SMALL AGENCY REVIEW

SESSION 5

3 March 1995

4:00pm

Room 472

Small Agency Review
Index

March 3,1995

Clinton Presidential Records
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Divider Title: **A**

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

DESCRIPTION: The Commission is a twenty-six member bipartisan body formed by the ACIR Act of 1959. It examines Federal, State, and Local trends, events, and programs that affect intergovernmental relations. On request, proposed legislation and executive actions are reviewed to determine their overall effect on the Federal system. The Commission also identifies emerging problems of Federal-State-local relations and assists States and localities in anticipating and meeting problems caused by various intergovernmental overlaps and conflicts, and makes recommendations concerning the workings and structural arrangements of governmental units and allocation of responsibilities and revenues among the various levels of government. The recommendations and published reports growing out of the Commission's work are submitted to the executive and legislative branches of the Federal, State, and local governments for appropriate action.

FY 1996 BUDGET PROPOSAL: The proposed FY 1996 Budget provides $1.4M net authority, an increase of $400,000 from FY 1995. FY 1996 FTE of 13 remain unchanged from FY 1995.

AGENCY PROPOSAL: ACIR contends that it is uniquely positioned to perform its mission. They also claim no other organizational alternatives exist that could accomplish the Commission's mission as well as ACIR. The Commission is exploring options to secure research assistance through partnerships with universities and to secure foundation support, but provided no details or status of these efforts.

DECISION OPTIONS:

A No change; follow FY 1996 Budget recommendation.

B Terminate the Commission and agencies obtain required studies by contract on a case-by-case basis.

ADVISORY GROUP RECOMMENDATION: A

RATIONALE: Given the focus on devolution, ACIR is uniquely positioned to facilitate such reinvention initiatives. Further, the Senate has already tasked the Commission with completing three studies on unfunded mandates.

STEERING COMMITTEE RECOMMENDATION:

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Advisory Commission on Intergovernmental Relations

AGENCY OPTION PAPER

This paper is ACIR's response to the Vice President's request for a top-to-bottom review of mission and programs. ACIR's review team considered each question posed and weighed the pros and cons of each option presented by the NPR's decision tree. As requested, this paper and the accompanying chart present the team's <u>conclusions</u> only.

1. **ACIR has an essential mission,** which is to protect the Constitutional balance of the American federal system; improve the ability of federal, state, and local governments to work together cooperatively; and enable the American federal system to adjust to changes in the needs and expectations of the citizenry.

2. **ACIR's mission is more essential now than ever.** The federal government has become the level of government least respected by citizens; it is under siege by state and local governments over the unfunded mandates issue (which ACIR has been warning about for 20 years); an unusually large number of constitutional amendments are under serious consideration this year; and the states have begun to assemble a "conference of the states" that is only one step removed from a constitutional convention. The President and Congress are embarked on major reform of the intergovernmental system. Clearly there is an urgent need for officials from all levels of government to develop shared understanding and consensus on measures of governmental reform that will strengthen the nation for the 21st century. That is the function ACIR is designed to perform.

3. **ACIR is uniquely positioned to perform its mission.** It is the only American institution structured to bring the three levels of government together on a regular and continuing basis to help solve the types of intergovernmental problems so much in evidence. No other institution—in the private sector, among the state and local governments, and elsewhere within the federal government—has the mission, breadth of representation, singularity of purpose, or permanence needed to achieve desired results as effectively. Congress has just designated ACIR to perform a study with recommendations of existing federal mandates.

4. **There are no other entities that can perform its fundamental mission as well as ACIR.** Every organizational alternatives considered presents limitations of mission, scope, agenda, funding, legal standing, partisanship, permanence, independence, objectivity, or credibility not associated with ACIR. Those considered include think tanks, universities, national associations, temporary commissions, state and/or local governments, other federal government agencies and NAPA

5. **ACIR presently is producing valuable results.** In 1994, for example, ACIR delivered to the federal government:

- The study on federal mandates requested by the Administration;
- Technical assistance to the Congress in developing and considering mandate relief legislation;
- A study requested by the Federal Highway Administration (FHWA) on the capacity of metropolitan planning organizations to perform the functions required by ISTEA;
- Facilitation services requested by the FHWA which allowed the Interstate Study Commission to recommend a new interstate mechanism to provide unmet transportation services to the Nation's Capital:
- A Capitol Hill Summit on Federal Capital Budgeting, requested by two Members of Congress;
- The work plan for an intergovernmental and interagency benchmarking study requested by NPR and Vice President Al Gore;
- A Sourcebook of Working Documents to Accompany High Performance Public Works, as requested by the Army Corps of Engineers and many other federal agencies;
- The stakeholder involvement element of the National Drought Plan, as requested by the Army Corps of Engineers; and
- Facilitation services to help resolve the state court suit against the Army Corps of Engineers, as requested by the Corps.

6. **In response to NPR I, ACIR has instituted NPR-recommended techniques of reinvention including:** Narrowing its focus on core government decision-maker customers, termination of non-essential programs, staff reductions, budget cuts, the imposition of product and service fees where they did not exist and an increase in fees where they already existed, the use of enterprise funding, contracting out for services that can be provided more cost effectively by others, and privatizing products.

7. **In responding to NPR II, ACIR is exploring options** to secure agency staff on detail for specific projects, build partnerships with universities to secure research assistance, market the Commission's capacity to assist agencies with contract research, and secure foundation support.

Attachment

MISSION

Protect the Constitutional balance of American Federalism, improve the ability of federal , state, and local governments to work together cooperatively, and enable the American Federal System to adjust to change.

CORE CUSTOMERS

Congress
President and Administration
State government officials
Local government officials

OTHER CUSTOMERS

Academic and research institutions
Media
The American people

OUTCOMES

- A federal system that is effective, efficient, and equitable in providing public services
- A federal system in which responsibilities and resources of individual governmental units are balanced

PROGRAM OUTPUTS

- An informed dialogue among federal, state, and local officials on resolving intergovernmental issues and problems
- Independent analysis and information for government decisionmakers on problems and issues affecting the federal system
- Recommendations for changes in law, regulation, process, or administrative practice to improve the effectiveness and responsiveness of the American federal system

ESSENTIAL

Performed by Other levels of Governments e.g. state or local

- Cannot be performed by individual governments. Essence of mission is "intergovernmental.
- Cannot be performed by temporary organizations. Essence of mission is to monitor changes on a continuing basis in the intergovernmental environment and to recommend solutions.

Performed by non-government organizations e.g. universities, national associations, think tanks, NAPA

- No practical legal standing.
- No obligation of government officials to participate.
- Non-public funding would compromise the independence of the agenda and findings of the organization.
- No other existing organization is funded to focus exclusively on IGR.

Performed by ACIR

- ACIR is **unique**: it is a *permanent, bipartisan* agency composed of all levels and branches of government *dedicated* to improving American Federalism
- ACIR is **trusted**: 35-years of experience and performance have established the commission as an *independent, objective* body for information and recommendations
- ACIR involves its **customers**, studies, task forces, and other activities include intergovernmental representation and peer-review.
- ACIR remains **current**: its revolving membership and focus on outstanding or emerging issues assure the continuous reinvention of ACIR.

Performed elsewhere in federal government

- OMB, GAO, and the Congress have eliminated policy units or committees devoted to IGR.
- Individual agency IGR units are concerned only with their departmental programs.
- No other federal agency includes ACIR's intergovernmental membership.

NON ESSENTIAL

Terminate ACIR

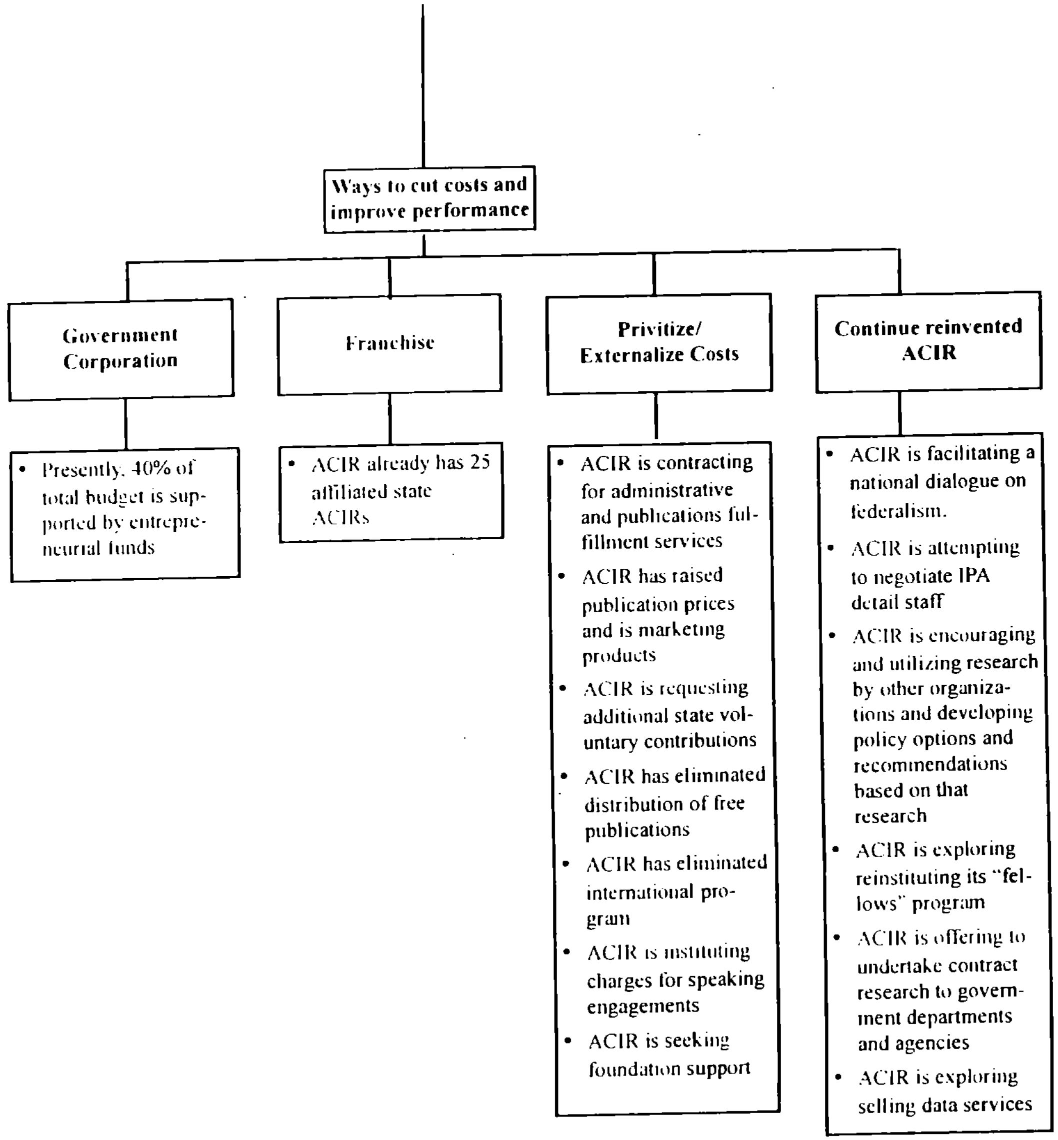
- Savings would be reduced by cost of temporary study commissions or task forces needed to address intergovernmental issues/solutions.
- Forum by which to reach IG consensus would be lost.
- Congress and President would no longer have a single IG body for information and advice related to IG policy development and implementation.
- The nation would lose access to 35 years of accumulated research, data, and experience.

Give Away

- ACIR's mission and structure involves an IG partnership to strengthen governmental relationships and performance. The commitment to this partnership is not a commodity or function that can be traded or given away.
- No other organization apparently willing to take on functions.

Sell ACIR

- The commission has few tangible or intangible assets to sell.



Ways to cut costs and improve performance
Government Corporation
Franchise
Privitize/ Externalize Costs
Continue reinvented ACIR
• Presently, 40% of total budget is supported by entrepreneurial funds
• ACIR already has 25 affiliated state ACIRs
• ACIR is contracting for administrative and publications fulfillment services
• ACIR has raised publication prices and is marketing products
• ACIR is requesting additional state voluntary contributions
• ACIR has eliminated distribution of free publications
• ACIR has eliminated international program
• ACIR is instituting charges for speaking engagements
• ACIR is seeking foundation support
• ACIR is facilitating a national dialogue on federalism.
• ACIR is attempting to negotiate IPA detail staff
• ACIR is encouraging and utilizing research by other organizations and developing policy options and recommendations based on that research
• ACIR is exploring reinstituting its "fellows" program
• ACIR is offering to undertake contract research to government departments and agencies
• ACIR is exploring selling data services

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 48–2500–0–1–403	1994 actual	1995 est.	1996 est.
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-168	-126	-126
24.40 Unobligated balance available, end of year: Treasury balance	126	126	126
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Total obligations	42		
90.00 Outlays	42		

The Advisory Commission was established for one year to conduct a comprehensive study of, and make recommendations concerning, conferences in ocean shipping. The study specifically addresses whether the Nation would be best served by prohibiting conferences, or by closed or open conferences. The Commission completed the study on May 1, 1992.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Advisory Commission on Intergovernmental Relations Act of 1959, as amended (42 U.S.C. 4271–79); **[**$1,000,000**]** *$1,400,000*, and additional amounts collected from the sale of publications shall be credited to and used for the purposes of this appropriation. *(Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 55–0100–0–1–808	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
00.01 General administration	198	200	250
00.02 Intergovernmental research	802	800	1,150
00.91 Total direct program	1,000	1,000	1,400
01.01 Reimbursable program	355	327	82
10.00 Total obligations	1,355	1,327	1,482
Financing:			
39.00 Budget authority (gross)	1,355	1,327	1,482
Budget authority:			
Current:			
40.00 Appropriation	1,000	1,000	1,400
Permanent:			
68.00 Spending authority from offsetting collections	355	327	82
Relation of obligations to outlays:			
71.00 Total obligations	1,355	1,327	1,482
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	130	57	20
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-57	-20	-15
77.00 Adjustments in expired accounts	-25		
87.00 Outlays (gross)	1,403	1,364	1,487
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.00 Federal sources	-294	-272	-22
88.40 Non-Federal sources	-61	-55	-60
88.90 Total, offsetting collections	-355	-327	-82
89.00 Budget authority (net)	1,000	1,000	1,400
90.00 Outlays (net)	1,048	1,037	1,405

The Advisory Commission on Intergovernmental Relations (ACIR) is a 26-member independent, bipartisan body. The Commission and its staff examine Federal, State and local trends, events, and programs that affect intergovernmental relations. On request, proposed legislation and executive actions are reviewed to determine their overall effect on the Federal system. The Commission also identifies emerging problems of Federal-State-local relations and assists States and localities in anticipating and meeting problems caused by various intergovernmental overlaps and conflicts, and makes recommendations concerning the workings and structural arrangements of governmental units and allocation of responsibilities and revenues among the various levels of government. The recommendations and published reports growing out of the Commission's work are submitted to the executive and legislative branches of Federal, State, and local governments for appropriate action.

Object Classification (in thousands of dollars)

Identification code 55–0100–0–1–808	1994 actual	1995 est.	1996 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	550	771	800
11.3 Other than full-time permanent	1	3	3
11.9 Total personnel compensation	551	774	803
12.1 Civilian personnel benefits	153	193	184
Staff travel:			
Travel and transportation of persons:			
21.0 Commission			35
21.0 Invitational			15
23.1 Rental payments to GSA	207	8	240
24.0 Printing and reproduction	44	25	30
25.1 Advisory and assistance services	7		18
26.0 Supplies and materials	58		35
31.0 Equipment			40
99.0 Subtotal, direct obligations	1,020	1,000	1,400
99.0 Reimbursable obligations	335	327	82
99.9 Total obligations	1,355	1,327	1,482

Personnel Summary

Identification code 55–0100–0–1–808	1994 actual	1995 est.	1996 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	9	11	11
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	2	2	2

Trust Funds

CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code 55–8155–0–7–808	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	101	345	170
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-217	-336	-176
24.40 Unobligated balance available, end of year: Treasury balance	336	176	197
60.27 Budget authority (appropriation) (trust fund, indefinite)	220	185	191
Relation of obligations to outlays:			
71.00 Total obligations	101	345	170
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	38	49	14

74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-49	-14	-25
Outlays	90	380	159

Contributions from State and local governments and nonprofit organizations are used to strengthen the Commission's clearinghouse, information, and policy education services to State and local governments, and to improve intergovernmental coordination and relations.

Object Classification (in thousands of dollars)

Identification code 55-8155-0-7-808	1994 actual	1995 est.	1996 est.
21.0 Travel and transportation of persons	35	37	30
22.0 Transportation of things	11	8	
23.1 Rental payments to GSA		157	
23.3 Communications, utilities, and miscellaneous charges		51	
24.0 Printing and reproduction		1	
25.2 Other services	28	66	140
26.0 Supplies and materials	27	15	
31.0 Equipment		10	
99.9 Total obligations	101	345	170

ADVISORY COUNCIL ON HISTORIC PRESERVATION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses made necessary by the Act establishing an Advisory Council on Historic Preservation, Public Law 89-665, as amended, [$2,947,000] $3,063,000: *Provided*, That none of these funds shall be available for the compensation of Executive Level V or higher positions. *(Department of the Interior and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95-2300-0-1-303	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Direct program	2,959	2,947	3,063
01.01 Reimbursable program	198	150	150
10.00 Total obligations	3,157	3,097	3,213
Financing:			
39.00 Budget authority (gross)	3,157	3,097	3,213
Budget authority:			
Current:			
40.00 Appropriation	2,959	2,947	3,063
Permanent:			
68.00 Spending authority from offsetting collections	198	150	150
Relation of obligations to outlays:			
71.00 Total obligations	3,157	3,097	3,213
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	580	438	592
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-438	-592	-724
77.00 Adjustments in expired accounts	15		
87.00 Outlays (gross)	3,314	2,943	3,081
Adjustments to gross budget authority and outlays:			
88.00 Offsetting collections from: Federal sources	-198	-150	-150
89.00 Budget authority (net)	2,959	2,947	3,063
90.00 Outlays (net)	3,116	2,793	2,931

The Council provides independent advice to the President and the Congress relating to the national historic preservation program.

Object Classification (in thousands of dollars)

Identification code 95-2300-0-1-303	1994 actual	1995 est.	1996 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1,748	1,877	1,953
11.3 Other than full-time permanent	37	25	25
11.5 Other personnel compensation	3	5	5
11.9 Total personnel compensation	1,788	1,907	1,983
12.1 Civilian personnel benefits	450	458	498
21.0 Travel and transportation of persons	95	68	68
23.1 Rental payments to GSA	229	224	224
23.3 Communications, utilities, and miscellaneous charges	39	50	50
24.0 Printing and reproduction	39	50	50
25.2 Other services	259	162	162
26.0 Supplies and materials	25	20	20
31.0 Equipment	35	8	8
99.0 Subtotal, direct obligations	2,959	2,947	3,063
99.0 Reimbursable obligations	198	150	150
99.9 Total obligations	3,157	3,097	3,213

Personnel Summary

Identification code 95-2300-0-1-303	1994 actual	1995 est.	1996 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	37	40	40
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	3		

Trust Funds

DONATIONS

Program and Financing (in thousands of dollars)

Identification code 95-8298-0-7-303	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 25.2)		5	5
Financing:			
60.27 Budget authority (appropriation) (trust fund, indefinite)		5	5
Relation of obligations to outlays:			
71.00 Total obligations		5	5
90.00 Outlays		5	5

The Advisory Council on Historic Preservation accepts and uses donated moneys for purposes of the Council (16 U.S.C. 470).

AMERICAN BATTLE MONUMENTS COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; $20,265,000, to remain available until expended: *Provided*, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the

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Divider Title: **B**

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

DESCRIPTION: The National Archives Establishment was created in 1934 and was incorporated into GSA from 1949 until 1984. NARA was established as an independent agency effective 4/1/85. It establishes policies and procedures for managing U.S. Government records and assists federal agencies in documenting their activities, administering records management programs, scheduling records, and retiring noncurrent records to Federal Records Centers. It manages the Presidential Libraries system; assists the National Historical Publications and Records Commission in its grant program for state and local records and edited publications of the papers of prominent Americans; and publishes the laws, regulations, and Presidential and other public documents.

FY 1996 BUDGET PROPOSAL: Proposed FY 96 direct appropriation is $195.291 million, an increase of $53,000 over the FY 95 budget. Proposed FY 96 reimbursable revenues is $23.412 million, a decrease of $1.523 million from FY 95 levels. Proposed FY 96 FTE is 2,372 (1,899 Direct FTE and 473 Reimbursable FTE), a decrease of 23 FTE (12 Direct FTE and 11 Reimbursable FTE) from FY 95. NARA's grant program (NHPRC) has a projected FY 96 appropriation of $4 million, a reduction of $5 million. NARA also has a Trust Fund with estimated FY 96 revenues of $11.094 million, a $1.107 million reduction from projected FY 95 revenues. The Trust Fund is projecting a $799,000 loss for FY 96; a loss of $237,000 is projected for FY 95. Proposed FY 96 Trust Fund FTE is 114, no change from FY 95.

AGENCY PROPOSAL:
NARA claims it cannot be privatized, terminated, or devolved to the states or localities. They recommend agencies begin paying fully for the storage and servicing of temporary records through reimbursable agreements. (As IRS and SSA now do.) NARA also recommends they explore using contract labor for temporary records services, thereby achieving FTE savings.

DECISION OPTIONS:

A. No change. Follow FY 96 budget recommendation and explore reimbursable agreements with all agencies for storage and servicing temporary records.

B. NARA should focus on policy and oversight. It should delegate to agencies authority to manage the temporary storage of documents. All other responsibilities not inherently governmental or focused on the management of permanent Federal records, including the mechanics of publishing and editing the Federal Register, and operation of gift shops, should be delegated to agencies, contracted out, or turned over to the Government Printing Office. A better definition of NARA responsibilities for Presidential libraries should be developed. The National Historic Publications and Records Commission should be eliminated.

ADVISORY GROUP RECOMMENDATION: B.

RATIONALE:
The care of public records is a public obligation. However, NARA should focus on records management policy and oversight and divest itself from all activities which are not inherently governmental or focused on the management of permanent Federal records. Document handling is a huge growth business. Agencies should be responsible for determining the most cost effective method of storing temporary records under NARA developed guidance.

STEERING COMMITTEE RECOMMENDATION

National Archives

Washington, DC 20408

Mr. Marvin Voskhul
The National Performance Review
750 17th Street, NW
Suite 200
Washington, DC 20006

Dear Mr. Voskhul:

The National Archives and Records Administration (NARA) is pleased to forward it's report on Phase Two of the National Performance Review (NPR). On January 3, 1995, Vice-President Gore issued to all departments and agencies a memorandum announcing the second phase of the National Performance Review, and directing an examination of the basic missions of the Federal Government, looking at all programs and functions to find and eliminate things that do not need to be done.

In response to the Vice-President's charge, NARA has performed an agency-wide analysis of its programs and functions. This analysis and our decisions were developed through careful consideration of our customers across the nation by a team consisting of NARA senior management and our policy and planning staff. The options presented herein include potential savings that may be achieved in future budget years assuming appropriate executive and legislative approvals and actions.

The outcomes discussed in our report both comply with the letter and spirit of NPR Phase Two, and, just as importantly, continue our efforts in achieving a strategic vision for creating a National Archives for the 21st Century. NARA is an agency that professionally and effectively serves its diverse customer base which includes the general public, Government organizations and employees of the executive, legislative and judicial branches, and private sector communities.

We look forward to your review of this report and to discussing it with members of the White House staff, NPR, and the Office of Management and Budget. We will be glad to provide any additional information that may help achieve President Clinton's streamlining and reinventing goals.

Trudy Huskamp Peterson
TRUDY HUSKAMP PETERSON
Acting Archivist
of the United States

Enclosure

National Archives and Records Administration
National Performance Review, Phase II

OVERVIEW

The National Archives and Records Administration serves the American people and their Government by safeguarding their interests in Federal records and other documentary materials, by promoting effectiveness and efficiency in the administration of those materials, and by advancing the knowledge of the history of the Nation.

The National Archives Establishment was created in 1934 and was incorporated into the General Services Administration (GSA) from 1949 until 1984. On April 1, 1985, it became the independent National Archives and Records Administration (NARA). In re-establishing NARA independence, Congress determined that an independent agency could more effectively manage "the preservation of our Nation's documentary history."

NARA currently has eight program offices: Records Administration, Presidential Libraries, Federal Records Centers, Federal Register, National Archives, Public Programs, Special and Regional Archives, and the National Historical Publications and Records Commission. The agency has a 1995 operating budget of $204.5 million and 2,486 FTE to manage a nationwide system of 32 archival and records facilities. Fixed costs of operating these facilities consume 45 percent of the 1995 operating budget, and are projected to grow, at least as a percent of the budget, in future years.

MISSION AND GOALS

The Senate report on the Act that re-established the National Archives further described NARA's mission as "the storage, disposition, preservation, and use for further Government and private scholarly research the records of enduring value of the United States Government; the operation of the Presidential library system; and the publication of legislative, regulatory, and other public documents." (S. Rep. No. 373, 98th Cong., 2nd Sess. 1984). As the protector of the records for the Congress, the courts, the presidency, and the executive branch, NARA has a crucial and unique place in the Federal Government to guarantee the accountability of the Government to the American people and to protect individual rights and liberties. The records in NARA's custody document the origins and evolution of the Federal Government and the history of the American people across three centuries.

To meet the expectations of its customers inside and outside of Government, NARA must be a leader in the coordination and management of Government information resources. NARA must adapt to technological advancements while remaining an advocate for the efficient and proper documentation of the Government's activities. Despite new electronic technologies, the vast majority of permanent records of the Federal Government are paper-based and are likely to remain so for many years. NARA's challenge is to preserve and make available the Government's permanent records, regardless of form, under proper storage conditions.

ASSESSMENT OF KEY FUNCTIONS

NARA's NPR Phase II review team examined the agency's programs to determine what was truly critical to NARA's mission, what potential savings could be gained from changes to a program, and whether the proposed changes were bold enough. It was determined that all of NARA's activities and programs contribute to the achievement or enhancement of NARA's mission.

Archives of the United States. The Archives program includes the archival management functions for preserving and making available permanently valuable Federal and Presidential records, artifacts, and related donated materials. This is accomplished through a nationwide network of central archival facilities in Washington, D.C., and presidential archival depositories, regional archives, and affiliated archives across the country.

This program is critical for the Federal Government, through NARA, to perform. The coordinated preservation of and access to the archival records of the Federal Government by NARA professional archivists and historians is crucial so that Americans have impartial access to the significant records created by the Government they pay for. This program is also intrinsically building-intensive, in that providing a proper storage environment has proven to be the most cost-effective means of preserving permanently valuable records. Unfortunately, many of NARA's facilities do not meet archival storage standards and require major resource commitments. Nevertheless, NARA will continue to explore opportunities for restructuring, streamlining, or contracting-out specific functions that are a part of this program to achieve cost savings. NARA already contracts-out some functions in support of the archival program such as facility operations, security services, order fulfillment, and the microfilm rental program. We will continue to explore actions that help the agency to cut costs and redirect staff to the core archival mission.

Exhibits, publications, educational packets, seminars, film series, and other public programs offer access to the archives to many people who may otherwise be unaware of the rich heritage in the records of their Government. NARA will continue its permanent exhibition in the Rotunda in Washington, D.C., which includes the Declaration of Independence, the Constitution, and the Bill of Rights. These Charters of Freedom constitute the critical building blocks of the Federal Government. As budgets shrink, however, NARA recognizes the need to seek more private money to support these public programs, and will work to make all other public program activities self-supporting.

Records Administration. The Records Administration program includes the development of policy and guidance for the management of Federal records, the appraisal and disposition of Federal records, records management education and training, and inspections and evaluations of agency records programs. Ensuring the authorized, timely, and appropriate disposition of all Federal records is an essential Government function. Determining which records are needed to protect the rights of the Government and its citizens, to conduct the business of Government, and to document the role of Government in the nation's history is a critical part of NARA's mission. The Government, through NARA, also has a responsibility to efficiently and effectively manage the basic tools of administration--its own records. In an era of electronic records, this function is even more critical for NARA to perform to ensure the efficient and proper documentation of the Government's activities. NARA will continue to explore opportunities for restructuring and streamlining specific functions that are a part of this program to achieve cost savings.

NARA provides services for the storage of temporary records of Federal agencies in 15 records centers across the country. Temporary records are needed for administrative or legal purposes for a limited period of time. These services cost NARA millions of dollars in facilities and personnel expenses. Management of permanent records, including providing records center services for those records, is central to NARA's mission, but the agency can no longer afford these services for temporary records and still properly care for permanent records under its appropriated operating budget. Federal agencies must share more of the cost of managing their temporary records. Option 2 below contains a proposal for making temporary records storage fully reimbursable by the agencies creating the records.

Federal Register. The Federal Register was established by statute in 1935 to serve as a central publication system for Federal Government regulations. Controlling the official text of the nation's public laws, Presidential documents, Federal regulations and administrative notices are core functions of the Federal Government. The right to know the law is a fundamental element of the constitutional guarantee to due process. The Federal Government should have responsibility for administering the Federal Register and programs that ensure the accuracy and uniformity of essential information, provide the public with equal access, and protect the integrity and physical security of material admissible as evidence in courts of law. Because part of NARA's mission is ensuring the accountability of Government, NARA is a logical home for this critical program. NARA will continue to explore opportunities for restructuring, streamlining, or contracting-out specific functions that are a part of this program to achieve cost savings.

National Historical Publications and Records Commission. The NHPRC exists to offer advice, assistance, and encouragement to all individuals and institutions committed to the preservation and use of documentary resources reflecting our nation's history, and is characterized by its synergistic relationship with the archives, records, and historical communities. It is the only Federal funding agency whose sole purpose is to provide support for documentary editing and archival and records management projects at the national, state, and local level. NHPRC funded projects give tangible evidence at the local, state, and national level of the importance of historical records, and they offer rich opportunities to promote archival work. NARA will re-engineer the grants administration process to reduce costs. Some streamlining has already occurred including the reduction of paperwork through the submission of multi-year applications and the elimination of a time-consuming panel review process for publication subventions.

OPTION 1: TERMINATION OF NARA

The care of public records is a public obligation. As an independent guardian of the Government's record, it is critical that NARA remain a part of the Federal Government to ensure the accountability of the Government and the protection of the rights and interests of all citizens. NARA's mission can best be carried out by its continued existence as an independent Federal agency. Government cannot be absolved of the responsibility of caring for the records it creates.

Pros. Terminating NARA would eliminate one agency from the Federal bureaucracy and remove its appropriations and FTE from the Federal budget.

Cons. Although the chart below indicates potential savings through the elimination of NARA, the economies of scale achieved by having a central management agency perform these vital functions would be lost. The Federal Government would still have to manage and store its records. If the records management function is left to individual agencies, vital documentation of the Nation could be vulnerable to loss, and the accountability of the Government to the American people would be threatened. It would become increasingly difficult for citizens to obtain the records they need from multiple agencies for whom archives and records management would be an unwelcome burden. Agencies would have to take responsibility for records already transferred to NARA, as well as the expected influx or records from agencies, military bases, and programs that will be terminated through downsizing. Provision would also have to be made for the care of records from the Presidency. Agencies also would have to respond to the tremendous volume of reference requests--nearly 4 million each year--now handled by NARA. Finally, another home would have to be found for The Federal Register program.

Summary Cost Information.

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 2000	Five-year cumulative
Discretionary budget authority	$199,600,000	$0	$0	$199,600,000
Discretionary budget outlays	$189,368,000	$0	$0	$189,368,000
Mandatory outlays	$0	$0	$0	$0
Governmental receipts	$26,000,000	$0	$0	$26,000,000
FTE changes	2,486	0	0	2,486

OPTION 2: MAJOR RESTRUCTURING OF NARA

NARA cannot be privatized, terminated, or devolved to states or localities. Within today's budget climate, continuing to provide the current level of customer service means NARA must work to cut costs and improve performance if it is to protect and preserve the Federal Government's records.

NARA believes that significant change can occur in the storage and servicing of temporary records. Agencies should pay fully for the costs of these services through reimbursable agreements. NARA will explore using contract labor to perform storage and reference services to have more flexibility in staffing levels for the centers, but the availability of such labor in each region will have an impact on how much and how soon savings can be achieved. This proposal would remove from NARA's budget appropriated funds associated with storage and reference on temporary records, and would be phased in over the next several years. Agencies should be required to send their records to a Federal records center unless an agency can show that alternative arrangements cost less and meet NARA facility and recordkeeping requirements. This option requires changes to existing authorities and approval by or consultation with OMB on alternative funding strategies such as authority for NARA to provide the services on a reimbursable basis as a mandatory source for a transition period, and/or legislation to establish a revolving fund similar to GSA's General Supply Fund.

Pros. Agencies should improve their records management practices as they take on the financial responsibility of storing their temporary records. This should result in savings to the Federal budget. NARA could defray the fixed facility costs that dominate its budget by charging the agencies for facility maintenance and improvements. NARA may achieve some FTE savings by using contract labor for temporary records services.

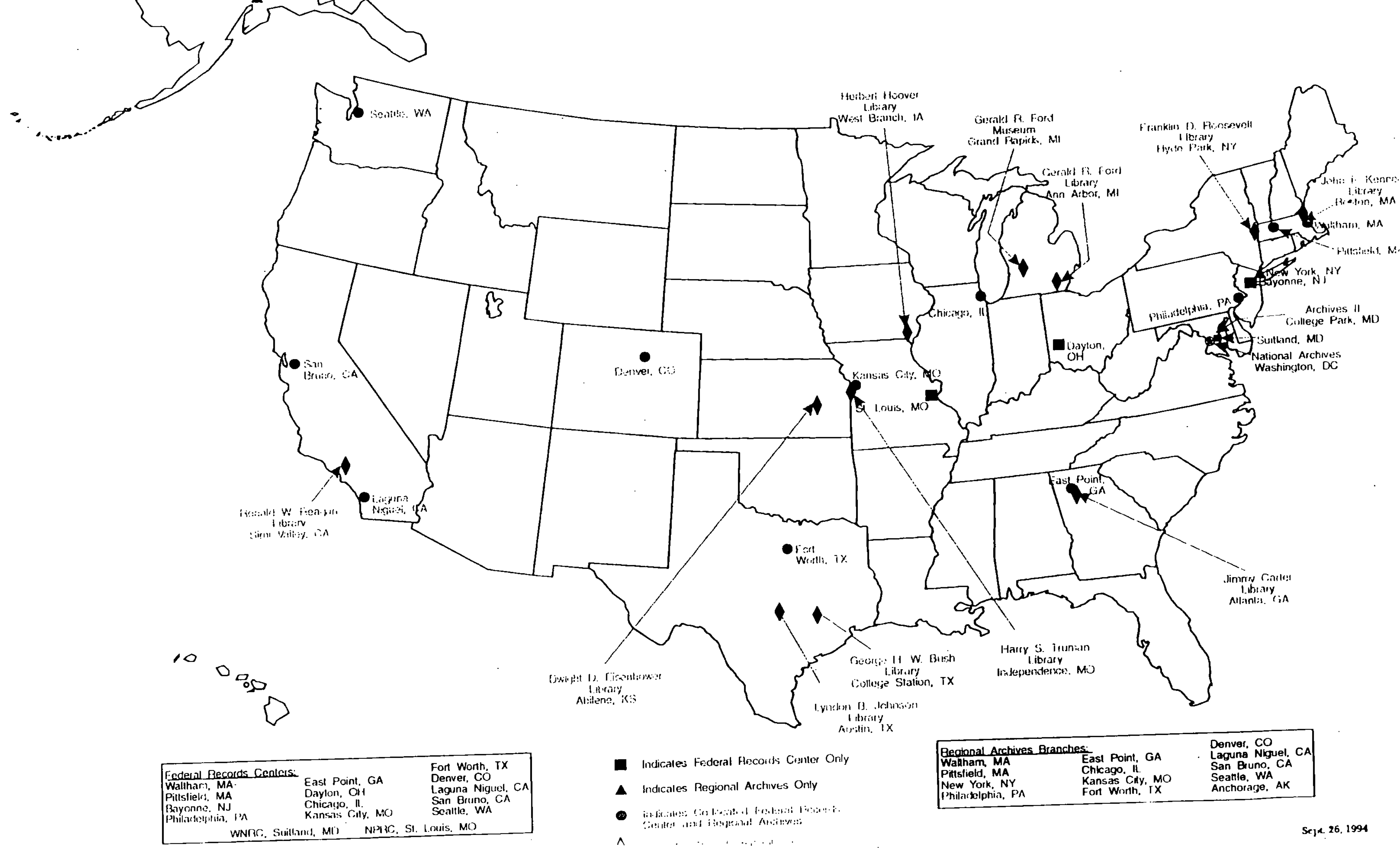
Cons. Although agencies such as the Internal Revenue Service and the Social Security Administration have already entered into reimbursable agreements with NARA, other agencies may resist having to pay for what is currently a free service, and NARA will have to manage several more reimbursable agreements. Agencies and NARA may find it difficult to manage a reimbursable program that treats active temporary records different from active permanent ones. Agencies may attempt to make more records permanent to avoid being charged for temporary storage. Additionally, contract labor may be more expensive and more difficult to manage.

Summary Cost Information. (Assumes an inflation rate of 3 percent.)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 2000	Five-year cumulative
Discretionary budget authority	$199,600,000	$165,650,000	$186,442,000	$879,454,000
Discretionary budget outlays	$189,368,000	$155,418,000	$174,924,000	825,135,000
Mandatory outlays	$0	$0	$0	$0
Governmental receipts	$26,000,000	$59,950,000	$67,473,000	$318,288,000
FTE changes	2,463	2,463	2,415	96

National Archives and Records Administration

National and Regional Archives
Federal Records Centers
Presidential Libraries



Sept. 26, 1994

OMB ANALYSIS OF

NATIONAL ARCHIVES

AND

RECORDS ADMINISTRATION

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

STATEMENT: The National Archives and Records Administration appropriately recognizes its role as a central management and policy oversight agency. Whereas, certain statutory responsibilities associated with operational activities must necessarily remain, NARA should divest itself of its preoccupation with "buildings and facilities."

FY 1996 BUDGET PROPOSAL: The President's FY 1996 Federal Budget funds NARA at $191,279 (excluding $4 million for the redemption of debt associated with the newly constructed Archives II facility in College Park, Md.) and 2,463 FTE.

As a central management agency, the agency needs strong encouragement to turn its attention to: (1) records management policy; (2) definitions and standards for agency retention of records; (3) electronic records technology and policy; and, (4) information technology and networking.

AGENCY PROPOSAL: In the FY 1996 budget process, fully 83 percent of NARA's requested increase was concentrated on buildings and rent. Further, the agency has requested an additional $207 million over the next 5 years for capital (fixed asset) improvements to buildings and facilities.

DECISION OPTIONS:

A. NATIONWIDE SYSTEM OF 15 FEDERAL RECORDS CENTERS -- Significant percentage (est. 80%) of holdings are "temporary" records.

1): Convert to fully reimbursable activity. Agencies will fully reimburse NARA (as IRS and SSA do now) for the cost of maintenance and storage of temporary records and any accession activities performed on behalf of the responsible agency. This service is currently provided by NARA (through the records centers) to Federal agencies at no cost.

Concern: May be good for NARA (eliminates 800 FTE and $64M in appropriations); but may not be good government (shifts costs to agencies and retains in-house a function which is not clearly inherently governmental).

2): Privatize/Franchise Records Centers. Allow agencies to choose the least costly alternative to maintaining and storing temporary records.

Concern: As with A-1, will force agencies to consider costs, and then (perhaps) do a less than adequate job of determining what records to save and what records to disregard. This alternative will, however, allow agencies flexibility in choosing the best storage method and location for their records, while at the same time offering an array of accessioning services. [Note: There are numerous private records storage companies who are equipped to handle this responsibility.]

B. EXHIBITS, PUBLICATIONS, EDUCATIONAL PACKETS, SEMINARS, FILM SERIES -- Main Archives, Regional Facilities and Presidential Libraries.

1): Public Program Activities Should be Self Supporting through donations from the public, research institutions, private foundations, state and local grants, historical societies, etc.

2): Gift Shops Should be Privately Funded and Staffed. This is currently a reimbursable activity and would not result in budgetary savings, however, the function is clearly not inherently governmental and NARA should not be in the business of operating gift shops.

C. FEDERAL REGISTER. Operational activities associated with the production and dissemination of the Federal Register can be carried out by GPO or the private sector.

1): There is a heavy emphasis on "operational, hands-on" document production with the Federal Register activity. It may not necessary for NARA to maintain this function and, in any case, it would be appropriate to research a transfer of this activity to either GPO or a private entity. (GPO is responsible for the production and dissemination of the Congressional Record and other similar government publications.)

D. NATIONAL HISTORICAL AND PUBLIC RECORDS COMMISSION (NHPRC). The sole purpose of this grant making commission is to provide assistance to state and local entities in research and development of archival and records management projects. This activity is clearly not inherently governmental and should be eliminated.

1): The elimination of the NHPRC will save 14 FTE and between $5-10M annually.

Concern: The NHPRC is a funding vehicle subject to the whim of Congress. Earmarked funds are not uncommon and the appropriation fluctuates yearly given Appropriation Committee membership and pet projects. This program is, therefore not unsuprisingly, enormously popular.

E. PRESIDENTIAL LIBRARIES. Begin dialog and eventually seek legislation to limit (and/or better define both the point and the extent at which the Federal government becomes involved in the process) of assuming responsibility for Presidential libraries.

1): NARA currently dedicates 216 FTE and $26M annually to the Presidential libraries. This is obviously a growth area - and one which has largely gone unchecked.

NPR's RATIONALE:

A. The time is right to make a change in the operation of the records centers. As agencies begin to streamline and downsize, more and more records will become subject to archival treatment and storage. Either NARA will be forced to expand (at considerable expense) their operations or agencies will be offered an alternative to choose their own records management and retrieval service(s). NARA, of course, would be expected to play the dominate role in assisting agencies by providing storage, accession, retrieval, and disposal policy guidance.

B. The functions are clearly not inherently governmental.

C. Operational activities associated with the production and dissemination of the Federal Register can be carried out by GPO or the private sector.

D. The sole purpose of the NHPRC is to provide grants to state and local entities in research and development of archival and records management projects. This activity is clearly not inherently governmental and should be eliminated.

E. Discussion for the development of legislation should particularly focus on the government's role, responsibility, and liability associated with the design, construction, ownership, operation and maintenance of Presidential library facilities.

STEERING COMMITTEE DECISION:

Option	*Agree*	*Disagree*	*Study Further*
A - 1	X		Warrants further study.
A - 2	X		Fiscally responsible alt.
B - 1	X		Implement immediately.
B - 2	X		Implement immediately.
C - 1	X		Warrants further study.
D - 1	X		Implement immediately.
E - 1	X		Warrants further study.

General and special funds—Continued

NATIONAL CENTER FOR THE STUDY OF AFRO-AMERICAN HISTORY AND CULTURE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 95–3800–0–1–503		1994 actual	1995 est.	1996 est.
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Total obligations	4	19	
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance		5	
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance			
78.00	Adjustments in unexpired accounts	–5		
90.00	Outlays	4	19	

The National Afro-American History and Culture Commission is responsible for making recommendations on the development and operation of the National Center for the Study of Afro-American History and Culture. The Commission will submit its report to the Congress in 1995.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

Federal Funds

General and special funds:

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

OPERATING EXPENSES

For necessary expenses in connection with National Archives and Records Administration and related activities, as provided by law, and for expenses necessary for the review and declassification of documents, and for the hire of passenger motor vehicles, [$195,238,000] *$195,291,000*: *Provided*, That the Archivist of the United States is authorized to use any excess funds available from the amount borrowed for construction of the National Archives facility, for expenses necessary to move into the facility[: *Provided further*, That of the budgetary resources available in fiscal year 1995 in this account, $325,000 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 of the offsetting collections credited to this account, $441,000 are permanently canceled]. *(1 U.S.C. 106a, 106b, 112, 113, 201; 3 U.S.C. 6, 11–13; 4 U.S.C. 141–146; 5 U.S.C. App. 1; 25 U.S.C. 199a; 44 U.S.C. 710, 711, 729, Chapters 15, 21, 22, 25, 29, 31, 33; Public Law 98–497, Public Law 93–526, Executive Orders 11440, 12356, 10530, 11030, 11490, as amended; Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 88–0300–0–1–804		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Direct program:			
00.01	Records centers	61.205	63.188	62.307
00.02	Archives and related services	110.411	103.390	104.013
00.03	National Historical Publications and Records Commission	6.873		
00.04	Archives II Facility	30.792	25.279	24.959
00.91	Total direct program	209.281	191.857	191.279
09.01	Reimbursable program	25.413	24.935	23.412
10.00	Total obligations	234.694	216.792	214.691
	Financing:			
17.00	Recovery of prior year obligations	–19		
	Unobligated balance available, start of year:			
21.40	Treasury balance	–329	–403	
21.41	U.S. Securities: Par value	–16.478	–8.907	–8.907
	Unobligated balance available, end of year:			
24.40	Treasury balance	403		
24.41	U.S. Securities: Par value	8.907	8.907	8.907
25.00	Unobligated balance expiring	467	325	
39.00	Budget authority (gross)	227.145	216.714	214
	Budget authority:			
	Current:			
40.00	Appropriation	195.482	195.238	195.291
40.47	Portion applied to debt reduction	–3.397	–3.692	–4.012
43.00	Appropriation (total)	192.085	191.546	191.279
50.00	Reappropriation		233	
	Permanent:			
68.00	Spending authority from offsetting collections	35.060	24.935	23.412
	Relation of obligations to outlays:			
71.00	Total obligations	234.694	216.792	214.691
	Obligated balance, start of year:			
72.40	Unpaid obligations: Treasury balance	36.320	30.397	62.550
72.41	U.S. Securities: Par value	83.955	26.731	
	Obligated balance, end of year:			
74.40	Unpaid obligations: Treasury balance	–30.397	–62.550	–68.231
74.41	U.S. Securities: Par value	–26.731		
77.00	Adjustments in expired accounts	–2.471		
78.00	Adjustments in unexpired accounts	–19		
87.00	Outlays (gross)	295.351	211.370	209.010
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	–25.413	–24.935	–23.412
88.40	Non-Federal sources	–9.647		
88.90	Total, offsetting collections	–35.060	–24.935	–23.412
89.00	Budget authority (net)	192.085	191.779	191.279
90.00	Outlays (net)	260.291	186.435	185.598

Note.—The unobligated balance expiring in 1995 represents the amount unavailable for obligation pursuant to Title IV of the Treasury, Postal Service and General Government Appropriations Act, 1995.

The National Archives and Records Administration provides for basic operations dealing with management of the Government's archives and records, operation of Presidential libraries, and for the review for declassification of classified security information.

Records centers.—This activity provides for the accessioning, storage, reference service, and disposal of the semiactive and non-current records of Federal agencies through a nationwide system of 14 records centers. Significant savings result from use of low cost records storage and the efficient and timely disposal of non-permanent records.

Archives and related services.—This activity provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies, the permanently valuable records of the Federal Government and the historical material in Presidential libraries, related publications and exhibit programs, and the appraisal of all Federal records. It also provides for the publication of the *Federal Register* and *Code of Federal Regulations*, the *U.S. Statutes-at-Large*, Presidential documents and for a program to improve the quality of regulations and the public's access to them.

Through the records declassification program, historically valuable information in the records of the Federal Government and in donated historical materials are made available to the public by declassifying as much information as possible without endangering the national security.

This activity also includes administrative costs for the National Historical Publications and Records Commission.

Archives II Facility.—Provides for construction and related services of a new archival facility. Costs of construction are financed by $301,702 thousand of federally, guaranteed debt issued in 1989. Beginning in 1994 and continuing in 1996 the Archives is seeking appropriations for the annual payments for interest and redemption of debt to be made under the contract for construction and related services.

Object Classification (in thousands of dollars)

Identification code 88–0300–0–1–804		1994 actual	1995 est.	1996 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	63.266	60.159	61.197
11.3	Other than full-time permanent	4.619	4.565	4.649
11.5	Other personnel compensation	1.526	1.475	1.502
11.9	Total personnel compensation	69.411	66.199	67.348
12.1	Civilian personnel benefits	14.413	14.708	14.961
13.0	Benefits for former personnel	215	4.238	138
	Travel and transportation of persons:			
21.0	Travel and transportation of persons	728	817	817
21.0	Motor pool travel	127	107	107
22.0	Transportation of things	158	126	126
23.1	Rental payments to GSA	33.024	35.653	36.826
23.3	Communications, utilities, and miscellaneous charges	9.151	10.799	11.737
24.0	Printing and reproduction	2.179	1.790	1.790
25.1	Advisory and assistance services	276	220	220
25.2	Other services	33.689	23.666	24.312
25.4	Operation of GOCOs	1.600	1.946	1.946
26.0	Supplies and materials	3.601	2.444	2.444
31.0	Equipment	4.393	3.600	3.420
32.0	Land and structures	251	113	113
41.0	Grants, subsidies, and contributions	5.255	137	
42.0	Insurance claims and indemnities	18	15	15
43.0	Interest and dividends	30.792	25.279	24.959
99.0	Subtotal, direct obligations	209.281	191.857	191.279
99.0	Reimbursable obligations	25.413	24.935	23.412
99.9	Total obligations	234.694	216.792	214.691

Personnel Summary

Identification code 88–0300–0–1–804		1994 actual	1995 est.	1996 est.
	Direct:			
	Total compensable workyears:			
1001	Full-time equivalent employment	2 005	1 899	1 887
1005	Full-time equivalent of overtime and holiday hours	5		
	Reimbursable:			
	Total compensable workyears:			
2001	Full-time equivalent employment	495	473	462
2005	Full-time equivalent of overtime and holiday hours	6		

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

GRANTS PROGRAM

For necessary expenses for allocations and grants for historical publications and records as authorized by 44 U.S.C. 2504, as amended, [$9,000,000] *$4,000,000* to remain available until expended: [*Provided*, That $2,000,000 shall be a grant to the Thomas P. O'Neill, Jr. Library: *Provided further*, That $2,000,000 shall be a grant to the Robert H. and Corinne W. Michel Congressional Education Fund.] *(Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 88–0301–0–1–804		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations		9.000	4.000
	Financing:			
40.00	Budget authority (appropriation)		9.000	4.000
	Relation of obligations to outlays:			
71.00	Total obligations		9.000	4.000
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance			270
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance		−270	−120
90.00	Outlays		8.730	4.150

National Historical Publications and Records Commission Grants.—This program provides for grants funding that the Commission makes, nationwide, to preserve and publish records that document American history. Administered within the National Archives, which preserves Federal records, the NHPRC helps state, local, and private institutions preserve non-Federal records, helps publish the papers of major figures in American history, and helps archivists and records managers improve their techniques, training, and ability to serve a range of information users. Administrative costs of the Commission are included in the archives and related services program in the operating expenses, National Archives appropriation, beginning in fiscal year 1995.

Trust Funds

NATIONAL ARCHIVES GIFT FUND

Program and Financing (in thousands of dollars)

Identification code 88–8127–0–7–804		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Historical research, conferences and publications	155	285	356
00.02	Presidential libraries	425	278	166
10.00	Total obligations	580	563	522
	Financing:			
17.00	Recovery of prior year obligations	−23		
	Unobligated balance available, start of year:			
21.40	Treasury balance	−1.734	−1.585	−1.724
	U.S. Securities:			
21.91	Par value	−295	−270	
21.92	Unrealized discounts	1	2	
	Unobligated balance available, end of year:			
24.40	Treasury balance	1.585	1.724	1.511
	U.S. Securities:			
24.91	Par value	270		
24.92	Unrealized discounts	−2		
60.27	Budget authority (appropriation) (trust fund, indefinite)	382	434	309
	Relation of obligations to outlays:			
71.00	Total obligations	580	563	522
72.90	Obligated balance, start of year: Fund balance	144	121	278
74.90	Obligated balance, end of year: Fund balance	−121	−278	−367
78.00	Adjustments in unexpired accounts	−23		
90.00	Outlays	579	406	433

Grants and donations are deposited into this fund to benefit National Archives' collections and services in accordance with terms of the donor (44 U.S.C. 2305).

Object Classification (in thousands of dollars)

Identification code 88–8127–0–7–804		1994 actual	1995 est.	1996 est.
21.0	Travel and transportation of persons	51	70	50
22.0	Transportation of things		1	1
23.3	Communications, utilities, and miscellaneous charges	7	2	2
24.0	Printing and reproduction	28	17	15
25.2	Other services	392	178	250
26.0	Supplies and materials	31	57	57
31.0	Equipment	5	108	7
41.0	Grants, subsidies, and contributions	66	130	140
99.9	Total obligations	580	563	522

NATIONAL ARCHIVES TRUST FUND

Program and Financing (in thousands of dollars)

Identification code 88–8436–0–8–804		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Reproduction services	10.589	7.027	5.336
00.02	Presidential libraries	4.358	3.720	3.780
10.00	Total obligations	14.947	10.747	10.116
	Financing:			
17.00	Recovery of prior year obligations	−235		

NATIONAL ARCHIVES TRUST FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 88–8436–0–8–804		1994 actual	1995 est.	1996 est.
	Unobligated balance available, start of year:			
21.40	Treasury balance	–6.578	–4.836	–6.074
	U.S. Securities:			
21.91	Par value	–4.515	–7.158	–6.142
21.92	Unrealized discounts	44	55	
	Unobligated balance available, end of year:			
24.40	Treasury balance	4.836	6.074	7.067
	U.S. Securities:			
24.91	Par value	7.158	6.142	5.962
24.92	Unrealized discounts	–55		
68.00	Budget authority (gross): Spending authority from offsetting collections	15.602	11.024	10.929
	Relation of obligations to outlays:			
71.00	Total obligations	14.947	10.747	10.116
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	5.124	4.535	4.535
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–4.535	–4.535	–4.535
78.00	Adjustments in unexpired accounts	–235		
87.00	Outlays (gross)	15.302	10.747	10.116
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	–468	–331	–328
88.40	Non-Federal sources	–15.134	–10.693	–10.601
88.90	Total, offsetting collections	–15.602	–11.024	–10.929
89.00	Budget authority (net)			
90.00	Outlays (net)	–300	–277	–813

The Archivist of the United States furnishes, for a fee, copies of unrestricted records in the custody of the National Archives (44 U.S.C. 2116).

Proceeds from sale of copies of microfilm publications, reproductions, and other publications, and admission fees to Presidential Library museum rooms are deposited to this fund (44 U.S.C. 2108).

It also provided for the National Archives' government-wide audiovisual information and management programs. Beginning in fiscal year 1995 this audiovisual service was transferred to the U.S. Department of Commerce, National Technical Information Service (NTIS).

Statement of Operations (in thousands of dollars)

Identification code 88–8436–0–8–804		1993 actual	1994 actual	1995 est.	1996 est.
0111	Revenue	9.147	10.232	7.493	6.374
0112	Expense	–9.817	–10.845	–8.146	–7.601
0119	Net income or loss, Reproduction services	–670	–613	–653	–1.227
0121	Revenue	3.487	4.775	4.153	4.153
0122	Expense	–4.386	–4.660	–4.292	–4.292
0129	Net income or loss, Presidential libraries	–899	115	–139	–139
0131	Interest income	517	616	555	567
0132	Expense				
0139	Net non-operating income	517	616	555	567
0191	Total revenues	13.151	15.623	12.201	11.094
0192	Total expenses	–14.203	–15.505	–12.438	–11.893
0199	Total income or loss	–1.052	118	–237	–799

Balance Sheet (in thousands of dollars)

Identification code 88–8436–0–8–804		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
1101	Fund balances with Treasury	1.808	505	427	414
	Investments in US securities:				
1102	Treasury securities, par	4.515	7.158	6.142	5.962
1106	Receivables, net	238	128	102	99
1107	Advances and prepayments	243	107	68	66
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	10.566	8.865	7.678	7.452
1206	Receivables, net	693	372	428	331
	Other Federal assets:				
1801	Cash and other monetary assets	233	184	170	207
1802	Inventories and related properties	1.981	2.452	2.047	2.031
1999	Total assets	20.277	19.771	17.062	16.562
	LIABILITIES:				
2101	Federal liabilities: Accounts payable	30	2.555	330	375
	Non-Federal liabilities:				
2201	Accounts payable	991	1.280	1.123	1.275
2207	Other	4.328	838	749	851
2999	Total liabilities	5.349	4.673	2.202	2.501
	NET POSITION:				
3100	Appropriated capital	14.886	15.098	14.860	14.061
3200	Invested capital	42			
3999	Total net position	14.928	15.098	14.860	14.061
4999	Total liabilities and net position	20.277	19.771	17.062	16.562

Object Classification (in thousands of dollars)

Identification code 88–8436–0–8–804		1994 actual	1995 est.	1996 est.
	Personnel compensation:			
11.1	Full-time permanent	2.476	2.165	2.248
11.3	Other than full-time permanent	875	765	794
11.5	Other personnel compensation	145	127	132
11.9	Total personnel compensation	3.496	3.057	3.174
12.1	Civilian personnel benefits	870	761	790
13.0	Benefits for former personnel		5	5
21.0	Travel and transportation of persons	51	60	65
22.0	Transportation of things	20	39	10
23.1	Rental payments to GSA	303		
23.3	Communications, utilities, and miscellaneous charges	916	374	883
24.0	Printing and reproduction	1.108	1.100	1.019
25.2	Other services	4.147	3.117	2.319
26.0	Supplies and materials	3.399	1.459	1.499
31.0	Equipment	637	275	352
99.9	Total obligations	14.947	10.747	10.116

Personnel Summary

Identification code 88–8436–0–8–804		1994 actual	1995 est.	1996 est.
	Total compensable workyears:			
5001	Full-time equivalent employment	133	114	114
5005	Full-time equivalent of overtime and holiday hours	4		

NATIONAL CAPITAL PLANNING COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses, as authorized by the National Capital Planning Act of 1952 (40 U.S.C. 71–71i), including services as authorized by 5 U.S.C. 3109, [$5,655,000] *$6,000,000*: *Provided*, That all appointed members will be compensated at a rate equivalent to the rate for Executive Schedule Level IV. *(Department of the Interior and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95–2500–0–1–451		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations	5.868	5.655	5.000

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.

Divider Title: **C**

- non-commercial
- education
- non-appropriation endowment
- overlap
-

CORPORATION FOR PUBLIC BROADCASTING

DESCRIPTION: CPB provides grants to qualified public radio and television stations. The grants primarily support program acquisition or production, as well as the national distribution of public radio and television programming. CPB assists in the financing of several system-wide activities including national satellite interconnection services, the payment of music royalty fees, and various types of technical assistance and planning services that improve the capacity and performance of the nationwide system.

FY 1996 BUDGET PROPOSAL: Congress has enacted FY 1996 and FY 1997 appropriations of $312 million and $315 million, respectively. The FY 1996 appropriation is an increase of $26.360 million over FY 1995 appropriations. CPB is a private, not-for-profit corporation authorized to receive Federal funds. CPB has no FTE.

AGENCY PROPOSAL: CPB argues that funding for public broadcasting is an appropriate Federal function. Through Federal funding, CPB provides important contributions in the areas of education, community service, and infrastructure/technology development. As attachments to the Option Paper, CPB provided voluminous independent survey data describing who listens and watches public broadcasting programming, citizen attitudes toward public funding for public broadcasting, and public broadcast program ratings. CPB argues that its grants act as seed capital for projects whose funding will devolve to other Federal agencies or the private sector. According to CPB, $1 of Federal funds leverages $5.6 in state, local, and private contributions. CPB argues that these other income sources will not contribute without the initial investment of Federal funds. Recent initiatives include a major redistribution of radio grant funds to increase service to minority and remote rural audiences and a review of overlapping television broadcast signals to increase system efficiency and reduce service duplication. CPB also deployed programs to assist local stations in developing leverage with their Federal funding.

DECISION OPTIONS:

A. No change. Continue CPB funding at FY 1996 and FY 1997 levels.

B. Continue CPB funding at FY 1996 and FY 1997 levels. Require programs supported with Federal funds that produce significant ancillary revenues to return an appropriate share to CPB. As local stations become more skilled in leveraging their Federal funding, decrease Federal grants to the local stations for administrative and operating expenses. Redirect the local grant money to children's and educational programming efforts. Continue efforts to eliminate service duplication.

C. Eliminate CPB funding.

ADVISORY GROUP RECOMMENDATION: B.

RATIONALE: Federal funding of CPB is a Federal function. The leveraged use of Federal funds is consistent with NPR principles. Federal funding for public broadcasting is a sound investment and a sound Federal policy. CPB's program of community service and education serves the national interest in an efficient and effective manner.

STEERING COMMITTEE RECOMMENDATION:

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CORPORATION FOR PUBLIC BROADCASTING

A Quarter Century of Quality Programming

Robert T. Coonrod
Executive Vice President

February 27, 1995

To: ~~Peter~~ Paul Wester

From: Bob Coonrod

Subject: Second Phase of the National Performance Review

As a result of our meeting last Thursday, we have addressed several issues in the attached report regarding **"Phase Two of Reinventing Government"** to be considered in the determining the Administration's position on CPB's appropriation.

We have highlighted four important issues regarding the Corporation for Public Broadcasting:

- Who Uses Public Broadcasting
- Public Support for Federal Funding
- Educational Services
- The Importance of Federal Funding

These brief but concise issues point directly to the importance of federal funding to the public broadcasting industry. Along with this report, we have enclosed relevant materials including several reports to Congress, annual reports and CPB fact sheets.

Should you have any questions or need additional information, please do not hesitate to contact me or Renée Ingram.

Attachments

cc: Daniel Neal, w/o attachments

901 E Street NW
Washington, DC 20004-2037
(202) 879-9802

Working through the Corporation for Public Broadcasting, the federal government provides important contributions to the American people in the areas of education, community service and technology. As a private, nonprofit corporation, CPB fills a vital role as a heat shield that prevents potential political influence on programming decisions. For almost 30 years the unique and successful partnership between community-based public broadcasting stations, the American people and the federal government has represented a commitment to use the power of communications for the public good.

Who Uses Public Broadcasting?

The 351 public television stations and 629 public radio stations currently receiving CPB support provide free, community-based services that reach 99 percent of the American public. Public radio stations serve an average of 18.7 million listeners each week, and public television stations are viewed by over 100 million people weekly. Moreover, the PBS audience closely mirrors the U.S. population with respect to race, ethnicity, education and income; 57 percent of the PBS audience is in households with less than $40,000 incomes, and 53 percent of the audience did not attend college.

Children's programming provides another measure of the importance of public broadcasting in American life; 60 percent of all children age 2-5 view public TV in an average week -- more than any other network children's lineup, broadcast or cable -- and more than one-quarter of all Hispanic and African American households tune in to PBS' children's programs weekly.

Public broadcasting provides services to a wide spectrum of Americans, including those traditionally underserved by other media. Public radio puts a special emphasis on provision of local service to rural areas and hard-to-reach populations, such as Native Americans on reservations. CPB grant programs provide essential operating support to dozens of remote rural stations, including some stations that provide the only broadcast service of any kind to their communities. CPB funding helped pioneer efforts to bring closed captioning and radio reading services to viewers and listeners with disabilities, and the CPB/WGBH National Center for Accessible Media continues efforts to identify and remove communications barriers facing Americans who cannot see, hear, speak English or read.

Public Support for Federal Funding

Research has repeatedly proven the high value Americans place on the services provided by public broadcasting. In a recent Roper poll comparing public television with cable and commercial networks, public tv was considered more educational, informative, stimulating and imaginative than its commercial counterparts. Recently published national opinion polls conducted by Harris, USA TODAY/CNN/Gallup and the Opinion Research Corporation demonstrate that Americans overwhelmingly support continued federal funding for public radio and television. The January, 1995 poll conducted by Opinion Research Corporation, for example, reports that 84% of Americans polled would like to see public TV's federal funding maintained at current levels or increased, 82% agree that public television "has a higher standard of program quality than commercial television", and 92% believe that PBS "provides more educational and informative benefits to its viewers than most other television."

Educational Services

In addition to the popular educational programs for children, public broadcasting provides a range of educational services to schools, childcare providers and families.

- CPB supports instructional television services on a national scale. Almost 4 out of every 5 teachers use instructional television during the school year, serving close to 24 million students. Moreover, 3 of the 5 most used programs cited by teachers are broadcast by public television. Public broadcasters invest nearly $60 million each year in creating and distributing programming specifically for classroom use.

- The Ready-to-Learn service provides a full day of seamless children's programs every weekday, supplemented on a local level with outreach programs including training of childcare providers. In the first six months of the program at 10 pilot sites, over 5,000 childcare providers and parents were trained.

- Satellite courses, distributed over PBS' newly launched satellite, serve students in 28 states with advanced math, science and foreign language courses that might otherwise by unavailable to them. In the state of Georgia alone, 1.1 million students are users of distance learning. PBS' Adult Learning Service delivers postsecondary telecourses via satellite to an enrollment of more than 300,000 students and nearly 2,000 institutions of higher learning.

- Over half of CPB-supported public television grantees, representing 204 stations, provide General Equivalency Degree programs to adults in their communities, serving a median enrollment of 300. Kentucky Educational Television has been a leader in providing GED programming and services; since 1975, they have helped more than 2 million adults.

- CPB sponsors a variety of programs for educators, including the Teacher Training Institutes that have offered training in new techniques for teaching math to over 75,000 American schoolteachers, Learning Link, the most popular telecommunications network used by teachers for professional activities like access to resource materials and activity guides, and EdWeb, a World Wide Web discussion forum for educators that averages over 4,000 users a month.

- CPB is helping to shape the national information infrastructure by funding twelve community computer networks across the country. Centered around the resources of local public radio and television stations, these networks will provide people with links to their community's schools, libraries and other public and cultural institutions. PBS Online, funded in part by CPB, will add almost 200 community-based sites offering on-line access to educational and adult informal learning materials later this year.

The Importance of Federal Funding

Federal monies are a critical part of the public/private partnership through which public broadcasting is funded. As the first dollar in, federal funds leverage 5.6 dollars in nonfederal private, state, and local contributions. Absent such funding, public broadcast programs in outreach, education, workplace training, and access services for Americans with vision or hearing impairments could not be sustained; only those services that generate enough revenues to cover their costs could be offered. If public broadcasting were to drop these services, they would not be replaced by the private sector because it cannot and will not offer non-profit or money-losing services.

More than 50 percent of all public broadcast grantees serve small or rural communities of 250,000 or less, where membership and underwriting income alone are often insufficient to pay the cost of both programming and transmission. A significant portion of the funding these stations receive is either restricted or payment in-kind. For almost half of CPB's public broadcast grantees, federal funds represent 20 percent or more of their non-restricted cash income.

Smaller stations rely more heavily on CPB funding for all operating expenses, including programming and production expenses, which are the largest single expense category for all public radio and television stations, and the category towards which most federal funds are applied.

Federal funding is also essential in generating the high-quality programming that is a hallmark of public broadcasting. Generating this programming depends on the ability to invest in research and development far in advance of the airing of a program and to take financial risks on large projects. This in turn depends on the discretionary support that the federal money provides. For example, WGBH in Boston and WETA in Washington, two of the system's major producing stations, receive 18 and 15 percent, respectively of their discretionary budgets from CPB funds. If these producing stations become risk-averse as a result of losing their discretionary income, the supply of all but the safest programming projects will dry up.

Through CPB grants and matching programs, federal funds act as seed capital for projects that will ultimately devolve to other federal agencies and the private sector. The Ready-to-Learn program for pre-school education and training, and the development of technology now employed to provide closed captioning for the hearing impaired could not have been launched without the initial investment of federal funds.

CPB is constantly searching for ways to make the federal investment in public broadcasting more efficient and responsive to the needs of the American people. In 1992, CPB conducted an extensive review of its radio grants programs, which resulted in a significant redistribution of funds to stations serving minority and remote rural audiences. In the past year, CPB has undertaken a review of overlapping television broadcast signals, with the aim of increasing system efficiency and reducing duplication of services. CPB also funds a variety of fundraising and business development projects on an ongoing basis to ensure that stations have the knowledge and support to leverage the federal investment to the fullest extent possible.

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $2,000,000. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95–2721–0–1–506		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations	....	2.000	2.000
	Financing:			
40.00	Budget authority (appropriation)	....	2.000	2.000
	Relation of obligations to outlays:			
71.00	Total obligations	....	2.000	2.000
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	....	....	200
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	....	−200	−200
90.00	Outlays	....	1.800	2.000

The Office of the Inspector General provides an independent assessment of Corporation operations, primarily through audits and investigations, with a goal of preventing fraud, waste, and abuse.

Object Classification (in thousands of dollars)

Identification code 95–2721–0–1–506		1994 actual	1995 est.	1996 est.
	Personnel compensation:			
11.1	Full-time permanent	....	953	989
11.3	Other than full-time permanent	....	230	240
11.9	Total personnel compensation	....	1.183	1.229
12.1	Civilian personnel benefits	....	296	307
21.0	Travel and transportation of persons	....	75	85
23.3	Communications, utilities, and miscellaneous charges	....	1	1
24.0	Printing and reproduction	....	5	5
25.2	Other services	....	420	353
26.0	Supplies and materials	....	20	20
99.9	Total obligations	....	2.000	2.000

Personnel Summary

Identification code 95–2721–0–1–506		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment	....	13	13

Trust Funds

GIFTS AND CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code 95–9972–0–7–506		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations	98.751	146.400	189.900
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	....	−4.775	−16.775
24.40	Unobligated balance available, end of year: Treasury balance	4.775	16.775	41.748
60.27	Budget authority (appropriation) (trust fund, indefinite)	103.526	158.400	214.873
	Relation of obligations to outlays:			
71.00	Total obligations	98.751	146.400	189.900
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	....	98.556	239.470
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	−98.556	−239.470	−374.006
90.00	Outlays	195	5.486	55.364

The gifts and contributions account is a consolidation of two trust accounts. In one, gifts and contributions from individuals and organizations are deposited for use in furthering program goals. In the other, funds appropriated to make educational awards to individuals who successfully complete national service are maintained until such time as the individual uses those awards.

Object Classification (in thousands of dollars)

Identification code 95–9972–0–7–506		1994 actual	1995 est.	1996 est.
	Personnel compensation:			
11.3	Other than full-time permanent	....	100	100
11.8	Special personal services payments	....	300	300
11.9	Total personnel compensation	....	400	400
12.1	Civilian personnel benefits	....	51	51
21.0	Travel and transportation of persons	....	275	350
23.3	Communications, utilities, and miscellaneous charges	....	10	12
24.0	Printing and reproduction	....	225	175
25.2	Other services	98.751	145.425	188.900
26.0	Supplies and materials	....	14	12
99.9	Total obligations	98.751	146.400	189.900

Personnel Summary

Identification code 95–9972–0–7–506		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment	....	3	3

CORPORATION FOR PUBLIC BROADCASTING

Federal Funds

General and special funds:

CORPORATION FOR PUBLIC BROADCASTING

[(INCLUDING RESCISSION)]

[Of the funds made available under this heading in Public Law 102–394, $7,000,000 are hereby rescinded.]

For payment to the Corporation for Public Broadcasting, as authorized by the Communications Act of 1934, an amount which shall be available within limitations specified by that Act, for the fiscal year [1997] *1998*, [$315,000,000] *$296,400,000*: *Provided*, That no funds made available to the Corporation for Public Broadcasting by this Act shall be used to pay for receptions, parties, or similar forms of entertainment for Government officials or employees: *Provided further*, That none of the funds contained in this paragraph shall be available or used to aid or support any program or activity from which any person is excluded, or is denied benefits, or is discriminated against, on the basis of race, color, national origin, religion, or sex. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 20–0151–0–1–503		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations (object class 41.0)	275.000	285.640	312.000
	Financing:			
65.00	Budget authority (advance appropriation) (definite)	275.000	285.640	312.000
	Relation of obligations to outlays:			
71.00	Total obligations	275.000	285.640	312.000
90.00	Outlays	275.000	285.640	312.000

The Corporation for Public Broadcasting provides grants to qualified public television and radio stations to be used at their discretion for purposes related primarily to program production or acquisition; and, supports the production and acquisition of radio and television programs for national dis-

General and special funds—Continued

CORPORATION FOR PUBLIC BROADCASTING—Continued

[(INCLUDING RESCISSION)]—Continued

tribution. In addition, the Corporation assists in the financing of several system-wide activities, including national satellite interconnection services and the payment of music royalty fees, and provides limited technical assistance, research, and planning services to improve system-wide capacity and performance. The appropriation for the Corporation is enacted two years in advance. For 1996, an appropriation of $312 million was enacted in 1994.

For 1998, the Administration is requesting $296 million for general programming and system support. Public broadcasting plays a vital role in the educational and cultural development of our Nation. The proposed funding level will allow the Corporation to maintain quality public service programming and to meet the needs of American public telecommunications. The table below illustrates the 1995–1998 funding levels for the Corporation for Public Broadcasting:

Summary of Funding Levels, 1995–1998 (in thousands of dollars)

	1995 enacted	1996 enacted	1997 enacted	1998 est.
Corporation for Public Broadcasting	285,640	312,000	315,000	296,400

COURT OF VETERANS APPEALS

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Veterans Appeals as authorized by 38 U.S.C. sections 7251–7292, [$9,429,000] *$9,820,000*, to be available without regard to section 509 of this Act, of which not to exceed [$790,000] *$678,000*, to remain available until September 30, [1996] *1997*, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this head in Public Law 102–229. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95–0300–0–1–705	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	8,731	9,490	9,820
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance		–442	–442
24.40 Unobligated balance available, end of year: Treasury balance	442	442	442
39.00 Budget authority	9,173	9,490	9,820
Budget authority:			
40.00 Appropriation	9,159	9,429	9,820
50.00 Reappropriation	14	61	
Relation of obligations to outlays:			
71.00 Total obligations	8,731	9,490	9,820
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	1,083	826	1,239
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	–826	–1,239	–1,272
90.00 Outlays	8,988	9,077	9,787

The Veterans Judicial Review Act, 38 U.S.C. 7251–7292 (1988) established the United States Court of Veterans Appeals under Article I of the United States Constitution. The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, modify, revise, or remand a decision of the Board of Veterans' Appeals as it deems appropriate. The type of review performed by the Court is similar to that which is performed in Article III courts under the Administrative Procedures Act, title 5 U.S.C. 551 et seq. In actions before it, the Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of the Department of Veterans Affairs. The Court, being created by an act of Congress, may issue all writs necessary or appropriate in aid of its jurisdiction, 28 U.S.C. 1651.

The Court is empowered to: compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed; and set aside decisions, findings, conclusions, rules, and regulations issued or adopted by the Secretary, the Board of Veterans' Appeals, or the Chairman of the Board that are found to be arbitrary or capricious. The Court may also set aside decisions which are abuse of discretion or otherwise not in accordance with the law, contrary to constitutional right, in excess of statutory jurisdiction or authority, or without observance of the procedures required by law. In cases involving benefits under the laws administered by the Department, the Court may hold unlawful or set aside findings of material facts if the findings are clearly erroneous.

The Court's principal office location is Washington, D.C.; however, it is a national court, empowered to sit anywhere in the United States.

Object Classification (in thousands of dollars)

Identification code 95–0300–0–1–705	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	4,103	4,325	4,556
11.5 Other personnel compensation	34	25	25
11.9 Total personnel compensation	4,137	4,350	4,581
12.1 Civilian personnel benefits	1,146	1,180	1,398
13.0 Benefits for former personnel	51		
21.0 Travel and transportation of persons	37	40	42
22.0 Transportation of things	1	10	10
23.1 Rental payments to GSA	1,772	1,743	1,780
23.3 Communications, utilities, and miscellaneous charges	59	100	103
24.0 Printing and reproduction	20	20	21
25.2 Other services	542	971	975
26.0 Supplies and materials	155	125	154
31.0 Equipment	68	100	78
41.0 Grants, subsidies, and contributions	743	851	678
99.9 Total obligations	8,731	9,490	9,820

Personnel Summary

Identification code 95–0300–0–1–705	1994 actual	1995 est.	1996 est.
1001 Total compensable workyears: Full-time equivalent employment	83	83	82

PRACTICE REGISTRATION FEE

Program and Financing (in thousands of dollars)

Identification code 95–5113–0–2–705	1994 actual	1995 est.	1996 est.
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	–28	–32	–35
24.40 Unobligated balance available, end of year: Treasury balance	32	35	38
60.25 Budget authority (appropriation) (special fund, indefinite)	4	3	3
Relation of obligations to outlays:			
71.00 Total obligations			
90.00 Outlays			

Divider Title: **D**

MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION

<u>DESCRIPTION:</u> The M.K. Udall Foundation was established in 1992 to provide educational resources through scholarships, fellowships, and grants to promote studies in the natural environment and Native American public health and tribal policy. In addition, the Foundation is authorized to fund activities of the Udall Center for Studies in Public Policy at the University of Arizona.

<u>FY 1996 BUDGET PROPOSAL:</u> The proposed FY96 Budget provides $1.45M authority from interest earned on an estimated $19.9 trust fund. Proposed FTE for 1996 is 3. The estimated FY95 level was one.

<u>AGENCY PROPOSAL:</u> (No contact made. Foundation scheduled to begin organizing during FY 1995.)

<u>DECISION OPTIONS:</u>

A No change; follow the FY96 Budget recommendation.

B Eliminate the MKU Foundation; return trust fund principal to the Treasury.

C Endow the University of Arizona with the original $10M trust to administer it at its own expense in exchange for playing a role in the awards process (and possibly a nominal percentage of the interest toward administrative costs). Return the remaining trust to the Treasury ($9.9 est.).

D Merge the trust with the other Federal scholarship/fellowship memorials to take advantage of economies of scale in trust and scholarship/fellowship administration.

<u>ADVISORY GROUP RECOMMENDATION</u> C

<u>RATIONALE</u> Scholarship memorial structures collectively incur high administrative costs relative to the amount of money disbursed for scholarships. Fixed costs associated with trust and scholarship administration can be borne by an appropriate private not-for-profit organization such as a university that already incurs fixed costs for such activities. This memorial trust fund will thus leverage private funds to cover administrative expenses. A Federal role in ensuring appropriate selection of scholarships can be maintained through agreement.

Change would require legislation.

<u>STEERING COMMITTEE RECOMMENDATION:</u>

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General and special funds—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 76–0600–0–1–808		1994 actual	1995 est.	1996 est.
25.3	Purchases of goods and services from Government accounts	15	1	4
26.0	Supplies and materials	16	12	16
31.0	Equipment	52		
99.9	Total obligations	499	300	350

Personnel Summary

Identification code 76–0600–0–1–808		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment	2	3	4

MERIT SYSTEMS PROTECTION BOARD

Federal Funds

General and special funds:

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out functions of the Merit Systems Protection Board pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109, rental of conference rooms in the District of Columbia and elsewhere, hire of passenger motor vehicles, and direct procurement of survey printing, $24,549,000, together with not to exceed [$2,250,000] *$2,430,000* for administrative expenses to adjudicate retirement appeals to be transferred from the Civil Service Retirement and Disability Fund in amounts determined by the Merit Systems Protection Board. *(Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 41–0100–0–1–805		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Direct program:			
00.01	Adjudication	18,537	18,608	18,633
00.02	Merit system studies	1,989	1,901	1,920
00.03	Management support	4,089	4,040	3,996
00.91	Total direct program	24,615	24,549	24,549
01.01	Reimbursable program	2,004	2,250	2,430
10.00	Total obligations	26,619	26,799	26,979
	Financing:			
25.00	Unobligated balance expiring	59		
39.00	Budget authority (gross)	26,678	26,799	26,979
	Budget authority:			
	Current:			
40.00	Appropriation	24,674	24,549	24,549
	Permanent:			
68.00	Spending authority from offsetting collections	2,004	2,250	2,430
	Relation of obligations to outlays:			
71.00	Total obligations	26,619	26,799	26,979
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	653	65	1,718
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–65	–1,718	–2,209
77.00	Adjustments in expired accounts	–367		
87.00	Outlays (gross)	26,840	25,146	26,488
	Adjustments to gross budget authority and outlays:			
88.00	Offsetting collections from: Federal sources	–2,004	–2,250	–2,430
89.00	Budget authority (net)	24,674	24,549	24,549
90.00	Outlays (net)	24,836	22,896	24,058

The Merit Systems Protection Board performs the adjudicatory functions necessary to maintain the civil service merit system. These include hearing appeals on adverse actions, reduction-in-force actions, and retirement. The Board will report to the President on whether merit systems are sufficiently free from prohibited personnel practices to protect the public interest.

Board workloads are reflected in the following table:

PRODUCTION COUNT

	1994 actual	1995 est.	1996 est.
Retirement (legal-disability)	2,409	2,500	2,500
Adverse action appeals	4,454	4,600	4,600
Reduction-in-force appeals	1,900	1,900	1,900
Other	3,200	3,200	3,200

Object Classification (in thousands of dollars)

Identification code 41–0100–0–1–805		1994 actual	1995 est.	1996 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	15,493	15,020	14,969
11.3	Other than full-time permanent	1,117	1,058	1,055
11.5	Other personnel compensation	328	198	197
11.9	Total personnel compensation	16,938	16,276	16,221
12.1	Civilian personnel benefits	2,813	2,767	2,758
13.0	Benefits for former personnel	179		
21.0	Travel and transportation of persons	474	552	559
22.0	Transportation of things	46	83	84
23.1	Rental payments to GSA	2,188	2,169	2,194
23.3	Communications, utilities, and miscellaneous charges	438	475	481
24.0	Printing and reproduction	48	122	123
25.2	Other services	1,165	1,177	1,191
26.0	Supplies and materials	186	295	298
31.0	Equipment	140	633	640
99.0	Subtotal, direct obligations	24,615	24,549	24,549
99.0	Reimbursable obligations	2,004	2,250	2,430
99.9	Total obligations	26,619	26,799	26,979

Personnel Summary

Identification code 41–0100–0–1–805		1994 actual	1995 est.	1996 est.
	Direct:			
1001	Total compensable workyears: Full-time equivalent employment	271	253	252
	Reimbursable:			
2001	Total compensable workyears: Full-time equivalent employment	30	33	34

MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION

General and special funds:

[FEDERAL PAYMENT TO MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION]

[For payment by the Secretary of the Treasury to the Morris K. Udall Scholarship and Excellence in National Environmental Trust Fund, to be available for purposes as authorized by the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (P.L. 102–259), $10,000,000, to remain available until expended.] *(Treasury, Postal Service and General Government Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 95–0900–0–1–502		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations (object class 25.3)		10,000	
	Financing:			
40.00	Budget authority (appropriation)		10,000	

	Relation of obligations to outlays:			
71.00	Total obligations		10,000	
90.00	Outlays		10,000	

The General Fund payment to the Morris K. Udall Fund is being used to invest in Treasury securities with maturities suitable to the needs of the Fund. Interest earnings from the investments will be used to carry out the activities of the Morris K. Udall Foundation. The Foundation will award scholarships, fellowships and grants, and will fund activities of the Udall Center.

Trust Funds

MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION

Unavailable Collections (in thousands of dollars)

Identification code 95–8615–0–7–502		1994 actual	1995 est.	1996 est.
	Balance, start of year:			
01.99	Balance, start of year	9,895	9,895	19,895
	Receipts:			
02.01	General fund payments		10,000	
02.02	Interest on investments		829	1,446
02.99	Total receipts		10,829	1,446
04.00	Total: Balances and collections	9,895	20,724	21,341
	Appropriation:			
05.01	Morris K. Udall Scholarship fund		–829	–1,446
07.99	Total balance, end of year	9,895	19,895	19,895

Program and Financing (in thousands of dollars)

Identification code 95–8615–0–7–502		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Administration		136	412
00.02	Programs			360
00.03	Scholarships			145
10.00	Total obligations		136	917
	Financing:			
21.41	Unobligated balance available, start of year: U.S. Securities: Par value			–693
24.41	Unobligated balance available, end of year: U.S. Securities: Par value		693	1,222
60.27	Budget authority (appropriation) (trust fund, indefinite)		829	1,446
	Relation of obligations to outlays:			
71.00	Total obligations		136	917
90.00	Outlays		136	917

Public Law 102–259 established the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation to provide educational resources to promote studies in the natural environment and Native American public health and tribal policy. In addition, the Foundation is authorized to fund the Udall Center for Studies in Public Policy at the University of Arizona to carry out and manage programs, activities and services established by the Foundation, relating especially to "conflict resolution" of contentious public policy issues. The foundation will be organizing and establishing policy during fiscal year 1995 and expects to issue its first scholarships in August, 1996.

Object Classification (in thousands of dollars)

Identification code 95–8615–0–7–502		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent		25	124
12.1	Civilian personnel benefits		7	35
21.0	Travel and transportation of persons		25	50
23.3	Communications, utilities, and miscellaneous charges		5	12
24.0	Printing and reproduction		4	10
25.1	Advisory and assistance services			82
25.2	Other services		5	65
25.3	Purchases of goods and services from Government accounts		35	29
26.0	Supplies and materials		10	5
31.0	Equipment		20	
41.0	Grants, subsidies, and contributions			505
99.9	Total obligations		136	917

Personnel Summary

Identification code 95–8615–0–7–502		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment		1	3

NATIONAL ADVISORY COUNCIL ON THE PUBLIC SERVICE

Federal Funds

General and special funds:

NATIONAL ADVISORY COUNCIL ON THE PUBLIC SERVICE

Program and Financing (in thousands of dollars)

Identification code 95–2350–0–1–805		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations			
	Financing:			
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Total obligations			
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	72	53	
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–53		
77.00	Adjustments in expired accounts	26		
90.00	Outlays	46	53	

The National Advisory Council on the Public Service was appointed in accordance with National Advisory Council on the Public Service Act of 1990, Public Law 101–363. The Council was charged with providing the President and the Congress with an assessment of, and recommendations regarding, the Federal workforce and to improve public perceptions of Federal employees. The Council submitted its report to the President and each House of the Congress in September, 1993.

NATIONAL AFRO-AMERICAN HISTORY AND CULTURE COMMISSION

Federal Funds

General and special funds:

NATIONAL CENTER FOR THE STUDY OF AFRO-AMERICAN HISTORY AND CULTURE

Program and Financing (in thousands of dollars)

Identification code 95–3800–0–1–503		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations (object class 25.2)	4	19	
	Financing:			
17.00	Recovery of prior year obligations	–5		
21.40	Unobligated balance available, start of year: Treasury balance	–18	–19	
24.40	Unobligated balance available, end of year: Treasury balance	19		

Clinton Presidential Records
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Divider Title: E

NATIONAL CREDIT UNION ADMINISTRATION

DESCRIPTION: NCUA charters, insures, supervises, and examines Federal credit unions, and administers the National Credit Union Share Insurance Fund. The NCUA Board also manages the Central Liquidity Facility, a mixed-ownership Government corporation whose purpose is to supply emergency loans to member credit unions.

FY 1996 BUDGET PROPOSAL: Projected FY 1996 budget authority for the operating fund is $94.9 million, an increase of $11.036 million over FY 1995. Projected FTE for FY 1996 is 942, no change from FY 1995. The FY 1996 budget authority for the Credit Union Share Insurance Fund is $427.9 million, an increase of $35.2 million. The projected net position of the insurance fund for FY 1996 is $3.742 billion, an increase of $323.98 million over FY 1995. Projected FY 1996 budget authority for the Central Liquidity Facility is $174.299 million, a reduction of $5.161 million from FY 1995. The projected net position of the Central Liquidity Facility for FY 1996 is $813.010 million, an increase of $73.399 million. Projected FY 1996 FTE for the Central Liquidity Facility is 2, no change from FY 1995. Projected FY 1996 budget authority for the Community Development Credit Union Revolving Loan Fund is $1.735 million, an increase of $102,000.

AGENCY PROPOSAL: NCUA argues that all of its functions are critical. NCUA argues that if abolished, their administration and oversight mission for credit unions would go undone. NCUA provides numerous examples of NPR I initiatives undertaken to streamline and reduce administrative costs. The initiatives included customer surveys, procurement process reforms, zero-based budgets in the regions, and universal usage of electronic funds transfer for NCUA employee pay and travel reimbursement.

DECISION OPTIONS:

A. No change. Fund NCUA at FY 1996 levels and encourage continued reinvention efforts.

B. Combine NCUA's regulatory enforcement functions with other Federal financial oversight agencies (FDIC).

C. Eliminate NCUA.

ADVISORY GROUP RECOMMENDATION:

A. No change. Fund NCUA at FY 1996 levels and encourage continued reinvention efforts.

RATIONALE:

NCUA has a Federal role as a regulator and as an insurer of credit unions. These roles cannot be devolved to states or local governments. NCUA should continue with its reinvention efforts.

STEERING COMMITTEE RECOMMENDATION:

OPTION PAPER
NPR PHASE II STEERING COMMITTEE

Overview

The National Credit Union Administration is an independent Federal agency established by Congress on March 10, 1970 (Public Law 91-206) to oversee the federal credit union system. The present structure of NCUA -- a Board of three members appointed by the President and confirmed by the Senate for staggered six-year terms -- was approved in 1978.

In addition to chartering and regulating Federal credit unions, NCUA examines and insures all of today's 7,513 federal credit unions and insures member accounts in approximately 4,500 state-chartered credit unions. The NCUA Board is responsible for the management and oversight of the National Credit Union Share Insurance Fund (NCUSIF) which was created on October 19, 1970.

NCUA is a small organization. We have 944 staff dispersed throughout the United States and Puerto Rico. Our central office is located in Alexandria, Virginia and we have six regional offices. Approximately 80 percent of our employees are field examiners working throughout the country.

As a result of our streamlining initiatives and the Federal Workforce Restructuring Act, NCUA reduced staff by 34 FTE's in 1994. Our OMB authorized ceiling is 960 and actual FTE's authorized for 1995 are 944. In FY 1993, we reduced FTE's by 18 for a total reduction in FTE's of 52 in two years.

The NCUA FY95 budget of $92,685,088 was an increase of 0.8 percent over the FY94 budget of $91,931.971--the smallest budget increase in 10 years. NCUA is entirely funded by credit unions through assessment of an annual operating fee. NCUA receives no tax dollars.

Although NCUA is an agency with multiple customers -- credit unions and their members, the U.S. Congress, trade organizations, state credit union leagues, state supervisory authorities and interagency departmental staff -- our overriding concern is the prosperity, safety, and soundness of the entire credit union system.

Mission and Goals

The NCUA's mission is to ensure the safety and soundness of federally-insured credit unions and to provide a flexible regulatory environment that will facilitate sound credit union development, while efficiently and effectively managing the agency's resources and the share insurance fund. The Agency's principal goals as outlined **(Attachment 1)** are timeless and NCUA pursues them ***ad infinitum.***

In 1994, as part of our voluntary response to the President's Report of the National Performance Review, an in-depth review of NCUA's policies, procedures, and personnel practices was undertaken on three parallel fronts -- the Region/Field Programs, the Headquarters/Administrative Support Structure, and the Agency's work processes. The three reports confirmed that significant improvement in effectiveness and efficiency could be realized. Over 100 recommendations **(See attachment 2)** were made outlining strategies aimed at creating customer-driven systems that have reduced waste, eliminated obsolete functions, improved services, and saved money. We are pleased to note that the Agency has made significant progress toward the achievement of those goals.

Some NPR recommendations we have already implemented include:

* In March 1994, NCUA participated in President Clinton's call to improve the government's "customer satisfaction" by asking all insured credit unions to comment on the agency's services, examinations, and communications. The comments received were circulated and reviewed, and served as additional impetus for change.

* We've reformed our procurement process, reengineered our managerial procedures, and improved our financial management.

* Unlike previous years, in 1994 our budget process was process-driven and zero-based. Each office and region within the agency was required to provide a narrative with its operating budget request, describing and quantifying in dollars, its goals, objectives, projects, and resource needs. Our staffing authorizations and the operating budget for each office and region are based upon the resources needed to accomplish these goals, objectives, and projects.

* All NCUA employees are paid via EFT. We have a direct host-to-host line with U.S. Treasury for downloading travel payments to all NCUA staff via EFT. We are working on creating an EFT file for our commercial vendors using the U.S. Treasury Vendor Express Program. We hope to have this implemented by September 1995. We are authorizing all disbursements via the Electronic Certification System (ECS).

* Through our lockbox servicer, we have offered credit unions the option to pay their operating fee and share insurance deposits through the Automated Clearing House (ACH). To date, 1,300 credit unions have used this option. We will initiate an aggressive campaign to get all credit unions to register for this program.

* We are in the process of preparing requirements for an integrated support system which includes human resources, accounting, purchasing, fixed assets, inventory, travel, budget, and payables. Our goal is to dramatically reduce paperwork by using electronic certification and distribution. Our goal is to have this system up and running by March 1996.

These recommendations, adopted as a result of our streamlining initiatives, will ensure that NCUA operates more efficiently and effectively. This will result in an even higher quality examination and supervision program and will ensure the financial stability of the credit union movement.

<u>**Assessment of Key Functions:**</u>

By statute, NCUA is required to offer four major types of services: 1) Share Insurance/Risk Management; 2) Regulatory Enforcement; 3) Administration of the Central Liquidity Facility; and 4) Administration of the Community Development Revolving Loan Fund. These priorities are critical to the Agency meeting its mission requirements. **Attachment 3** provides further information on each of these major services and illustrates, in many instances, that such services would go undone were it not for the National Credit Union Administration.

We have implemented many of the strategies as listed in **attachment 2.** We remain focused on fully completing and enhancing the numerous initiatives which we have begun. Foremost are:

1) <u>Stepped up training programs, both in quantity and quality, and both in specialized skills and generalized management training.</u>

   NCUA's Office of Training and Development is responsible for developing, conducting, and evaluating all NCUA training programs. Programs are offered to NCUA staff, state credit union examiners, and selected members of credit union trade organizations. NCUA is a registered sponsor on the National Association of State Board of Accountancy's National Registry of CPE Sponsors.

2) <u>Further development and refinement of technological advances.</u>

NCUA has been working for the past year and one-half on developing an electronic-based credit union examination system, Automated Integrated Regulatory Examination System (AIRES). The speed at which we have developed this system, using new programming tools and techniques, has significantly reduced the development costs to the Agency. AIRES was designed to improve the examination process and overall quality of examinations through efficient access to financial data, use of state-of-the-art equipment, and use of enhanced analytical tools. AIRES was not conceived on the premise that it may result in lower costs; however, once AIRES is fully operational, we do anticipate savings through reduced paper, mailing, and storage costs. We expect our examination costs to be significantly lower as well.

We applaud the NPR goal to eliminate new and burdensome regulations. However, we believe NCUA must continue to move ahead with regulations to protect those individuals who utilize credit union services and the NCUSIF.

NCUA supports and is enthusiastically committed to streamlining initiatives. We look forward to working with you to continue to achieve the President's goals and initiatives, as well as to carry out our statutory responsibilities.

Trust Funds

GIFTS AND DONATIONS

Program and Financing (in thousands of dollars)

Identification code 95-8077-0-7-506	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	1	3	
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-3	-3	
24.40 Unobligated balance available, end of year: Treasury balance	3		
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Total obligations	1	3	
90.00 Outlays	1	3	

NATIONAL CREDIT UNION ADMINISTRATION

Federal Funds

Public enterprise funds:

OPERATING FUND

Program and Financing (in thousands of dollars)

Identification code 25-4056-0-3-373	1994 actual	1995 est.	1996 est.
Program by activities:			
Operating expenses:			
00.01 Examination and supervision	66,854	71,128	72,462
00.03 Administration	18,927	20,062	20,438
Total operating expenses	85,781	91,190	92,900
Total obligations	85,781	91,190	92,900
Financing:			
21.91 Unobligated balance available, start of year: U.S. Securities: Par value	-8,744	-9,910	-2,584
24.91 Unobligated balance available, end of year: U.S. Securities: Par value	9,910	2,584	4,584
68.00 Budget authority (gross), Spending authority from offsetting collections	86,948	83,864	94,900
Relation of obligations to outlays:			
71.00 Total obligations	85,781	91,190	92,900
Obligated balance, start of year:			
72.90 Treasury balance	140	11	10
72.91 U.S. Securities: Par value	10,363	14,816	18,932
Obligated balance, end of year:			
74.90 Treasury balance	-11	-10	-10
74.91 U.S. Securities: Par value	-14,816	-18,932	-20,932
87.00 Outlays (gross)	81,457	87,075	90,900
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.00 Federal sources	-42,890	-45,597	-46,450
88.40 Non-Federal sources	-44,058	-38,267	-48,450
88.90 Total, offsetting collections	-86,948	-83,864	-94,900
89.00 Budget authority (net)			
90.00 Outlays (net)	-5,491	3,211	-4,000

Federal credit unions are privately owned, cooperative associations organized for the purpose of promoting thrift among their members and creating a source of credit for provident or productive purposes, authorized by the Federal Credit Union Act of 1934, as amended.

The Administration's activities consist of: (a) chartering new Federal credit unions, (b) supervising established Federal credit unions, (c) making periodic examinations of their financial condition and operating practices, and (d) providing administrative services. The operating fund is reimbursed for the insurance fund's share of the agency's administrative expenses by the insurance fund. The reimbursement percentage, which is reviewed and adjusted periodically, is currently at 50 percent. Data relating to activities are shown below:

	1994 actual	1995 est.	1996 est.
Item:			
Number of new Federal credit unions chartered	11	10	10
Number of operating Federal credit unions	7,572	7,400	7,250
Assets of Federal credit unions as of June 30 (in millions)	180,767	190,000	200,000

Statement of Operations (in thousands of dollars)

Identification code 25-4056-0-3-373	1993 actual	1994 actual	1995 est.	1996 est.
0101 Revenue	45,721	44,058	38,267	48,450
0102 Expense	-42,030	-42,891	-45,595	-46,450
0109 Net income	3,691	1,167	-7,328	2,000

Balance Sheet (in thousands of dollars)

Identification code 25-4056-0-3-373	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	15	11	10	10
Investments in US securities:				
1102 Treasury securities, par	19,107	24,726	21,516	25,516
1106 Receivables, net	840			
Non-Federal assets:				
1206 Receivables, net	955	593	542	637
1207 Advances and prepayments	303	304	339	402
1803 Other Federal assets: Property, plant and equipment, net	44,104	42,821	45,946	41,852
1999 Total assets	65,324	68,455	68,353	68,417
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	38,880	40,579	39,163	37,747
2104 Resources payable to Treasury	3,052			
Non-Federal liabilities:				
2201 Accounts payable	2,806	3,596	5,872	4,786
2207 Other	6,315	7,167	13,531	14,097
2999 Total liabilities	51,053	51,342	58,566	56,630
NET POSITION:				
3100 Appropriated capital	8,746	15,280	4,710	6,093
3200 Invested capital	5,525	1,833	5,077	5,694
3999 Total net position	14,271	17,113	9,787	11,787
4999 Total liabilities and net position	65,324	68,455	68,353	68,417

Object Classification (in thousands of dollars)

Identification code 25-4056-0-3-373	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	50,702	51,879	53,572
11.3 Other than full-time permanent	284	381	444
11.5 Other personnel compensation	591	625	682
11.9 Total personnel compensation	51,577	52,885	54,698
12.1 Civilian personnel benefits	12,141	12,473	12,842
21.0 Travel and transportation of persons	9,529	9,752	10,060
22.0 Transportation of things	79	161	150
23.3 Communications, utilities, and miscellaneous charges	3,272	3,586	3,547
24.0 Printing and reproduction	548	602	550
25.1 Advisory and assistance services	1,026	1,915	1,263
25.2 Other services	6,134	8,421	8,585
26.0 Supplies and materials	1,475	1,395	1,205
99.9 Total obligations	85,781	91,190	92,900

Personnel Summary

Identification code 25-4056-0-3-373	1994 actual	1995 est.	1996 est.
5001 Total compensable workyears: Full-time equivalent employment	935	942	942

Public enterprise funds—Continued

CREDIT UNION SHARE INSURANCE FUND

Program and Financing (in thousands of dollars)

Identification code 25–4468–0–3–373		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Payments to the operating fund for services and facilities	42,890	45,597	46,450
00.02	Insurance claims expenses	26,000	28,700	28,700
00.03	Other	1,242	1,300	1,300
00.91	Total operating expenses	70,132	75,597	76,450
01.01	Capital investment: Loans and deposits in credit unions	23,965	20,000	20,000
10.00	Total obligations	94,097	95,597	96,450
	Financing:			
	Unobligated balance available, start of year:			
21.90	Treasury balance	−35,824	−35,841	−35,764
21.91	U.S. Securities: Par value	−2,745,201	−3,027,212	−3,324,392
	Unobligated balance available, end of year:			
24.90	Treasury balance	35,841	35,764	43,511
24.91	U.S. Securities: Par value	3,027,212	3,324,392	3,648,095
68.00	Budget authority (gross): Spending authority from offsetting collections	376,125	392,700	427,900
	Relation of obligations to outlays:			
71.00	Total obligations	94,097	95,597	96,450
72.10	Obligated balance, start of year: Receivables from other government accounts	−35,813	−35,830	−35,753
74.10	Obligated balance, end of year: Receivables from other government accounts	35,830	35,753	43,500
87.00	Outlays (gross)	94,114	95,520	104,197
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.20	Interest on U.S. securities	−147,564	−163,000	−178,000
	Non-Federal sources:			
88.40	Deposit from members	−173,538	−187,000	−207,000
88.40	Recoveries on assets acquired	−52,765	−40,000	−40,000
88.40	Other interest income	−2,258	−2,700	−2,900
88.90	Total, offsetting collections	−376,125	−392,700	−427,900
89.00	Budget authority (net)			
90.00	Outlays (net)	−282,011	−297,180	−323,703

Status of Direct Loans (in thousands of dollars)

Identification code 25–4468–0–3–373		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	2,673	1,000	1,000
1150	Total direct loan obligations	2,673	1,000	1,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	6,634	2,673	1,000
1231	Disbursements: Direct loan disbursements	2,023	1,000	500
1251	Repayments: Repayments and prepayments	−5,984	−2,673	−500
1290	Outstanding, end of year	2,673	1,000	1,000

Status of Guaranteed Loans (in thousands of dollars)

Identification code 25–4468–0–3–373		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on commitments:			
2131	Guaranteed loan commitments exempt from limitation	22	150	100
2150	Total guaranteed loan commitments	22	150	100
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	1,337	22	150
2231	Disbursements of new guaranteed loans		150	100
2251	Repayments and prepayments	−1,315	−22	−150
2290	Outstanding, end of year	22	150	100
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	22	150	100

The insurance fund is used to carry out a program of insurance for member accounts in Federal credit unions and State-chartered credit unions which apply and qualify for insurance, authorized by Public Law 91–468, enacted October 19, 1970.

Budget program.—The activities consist of: (a) providing member account insurance, (b) formulating standards and requirements for insured credit unions, and (c) providing for liquidation or other disposition of the assets and liabilities of solvent and insolvent insured credit unions. The fund also reimburses the operating fund for its share of the Agency's administrative costs. The reimbursement percentage, which is reviewed and adjusted periodically, is currently at fifty percent.

The extent of the program is estimated as follows:

Item:	1994 actual	1995 est.	1996 est
Number of insured credit unions	12,154	11,954	11,754
Insured shares of member institutions as of June 30 (in millions of dollars)	253,125	265,781	279,070

It is estimated that approximately 4,500 State-chartered credit unions will be enrolled in the program by the end of 1995.

Financing.—For insurance year 1995 the credit union's required annual insurance premium of one-twelfth of 1 percent of its total member share accounts has been waived. As a result of Public Law 98–369 (July 18, 1984), each insured credit union is also required to deposit and maintain in the insurance fund 1 percent of its member share accounts. The fund is structured to be entirely self supporting through the monies paid by member credit unions. The monies received plus the income generated from their investment are expected to cover all administrative and financial costs, as well as increase the fund balance proportionate to insured share growth. It is anticipated that the capital generated from the 1 percent deposit will eliminate the need to assess the annual premium except in years of extraordinary credit union losses. The fund has $100 million in borrowing authority from the Treasury for use in unforeseen emergencies.

Operating results.—Anticipated net income of $104 million will be retained in the fund, raising the balance for unforeseen emergencies to $3.6 billion by the end of 1996.

Statement of Operations (in thousands of dollars)

Identification code 25–4468–0–3–373		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	146,250	149,822	165,700	180,900
0102	Expense	−103,574	−70,132	−75,597	−76,450
0109	Net income	42,676	79,690	90,103	104,450

Balance Sheet (in thousands of dollars)

Identification code 25–4468–0–3–373		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, par	2,745,201	3,027,212	3,324,392	3,648,095
1106	Receivables, net	32,408	37,280	28,500	33,400
1107	Advances and prepayments	45,024	2,673	2,000	2,000
1206	Non-Federal assets: Receivables, net	91,532	101,083	63,959	59,336
1801	Other Federal assets: Cash and other monetary assets	13,011	11	10	10
1999	Total assets	2,927,176	3,168,259	3,418,861	3,742,841

LIABILITIES:				
2201 Non-Federal liabilities: Accounts payable	112.923	113.951	124.361	120.959
Total liabilities	112.923	113.951	124.361	120.959
NET POSITION:				
3100 Appropriated capital	2.754.340	3.019.130	3.249.500	3.571.882
3200 Invested capital	59.913	35.178	45.000	50.000
3999 Total net position	2.814.253	3.054.308	3.294.500	3.621.882
4999 Total liabilities and net position	2.927.176	3.168.259	3.418.861	3.742.841

Object Classification (in thousands of dollars)

Identification code 25–4468–0–3–373	1994 actual	1995 est.	1996 est.
25.2 Other services	44.132	45.597	46.450
33.0 Investments and loans	23.965	20.000	20.000
42.0 Insurance claims and indemnities	26.000	30.000	30.000
99.9 Total obligations	94.097	95.597	96.450

CENTRAL LIQUIDITY FACILITY

During fiscal year [1995] *1996*, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795) shall not exceed $600,000,000: *Provided*, That administrative expenses of the Central Liquidity Facility in fiscal year [1995] *1996* shall not exceed [$901,000] *$560,000. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 25–4470–0–3–373	1994 actual	1995 est.	1996 est.
Program by activities:			
Operating expenses:			
00.01 Administrative expenses	629	546	560
00.02 Interest on borrowings	220		
00.03 Dividends on capital stock	23.392	30.123	36.000
00.91 Total operating expenses	24.241	30.669	36.560
Capital investment:			
01.01 Net loans to credit unions, total capital investment, funded	117.136	120.000	120.000
01.02 Redemption of capital stock	1.169	3.817	4.321
01.03 Withdrawal of member deposits	20.774	17.827	14.389
01.91 Total capital investment	139.079	141.644	138.710
10.00 Total obligations	163.320	172.313	175.270
Financing:			
21.90 Unobligated balance available, start of year: Fund balance	-408.361	-403.189	-410.336
24.90 Unobligated balance available, end of year: Fund balance	403.189	410.336	409.365
68.00 Budget authority (gross): Spending authority from offsetting collections	158.148	179.460	174.299
Relation of obligations to outlays:			
71.00 Total obligations	163.320	172.313	175.270
72.10 Obligated balance, start of year: Receivables from other government accounts	-5.175	-3	-7.150
74.10 Obligated balance, end of year: Receivables from other government accounts	3	7.150	6.179
87.00 Outlays (gross)	158.147	179.460	174.299
Adjustments to gross budget authority and outlays:			
0 Offsetting collections from: Non-Federal sources	-158.148	-179.460	-174.299
89.00 Budget authority (net)			
90.00 Outlays (net)	-1		

Status of Direct Loans (in thousands of dollars)

Identification code 25–4470–0–3–373	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	600.000	600.000	600.000
1112 Unobligated direct loan limitation	-600.000	-600.000	-600.000
1150 Total direct loan obligations			

The National Credit Union Central Liquidity Facility was established under Public Law 95–630. It began operations on October 1, 1979. The Central Liquidity Facility provides loans to member credit unions for seasonal and emergency needs.

The two primary sources of funds for the Facility are stock subscriptions from credit unions and borrowings from the Federal Financing Bank. Credit unions, which choose to become members of the Facility, are required to purchase stock equal to one-half of 1 percent of their assets. One-half of the subscription in stock is forwarded to the Facility and deposited in the fund. The remaining half of the subscription remains on call in the credit union in investments as approved by the NCUA Board.

Statement of Operations (in thousands of dollars)

Identification code 25–4470–0–3–373	1993 actual	1994 actual	1995 est.	1996 est.
0101 Revenue	18.654	24.882	30.669	36.560
0102 Expense	-18.136	-24.241	-30.669	-36.560
0109 Net income	518	641		

Balance Sheet (in thousands of dollars)

Identification code 25–4470–0–3–373	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Non-Federal assets:				
1201 Investments in non-Federal securities, net	625.718	682.854	750.500	825.000
1206 Receivables, net	5.430	7.701	5.601	6.700
1601 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Direct loans, gross	1.050			
1801 Other Federal assets: Cash and other monetary assets	8	9	10	10
1999 Total assets	632.206	690.564	756.111	831.710
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	9.755			
2201 Non-Federal liabilities: Accounts payable	264	13.261	16.500	18.700
2999 Total liabilities	10.019	13.261	16.500	18.700
NET POSITION:				
3100 Appropriated capital	631.942	690.564	756.111	831.710
3200 Invested capital	-9.755	-13.261	-16.500	-18.700
3999 Total net position	622.187	677.303	739.611	813.010
4999 Total liabilities and net position	632.206	690.564	756.111	831.710

Object Classification (in thousands of dollars)

Identification code 25–4470–0–3–373	1994 actual	1995 est.	1996 est.
11.1 Personnel compensation: Full-time permanent	134	89	94
12.1 Civilian personnel benefits	23	17	18
21.0 Travel and transportation of persons	5	4	5
23.3 Communications, utilities, and miscellaneous charges	50	17	18
24.0 Printing and reproduction	4	6	7
25.2 Other services	390	400	412
26.0 Supplies and materials	23	13	6
33.0 Investments and loans	117.356	120.000	120.000
43.0 Interest and dividends	23.392	30.123	36.000
44.0 Redemptions and withdrawals	21.943	21.644	18.710

Public enterprise funds—Continued

CENTRAL LIQUIDITY FACILITY—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 25–4470–0–3–373	1994 actual	1995 est.	1996 est.
99.9 Total obligations	163,320	172,313	175,270

Personnel Summary

Identification code 25–4470–0–3–373	1994 actual	1995 est.	1996 est
1001 Total compensable workyears: Full-time equivalent employment	2	2	2

COMMUNITY DEVELOPMENT CREDIT UNION REVOLVING LOAN FUND

Program and Financing (in thousands of dollars)

Identification code 25–4472–0–3–373	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 33.0)	2,083	1,620	1,635
Financing:			
21.90 Unobligated balance available, start of year: Fund balance	-1,029	-487	-500
24.90 Unobligated balance available, end of year: Fund balance	487	500	600
68.00 Budget authority (gross): Spending authority from offsetting collections	1,541	1,633	1,735
Relation of obligations to outlays:			
71.00 Total obligations	2,083	1,620	1,635
87.00 Outlays (gross)	2,083	1,620	1,635
Adjustments to gross budget authority and outlays:			
88.40 Offsetting collections from: Non-Federal sources	-1,541	-1,633	-1,735
89.00 Budget authority (net)			
90.00 Outlays (net)	542	-13	-100

Status of Direct Loans (in thousands of dollars)

Identification code 25–4472–0–3–373	1994 actual	1995 est.	1996 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	5,639	6,211	6,211
1231 Disbursements: Direct loan disbursements	1,950	1,500	1,500
1251 Repayments: Repayments and prepayments	-1,378	-1,500	-1,300
1290 Outstanding, end of year	6,211	6,211	6,411

Public Law 99–609, enacted on November 6, 1986, transferred the Community Development Credit Union Revolving Loan Fund from the Department of Health and Human Services to the National Credit Union Administration. The NCUA disbursed loans of $1.9 million in 1994 and plans to disburse $1.5 million in 1995.

NATIONAL EDUCATION GOALS PANEL

Federal Funds

General and special funds:

NATIONAL EDUCATION GOALS PANEL

For expenses necessary for the National Education Goals Panel, as authorized by title II, part A of the Goals 2000: Educate America Act, $2,785,000.

Program and Financing (in thousands of dollars)

Identification code 95–2650–0–1–503	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	679	2,321	2,785
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance		-2,321	
24.40 Unobligated balance available, end of year: Treasury balance	2,321		
39.00 Budget authority	3,000		2,7
Budget authority:			
40.00 Appropriation			2,7
42.00 Transferred from other accounts	3,000		
43.00 Appropriation (total)	3,000		2,7
Relation of obligations to outlays:			
71.00 Total obligations	679	2,321	2,7
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance		479	1,5
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-479	-1,567	-1,6
90.00 Outlays	200	1,233	2,6

Object Classification (in thousands of dollars)

Identification code 95–2650–0–1–503	1994 actual	1995 est.	1996 est
Personnel compensation:			
11.1 Full-time permanent	59	374	3
11.3 Other than full-time permanent	76	477	4
11.9 Total personnel compensation	135	851	8
12.1 Civilian personnel benefits	32	205	2
21.0 Travel and transportation of persons	32	130	2
22.0 Transportation of things	5	16	
23.1 Rental payments to GSA	29	117	1
23.3 Communications, utilities, and miscellaneous charges	2	24	
24.0 Printing and reproduction	328	355	4
25.1 Advisory and assistance services			3
25.2 Other services	78	181	
25.3 Purchases of goods and services from Government accounts	33	102	1
25.5 Research and development contracts		300	3
26.0 Supplies and materials	5	20	
31.0 Equipment		20	
99.9 Total obligations	679	2,321	2,7

Personnel Summary

Identification code 95–2650–0–1–503	1994 actual	1995 est.	1996 est
1001 Total compensable workyears: Full-time equivalent employment	2	13	

The National Education Goals Panel is an independent agency responsible for overseeing the development and implementation of a reporting system for the National Education Goals; building a national consensus for the reforms necessary to achieve education improvement; reporting on promising and effective actions; and identifying actions that Federal, State, and local governments should take to enhance progress toward achieving the goals.

NATIONAL EDUCATION STANDARDS AND IMPROVEMENT COUNCIL

Federal Funds

General and special funds:

NATIONAL EDUCATION STANDARDS AND IMPROVEMENT COUNCIL

For expenses necessary for the National Education Standards and Improvement Council, as authorized by title II, part B of the Goals 2000: Educate America Act, $3,000,000.

Program and Financing (in thousands of dollars)

Identification code 95–2550–0–1–503	1994 actual	1995 est.	1996 est
Program by activities:			
10.00 Total obligations		2,000	3,0

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SECURITIES AND EXCHANGE COMMISSION

DESCRIPTION: The primary mission of the SEC is to protect the investing public. Ensures investors will be provided with material facts in the public offering, trading, voting, and tendering of securities. Major program areas are: Full Disclosure, Prevention and Suppression of Fraud, Supervision and Regulation of Securities Markets, Investment Management Regulation, Legal and Economic Services, and Program Direction.

FY 1996 BUDGET PROPOSAL: Projected FY 1996 gross obligations are $348 million, an increase of $45 million from FY 1995. Projected FY 1996 FTE is 3,156, an increase of 195 FTE from FY 1995.

AGENCY PROPOSAL: SEC offers four NPR II proposals. First, SEC proposes a partnership between SEC and state regulators for the examination of investment advisors. Essentially, SEC argues that it should examine large investment advisory firms, while state regulators should examine smaller firms. Second, because the SEC participates in few bankruptcy cases each year, the agency proposes the elimination of the SEC's bankruptcy unit. Third, SEC proposes halting development of the large trader computer system. The agency believes it can monitor large trades and price movements in the securities markets through other means. Fourth, SEC proposes the elimination of the full disclosure program from its regional offices. The small business community may react negatively to this proposal. SEC estimates the total savings from these four initiatives to be $4.6 million.

DECISION OPTIONS:

A. No change. Fund SEC at FY 1996 levels.

B. Accept SEC proposals as presented in Option Paper.

C. Accept SEC proposals as presented in Option Paper, but encourage the agency to explore REGO Phase 2 regulatory reform proposals.

D. Accept SEC proposals as presented in Option Paper, but encourage the agency to explore REGO Phase 2 regulatory reform proposals as well as merger with Commodity Futures Trading Commission (especially including co-location), devolution of certain SEC functions to self regulatory organizations, such as investment company inspections to the National Association of Securities Dealers, Inc., elimination of PUCHA staff, compliance with Executive Order 12839 regarding the number of senior level employees, and greater utilization of trained economists in various programmatic divisions, such as the Division of Market Regulation. (Legislation would be required for merger, devolution, and PUCHA options.)

E. Eliminate SEC and rely on the private exchanges to regulate the securities markets.

ADVISORY GROUP RECOMMENDATION: D.

RATIONALE: SEC has a Federal role. Option D incorporates the SEC proposal, but also seeks further cost savings and better results through regulatory reform. By working with the stakeholders to develop goals which have measurable results, SEC could improve results while reducing costs both for the SEC and for the industry. In addition, merging the SEC and CFTC into one agency, as well as other suggested reforms, would produce a more efficient and effective regulatory apparatus with which to oversee today's increasingly complex and intertwined financial markets.

STEERING COMMITTEE RECOMMENDATION:

February 24, 1995

U.S. SECURITIES AND EXCHANGE COMMISSION
NPR PHASE II - Option Paper

Overview

The Securities and Exchange Commission (SEC) was created by the Securities Exchange Act in 1934 as an independent, quasi-judicial agency to administer the federal securities laws for the protection of the investing public. The SEC is a law enforcement agency with authority to investigate and prosecute civil violations of the securities laws. Currently, the mission is carried out by six programs: full disclosure, prevention and suppression of fraud, supervision and regulation of securities markets, investment management regulation, legal and economic services, and program direction. The SEC's estimated staffing for 1995 is 2,844 staff years with a $297.4 million budget. The President's 1996 budget requests 3,139 staff years and $342.9 million for the SEC.

The SEC's programs are responsible for enforcing the federal securities laws, which regulate, among other things, initial offerings of securities; periodic reporting by companies with registered securities; and the activities of exchanges, broker-dealers, transfer agents, investment companies, and investment advisers. The SEC also ensures full disclosure of material information; establishes and maintains trading standards conducive to fair, orderly, and efficient markets; and minimizes the financial risk to investors from fraud, mismanagement, and misleading or incomplete disclosure without imposing unnecessary costs and burdens on regulated entities.

In 1993, as one of Chairman Levitt's priorities and as a result of the NPR Phase I, the SEC undertook a comprehensive review of administrative and programmatic operations to identify areas that would benefit from reorganization, consolidation, or elimination. The goals of the review included streamlining operations, improving efficiency, and providing better services to the public. (See Attachment 2.)

Chairman Levitt has made customer service a priority at the SEC and has rededicated the agency to the mission of protecting the individual investor. To this end, he has established as a goal the education of investors. Additionally, the Commission seeks to provide easier access to SEC information that is useful to investors and the general public. This has included an intensive effort to solicit customer input. Chairman Levitt has led investor town meetings across the country and will continue that program through 1995. The agency has conducted surveys and focus groups on mutual fund risks and disclosure identifying numerous areas where investor knowledge and understanding can be improved. The agency will conduct additional surveys and focus groups in 1995, and more importantly, will continue to develop meaningful and useful ways to educate investors. Specifically, the agency is conducting jointly with the Office of the Comptroller of the Currency a study to assess the effectiveness of one-page mutual fund information summaries and quantitative information about risk in helping investors understand mutual funds.

In keeping with the SEC's focus on customer input and service, a consumer hotline was established, and the consumer affairs function within the agency was reorganized to provide an improved platform for investor outreach and a more effective, streamlined program for responding to investor inquiries and complaints. A Consumer Affairs Advisory Committee was created to advise the SEC about current issues affecting investors and to provide input on ways the SEC can be responsive. As a result, we have heard a great many comments in the past year. None have indicated that the SEC or its key functions should be eliminated. We have listened to our customers and have taken steps, among other things, to improve the clarity of prospectuses, eliminate the practice of "pay-to-play" in the municipal bond business, raise the standards of practice among retail brokers, and address the role of mutual fund directors.

NPR Phase II

As a result of evaluating the mission and key functions of the agency using the decision tree as developed by the NPR and OMB, the following options and proposals have been developed.

1. **Partnership With State Regulators for Investment Adviser Inspections**

The Investment Management Regulation program conducts inspections of investment advisers to evaluate compliance with statutory provisions and to assess the accuracy of disclosures made to investors. Periodic, unannounced inspections promote compliance, deter abuses, and minimize the risk of loss to investors. When appropriate, a letter identifying deficiencies and requesting corrective action is sent to the registrant, and the registrant is counselled about the advisory requirements. In situations where deficiencies rise to violations of the law, or are otherwise egregious, the inspection report is referred to the Division of Enforcement for further consideration.

The investment advisory industry continues to expand with 21,600 registered investment advisers and total assets under management of approximately $9.6 trillion at the end of 1994. An increasing number of investors, with relatively small amounts to invest, are using the services provided by investment advisers. Inspections are an effective means of protecting the interests of these investors.

Proposal: Establish a partnership between the SEC and state regulators. By delegating certain registration and examination responsibilities to the state regulators, the investing public will receive a better level of protection. For the last few years, the investment advisory industry has been asking the agency to improve the supervision of investment advisers to protect the industry against unscrupulous advisers. The industry wants registration with the SEC to assure the investing public of a certain level of oversight. Current staff levels at the SEC provide minimum safeguards to investors.

Under this proposal, the primary responsibility for registration and inspection of investment advisers with less than a specified asset level would be delegated to state regulators. Smaller advisers would be exempt from Commission regulation and would not be inspected by the Commission. States would be precluded from substantively regulating the activities of the larger advisers, but would be permitted to register the larger advisers and their personnel and bring enforcement actions based on violations of the federal securities laws. Larger investment advisers will likely support such a proposal because they would be freed from the expense of compliance with many non-uniform state laws and burdensome filing requirements. On January 4, 1995, Senator Gramm introduced S. 148, the Investment Advisers Integrity Act, which supports a similar partnership concept.

Provided appropriate legislative action was taken to establish a partnership with the states, the 1996 budget request for the SEC could be reduced by 193 staff years and $16.6 million.

2. Bankruptcy Activity

Since 1938, the Commission has participated in selected bankruptcy proceedings in which there is substantial public investor interest. Commission authority for this program is contained in Chapter 11 of the U.S. Bankruptcy Code, which provides that the SEC "may appear and be heard on any issue in a case under this chapter", 11 U.S.C. 1109(a). Additionally, Chapter 11 permits the Commission to appear and be heard on the adequacy of reorganization plan disclosure statements, 11 U.S.C. 1125(d), and to object to the confirmation of a reorganization plan if the principal purpose of the plan is to avoid the registration provisions of the Securities Act of 1933, 11 U.S.C. 1129(d).

In 1983 and in 1989, the Commission reexamined its bankruptcy program and substantially curtailed its scope. Currently, the Commission only intervenes in a limited number of cases. These include cases which raise a broad legal proposition that would affect other cases, cases in which the reorganization plan provides for the distribution of securities to investors and which raise an issue of full disclosure concerning those securities and, lastly, cases which are important to the protection of public security holders.

Proposal: Eliminate the organizational unit devoted to participation in bankruptcy cases. The Commission participates in a few, selected cases each year. Elimination of the organizational unit devoted to bankruptcy activities would not impact the Commission's ability to participate in selected cases when necessary. In addition, shareholders' committees are capable of asserting the same positions that the Commission's staff routinely takes. Therefore, investors would retain adequate protection. Elimination of the organizational unit would save the agency $1.1 million annually.

3. Large Trader Activities/The Market Reform Act of 1990

The Market Reform Act originated as a response to the October 1987 market break and amends the Securities Exchange Act of 1934 to, among other things, expand the authority of the Commission to adopt reporting rules for the purpose of monitoring the impact of large transactions upon the securities markets. The Market Reform Act mandates that the SEC monitor securities markets, including trading activities of large traders to address the causes and effects of extreme price movements, and assess the risks to broker-dealers of the financial activities of certain of their affiliates. The Supervision and Regulation of Securities Markets program has the primary responsibility for oversight of this function.

Criticism from the securities industry in response to proposed Commission rules implementing a large trader reporting system has focused on 1) the registration form which may have a potential negative impact on competition in the United States and 2) the burden of compliance with the reporting requirements.

A prototype risk assessment system is currently in operation, which enables the staff to analyze and evaluate the financial information received, including information regarding derivative activities of broker-dealer affiliates. The large trader system under development has three parts: registration, report, and analysis. Prototype systems for large trader registration and analysis were developed in 1994 and became operational in 1995. Systems development for the reporting activity is scheduled for 1995.

Proposal: Halt further development of the large trader computer system, saving the agency $2.2 million in 1996. Information currently available through other sources may provide an alternative means by which the SEC can effectively monitor large trades and price movements in the securities markets. The use of these alternative tools is actively being explored.

4. **Full Disclosure Program in the Regional Offices**

Initial public offerings and related post-effective amendments of small business issuers are received and reviewed in the regional offices, as well as the headquarters office. Regulation A exemptive filings also are reviewed by the regional offices. Comments are issued on these filings to elicit better compliance with applicable disclosure requirements, to help deter fraud, and to facilitate investor access to information necessary to make informed investment decisions.

Proposal: Eliminate the full disclosure program from the regional offices, transferring the responsibility for the review of the documents to headquarters. Annual savings of $1.3 million would be achieved by centralizing this program. Staff now pooled in headquarters would be able to respond to workload demands more effectively. However, the ability of small businesses to file regionally is viewed by many as a significant part of the SEC's special accommodations to small businesses. The response from the small business community may be negative.

Attachment 2

U. S. SECURITIES AND EXCHANGE COMMISSION STREAMLINING EFFORTS

I. Regional Office Reorganization

In order to improve program accountability, create a more efficient reporting structure and improve resource utilization, the agency reduced the number of regional offices from nine to five and created a district structure. All regional offices report to the Director of Enforcement in order to ensure that there is a unified national focus for the agency's regional programs.

II. Reorganization of Major Program Offices - Market Regulation, General Counsel, Enforcement and Investment Management

Each of the major program units has undertaken a rigorous self-evaluation of management and program effectiveness and to various degrees reorganized their structure. The uniform goals have been to reduce the layers of supervision, give greater responsibility to staff, and improve the speed and quality of service delivery.

III. Legal Services and Economic Analysis Coordination

The economics program and legal services programs will coordinate activities to ensure that both the legal services counseling function and the economic analysis provided to the Commission are more focused and better support the agency's programs. The synergy resulting from this coordination will produce greater regulatory benefits for the agency, securities investors and the securities markets, than was possible with each program operating separately.

IV. Strategic Automation Initiative

The Commission has undertaken a multi-year project that will re-engineer the process of providing automation services to the Commission based upon a client/server architecture. Modernization includes: (1) developing an integrated, standardized systems architecture; (2) providing user access to mainframe data at the workstation level; (3) implementing a single local area network/wide area network for headquarters and regional offices; (4) re-engineering existing systems for network applications; and (5) integrating mainframe and network systems to avoid duplication of data input and inconsistencies of output. The initiative also will assist the National Association of Securities Dealers, along with the state securities regulators and the self-regulatory organizations (SRO), in implementing a redesigned Central Registration Depository containing information on broker-dealers and registered representatives.

V. Closing Seattle District Office

The Commission's Seattle District Office was eliminated, and staff and other resources were redistributed within the Pacific region (Los Angeles and San Francisco). This closure enables the agency to shift much-needed resources to offices with substantially larger securities industry constituencies and greater program responsibilities. The Commission will be able to realize certain economies of operation by redirecting overhead resources into more substantive program work.

VI. Consumer Initiatives

- Reorganization of the Consumer Affairs function - The Chairman's Office has direct responsibility for the Office of Consumer Affairs. This restructuring will provide an improved platform for investor outreach and for a more effective, streamlined program for responding to investor inquiries and complaints.

- Consumer Affairs Advisory Committee - This committee has been created to assist the SEC in resolving investor problems and being more responsive to their needs. The Committee will explore broad, fundamental issues of concern to investors, including matters currently under consideration by the SEC and topics of emerging concern to investors and the financial services industry. This diverse group of 15 members includes representatives of investor organizations, national consumer advocacy groups, corporations, financial services firms and state securities regulators; shareholder relations specialists; and financial service professionals.

- Publication of the *Invest Wisely* brochure - This new brochure offers candid advice on what investors should know and understand when investing in securities. It is intended to be the first in a series of useful investor information publications.

- Two new *Invest Wisely* brochures unveiled - *Advice From Your Securities Industry Regulators* and *Introduction to Mutual Funds* provide self-protection tips for investors in choosing investment professionals and monitoring their investments.

- Established a toll-free consumer information phone line - 1 800 SEC-0330 to provide investors with basic information and the ability to order free brochures.

- SEC is on-line - The SEC is now open 24 hours a day, seven days a week, for those with computers and access to the Fed World Electronic Marketplace. Our on-line service provides extensive investor information, brochures, speeches, copies of actions taken by the SEC including rule proposals and the daily SEC News Digest.

- Investor Town Meetings - Meetings of individual investors have been held across the country. These town meetings have brought investors behind the scenes, alerting them to how the securities industry operates and what questions they should be asking their brokers or investment professionals before they invest. They also allow for the SEC to hear directly from investors on what the SEC can do to help them become better investors.

- Complaint resolution and assistance improved - Employees engaged in resolving complaints and providing information have been retrained to provide information in plain-English and to resolve problems more quickly.

VII. Improved Efficiency in Investigation and Litigation Procedures

The Division of Enforcement has made a number of significant adjustments in the way enforcement work is done that have improved the programs' effectiveness.

- Expediting Formal Orders - Formal orders are now authorized by the duty officer.

- Expediting Subpoena Enforcement - Decisions to seek a court order enforcing a subpoena have been delegated to the staff.

- Shorter Commission Memos - Formal Commission memos recommending enforcement action are limited to 20 to 25 pages and Wells submissions are required to be less than 40 pages.

- Reducing Age of Cases - Age of case statistics has improved as a result of streamlining. On September 30, 1993, only 28% of our cases were one year old or less, whereas on March 31, 1994, the percentage of these younger cases had risen to 36%. As part of this effort, 232 cases in FY 93, and more than 300 cases in just the first 7 1/2 months of FY 94 have been closed.

- Quarterly Case Reviews - Quarterly reviews have focused the staff on making tough decisions about cases at an earlier stage. The reviews also have given senior management a better idea of their staff's productivity, and resulted in the closure of many old cases.

- Expediting Recommendations - Imposition of a fourteen day turnaround time for the Division to receive comments on proposed enforcement actions has improved the review process.

VIII. Video-Conferencing Pilot

The Commission has tested video-conferencing technology for use primarily between headquarters and the regional offices. The response has been quite positive. As a result of dramatic cost reductions in the technology and with more wide-spread implementation, we anticipate a reduction in certain operating expenses while increasing the efficiency of the organization and improving communications.

IX. Performance Appraisal Redesign

A performance management focus group was convened to undertake a comprehensive/critical review of the agency's performance appraisal system. The group's recommendations are being considered by management and include a pass-fail system that encourages extensive communication between management and employees as well as upward performance feedback.

X. Support Staff Task Force

The agency is undertaking a major study of the secretarial, clerical, and other support staff occupations within the Commission. During the streamlining review of the agency's overall operations, employees expressed concerns because these occupations are changing due to extensive growth in personal computing, word processing, E-mail, and voice mail capabilities of the Commission.

The study will review the evolving job functions, reporting relationships, and projected future of the occupations in terms of the amount and type of support needed. The study also will include inventorying incumbents' present skills and identifying possible training options and career alternatives that the SEC might offer based on projections of future staffing needs. The specific objectives of the study are to:

- determine how the support staff can be used most effectively in achieving the SEC's mission;
- identify opportunities for new and/or expanded duties to replace duties made obsolete by new technology;
- identify factors that may adversely affect employee morale;
- project future support work requirements and identify alternative methods of structuring jobs to meet the requirements;
- identify current and future training needs for the support staff and various strategies for fulfilling those needs through the use of classroom training, developmental assignments, and the Upward Mobility program; and
- recommend any policy changes needed to facilitate the transition to the changing environment for support staff.

XI. Litigation Support Initiative

In fiscal 1995, the agency will research and test various methods of applying technology to the SEC's law enforcement program. The specific goals for this effort will be to use new technology to improve: management reporting for cases; litigation support; and document handling systems. The FY 1996 budget will include funding for case management and document management systems. These proposals will help the Division of Enforcement process cases more quickly and effectively with leaner staffing. Significant changes will be made in the way the Commission manages all cases, and particularly in the way it processes large document cases.

XII. Reassignment of 2(e) Proceedings to the Division of Enforcement

The prosecution of administrative disciplinary proceedings against accountants under Rule 2(e) has been transferred from the Office of General Counsel to the Division of Enforcement. This action will consolidate in one place the responsibility for both investigating and litigating such proceedings.

XIII. Expedited Rule Filing Process

The agency's Market 2000 study concluded that the SRO rule review process should be expedited for routine procedural or administrative proposals. In addition, the Division of Market Regulation has implemented new procedures to:

- move aggressively reduce the backlog of filings;
- prevent new backlogs from accumulating; and
- explore ways to streamline the review of filings.

The Commission proposed new review standards to expedite the rule filing process. The Commission will be creating two new classes of rule filings that would become effective, subject to abrogation by the Commission. The Commission also proposed changes to the annual reports for exchanges and national securities associations to end reporting of information that is otherwise available to the Commission.

XIV. Creation of an Employment Dispute Resolution Office

The SEC is undertaking an 18 month pilot to assess the effectiveness of an alternate dispute resolution process. The agency will establish an independent dispute resolution office headed by an Ombudsman with authority to hire contract mediators. This office will handle employment related disputes by attempting to resolve them at an early stage, resulting in improved morale and a decreased number of formal EEO complaints and administrative grievances.

XV. Creation of Employee and Management Relations Services Unit

The agency has restructured certain personnel functions to strengthen its services in a wide variety of employer-employee concerns. The new unit, within the Employee Relations and Employer Development Branch, assists both management and employees on issues such as discipline and performance-based problems, grievances, leave administration, Employee Assistance Program, and disability issues.

XVI. Expansion of Work Scheduling Options

In anticipation of the President's July 11, 1994 memorandum on Expanding Family-Friendly Work Arrangements, the agency convened a focus group to explore the expansion of alternate work schedule options and to recommend policies for flexiplace or telecommuting options. The group's recommendations and proposed policies on both programs are currently under consideration by management.

XVII. Improvements to Financial-Related Systems

Several financial-related systems were enhanced. System improvements include: 1) implementation of a new electronic time and attendance system eliminating duplicative data entry; 2) initiation of a pilot project utilizing an off-the-shelf travel manager software package; 3) implementation of an American Express government credit card travel advance program; and 4) the placement of the SEC's travel management center on-site at headquarters.

12/12/94
15.46.11
(MAX-AHD6BLDF)

OFFICE OF MANAGEMENT AND BUDGET
BOLD IDEAS BY THEME
(in millions of dollars)

THEME: 2 Other Restructuring

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	5 YEAR TOTAL

SEC-CFTC Merger

AGENCY: 990 Multi-Agency
MERIT GRADE: A Strongly recommended -- include in the 1996 Budget
STATUS CODE: B In the 1996 Budget
DIVISION: HTF EXAMINER: CHRISTOPHER PARKER PHONE: 7241 (1021)

Budget Authority.......
OL (Discretionary).....
OL (Mandatory).........
Rcpts (Deficit Impact).

Comments:

The existing bifurcated securities and futures market regulatory structure reflects market conditions that existed twenty years ago when the CFTC was first created. In 1974, the securities and futures markets were unrelated to one another. Since thattime, however, these markets have become increasingly interconnected. The prices of many futures products are derived from products that trade in the stock market. Moreover, products and trading strategies have been developed that incorporate elements of both futures and securities. Such interconnectedness in a bifurcated market structure has generated jurisdictional disputes between the SEC and CFTC and contributed to the stifling of innovative new products.

Merging the SEC and CFTC into one agency would: reduce inter-agency turf battles and unnecessary regulations which impede financial innovation; facilitate needed coordination and allow better consideration of intermarket relationships in the maintenance of fair and orderly markets; eliminate redundant expenses and achieve a variety of economies; and, harmonize regulationsand enforcement related to international activities. On the other hand, concerns have been raised that a SEC-CFTC merger would: eliminate benefits that may exist from regulatory competition; create disruption and expense that would place added demands on the resources of both agencies; raise very difficult legal and operational issues given the substantial differences that exist between their respective governing statutes; and, be vehemently opposed by the futures industry. OMB staff have discussed the merger with both the SEC and CFTC in the past, but not in the last year. While a merger would lessen the combined cost of each agency by approximately $28 million in FY 98-00, no budgetary savings would be generated relative to passback levels as we intend to fund both agencies in the 96 Budget with fees.

December 16, 1994

MEMORANDUM FOR KEN RYDER

FROM: Chris Parker

SUBJECT: Consolidation of the SEC and CFTC

Consolidation of the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission has been proposed as a "bold idea" for inclusion in the President's 96 Budget. This memorandum provides background and a review of the potential benefits and costs associated with this proposal in preparation for Alice Rivlin's bold idea meeting with the President this coming Monday.

Background

Securities and futures markets were originally unrelated, with futures largely a sophisticated method of pricing agricultural commodities (hence the common reference today to action in the "commodities markets", even though the heaviest trading occurs in the Eurodollar, S&P 500 and Treasury bond futures contracts). The current dual regulatory structure reflects these origins. Today, however, the markets are linked in that the prices of some products traded in the futures markets are derived from products in the stock market. Securities and futures markets have as a result becoming increasingly interdependent. Moreover, products containing elements of both futures and securities have developed in an antiquated regulatory framework. This disparity between the capacity of the private sector to innovate and the slow and cumbersome response of Federal policymakers has generated jurisdictional disputes between existing regulators and contributed to the stifling of innovation in some of these very same products.

Experts in financial markets have for many years recognized the value in consolidating the SEC and CFTC.[1] Such a merger has been strongly supported by the Office of Management and Budget's (OMB) Financial Institutions Branch since 1991. Inclusion of SEC-CFTC merger in President's Budgets and in various restructuring exercises including the 1993 National Performance Review, however, has been deemed politically infeasible due to vehement opposition from the futures industry and their friends in Congress. Recent changes on Capitol Hill and the CFTC, however, have opened a tremendous window of opportunity to accomplish what we believe would be a very positive change.

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[1] While a Senior Partner at Goldman Sachs & Co. Bob Rubin expressed interest in consolidation. In a letter to the SEC dated October 20, 1992 Mr. Rubin states, ".. improvements might also be achieved by consolidating the regulatory umbrella and settlement systems present in today's markets. Surely, the concept of one, independent regulatory body overseeing all the trading markets is an idea worthy of further study."

The National Economic Council (NEC) has been particularly interested in consolidation. Ellen Seidman and Bob Rubin met with Rep. Glickman (D-KS) in 1993 to discuss his 1990 proposal (H.R. 4477) to merge the SEC and CFTC into a new agency, the Markets and Trading Commission (MTC). On June 10, 1993 a detailed legal analysis of the Glickman proposal was prepared by the SEC for the NEC (Seidman).

The SEC has traditionally viewed a merger as a positive development, albeit quietly, but been cognizant of the political difficulties. The current SEC Chairman Arthur Levitt has stated numerous times that such a proposal makes a great deal of sense, but has declined to take up the issue during his tenure as he views it to be a "political snakepit." The CFTC, on the other hand, has traditionally opposed the notion of being swallowed by the larger SEC. However, given its poor reputation and the fact its budget has been held flat for the past four years, some CFTC staff are more receptive than they have been in the past to the idea. The current CFTC Chairman Mary Schapiro (a former SEC Commissioner) recognizes the benefits of merger, but as head of the CFTC is publicly stating the status quo works fine and that change is not necessary. Nevertheless, we believe she would not put up a fight if such a proposal were to move forward.

The November elections have created enormous new interest in the streamlining of Federal Government programs and removed from office several notable and powerful opponents to SEC-CFTC merger (e.g. Rostenkowski, Durbin). The new GOP Congress, unfortunately, may still be unwilling to take this issue on. An opportunity existed to move the CFTC to the SEC's authorizing committee during the recent GOP Congressional Committee realignment sessions, but was rejected as political dynamite that could upset existing compromises. Chicago legislators will continue to vehemently oppose SEC-CFTC merger, while most others will not care a great deal. Some, however, will recognize and feel strongly about the benefits of SEC-CFTC consolidation. Case in point: Rep. Ron Wyden (D-OR) recently announced his intention to introduce Glickman's old bill and has written the President's for his support. In addition, Chris Edley has included SEC-CFTC merger in the "bold ideas" collection for the 96 Budget.

Benefits and Costs

A consolidation of the SEC and the CFTC could produce the following benefits and costs:

BENEFITS:

Inter-agency turf battles and unnecessary regulations which impede financial innovation and coordination in our markets would be eliminated.

Regulators would be able to better monitor for systemic risk across products and markets and reduce potential for uneven regulation between linked markets. A single agency would be able to develop a comprehensive, consistent approach to maintaining orderly, fair, financial markets in such areas as margin, capital, and circuit breakers.

A consolidated agency would be able to conduct comprehensive examinations of market participants (who often operate in both markets) and would be better able to prevent intermarket abuses such as frontrunning.

A merger would enable the two agencies to eliminate redundant expenses and achieve a variety of economies. We estimate a merger would generate savings of approximately $28 million over five years. For example, only five commissioners would be needed instead of ten; various offices, such as general counsel, executive director, and economics, could be unified resulting in fewer SES positions, lower payroll costs could be achieved as the CFTC contracts out, but the SEC does not; one larger building would be less expensive than two smaller more expensive buildings; duplicative regional offices (Chicago, NY and LA) could be merged.

A unified approach to ongoing cross-national efforts to address clearing and settlement problems and harmonize regulations and enforcement related to international securities trading would result.

The possible existence of regulatory arbitrage (i.e. regulated industries playing one agency against another) would be eliminated.

Current disputes between the SEC and CFTC would be contained and resolved within one agency, rather than requiring lengthy and expensive court decisions.

Less parochial criteria would result in better decision-making with respect to innovation and inter-market coordination.

Merger could reduce tendencies for the existing regulatory agencies to become too closely identified with, or captive of, their respective industries.

The markets would benefit. First, regulatory uncertainty in the development of new financial products would result in that regulatory questions would be answered by a single agency. Differing statutory systems, however, would continue to create legal uncertainty. Second, merger would result in reduced regulatory costs for market professionals. Entities that play in both markets and register with both the SEC and CFTC might only have to register with one agency. A single agency would also eliminate duplicative examinations.

Regulation of the exchange-traded and over-the-counter derivatives markets would receive greater funding. The CFTC's budget under the Agriculture Appropriation Subcommittee has had its budget held flat for the past four years despite exponential growth in the size and complexity of the nations derivatives marketplace. The SEC on the other hand has received sizable increases in their budget from the CJS Appropriation subcommittee. (This, however, may change under the GOP Congress.) Such increases have been largely a function of the presence of offsetting collections as a mechanism to augment the SEC's budget. Such fees, however, are as unpopular with the futures industry as is merger.

COSTS

Congressional oversight of security and future markets is subject to divided Congressional oversight. It is doubtful the Agriculture Committees would give up their oversight of the CFTC despite the fact that less than 10% of futures exchange volume today is related to agriculture. It may be difficult for a single agency to respond to separate oversight committees with different interests and constituents.

The futures industry may be disadvantaged by merger with the larger SEC since the two regulatory agencies have very different perceptions of and attitudes towards the markets. The SEC is generally happy to see market prices increase, benefitting the capital formation process and investors, while the CFTC is price neutral. In futures markets, for every winner there is a loser.

Many argue that having two regulators promotes competition and thus better regulation. An important implication of a single agency is that this competition could be lost. While some view this type of regulatory competition as a type of "lowest common denominator" approach, the current competition can serve to check the tendency of government regulators to favor regulatory solutions to all types of public policy issues arising in these markets.

Merger would present a variety of short-term costs. The disruption would place added demands on the resources of both agencies. Operational and personnel costs would in the short-term increase. Rep. Glickman estimated these costs to approximate $10 million in 1990.

Statutes governing the securities and futures markets are substantially different. A merger would raise very sticky issues. These issues range from the treatment of off-exchange products to punitive damage authority for floor trading abuses.

Very strong vested interests would oppose a merger. The majority of the futures industry have traditionally feared SEC oversight and the SEC's authorizing committee (i.e., Dingell).

There are a variety of tricky operational problems that would have to be resolved. For example, the CFTC does not have pay-cap relief, the SEC does. The SEC is funded largely from fees, the CFTC budget is based on a direct appropriation.

A variety of administrative hurdles exist. Where would the single agency locate itself? Timing on location, however, is relatively good. The SEC is currently in the market for a new building and intends to move in December of 1997. The CFTC lease has already entered into a new 10 year lease and will be moving into a new building in September 1995. Nevertheless, it is well within the government's legal right to break this lease.

Such an effort would require a great deal of Administration and Congressional staff time.

Recommendation

Overall, we believe the benefits of consolidation outweigh the costs. Politically, however, this may be a non-starter, given its complexity and the futures industry fear of fees and more aggressive oversight. However, a tremendous window of opportunity exists with respect to consolidation in that the tidal wave changes that have taken place in Congress have eliminated many of the traditional opponents to merger and created strong momentum for good restructuring proposals. Also, the current CFTC Chairman is a former SEC Commissioner and, we believe, is amenable to such a merger, as long as she is consulted. While she cannot publicly state support for merger, and will no doubt oppose it publicly, we do not believe she will fight very hard.

six month special marketing period.
y low-income families and individuals, ıd nonprofit organizations that agree rictions are allowed to bid on the prop- g expense line shown in the istrative costs of the program. the properties with the afford- s are not included. At the end of FY94, ies or accepted offers for 21,729 single ng $596 million in sales proceeds and ties totaling $763 million in sales pro- ngle family and multifamily properties ng units of which 32,031 will be set -low income households at restricted ble housing program has provided sell- single family properties for a total of nding loans and 202 multifamily prop- 246 million in outstanding loans. By expects to have sold an additional d 152 multifamily properties through program. RTC's remaining Affordable ogram (AHDP) inventory will transfer n Fund on October 1, 1995.
he RTC Completion Act, management affordable housing programs will be r than September 30, 1995. While both d out by the FDIC Affordable Housing ite accounting will be maintained for The RTC Affordable Housing Program ially transferred to the FSLIC Resolu- nber 31, 1995, when all RTC assets sferred.

	1994 actual	1995 estimate
	3,579	2,536
	112	252
	1,626	1,700
	121	152
ands).		
	121,422	90,046
	143,543	347,604
ousands):		
	62,216	67,082
	249,620	207,666
	45,438	49,473
	150,630	146,640

Sheet (in thousands of dollars)

	1993 actual	1994 actual	1995 est.	1996 est.
	9,234,130	18,474,563	17,484,102	
	1,129			
	29,661,000	26,396,530	18,623,217	
	38,896,259	44,871,093	36,107,319	
	31,937,021	26,837,589	19,055,195	
	146,269	277,394	286,475	
	32,083,290	27,114,983	19,341,670	
	6,812,969	17,756,110	16,765,649	
	6,812,969	17,756,110	16,765,649	
	6,259	44,871,093	36,107,319	

Object Classification (in thousands of dollars)

Identification code 22-4055-0-3-373		1994 actual	1995 est.	1996 est.
	Personnel compensation:			
11.1	Full-time permanent	352,918	277,091	58,082
11.5	Other personnel compensation	11,243	12,441	2,997
11.9	Total personnel compensation	364,161	289,532	61,079
12.1	Civilian personnel benefits	104,743	83,310	18,822
21.0	Travel and transportation of persons	37,375	26,386	4,399
23.2	Rental payments to others	15,776	13,333	2,600
23.3	Communications, utilities, and miscellaneous charges	20,020	9,618	858
24.0	Printing and reproduction	1,540	1,099	131
25.2	Other services	525,782	359,949	44,711
26.0	Supplies and materials	2,279	1,470	220
31.0	Equipment	14,921	7,499	1,214
42.0	Insurance claims and indemnities	1,918	1,559	219
92.0	Undistributed	16,910,230	3,627,631	164,055
99.9	Total obligations	17,998,745	4,421,386	298,308

Personnel Summary

Identification code 22-4055-0-3-373		1994 actual	1995 est.	1996 est.
5001	Total compensable workyears: Full-time equivalent employment	6,376	5,000	1,013

SECURITIES AND EXCHANGE COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed $3,000 for official reception and representation expenses, **[**$74,856,000**]** *$342,922,000*, of which not to exceed $10,000 may be used toward funding a permanent secretariat for the International Organization of Securities Commissions, and of which not to exceed $100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations, appropriate representatives and staff to exchange views concerning developments relating to securities matters, development and implementation of cooperation agreements concerning securities matters and provision of technical assistance for the development of foreign securities markets, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance at such consultations and meetings including: (i) such incidental expenses as meals taken in the course of such attendance, (ii) any travel or transportation to or from such meetings, and (iii) any other related lodging or subsistence**[**: *Provided*, That of the budgetary resources available in fiscal year 1995 in this account, $902,000 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).

In addition, upon enactment of legislation amending the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.), and subject to the schedule of fees contained in such legislation, such fees may be collected and shall be deposited as an offsetting collection to this appropriation to recover the costs of registration, supervision, and regulation of investment advisers and their activities: *Provided*, That such fees shall remain available until expended: *Provided further*, That any such fees collected in excess of $8,595,000 shall not be available for obligation until October 1, 1995**]**. *If, prior to enactment of this Act, legislation amending the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) to establish a new fee system which reforms the funding structure of the Commission is enacted, the sum "$342,922,000" shall be deleted and replaced with "$92,054,000", and the following language shall be added after "(iii) any other related lodging or subsistence:", "Provided, That not to exceed $92,054,000 from fees and annual charges received in fiscal year 1996 shall be*

General and special funds—Continued

SALARIES AND EXPENSES—Continued

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." (Department of Justice and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 50–0100–0–1–376	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program.			
00.01 Full disclosure	53.768	59.673	65.766
00.02 Prevention and suppression of fraud	88.684	94.010	105.577
00.03 Supervision and regulation of securities markets	37.435	44.674	46.586
00.04 Investment management regulation	39.600	52.145	75.923
00.05 Legal and Economic services	18.053	18.265	19.130
00.07 Program direction	28.709	32.238	33.840
00.91 Total direct program	266.249	301.005	346.822
01.01 Reimbursable program	238	1.569	1.405
10.00 Total obligations	266.487	302 574	348.227
Financing:			
17.00 Recovery of prior year obligations	-1.101		
21.90 Unobligated balance available, start of year: Fund balance	-72.253	-54.429	-20.280
24.90 Unobligated balance available, end of year: Fund balance	54.429	20.280	16.380
25.00 Unobligated balance expiring	1.628		
39.00 Budget authority (gross)	249.190	268.425	344.327
Budget authority:			
Current:			
40.00 Appropriation	57.856	74.856	342.922
Permanent:			
68.00 Spending authority from offsetting collections	191.334	206.138	1.405
68.45 Portion not available for obligation (limitation on obligations)		-12.569	
68.90 Spending authority from offsetting collections (total)	191.334	193.569	1.405
Relation of obligations to outlays:			
71.00 Total obligations	266.487	302.574	348.227
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	43.632	46.504	60.108
74.40 Obligated balance, end of year: Unpaid obligations. Treasury balance	-46.504	-60.108	-77.319
77.00 Adjustments in expired accounts	-3.350		
78.00 Adjustments in unexpired accounts	-1.101		
87.00 Outlays (gross)	259.164	288.970	331.016
Adjustments to gross budget authority and outlays:			
Offsetting collections from.			
88.00 Federal sources	-238	-1.569	-1.405
88.45 Offsetting governmental	-191.096	-192.000	
88.90 Total, offsetting collections	-191.334	-193.569	-1.405
89.00 Budget authority (net)	57.856	74.856	342.922
90.00 Outlays (net)	67.830	95.401	329.611

Summary of Budget Authority and Outlays

(in thousands of dollars)

Enacted/requested	1994 actual	1995 est.	1996 est.
Budget Authority	57.856	74.856	342.922
Outlays	67.830	95.401	329.611
Legislative proposal not subject to PAYGO:			
Budget Authority			-342.922
Outlays			-307.801
Legislative proposal, subject to PAYGO:			
Budget Authority			250.868
Outlays			215.747
Total:			
Budget Authority	57.856	74.856	250.868
Outlays	67.830	95.401	237.557

The primary mission of the Securities and Exchange Commission (the Commission) is to protect the interests of the investing public.

Full disclosure.—This program ensures that investors will be provided with material facts in the public offering, trading, voting and tendering of securities. Issuers that have conducted public offerings, have securities traded in the public markets, or have total assets and security holder populations of specified sizes, are required to furnish management, financial, and business information to the Commission on a continuing basis in proxy materials and in annual and other periodic reports. The staff reviews these documents on a selected basis for compliance with the disclosure requirements. In addition, all registration statements of issuers that are making their initial public offerings of securities and all third party tender offer filings are reviewed by the staff. As a result of the review process, the staff may issue comments to issuers to elicit better compliance or, where appropriate, refer matters for enforcement action.

Electronic filing project (EDGAR).—In 1984, the SEC began a pilot project that successfully tested the feasibility of receiving, analyzing and disseminating full disclosure filings electronically. The pilot received approximately 114,000 filings electronically through July 1992, when it was closed.

In early 1989, the SEC selected a contractor to develop the operational system. The operational system provides the Commission with the capability for electronic receipt, analysis, and dissemination of most of the full disclosure filings currently filed in paper. The operational system opened in January 1992 for test filings and the phase-in of the first group of mandated filers began in April 1993. Three additional groups of filers were added to the system in July, October and December of 1993 bringing the total number of companies filing electronically to approximately 3,500. Approximately 11,500 new companies will be added to the system over the next two years now that the SEC has completed the six-month review mandated by the Congress and promulgated final rules. The operational contract is for eight years ending in 1997. The EDGAR contract is $10.4 million in fiscal 1996 of which $8.3 million supports the Full Disclosure program and $2.1 million supports the Investment Management Regulation program.

SELECTED WORKLOAD DATA

	1994 actual	1995 est.	1996 est.
Filings of initial 1933 Act registration statements—other than investment companies	1.329	1.340	1.340
Filings of repeat 1933 Act registration statements and post-effective amendments—other than investment companies	4.541	4.560	4.560
Filings of definitive proxy and information statements (uncontested)—other than investment companies	7.347	7.400	7.450
Filings of annual and periodic reports—other than investment companies	64.377	65.500	66.100
Filings of Director and Officer ownership and transaction reports	241.571	247.000	253.000

Prevention and Suppression of Fraud.—This program evaluates information indicating possible violations of the federal securities laws. Possible violations include, among other things, the illegal distribution of unregistered securities, fraud in the offer, purchase and sale of securities, insider trading, market manipulation, and illegal conduct by broker-dealers, investment advisers and other regulated entities. Investigations of possible violations are conducted and, if appropriate, enforcement actions are initiated. Actions include civil proceedings seeking injunctive and other relief and administrative proceedings. The Commission is now authorized to seek court orders imposing civil monetary penalties for any securities law violation as well as to seek such penalties against regulated entities in administrative proceedings. Under appropriate circumstances matters are referred for criminal prosecution.

SELECTED WORKLOAD DATA

	1994 actual	1995 est	1996 est.
Investigations initiated	560	570	580
Administrative proceedings opened	271	271	281
Civil actions initiated	226	226	226

Supervision and regulation of securities markets.—Trading in the securities markets is regulated to prevent fraud and manipulation, and to ensure the maintenance of fair, orderly, efficient, and competitive markets. The Commission oversees the work of self-regulatory organizations, monitors securities markets and broker-dealer operations, and develops regulatory strategies for coping with market stress, promoting compliance, and meeting changing domestic and international conditions.

SELECTED WORKLOAD DATA

	1994 actual	1995 est.	1996 est.
Review of changes in the rules and procedures of self-regulatory organizations	524	530	530
Inspections of self-regulatory organizations	33	40	45
Broker dealer registration applications	980	1,000	1,050
Broker-dealer oversight and cause examinations	680	700	725

Investment management regulation.—This program administers the Investment Company Act of 1940 and the Investment Advisers Act of 1940. The staff reviews disclosure documents filed by investment companies and investment advisers and regulates and inspects investment companies and investment advisers to protect investors against fraud, self-dealing, inadequate disclosure, and other abuse. The staff refers serious violations for enforcement action. In 1996, investment adviser inspections will focus on money managers that have total control of their clients' funds. This program also is responsible for administering the Public Utility Holding Company Act of 1935.

SELECTED WORKLOAD DATA

	1994 actual	1995 est	1996 est
Investment company assets inspected ($ trillions)	0 3	1 7	2.0
Investment company portfolios and amendments filed	18,958	22,725	27,250
Investment company proxy statements filed	624	730	710
Investment advisers inspected	963	960	960
Investment adviser registration statements filed	3,404	3,420	3,465
Exemptive applications closed	514	530	540
Public utility filings processed	185	200	200
Public utility annual and periodic reports examined	1,500	900	900

Legal and Economic Services.—This program provides a range of legal services and economic analyses to the Commission concerning its law enforcement, regulatory, and legislative activities, including: (i) prosecution of enforcement actions in appellate courts; (ii) representation of the Commission in all other appellate litigation, in private litigation where the Commission appears as *amicus curiae*, and in corporate reorganizations; (iii) representation of the Commission in actions brought against the Commission and its employees; (iv) preparation of Congressional testimony and comments and advice concerning proposed securities legislation; (v) advice to the Commission concerning issues arising from its law enforcement and regulatory activities; (vi) preparation of draft opinions of adjudicatory decisions and advice to the Commission regarding its adjudicatory decisions; (vii) advice to the Commission regarding compliance with Government-wide statutes and the statutes and rules applicable to the agency's activities; and (viii) economic analyses of proposed regulations and legislation, litigation support in enforcement cases, and independent studies of issues affecting the securities markets. In addition, the administrative law judges conduct hearings and issue initial decisions in formal administrative proceedings where the Commission has determined that hearings are appropriate, in the public interest, and for the protection of public investors.

SELECTED WORKLOAD DATA

	1994 actual	1995 est.	1996 est.
Litigation matters opened	339	360	380
Opinion cases received	48	70	70
Opinion cases completed	72	70	75
Legislative matters	263	255	280
Chapter 11 disclosure statements commented on	79	80	80
Administrative proceedings completed by Administrative Law Judges	48	49	49

Program direction.—This program assists the Commission in fulfilling its statutory requirements and in responding to changes in the securities industry by carefully evaluating priorities, formulating and implementing policies, and managing agency resources. The staff provides management direction and analysis, internal control, financial management, personnel management, data processing, public affairs, records management, information dissemination, general administrative services, and processing of equal employment opportunity complaints.

Authorizing legislation will be proposed to provide the Commission with a sound and stable long term funding structure. Such legislation would stipulate three tiers of fee income. Tier 1 would be composed of permanent increases in existing base receipts collected under the securities laws generating PAYGO savings of approximately $51 million in 1996. Tier 2 would establish a set of new permanent fees in the securities laws and stipulate that such fees be deposited in a special fund of the U.S. Treasury and that the SEC would have authority to spend such sums as may be deposited in this fund. The legislation would specify Tier 2 fee rates in amounts that would be estimated to collect a substantial majority, but not all, of the SEC's total budget. Tier 3 would provide the appropriators with the authority to increase certain specified fees and deposit such increments as offsetting collections to the SEC's appropriation. The establishment of the Tier 3 fees would be contingent on appropriation action.

Such legislation would give the appropriators the ability to determine the gross level of funds that are necessary for the SEC, while at the same time averting the type of funding crisis that existed at the start of 1995. This proposal would result in a reduction to the existing section 6(b) registration fee rate of one-twenty-ninth of one percent thereby lowering the cost of raising capital in the United States. This proposal would also better match the services provided by the SEC with the fees that are collected under the securities laws. The Administration intends to work with Congress to secure early enactment of such a legislative proposal, possibly including such a package in a reconciliation bill.

Object Classification (in thousands of dollars)

Identification code 50–0100–0–1–376		1994 actual	1995 est.	1996 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	146,929	162,366	184,628
11.3	Other than full-time permanent	539	600	600
11.5	Other personnel compensation	2,532	3,154	3,154
11.9	Total personnel compensation	150,000	166,120	188,382
12.1	Civilian personnel benefits	34,678	37,159	42,029
13.0	Benefits for former personnel	91	91	91
21.0	Travel and transportation of persons	5,935	7,574	9,216
22.0	Transportation of things	213	151	152
23.1	Rental payments to GSA	260		
23.2	Rental payments to others	25,945	27,007	28,020
23.3	Communications, utilities, and miscellaneous charges	6,786	7,218	7,685
24.0	Printing and reproduction	1,913	2,000	2,021
25.2	Other services	28,762	36,626	48,369
26.0	Supplies and materials	5,457	6,578	6,807
31.0	Equipment	6,137	10,481	14,050
42.0	Insurance claims and indemnities	12		

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 50–0100–0–1–376		1994 actual	1995 est.	1996 est.
99.0	Subtotal, direct obligations	266,249	301,005	346,822
99.0	Reimbursable obligations	238	1,569	1,405
99.9	Total obligations	266,487	302,574	348,227

Personnel Summary

Identification code 50–0100–0–1–376		1994 actual	1995 est.	1996 est.
	Direct:			
	Total compensable workyears:			
1001	Full-time equivalent employment	2,650	2,929	3,126
1005	Full-time equivalent of overtime and holiday hours	17	17	17
	Reimbursable:			
2001	Total compensable workyears: Full-time equivalent employment	2	15	13

SALARIES AND EXPENSES

(Legislative proposal, not subject to PAYGO)

Program and Financing (in thousands of dollars)

Identification code 50–0100–2–1–376		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations			–250,868
	Financing:			
39.00	Budget authority (gross)			–250,868
	Budget authority:			
	Current:			
40.00	Appropriation			–342,922
	Permanent:			
68.00	Spending authority from offsetting collections			92,054
	Relation of obligations to outlays:			
71.00	Total obligations			–250,868
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance			
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance			35,121
87.00	Outlays (gross)			–215,747
	Adjustments to gross budget authority and outlays:			
88.45	Offsetting collections from Offsetting governmental			–92,054
89.00	Budget authority (net)			–342,922
90.00	Outlays (net)			–307,801

SALARIES AND EXPENSES

(Legislative proposal, subject to PAYGO)

Program and Financing (in thousands of dollars)

Identification code 50–0100–4–1–376		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations			250,868
	Financing:			
60.25	Budget authority (appropriation) (special fund, indefinite)			250,868
	Relation of obligations to outlays:			
71.00	Total obligations			250,868
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance			
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance			–35,121
90.00	Outlays			215,747

Public enterprise funds:

INVESTMENT IN SECURITIES INVESTOR PROTECTION CORPORATION

Program and Financing (in thousands of dollars)

Identification code 50–4068–0–3–376		1994 actual	1995 est.	1996 est.
	Financing:			
21.47	Unobligated balance available, start of year: Authority to borrow	–1,000,000	–1,000,000	–1,000,000
24.47	Unobligated balance available, end of year: Authority to borrow	1,000,000	1,000,000	1,000,000
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Total obligations			
90.00	Outlays			

The Securities Investor Protection Corporation (SIPC) may borrow up to $1 billion from the U.S. Department of the Treasury, through the Commission, in the event that the fund maintained by SIPC is insufficient to satisfy the claims of customers of failing brokerage firms. To date, SIPC has not needed these loans.

SELECTIVE SERVICE SYSTEM

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by law (5 U.S.C. 4101–4118) for civilian employees; and not to exceed $1,000 for official reception and representation expenses; [$22,930,000] *$23,304,000*: *Provided*, That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: *Provided further*, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

Further, for the foregoing purposes and subject to the same terms and conditions, $22,605,000, to become available on October 1, 1996. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 90–0400–0–1–054		1994 actual	1995 est.	1996 est.	1997 est.
	Program by activities:				
00.01	Direct program	24,818	22,930	23,304	22,605
01.01	Reimbursable program	13	20	20	20
10.00	Total obligations	24,831	22,950	23,324	22,625
	Financing:				
25.00	Unobligated balance expiring	183			
39.00	Budget authority (gross)	25,013	22,950	23,324	22,625
	Budget authority:				
	Current:				
40.00	Appropriation	25,000	22,930	23,304	22,605
	Permanent:				
68.00	Spending authority from offsetting collections	13	20	20	20
	Relation of obligations to outlays:				
71.00	Total obligations	24,831	22,950	23,324	22,625
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	13,704	10,132	10,645	11,759
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–10,132	–10,645	–11,759	–12,679
77.00	Adjustments in expired accounts	–6,480			
87.00	Outlays (gross)	21,923	22,437	22,210	21,705