

28. GENERAL GOVERNMENT

Table 28-1. FEDERAL RESOURCES IN SUPPORT OF GENERAL GOVERNMENT
(In millions of dollars)

Function 800	1997 Actual	Estimate					
		1998	1999	2000	2001	2002	2003
Spending:							
Discretionary Budget Authority	11,814	12,489	12,968	12,125	12,174	12,029	12,122
Mandatory Outlays:							
Existing law	692	351	1,033	1,165	907	921	965
Proposed legislation			3,502	4,033	4,681	5,083	5,480
Credit Activity:							
Direct loan disbursements	223						
Tax Expenditures:							
Existing law	47,220	49,230	51,050	52,920	54,770	56,655	58,520
Proposed legislation			42	79	124	165	197

The General Government function encompasses the central management activities of the executive and legislative branches. Its major activities include Federal finances (tax collection, public debt, currency and coinage, Government-wide accounting), personnel management, and general administrative and property management.

Four agencies are responsible for these activities: the Treasury Department (for which the budget proposes \$12.3 billion), the General Services Administration (\$142 million), the Office of Personnel Management (\$187 million), and the Office of Management and Budget in the Executive Office of the President (\$59 million).

Department of the Treasury

Treasury is the Federal Government's financial agent. It produces and protects the Nation's currency; helps set domestic and international financial, economic, and tax policy; enforces economic embargoes and sanctions; regulates financial institutions and the alcohol, tobacco, and firearms industries; manages the Federal Government's financial accounts; and protects citizens and commerce against those who counterfeit money, engage

in financial fraud, violate our borders, and threaten our leaders. In 1999, Treasury will seek to collect an estimated \$1.7 trillion in tax and tariff revenues due under the law; make over 70 percent of the 900 million payments that it issues electronically; issue \$2 trillion in marketable securities and savings bonds to finance the Government's operations and increase citizens' savings; and produce 10 billion Federal Reserve Notes, 15 billion postage stamps, and 13 billion coins.

The Internal Revenue Service (IRS), for which the budget proposes \$8.3 billion, is the Federal Government's main revenue collector. Its mission is to collect the proper revenue at the least cost. The budget proposal for the IRS seeks to improve customer service in order to provide taxpayers who need to contact the IRS with various communication options and ensure that the IRS treats each taxpayer as a customer. To help reach this goal, the IRS will revamp its past performance measures, eliminating those that undermine the fair treatment of taxpayers.

In 1999, the IRS will:

- continue its efforts to improve customer service mainly through telephone assist-

ance, answering at least 86 percent of taxpayer calls, up from 65 percent in 1997, with an accuracy rate of 96 percent for tax law inquires;

- expand its problem resolution program by decreasing the number of days it takes to resolve a taxpayer's account problem in district offices to 35, from 36 in 1997;
- collect over \$1.64 trillion in net revenue—78 percent of it electronically, a substantial increase from 41 percent in 1997;
- electronically process 19.5 percent of the expected 212 million total returns, both individual and business; (Of those, 5.9 million will use Telefile, which allows taxpayers to file a simple tax return over the telephone in under 10 minutes.)
- process electronic returns with a 99 percent accuracy rate while processing paper returns with a 95 percent accuracy rate;
- process refunds on paper returns in 40 days and electronic returns in 21 days; and
- ensure that its computers can process the year 2000 change by converting, testing, and certifying its computer code by October 1999.

In 1999, Treasury's Financial Management Service will:

- continue working to improve the management of the Nation's finances, saving \$33 million by reducing the number of paper checks issued, and process 65 percent of all collections electronically and increase the Government-wide collection of delinquent debt by \$95 million compared to 1995.

In 1999, Treasury's Bureau of Public Debt will:

- introduce a new series of inflation-indexed savings bonds of various denominations;
- automate the securities auction process and announce auction results within one hour 90 percent of the time; and
- maintain a 10-year average holding period for savings bonds.

In 1999, Treasury's Bureau of Engraving and Printing and U.S. Mint will:

- introduce a redesigned dollar coin and a new series of quarters featuring emblematic images of the States;
- incorporate new security features into the twenty dollar bill;
- ship all numismatic coins within four weeks of order date; and
- maintain a stamp spoilage rate of no more than 11 percent.

General Services Administration (GSA)

GSA has traditionally focused on its role as the central provider of supplies, general administrative services, telecommunication services, and office space to Federal agencies. In 1999, revenues from its various business lines will approach an estimated \$13 billion. Under the Federal Property and Administrative Services Act of 1949 and subsequent laws, GSA also plays a policy leadership role with respect to property management and general administrative services.

Over the past two years, GSA has given greater attention to that leadership role. It has developed a new Federal management model, focusing on performance measurement, accountability for agencies and employees, and the effective use of technology in changing work environments. GSA has established inter-agency groups to advise it on the policies, best practices, and performance benchmarks appropriate for each administrative service and on the information systems to report performance. GSA's ultimate goal is a Federal Government in which agencies receive the administrative services they need according to the best practices known and at the least cost, internal regulation, and burden. When fully developed, GSA's policy role can potentially influence over \$50 billion a year for property management and administrative services and the management of assets valued at nearly \$500 billion.

GSA also provides expertly managed space, products, and services to support the administrative needs of Federal agencies. It has aggressively responded to the changing needs of its customer agencies by working to trans-

form itself into a market-driven, customer-oriented agency. GSA will seek to exceed all Government-wide performance goals and industry benchmarks for administrative services as they are developed or identified. In the meantime, its overall goals as a service provider are to exceed its customer agencies' expectations for price, service and quality.

In 1999,

- the Public Buildings Service will deliver 88 percent of its construction and repair projects on schedule and within budget, up from 80 percent in 1997;
- the percentage of GSA-sponsored child care centers that meet national accreditation standards will increase to 75 percent, compared to an average national accreditation percentage of less than 10 percent;
- the Federal Technology Service projects a monthly line charge for local telephone service of \$20.77, a 28-percent cut from 1994 rates; and
- the Federal Supply Service will lease automobiles and other motor vehicles to Federal agencies at rates that average 20 percent below comparable commercial lease rates.

Because GSA provides services on a reimbursable basis, the budgets of the agencies fund most of GSA's activities. In 1999, for example, the budget proposes an appropriation of \$142 million for GSA, principally for its Office of Government-wide Policy and the Office of the Inspector General, but it projects obligations of nearly \$14 billion through GSA's revolving funds. In addition, GSA will administer contracts through which agencies will buy over \$14 billion in goods and services outside of GSA's revolving funds.

Office of Personnel Management (OPM)

OPM provides human resource management leadership and services, based on merit principles, to Federal agencies and employees. It provides policy guidance, advice, and direct personnel services and systems to the agencies. OPM also operates a Nation-wide job information and application system every hour of every day, publicly available through the

Internet and other electronic and traditional sources at convenient and accessible locations. OPM develops and administers compensation systems for both blue-collar and white-collar employees. In addition, OPM provides fast, friendly, accurate, and cost effective retirement, health benefit, and life insurance services to Federal employees, annuitants, and agencies.

- OPM reduced the average time to process an annuity application from 83 days in 1994 to 39 days in 1997, and has targeted a goal of 35 days by 1999.
- OPM reduced customer call wait time for annuity inquiries from 5.1 minutes in 1996 to 3.3 minutes in 1997 and will strive to make further reductions in 1999.

But perhaps OPM's most important function is administering the Federal civil service merit systems, covering nearly 1.5 million employees, which includes recruiting, examining, and promoting people on the basis of their knowledge and skills—regardless of race, religion, sex, political influence, or other non-merit factors. OPM runs an aggressive oversight program, identifying opportunities for improving Federal personnel policies and programs and helping agencies meet mission goals by effectively recruiting, developing, and utilizing employees. In 1997, OPM conducted Nation-wide reviews of eight major agencies, finding few serious problems and discovering many "best practices" that were shared with other agencies. OPM encourages maximum employment and advancement opportunities in the Federal service for disabled veterans and those qualified for veteran's preference (26 percent of today's employees). OPM's policies and programs seek to encourage diversity in the Federal workforce.

- In 1999, OPM will help agencies raise the levels of under-represented groups by two percent over the 1997–1998 levels.

Likewise, OPM helps dislocated and surplus employees by assisting agencies with career transition planning and, when vacancies arise, ensuring that dislocated and surplus employees receive hiring preference. In 1996, over 11,000 employees found employment through this process. With its Director chairing the National Partnership Council, OPM supports

and promotes labor-management partnerships throughout the Executive branch—partnerships that help agencies deliver the highest-quality services to the American people. In 1996, such partnership councils represented 70 percent of Federal employees in bargaining units, and 1997 survey data indicate continued growth and positive perceptions of such partnerships.

- In 1999, OPM will continue to foster more such partnerships and help those that are having problems.

Finally, OPM helps Federal program managers carry out their personnel management responsibilities through a range of programs, training, and performance management designed to develop the most effective Federal employee. Other Federal agencies with personnel management responsibilities are the Merit Systems Protection Board, the Office of Special Counsel, the Office of Government Ethics, and the Federal Labor Relations Authority.

Office of Management and Budget (OMB)

OMB helps the President carry out his constitutional and statutory duties. It helps the President create policy relating to receipts and expenditures, regulations, information, and legislation; and manage the Executive Branch in the faithful execution of laws, policies, and programs. OMB also provides the President with the highest-quality analysis and advice on a broad range of topics.

OMB advocates the appropriate allocation and effective use of Government resources. OMB helps the President prepare the Federal budget and oversee its execution in the departments and agencies. In helping formulate the President's spending plans, OMB examines the effectiveness of agency programs, policies, and procedures; assesses competing funding demands among agencies; and provides policy options. OMB works to ensure that proposed legislation, and agency testimony, reports, and policies are consistent with Administration policies. OMB focuses particular attention on managing the processes for coordinating and integrating policies for

interagency programs. On behalf of the President, OMB often presents and justifies major policies and initiatives related to the budget and Government management before Congress.

OMB has a central role in developing, overseeing, coordinating, and implementing Federal procurement, financial management, information, and regulatory policies. OMB helps to strengthen administrative management, develop better performance measures, and improve coordination among Executive Branch agencies.

In 1999, OMB will

- produce the President's annual budget documents in a timely, accurate manner; and
- ensure that agencies meet a number of key objectives, including: achieving compliance with year 2000 computer changes; receiving clean audit opinions on annual financial statements; improving the analysis of regulatory alternatives; ensuring that annual performance plans are fully integrated with budget submissions; and effectively using inter-agency working groups on a wide range of Government functions.

Tax Incentives

The Federal Government provides significant tax benefits for State and local governments. It permits tax-exempt borrowing for public purposes, costing \$77 billion in Federal revenue losses over five years, from 1999 to 2003 (the budget describes tax-exempt borrowing for non-public purposes in the write-ups on other Government functions). In addition, taxpayers can deduct State and local income taxes against their Federal income tax, costing \$182 billion over five years. Corporations with business in Puerto Rico receive a special tax credit, costing an estimated \$15 billion over five years. Finally, up to certain limits, taxpayers can credit State death taxes against Federal estate taxes, costing \$24 billion over five years.