and monitoring agreements among ocean carriers, U.S. ports, and others to ensure that they are not engaging in unreasonable or discriminatory practices. Finally, it is responsible for ensuring that cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury, death, or nonperformance of a voyage.

In 1992, an extensive Congressionally mandated review was conducted of the Commission's oversight responsibilities. That review was conducted by an advisory commission chaired by the Secretary of Transportation and composed of eight members of Congress and eight representatives of the shipping public - importers/exporters, port directors, transportation intermediaries, and shipping companies. After studying the Commission and its authority for over one year, including holding public hearings in six cities, interviewing 120 industry representatives, and receiving thousands of pages of testimony, the advisory commission did not recommend any changes to the law.

It is essential that the Federal Maritime Commission continue to exist as an independent agency. Since many of the entities regulated by the Commission are foreign nationals there would be a strong temptation to use the Commission as an instrument of foreign policy if it were shifted into an Executive agency. Even if the Commission were not used for such purposes, every time the agency took action against a foreign entity, it would be open to criticism that it was acting in pursuit of larger foreign policy goals. Additionally, the quasi-judicial and adjudicatory responsibilities of the Commission require that it be insulated from political pressure.

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 54-0100-0-1-805	1994 actual	1995 est.	1996 est.
11.3 Other than full-time permanent	798	741	745
11.5 Other personnel compensation	180	161	190
11.8 Special personal services payments	35		
11.9 Total personnel compensation	14,437	14,389	15,092
12.1 Civilian personnel benefits	2,377	2,413	2,542
13.0 Benefits for former personnel	30	146	6
21.0 Travel and transportation of persons	603	629	669
22.0 Transportation of things	18	2	2
23.1 Rental payments to GSA	2,154	2,316	2,350
23.3 Communications, utilities, and miscellaneous charges	476	473	494
24.0 Printing and reproduction	130	181	189
25.1 Advisory and assistance services		10	15
25.2 Other services	548	574	576
26.0 Supplies and materials	223	207	213
31.0 Equipment	263	42	82
99.0 Subtotal, direct obligations	21,259	21,382	22,230
99.0 Reimbursable obligations	65	100	100
99.9 Total obligations	21,303	21,482	22,330

Personnel Summary

Identification code 54-0100-0-1-805	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
1001 Full-time equivalent employment	232	232	232
1005 Full-time equivalent of overtime and holiday hours			

FEDERAL MARITIME COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act of 1936, as amended (46 App. U.S.C. 1111), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-02; [\$18,569,000] \$16,719,000: *Provided*, That not to exceed \$2,000 shall be available for official reception and representation expenses: *Provided further*, That the Commission shall increase user fees, authorized by 31 U.S.C. 9701, so as to result in collections estimated at not to exceed \$2,553,000: *Provided further*, That from such fees collected in fiscal year 1996, \$2,228,000 shall be made available to this appropriation in fiscal year 1996. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995.)

Unavailable Collections (in thousands of dollars)

Identification code 65-0100-0-1-403	1994 actual	1995 est.	1996 est.
Balance, start of year:			
01.99 Balance, start of year		207	
Receipts:			
02.01 User fees, Automated Tariff Filing and Information System Fund	207	203	
04.00 Total: Balances and collections	207	410	
Appropriation:			
05.01 Salaries and expenses		-410	
07.99 Total balance, end of year	207		

Program and Financing (in thousands of dollars)

Identification code 65-0100-0-1-403	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Formal proceedings	3,703	4,517	4,507
00.02 Equal employment opportunity	120	143	138

00.03 Inspector General	271	293	29
00.04 Operational and administrative	546	1,149	1.15
00.06 Trade monitoring and Analysis	1,849	1,872	1.99
00.07 Tariffs, Certification and Licensing	2,711	2,767	2.77
00.08 Hearing counsel	1,091	1,034	1.16
00.09 Investigations	3,234	3,387	3.44
00.10 Administration	5,375	3,817	3.49

10.00 Total obligations	18,900	18,979	18.94
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Financing:

21.40 Unobligated balance available, start of year: Treasury balance	-7	-7	
24.40 Unobligated balance available, end of year: Treasury balance	7	7	

39.00 Budget authority (gross)	18,900	18,979	18.94
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Budget authority:

Current:			
40.00 Appropriation	18,900	18,569	16.71
Permanent:			
60.25 Appropriation (special fund, indefinite)		410	
60.47 Portion applied to debt reduction		-410	
63.00 Appropriation (total)			
67.15 Authority to borrow (indefinite)		410	
68.00 Spending authority from offsetting collections			2.22

Relation of obligations to outlays:

71.00 Total obligations	18,900	18,979	18.94
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	1,823	2,367	2.17
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-2,367	-2,178	-2.20
77.00 Adjustments in expired accounts	-90		
87.00 Outlays (gross)	18,266	19,168	18.86

Adjustments to gross budget authority and outlays:

88.40 Offsetting collections from: Non-Federal sources			-2.22
89.00 Budget authority (net)	18,900	18,979	16.71
90.00 Outlays (net)	18,266	19,168	16.62

The Federal Maritime Commission regulates the domestic offshore and international waterborne commerce of the United States. In addition, the Commission has responsibility for the licensing of ocean freight forwarders, ensuring that non-vessel-operating common carriers are tariffed and bonded, ensuring that vessel owners or operators establish financial responsibility for death or injury to passengers or other persons on voyages to and from U.S. ports, and indemnification of passengers for the nonperformance of transportation. Major program areas for 1996 will concentrate on: carrying out investigations of foreign trade practices under the Foreign Shipping Practices Act; implementing and operating a system to computerize the filing of tariffs; pursuing an active enforcement program designed to identify and prosecute violators of the shipping statutes; and completing various stages of automation.

Object Classification (in thousands of dollars)

Identification code 65-0100-0-1-403	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	10,637	11,379	11.64
11.5 Other personnel compensation	126	92	
11.9 Total personnel compensation	10,763	11,471	11.64
12.1 Civilian personnel benefits	1,792	1,944	2.00
21.0 Travel and transportation of persons	154	150	1.5
22.0 Transportation of things	16		
23.1 Rental payments to GSA	2,522	2,353	2.42
23.3 Communications, utilities, and miscellaneous charges	351	414	39
24.0 Printing and reproduction	114	174	1.5
25.1 Advisory and assistance services	53	75	1.7
25.2 Other services	2,324	2,196	1.87
26.0 Supplies and materials	257	172	1.8
31.0 Equipment	554	30	
99.9 Total obligations	18,900	18,979	18.94

Personnel Summary

Identification code 65-0100-0-1-403	1994 actual	1995 est.	1996 est.
Total compensable workyears: Full-time equivalent employment	199	205	201

FEDERAL MEDIATION AND CONCILIATION
SERVICE

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor [Management Relations Act, 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; [and for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a);] and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. chapter 71), [\$31,344,000] \$33,290,000; including \$1,500,000, to remain available through September 30, 1997, for activities authorized by the Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a): Provided, That notwithstanding 31 U.S.C. 3302, fees charged for special training activities up to full-cost recovery shall be credited to and merged with this account, and shall remain available until expended. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 93-0100-0-1-505	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
00.01 Dispute mediation and preventive mediation, public information	21,154	21,434	22,963
00.02 Arbitration services	642	650	683
00.03 Management and administrative support	7,382	7,480	7,864
00.04 Boards and panels	8	30	30
00.05 Labor-management cooperation project	1,026	1,750	1,750
00.91 Total direct program	30,212	31,344	33,290
01.01 Reimbursable program	242	230	250
10.00 Total obligations	30,454	31,574	33,540
Financing:			
25.00 Unobligated balance expiring	29		
39.00 Budget authority (gross)	30,483	31,574	33,540
Budget authority:			
Current:			
40.00 Appropriation	30,241	31,344	33,290
Permanent:			
68.00 Spending authority from offsetting collections	242	230	250
Relation of obligations to outlays:			
71.00 Total obligations	30,454	31,574	33,540
Obligated balance, start of year:			
72.10 Receivables from other government accounts	-31	-17	
72.40 Unpaid obligations: Treasury balance	3,194	3,338	3,608
Obligated balance, end of year:			
74.10 Receivables from other government accounts	17		
74.40 Unpaid obligations: Treasury balance	-3,338	-3,608	-3,986
77.00 Adjustments in expired accounts	-159		
87.00 Outlays (gross)	30,137	31,287	33,162
Adjustments to gross budget authority and outlays:			
88.00 Offsetting collections from: Federal sources	-242	-230	-250
89.00 Budget authority (net)	30,241	31,344	33,290
90.00 Outlays (net)	29,895	31,057	32,912

The Federal Mediation and Conciliation Service (FMCS) provides assistance to parties in labor disputes in industries affecting commerce through conciliation and mediation.

Dispute mediation.—The Service assists labor and management in mediation and prevention of disputes, other than those involving rail and air transportation, whenever such disputes threaten to cause a substantial interruption of interstate commerce or a major impairment to the national defense. The Service also makes mediation and conciliation services available to Federal agencies and organizations representing Federal employees in the resolution of negotiation disputes. The Service provides mandatory mediation and, where necessary, impartial boards of inquiry to assist in resolving labor disputes involving private nonprofit health care institutions. The workload shown below includes assignments closed in both the private and public sectors.

MEDIATION WORKLOAD DATA

	1992 actual	1993 actual	1994 actual	1995 estimate	1996 estimate
Cases in process at beginning of year	7,272	7,547	7,276	7,025	7,000
Mediation assignments	25,038	24,536	22,184	22,200	22,200
Mediation assignments closed	24,763	24,807	22,435	22,225	22,200
Cases in process at end of year	7,547	7,276	7,025	7,000	7,000
Total mediation conferences conducted	20,129	20,468	22,435	22,400	22,400

Preventive mediation, public information, and educational activities.—Through its preventive mediation program, the Service initiates and develops labor-management committees, training programs, conferences, and specialized workshops dealing with issues in collective bargaining. Mediators also participate in public information and educational activities such as lectures, seminars, and conferences.

Arbitration services.—The Service assists parties in disputes in utilizing the arbitration process for the resolution of disputes arising under or in the negotiation of collective bargaining agreements in the private and public sectors.

ARBITRATION SERVICES WORKLOAD DATA

	1992 actual	1993 actual	1994 actual	1995 estimate	1996 estimate
Number of panels issued	33,772	32,259	31,610	31,600	31,600
Number of arbitrators appointed	13,037	12,231	11,640	11,600	11,600

Management and administrative support.—This activity provides for overall management and administration, policy planning, research and evaluation, and employee development.

Boards and panels.—Provision is made for ad hoc use of labor relations experts, individually or in panels, in support of the mediation function, for boards of inquiry appointed by the President in emergency disputes, and for boards of inquiry in which the Director of the FMCS may appoint in a contract dispute involving health care institutions.

Labor-management cooperation project.—The Labor Management Cooperation Act of 1978 (29 U.S.C. 175a) authorizes the Service to carry out this program of contracts and grants to support the establishment and operation of plant, area, and industry labor-management committees.

Alternative Dispute Resolution (ADR) Projects.—FMCS assists other federal agencies providing mediation and technical assistance in the area of ADR. ADR projects reduce litigation costs and speed federal processes. FMCS is funded for this work through interagency reimbursable agreements.

ALTERNATIVE DISPUTE RESOLUTION (ADR) WORKLOAD DATA

	1992 actual	1993 actual	1994 actual	1995 estimate	1996 estimate
Number of ADR Projects	23	25	50	55	60

Object Classification (in thousands of dollars)

Identification code 93-0100-0-1-505	1994 actual	1995 est.	1996 est.
Direct obligations:			
Personnel compensation			
11.1 Full-time permanent	18,166	18,297	19,035

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

E

Divider Title: _____

MARINE MAMMAL COMMISSION

DESCRIPTION: The Marine Mammal Protection Act of 1972 authorized appropriations for the Marine Mammal Commission. The Act was reauthorized in 1994 through FY 1999 (PL 103-238). The Commission provides policy and programmatic guidance on domestic and international Federal activities affecting marine mammal conservation.

FY 1996 BUDGET PROPOSAL

The proposed FY 1996 Budget provides for an increase of \$41K to \$1.425M primarily for support and S&E for 12 FTE.

AGENCY PROPOSAL

The Commission contends that other agencies or groups are committed to the pursuit of particular interests, and thus could not provide the same level of objective oversight required to fulfill the goals of the Marine Mammal Protection Act.

DECISION OPTIONS:

- A. No change; follow FY 1996 Budget recommendation.
- B. Terminate Commission. Assign mission to National Marine Fisheries Service.

ADVISORY GROUP RECOMMENDATION

- A. Moving the Commission mission to Commerce would be a "box moving" exercise.

RATIONALE

The Commission has been effective in providing policy and programmatic guidance on domestic and international Federal activities affecting marine mammal conservation.

STEERING COMMITTEE RECOMMENDATION:

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National Performance Review

The Marine Mammal Commission

In late 1994, the Commissioners, members of the Committee of Scientific Advisors, and professional staff members of the Marine Mammal Commission undertook a review of agency operations in light of information received from the National Performance Review Office to that time. The points raised in various National Performance Review documents, while worded differently than those in the Vice President's memorandum of January 3rd, were similar. The results of last year's review are the basis for this report.

General conclusions of the evaluation conducted pursuant to the National Performance Review were:

- (1) if the agency were eliminated, the goals and programs of the agency as set forth in the Marine Mammal Protection Act could not be effectively undertaken by other agencies, by state governments, by local governments, or by the private sector because:
 - (A) other entities lack the Commission's independence, have inherent conflicts of interest that are unavoidable, and do not have the flexibility to respond to issues as quickly or efficiently as the Commission;
 - (B) marine mammals range across state and national boundaries and Commission responsibilities are therefore national and international in nature and not appropriate to state or local governments;
 - (C) the requirement to provide objective oversight of relevant Federal activities could not be met by agencies or groups committed to the pursuit of particular interests; and
 - (D) the Commission derives much of its effectiveness from its ability to bring people of opposing interests together to constructively address issues economically and efficiently, a role not easily filled by agencies or organizations with other competing or more narrowly focused mandates.

- (2) while benefits of the Marine Mammal Protection Act accrue to marine mammals, their ecosystems, and the habitats on which they depend, ultimate beneficiaries include present and future human generations whose welfare is dependent upon healthy marine ecosystems. The condition of marine mammals, habitats, and ecosystems are directly affected by the performance of certain of the Marine Mammal Commission's "customers," particularly in the Executive and Legislative branches, that prescribe, interpret, and implement the policies and provisions of the Act. People consulted in those branches were unanimous in their support of the Commission and the role which it plays as an independent agency without conflicts of interest. The only point of issue was that a number of people suggested increasing the size of the Commission even though they did acknowledge that the Commission's strength comes in part from the fact that it is small and thus able to act quickly and efficiently.

Decision Tree Review

It was straightforward to take the findings of the December review and apply the decision-tree parameters developed by the National Performance Review. The existing program of the Marine Mammal Commission can be described as:

- providing informed, objective advice to the Executive and Legislative branches on measures needed to meet the policies and provisions of the Marine Mammal Protection Act;
- maintaining an unbiased overview of all relevant domestic and international Federal agency activities affecting marine mammals;
- providing expert, impartial policy, scientific, legal, and programmatic advice to Federal agencies, and to state agencies, local authorities, and private groups requesting such advice;
- coordinating Federal, state, and local efforts to take advantage of the best elements of each to achieve, economically and efficiently, the Act's stated purposes of conserving species, populations, habitats, and ecosystems;
- focusing on long-term policy issues affecting the conservation of marine living resources; and

- carrying out a directed research program to determine how best to address marine mammal/habitat/ecosystem conservation issues at local, regional, national, and international levels.

The described functions are uniquely appropriate to the Marine Mammal Commission for the following reasons:

- objective scientific information is fundamental for rationally addressing conservation issues -- members of the Marine Mammal Commission and the Committee of Scientific Advisors are chosen to provide coverage of relevant scientific disciplines and geographic regions, and it is widely known that the qualifications of every member are formally reviewed and each person must be found fully qualified by the National Science Foundation, the National Academy of Sciences, the Council on Environmental Quality, and the Smithsonian Institution;
- the Commission's independence and objectivity place it in a unique position to develop interagency, intergovernmental, and public/private consensus on issues;
- other agencies and private entities have competing mandates and constituencies which can cloud objectivity and make it difficult for them to bring the same statutorily-guided judgment to issues that the Commission brings;
- the small size of the Marine Mammal Commission provides it flexibility to move with speed, efficiency, and without bureaucratic encumbrance to promptly address issues at international, national, regional, and local levels; and
- no one involved in the Commission is in a position to profit in any way from Commission decisions, and such assurances afford the Executive and Legislative branches, non-governmental organizations, and private citizens a high level of confidence in the work of the Commission.

With respect to the question of whether these functions could be better carried out at state or local levels, it is important to note that most marine mammals occur in areas under Federal jurisdiction and are resources held in trust by the Federal government; the issues with which the Marine Mammal Commission deals are cross-boundary and almost always involve a number of states and often a number of countries; and the issues are also cross-disciplinary in nature and thus require objective

advice from the range of scientific disciplines represented on the Commission's Committee of Scientific Advisors.

With respect to the issue of introduced competition, there are no similar services available from any other source. It would be unfair and unrealistic to ask Federal agencies to provide an objective overview of their own, often competing, activities; environmental and other special interest groups must necessarily advocate certain positions and could not bring the needed objectivity to maintaining an overview of Federal agency activities and otherwise fulfilling the responsibilities of the Commission; and no existing body has the requisite breadth of scientific qualifications of the Marine Mammal Commission and its Committee of Scientific Advisors to undertake these activities.

The Commission devoted considerable thought to the issues of placing customers first, cutting red tape, and empowering employees.

Commission customers were consulted and expressed enthusiasm for the work of the Commission. Federal agency customers noted that occasionally Commission expectations were too demanding. However, we believe this to be an inescapable, and in fact highly desirable, part of any effective overview body. Customer satisfaction was high, and formal Commission recommendations were considered to be well-founded in fact and carefully reasoned.

With respect to cutting red tape, the Commission is consistently told by people outside the Government that it is more efficient and more responsive than any agency with which they have dealt. We have no reason to doubt this.

With respect to empowering employees, the Commission is organized in a flat structure. Professional staff members deal directly with personnel in other agencies including, when appropriate, the heads of those agencies; they also consult on a day-to-day basis with members of the Commission and the Committee of Scientific Advisors, members of the academic community, public interest group representatives, and the general public. All formal recommendations of the Commission are made only after consultation with the Committee of Scientific Advisors to ensure that such decisions incorporate the best available scientific thought and information.

Conclusion

The review undertaken pursuant to the National Performance Review was valuable. It afforded the Commission the opportunity to re-assess its effectiveness in meeting its legislative mandate, to re-assess its operational policies and practices, and to explore ways to effect greater economies and efficiencies in its operations.

The review confirmed the Commission's view that its reputation for honesty and diligence, its small size, its independence, and its scientific and legal expertise combine to give the agency the necessary credibility, flexibility, and competence to move quickly and constructively to focus a range of often competing interests on issues in need of resolution.

Thanks to the review, the Commission also evaluated its capabilities for electronic communication including exploring the potential for making its reports electronically available. Steps have already been taken to improve communications capabilities dramatically.

One final conclusion was that the old-fashioned virtues of integrity and the will to do one's best are as important as any factors in fostering good government.

the number of poor people in such grantee or contractor's service area as enumerated in the 1990 census.

(b) None of the funds appropriated under this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by or contrary to any of the provisions of—

(1) section 607 of Public Law 101-515, and that all funds appropriated for the Legal Services Corporation shall be subject to the same terms and conditions as set forth in section 607 of Public Law 101-515, except that the funding formulas and provisos 15, 20 and 22 shall not apply, and all references to "1991" in section 607 of Public Law 101-515 shall be deemed to be ["1995"] "1996", unless subparagraph (2) applies; and

(2) authorizing legislation for fiscal year [1995] 1996 for the Legal Services Corporation that is enacted into law. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995.*)

MARINE MAMMAL COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Marine Mammal Commission as authorized by title II of Public Law 92-522, as amended. [\$1,384,000] \$1,425,000. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995.*)

Program and Financing (in thousands of dollars)

Identification code 95-2200-0-1-302	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	1,289	1,384	1,425
Financing:			
25.00 Unobligated balance expiring	1		
40.00 Budget authority (appropriation)	1,290	1,384	1,425
Relation of obligations to outlays:			
71.00 Total obligations	1,289	1,384	1,425
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	280	241	249
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-241	-249	-256
77.00 Adjustments in expired accounts	-7		
90.00 Outlays	1,321	1,376	1,418

The Commission recommends national and international marine mammal policies; develops scientific and management programs; reviews the status of marine mammal populations; recommends to the Secretaries of Commerce, Interior, and State steps to conserve marine mammals domestically and internationally; and manages a research program.

Object Classification (in thousands of dollars)

Identification code 95-2200-0-1-302	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	582	612	637
11.3 Other than full-time permanent	75	100	105
11.9 Total personnel compensation	657	712	742
12.1 Civilian personnel benefits	118	122	125
21.0 Travel and transportation of persons	56	65	65
23.1 Rental payments to GSA	106	109	106
23.3 Communications, utilities, and miscellaneous charges	47	48	53
24.0 Printing and reproduction	19	20	20
25.2 Other services	212	234	236
25.3 Purchases of goods and services from Government accounts	47	40	42
26.0 Supplies and materials	19	24	26
31.0 Equipment	3	10	10
99.9 Total obligations	1,289	1,384	1,425

Personnel Summary

Identification code 95-2200-0-1-302	1994 actual	1995 est.	1996 est.
1001 Total compensable workyears: Full-time equivalent employment	10	12	12

MARTIN LUTHER KING, JR. FEDERAL HOLIDAY COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Martin Luther King, Jr. Federal Holiday Commission, as authorized by Public Law 98-399, as amended. [\$300,000] \$350,000. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995.*)

Program and Financing (in thousands of dollars)

Identification code 76-0600-0-1-808	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	499	300	350
Financing:			
40.00 Budget authority (appropriation)	500	300	350
Relation of obligations to outlays:			
71.00 Total obligations	499	300	350
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance		150	110
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-150	-110	-120
90.00 Outlays	349	340	340

The Martin Luther King, Jr. Federal Holiday Commission, created by Public Law 98-399 on August 27, 1984, was extended through 1999 last August by P.L. 103-304. With the new legislation, the Commission's mandate was expanded to include community service initiatives and legislatively linked to the Corporation for National Service through its grant approval of community service activities related to the King holiday. The legislation also added interracial cooperation and youth against violence initiatives to the original mission of promoting the holiday as an occasion to reflect on the principles of racial equality and nonviolent social change as espoused by Dr. King. Other original goals carried forward include encouraging appropriate King holiday ceremonies and activities and coordinating efforts with Americans of diverse backgrounds and with government and private organizations. The commission markets the holiday through print and electronic media; the distribution of information packets and reports to the President and Congress; functions as a clearinghouse of information; sponsors planning, education and information conferences, workshops, seminars and special events; distributes holiday observance guidelines; conducts youth against violence symposiums; and "I Have A Dream" National Youth Assemblies.

Object Classification (in thousands of dollars)

Identification code 76-0600-0-1-808	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	135	110	130
11.8 Special personal services payments	30		
11.9 Total personnel compensation	165	110	130
12.1 Civilian personnel benefits	20	25	35
21.0 Travel and transportation of persons	69	70	71
22.0 Transportation of things	5		
23.2 Rental payments to others	1	5	
23.3 Communications, utilities, and miscellaneous charges	28	27	32
24.0 Printing and reproduction	51	21	25
25.2 Other services	77	29	37