

18. GENERAL GOVERNMENT

Table 18-1. Federal Resources in Support of General Government

(In millions of dollars)

Function 800	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Spending:							
Discretionary Budget Authority ...	12,438	13,965	14,773	15,047	15,374	15,685	16,044
Mandatory Outlays:							
Existing law	1,041	2,334	1,798	1,809	2,018	1,822	1,795
Proposed legislation			7		1,201	1	1
Credit Activity:							
Direct loan disbursements	14	16	3				
Tax Expenditures:							
Existing law	67,720	71,300	74,800	78,340	82,100	85,970	88,670

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

Four executive branch agencies are responsible for these activities: the Department of the Treasury (for which the budget proposes \$14.7 billion); the General Services Administration (\$513 million); the Office of Personnel Management (\$226 million); and the Office of Management and Budget in the Executive Office of the President (\$71 million).

Department of the Treasury

Treasury is the Federal Government's financial agent—collecting revenue, making payments and managing the Government's finances. 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; and protects citizens and commerce against those who counterfeit money, engage in financial fraud, violate our border, and threaten our leaders.

Treasury's law enforcement functions are discussed in Chapter 17, "Administration of Justice."

In 2002, Treasury will seek to collect an estimated \$2.2 trillion in tax and tariff revenues due under law; issue more than \$2 trillion in marketable securities and savings bonds to finance the Government's operations and promote citizens' savings; and produce 7.5 billion Federal Reserve Notes, 12 billion postage stamps, and 27 billion coins.

Internal Revenue Service (IRS): IRS is the Federal Government's primary revenue collector. IRS's mission is to provide America's taxpayers with top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

The President's Budget funds two major initiatives to improve IRS performance. First, the Administration requests \$397 million in investments to modernize IRS's outdated computer systems. This multi-year project will provide IRS with the modern tools needed both to deliver first-class customer service to America's taxpayers and to ensure that compliance programs are administered fairly and efficiently. Failure to replace IRS's outdated computer systems compounds the risks

that taxpayers will be treated unfairly; that the IRS work force will not have the skills required to maintain the outdated systems; and that the cost of maintaining these archaic systems will grow. Second, the Administration proposes follow-on funding for IRS's Staffing Tax Administration for Balance and Equity initiative, begun in 2001. These funds are intended to complete the hiring of almost 4,000 staff and will enable IRS to address the decline in audits and the drop in customer service that have occurred over the past several years.

IRS is working to improve its work processes to enhance productivity and customer satisfaction. It has reorganized around customer-based operating divisions and implemented a performance measurement system that balances business results (including quality and quantity measures), customer satisfaction, and employee satisfaction for each business unit. In 2002, targets for several critical IRS performance measures include the following:

- improve customer satisfaction (based on random surveys) to 3.69 on a four-point scale for toll-free assistance (3.46 in 2000); 6.55 on a seven-point scale for walk-in customer service (6.5 in 2000); 4.9 out of seven for field examination (4.4 in 2000); and 5.0 out of seven for field collection (4.6 in 2000);
- continue to improve customer service through its toll-free assistance, answering 71 percent of calls, (59 percent in 2000), with an accuracy rate of 76 percent for tax law questions (73 percent in 2000);
- receive 38 percent of individual returns filed electronically, up from 28 percent in 2000 (working toward a legislative goal of 80 percent of all returns and information documents by 2007); and
- reverse the recent drop in enforcement activity, by closing 341,137 field ("face-to-face") tax examinations, up 36 percent from 251,108 in 2000.

Financial Management Service (FMS): FMS provides central payment services to Federal agencies, operates the Federal Government's collections and deposit systems, provides Government-wide accounting and

reporting services, and manages the collection of delinquent debt. In 2002, FMS plans to:

- increase the percentage of Treasury payments and associated information transmitted electronically from 68 percent in 1999 to 73 percent in 2002;
- increase the total dollar amount of Federal Government receipts collected electronically from 72 percent in 1999 to 80 percent in 2002; and
- increase the amount of delinquent debt referred from Federal agencies to FMS for collection (as a percentage of delinquent debt eligible for referral) from 71 percent in 1999 to 75 percent in 2002.

Bureau of Public Debt (BPD): BPD conducts all public debt operations for the Federal Government and promotes the sale of U.S. savings-type securities. In 2002, BPD expects to continue to meet the following performance goals:

- issue at least 95 percent of over-the-counter bonds within three weeks of their purchase (99 percent in 2000);
- as in 2000, conduct all marketable securities auctions without error; and
- announce auction results within one hour 95 percent of the time (100 percent in 2000).

U.S. Mint: The U.S. Mint produces the Nation's coinage and manufactures numismatic products for the public. In 2002, the U.S. Mint seeks to achieve the following goals:

- introduce the fourth five-State series in the 50 States Commemorative Quarter Program; and
- maintain high levels of customer service by shipping commemorative coins within four weeks and recurring coins within three weeks of order placement.

In 2000, the Mint received a high customer satisfaction rating from buyers of numismatic and commemorative coins. Exceeding the scores of many private sector firms in the American Customer Satisfaction Index (ACSI), the Mint scored among the highest of the Federal agencies evaluated by ACSI.

Bureau of Engraving and Printing (BEP): BEP produces all U.S. currency, about half of U.S. postage stamps, and other Government securities. In 2002, BEP is expected to continue to achieve the following goals:

- meet all Federal Reserve and United States Postal Service orders as requested; and
- prevent more than 0.05 notes per million from being returned by the Federal Reserve because of counterfeit deterrence defects.

General Services Administration (GSA)

GSA provides policy leadership and expertly managed space, products, and services to support the administrative needs of Federal agencies. In 2002, revenues from GSA's various business lines are expected to exceed \$16 billion. GSA is responsible for more than \$50 billion a year in Federal spending for property management and administrative services, and management of assets valued at \$450 billion.

In recent years, GSA has worked to develop 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 information system. GSA's ultimate goal is a Federal Government in which agencies receive the administrative services they need, using the best known practices and at the least cost.

As a provider of many administrative services, GSA seeks to exceed all Government-wide performance goals and industry benchmarks for these services, as these benchmarks are developed or identified. Its overall goals as a service provider are to exceed its customer agencies' expectations for price, service, and quality. In 2002:

- the Public Buildings Service plans to deliver 65 percent of its construction, and 82 percent of its repair projects on schedule and within budget, up from 60 and 78 percent in 2001, respectively;

- the Federal Technology Service projects a 15 percent reduction from 1999 rates in monthly line charges for local telephone service;
- the Federal Supply Service seeks to reduce its costs of operations in the Supply and Procurement Business Line by 17 percent from 2000 costs; and
- the volume of purchases made with Federal charge cards is expected to total \$20.4 billion, a 17-percent increase over 2000.

Because GSA provides services on a reimbursable basis, agency budgets fund most of GSA's activities. In 2002, for example, the Administration proposes \$513 million (net discretionary budget authority) for GSA, primarily for the Office of Government-wide Policy, the Office of the Inspector General, and the construction of Federal buildings. However, the budget projects obligations of \$18 billion through GSA's revolving funds. GSA also affects Federal spending through its delegation of authority for real property disposal, building operations, and the procurement of pharmaceuticals. In addition, GSA expects to administer contracts through which agencies will purchase more than \$27 billion in goods and services outside of GSA's revolving funds.

Office of Personnel Management (OPM)

OPM provides human resource management leadership and services to Federal agencies and employees. The budget proposes a Federal civilian pay increase of 3.6 percent in 2002.

OPM provides policy guidance, advice, and direct personnel services and systems to the agencies; operates USAJOBS, a worldwide job information and application system; oversees the Federal civil service merit system, covering nearly 1.8 million employees; and provides retirement, health benefit, and other insurance services to Federal employees, annuitants, and agencies. Several OPM programs and related performance measures are discussed elsewhere in the budget. For example, see Chapter 12 for a discussion of the health benefits program and Chapter 14 for a discussion of the retirement program.

In 2002, OPM plans to support a broad range of existing strategic human resources management tools and produce proposals for new and expanded tools to attract, develop, manage, and retain a productive work force. Such tools include compensation flexibilities, continual learning and skill development, work/life balance programs, and a supportive work environment. In this endeavor, OPM will explore best and innovative practices from both the private and other public sectors.

In 2002, OPM expects to:

- implement a fully-functional, on-line work force planning system to meet the President's goal to flatten the Federal hierarchy and help Federal agencies align human resources with accomplishment of agency mission and objectives;
- expand access to Federal employment information by partnering, for the first time, with private sector companies to create links to the USAJOBS web site and maintain a 90 percent or better customer satisfaction level among USAJOBS users;
- increase by 10 percent the number of agencies with human resources management accountability systems that are aligned with strategic mission and goals;
- complete implementation of the Federal Employees Health Care Protection Act of 1998, which includes mandatory and permissive debarments and civil monetary penalties for untrustworthy health care providers to sustain the integrity of the Federal Employees Health Benefits Fund; and
- conduct 15 nationwide agency oversight reviews, including reviews of Executive Branch agencies whose personnel are not covered by title 5 of the U.S. Code, and a number of small agencies to ensure Federal agencies use merit principles in hiring and other personnel actions.

Office of Management and Budget (OMB)

OMB assists the President by preparing the Federal budget and overseeing its execution in the departments and agencies. In helping formulate the President's spending plans, OMB coordinates the review and exam-

ines 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, leveraging use of interagency programs and Councils. On behalf of the President, OMB often presents and justifies major policies and initiatives related to the budget and Government management before Congress. As such, it performs an important function in representing the President's position during negotiations with Congress over budget issues and spending levels.

OMB and the Federal Government as a whole face enormous challenges to better manage a nearly \$2 trillion budget, a Federal work force of 1.8 million, a procurement budget of approximately \$200 billion, and a growing regulatory burden. OMB is often called upon to provide policy options for the President on key issues of importance at home or abroad, such as the Nation's policy on education, social security, military readiness, or taxes.

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

OMB manages a number of significant Government-wide efforts. Examples include: (1) the Chief Financial Officers Act; (2) the Government Performance and Results Act, integrating budget and performance data and compiling a Government-wide performance plan; (3) the Government Management Reform Act, which has led to agencies issuing accountability reports for the first time; (4) the Clinger-Cohen Act, which requires information technology resources capital planning and investment control, with performance-based acquisition strategies, all linked to budget requests; and (5) the Federal Acquisition Streamlining Act, to improve the efficiency and results of the Federal Government's procurement efforts.

OMB produced the annual budget for 2002 using a state-of-the-art off-site secure data facility to improve efficiency and timeliness, and improve services to agency customers. OMB is investing in additional information technology applications to improve efficiency and effectiveness of the OMB's staff in completing an increasing workload under pressing deadlines.

Tax Incentives

The Federal Government provides significant tax incentives that benefit State and local governments. It permits tax-exempt borrowing for public purposes, costing \$23.5 billion in Federal revenue losses in 2002

and \$122 billion over five years, from 2002 to 2006. (The budget describes tax-exempt borrowing for non-public purposes in chapters on other Government functions.) In addition, taxpayers can deduct State and local income taxes against their Federal income tax, costing \$48.7 billion in 2002 and \$276 billion over five years. Corporations with business in Puerto Rico and other U.S. possessions receive a special tax credit, costing an estimated \$2.6 billion in 2002 and \$11.4 billion over four years. This tax credit is phasing out and will expire at the end of 2005. Finally, up to certain limits, taxpayers can credit State inheritance and estate taxes against Federal estate taxes, costing \$38 billion over five years.