OTHER AGENCIES

COMMODITY FUTURES TRADING COMMISSION

The Commodity Futures Trading Commission (CFTC) regulates U.S. futures and options markets. It protects investors by preventing fraud and abuse and ensuring adequate disclosure of information. Major activities of the agency include: promulgating regulations governing commodities futures markets; detecting and prosecuting investor fraud schemes; and monitoring the markets in order to prevent illegal price manipulation efforts. In 2003, CFTC opened more than 100 investigations against suspected violators of commodity trading laws. The 2005 Budget proposes $95 million for CFTC.

CONSUMER PRODUCT SAFETY COMMISSION

The Consumer Product Safety Commission (CPSC) is an independent health and safety regulatory agency that is responsible for protecting the American public from unreasonable risks of injury and death from about 15,000 types of consumer products. CPSC develops voluntary and mandatory safety standards for products, conducts recalls of hazardous products, and alerts the public to safe practices and safety hazards associated with consumer products. The work of CPSC has contributed significantly to the 30 percent decline in the rate of injuries and deaths related to hazardous products since the agency's inception in 1972.

The 2005 Budget includes $62.7 million for CPSC. The Budget will enable the Commission to fund cost increases associated with current activities.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Through programs such as AmeriCorps, Senior Corps, and Learn and Serve America, the Corporation for National and Community Service (CNCS) provides service opportunities for more than 2.5 million Americans each year. Through the leadership of the USA Freedom Corps Coordinating Council, CNCS is helping Americans to answer the President's Call to Service, an initiative that has engaged an unprecedented number of volunteers in domestic and international service. The 2005 Budget proposes $1,017 million for CNCS, $82 million, or nine percent, above the 2004 Consolidated Appropriations Bill level. The request would support 75,000 AmeriCorps members, 600,000 senior volunteers, and engage over one million youth in service-learning activities. All of the Corporation's programs work with community and faith-based organizations to meet local needs. Activities include tutoring and mentoring children, assisting the elderly, preserving the environment, building homes for low-income families, responding to disasters, and generating broader volunteer activities across the country. According to the Bureau of Labor Statistics, the number of volunteers increased from 59.8 million to 63.8 million between September 2002 and September 2003.

Strengthening AmeriCorps and National Service

Americans have responded in record numbers to the President's call to dedicate at least 4,000 hours or two years of their lives in service to their communities. The Administration is committed to ensuring that service programs are well-managed and positioned to respond to those who want to serve. To ensure the financial integrity of the AmeriCorps program, the President signed the Strengthen AmeriCorps Program Act. The Act clarifies the proper accounting and management controls governing the AmeriCorps program and the National Service Trust, which finances the education awards earned by AmeriCorps members. In addition, CNCS has initiated comprehensive reforms to improve accountability and efficiency in the administration of programs and the expenditure of funds authorized under the national service laws to build and reinforce a culture of service, citizenship, and responsibility throughout the Nation.

Senior Corps Fights Telemarketing Fraud

Volunteers in the Santa Monica, CA Retired Senior Volunteer Program (RSVP) work with the Federal Bureau of Investigation (FBI) to prevent seniors from becoming victims of telemarketing fraud. A common term for the place from which telemarketers, including illegal telemarketers, make their calls is a "boiler room." Using phones donated by AT&T Wireless, volunteers with WISE Senior Services operate a "reverse boiler room" for victims of telemarketing fraud and give them tips about protecting themselves against future scams. According to FBI Supervisory Special Agent Dan Bolick, "Because of these RSVP volunteers, thousands of crimes are prevented every year. Conservative estimates indicate that we prevent a crime for at least one in every ten people who receive peer counseling. Roughly 13,000 crimes have been prevented at a savings of approximately $12,000 per crime." Over the past five years, CNCS estimates that these RSVP volunteers have protected some $16 million in seniors' funds from telemarketing scams.

Expanding Opportunities for Service

The 2004 Consolidated Appropriations Bill is expected to include the highest funding level for AmeriCorps in the program's history. The 2005 Budget builds on the President's commitment to national service. The Budget includes a total of $442 million to support the President's goal of funding 75,000 AmeriCorps members and finance their education awards. The Budget also proposes a total of $225 million for the National Senior Service Corps programs, which meet a wide range of community needs such as helping seniors live independently in their homes, and providing support services to young ex-offenders. In addition, the Budget includes a total of $20 million to provide Silver Scholarships to 10,000 older Americans who volunteer 500 hours of service tutoring and mentoring students. Each Silver Scholarship provides $1,000 that can be transferred to a grandchild or other young person. Finally, the Budget proposes $15 million for Special Volunteer

AmeriCorps members building homes with Habitat for Humanity.

Programs to support homeland security efforts including activities in public safety, public health, disaster relief, and preparedness.

DISTRICT OF COLUMBIA

> *I'm a strong advocate of quality educational choices, and I believe there are a variety of ways to reach that goal. The District has a very strong example of school choice in its successful charter schools movement. Parents also may exercise choice within District public schools. Still, parents of school-aged children frequently tell me they want better options and more rapid improvements that will lead to better results for their children. To that end, I believe it is time to look at other solutions to provide educational choices for students.*
>
> Mayor Anthony Williams
> from the D.C. government website, *www.dc.gov*

The 2005 President's Budget provides $103 million for the District of Columbia (D.C.). This includes $40 million for D.C. school children, as well as $63 million in funding for other D.C. programs. The $40 million provides continued support for the D.C. School Choice program and Federal support of D.C. public schools and D.C. charter schools. The 2005 Budget continues the 2004 investment of $14 million to support the D.C. School Choice program. This program will increase the capacity of the District to provide parents–particularly low-income parents–more options for obtaining a quality education for their children who are trapped in low-performing schools. As part of the Administration's commitment to improving education in D.C., the Budget also continues funding for D.C. public schools and D.C. charter schools, with $26 million. The Budget also continues to support the D.C. Resident Tuition Assistance program, with $17 million. This program was started in 1999 and allows District residents to attend public colleges nationwide at in-state tuition rates.

The President's 2005 Budget includes new Federal support to assist the District with the capital needs of the city's first responders who are on the frontlines of homeland security. The Budget supports the renovation of two D.C. Fire and Emergency Medical Services Department facilities with $10 million. These renovations will provide, for the first time, centralized headquarters for the D.C. Fire Department and for the D.C. Fire Department's Special Operations Unit. This Special Operations Unit responds to issues such as bomb threats or hazardous materials calls. The Budget also supports the purchase of technical systems, including telephone and radio dispatch systems, for the city's new Unified Communication Center (UCC), with $7 million. The UCC will be a command center for all of the city's essential emergency operations functions. In addition, the 2005 Budget continues to support D.C.'s public safety response to events directly related to the Federal Government's presence in the District, with $15 million going to defray the cost of events such as protests related to the annual World Bank and International Monetary Fund meetings.

The President's 2005 Budget continues support to help improve the Anacostia River for D.C.'s neighborhoods and visitors. The Budget proposes $3 million to continue design and construction work on the Anacostia trailwalk. The trailwalk will create pedestrian and bicycle trail systems from the Potomac River to the District's border with Maryland. The 2005 Budget also proposes $10 million in continued support of the local water and sewer authority's efforts to reduce combined sewer overflows in the Anacostia River.

The Administration also continues to support "budget autonomy" for D.C. This will allow D.C.'s local budget to go into effect without prior congressional approval, provided that any general provisions from the previous year stay in effect until the Congress acts and provided that the Congress retains the right to redirect by law portions of the local budget after it goes into effect.

DISTRICT OF COLUMBIA COURTS

The District of Columbia Courts continue to work on capital improvements necessary for the Family Court Division of the D.C. Superior Court. The President's 2005 Budget provides $270 million to the Courts, which includes $93 million for significant improvements in the Judiciary Square area. Judiciary Square is the center of many criminal justice functions in the District and is the home of the D.C. Superior Court, as well as a variety of other city and Federal criminal justice agencies. Improvements in the area will include a full restoration of the city's Old Courthouse. The Old Courthouse was originally built between 1821 and 1881 and is listed on the National Register of Historic Places. The D.C. Courts will also undertake significant design and renovation work on the H. Carl Moultrie Courthouse.

ELECTION ASSISTANCE COMMISSION

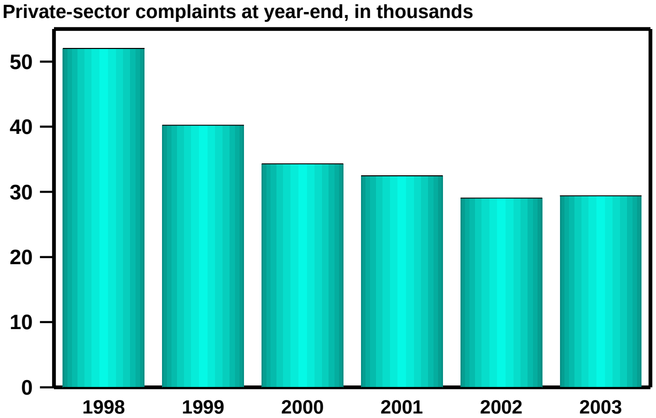
The Election Assistance Commission provides requirements payments to States to improve election equipment and the administration of Federal elections. To date, the Administration has endorsed over $3.0 billion to upgrade voting systems, develop electronic voter registration lists, assure access for individuals with disabilities, and train election officials for all 50 States and five territories. The President's 2005 Budget proposes an additional $50 million in 2005: $40 million in new requirements payments and $10 million for administrative expenses of the Commission.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The Equal Employment Opportunity Commission (EEOC) enforces Federal laws that prohibit employment discrimination based on race, color, sex, religion, national origin, age, and disability. EEOC also seeks to prevent discrimination through outreach, education, and technical assistance that promotes employers' voluntary compliance with law. During this Administration, EEOC reduced its inventory of private-sector discrimination complaints to 29,041 by the end of 2002—lower than it had been in three decades. The accompanying chart shows the number of such complaints pending for each of the years 1998 through 2003.

Record Low Number of Pending Discrimination Complaints

Private-sector complaints at year-end, in thousands



Source: Equal Employment Opportunity Commission.

The 2005 Budget provides $351 million for EEOC, an increase of $26 million, or eight percent, above the level in the 2004 Consolidated Appropriations Bill. The Budget would allow EEOC to add employees to enforce anti-discrimination law in private-sector businesses and organizations, helping maintain reductions in its complaints inventory. To support the President's New Freedom Initiative, the Budget also provides $500,000 for a review of States' strategies for removing employment barriers faced by people with disabilities. EEOC will disseminate the results of this review, including posting them on its website (*www.eeoc.gov*), to encourage widespread adoption of the "best practices." In addition, EEOC will continue to implement the President's management reforms by streamlining decision layers and using information technology to make the agency more accessible and responsive to citizens' needs.

EXECUTIVE OFFICE OF THE PRESIDENT

The Executive Office of the President (EOP) includes a number of organizations dedicated to serving the President. As part of the 2005 Budget, the Administration requests a three-part financial restructuring initiative, which would:

- Consolidate the annual appropriations for the White House Office, the Office of Policy Development, Executive Residence, Office of Administration, White House Repair and Restoration, National Security Council, and the Council of Economic Advisers into a single appropriation called The White House.
- Provide a 10 percent transfer authority among the following accounts: The White House, Special Assistance to the President and Official Residence of the Vice President, Office of Management and Budget, United States Trade Representative, Office of National Drug Control Policy, Council on Environmental Quality, and Office of Science and Technology Policy. Transfers from the Special Assistance to the President and the Official Residence of the Vice President account are subject to the approval of the Vice President.
- Centralize the telecommunications infrastructure costs for the EOP into the Office of Administration program.

This initiative provides enhanced flexibility in allocating resources and staff in support of the President and the Vice President, and permits more rapid response to changing national needs and priorities.

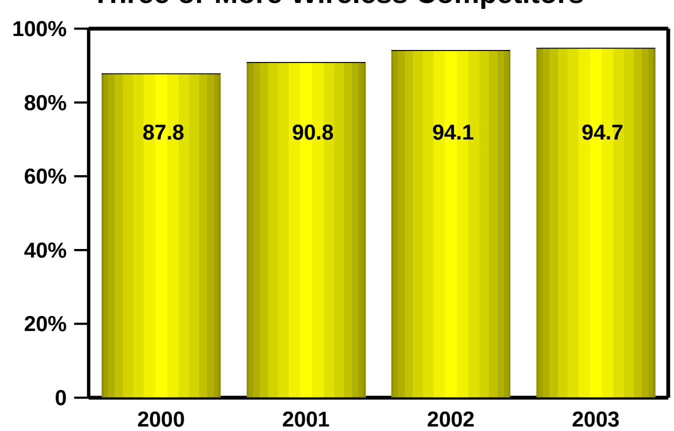
Resources requested for the EOP in 2005 total $341 million, or 0.5 percent, above the 2004 funding level. These resources will support approximately 1,850 personnel, as well as information technology and other infrastructure needs to serve the President and the Vice President.

FEDERAL COMMUNICATIONS COMMISSION

The President's Budget proposes $293 million for the Federal Communications Commission (FCC), $273 million of which would be offset directly by regulatory fees. This funding provides inflationary increases and supports the Commission's ongoing work to ensure that Americans have rapid and efficient communication services.

FCC's spectrum auctions have proven to be an efficient and effective mechanism to assign licenses for certain spectrum-based services. New companies have entered the market and innovative wireless technologies have been developed. Ninety-five percent of the U.S. population has access to at least three

Percentage of U.S. Population Served by Three or More Wireless Competitors



Source: Federal Communications Commission, WTB's CMRS Report.

competing mobile phone service providers and 83 percent to at least five competing mobile phone service providers. As a result, consumers benefit from more choices and lower prices.

Since the auctions program's inception in 1994, communications service providers have won over 25,000 licenses and paid over $14 billion into the Treasury. The Administration supports legislation introduced in 2003 to extend indefinitely the FCC's auction authority, which expires in 2007. Estimated additional receipts from this proposal are $2.4 billion over the next 10 years.

To continue to promote efficient spectrum use, the Administration supports the 2003 legislative proposal granting new authority for the FCC to set user fees on unauctioned spectrum licenses, based on public-interest and spectrum-management principles. Fee collections are estimated to begin in 2005 and total $3.1 billion in the first 10 years.

FEDERAL DEPOSIT INSURANCE CORPORATION AND NATIONAL CREDIT UNION ADMINISTRATION

The purpose of deposit insurance is to maintain stability and public confidence in the Nation's banking system. Federal deposit insurance, offered by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA), is designed to protect depositors from losses due to failures of insured commercial banks, thrifts (savings institutions), and credit unions. Individual deposits of up to $100,000 are covered in virtually all U.S. banks, savings associations, and credit unions.

Currently, the Federal Government, through FDIC and NCUA, insures nearly $4 trillion in deposits at more than 18,000 institutions. These agencies maintain insurance reserves to use when resolving failed institutions. FDIC and NCUA fund these reserves through assessments on insured institutions, recoveries of assets liquidated from failed institutions and interest credited to these reserves from U.S. Treasury securities. In 2003, 12 commercial banks and credit unions, worth approximately $1.2 billion in combined assets, failed. This compares favorably to 2002, when 23 institutions with $2.5 billion in assets failed.

While the deposit insurance system for banks and thrifts is generally sound and well managed, it has structural weaknesses that, in the absence of reform, could deepen over time. The Administration supports reforms that would strengthen the deposit insurance system managed by FDIC. In 2003, the Treasury Department and Federal banking regulatory agencies submitted to the Senate a draft bill that would accomplish this objective. The draft bill draws on a framework outlined by the FDIC and discussed in congressional testimony and elsewhere by Treasury Department officials.

- FDIC has been prohibited from charging premiums to "well-capitalized" and well-run institutions since 1996. Therefore, under the current pricing structure, fewer than 10 percent of banks and thrifts pay regular insurance premiums. The draft bill would restore the FDIC's ability to levy premiums for the benefit of deposit insurance, and to vary those premiums according to the relative risks to the insurance fund posed by each institution. It would also enable the FDIC to ensure that institutions compensate the fund for insured deposit growth.
- Under the current system, FDIC is required to maintain a designated reserve ratio (DRR, the ratio of insurance fund reserves to total insured deposits) of 1.25 percent. When the reserve ratio falls below the DRR, the FDIC must charge premiums that are either sufficient to restore the reserve ratio to the DRR within one year, or average no less than 23 basis points if the reserve ratio were to remain below the DRR for a longer period. Such a premium increase could occur when the banking system, and probably the economy, are under serious stress. The draft bill would permit FDIC to alter the DRR within a range and give FDIC broad discretion in managing reserves within this range. This flexibility will enable reserves to grow when economic

conditions are good, in order to enable the fund to better absorb losses under adverse conditions without sharp premium increases.

- The Administration supports merging the bank and thrift insurance funds, which offer an identical product. A single merged fund would be stronger and better diversified than either fund alone and therefore would improve the system's ability to withstand future losses.

FEDERAL ELECTION COMMISSION

The Federal Election Commission (FEC) administers the Federal laws governing financing of candidates for the Presidency, Vice Presidency, the U.S. Senate, and the U.S. House of Representatives. FEC requires candidate disclosure of campaign finance information, enforces financing and contribution limits, and oversees the public funding of Presidential elections. The President's Budget proposes $52.2 million to fund these and other activities in 2005.

FEDERAL TRADE COMMISSION

The Federal Trade Commission (FTC) enforces consumer protection laws that prevent fraud, deception and unfair business practices, and promotes consumer choice and public understanding of free markets. The Commission also enforces Federal antitrust laws that prohibit anticompetitive mergers and other business practices that restrict competition and harm consumers. The President's 2005 Budget proposes $206 million for the FTC, which will be primarily offset by fee collections from businesses for merger filings and from telemarketers for access to the Do-Not-Call list in order to avoid calling registered phone numbers.

FTC funding includes $20 million for FTC to continue enforcing the National Do-Not-Call Registry, in partnership with States and the Federal Communications Commission. More than 50 million numbers were signed up for the Do-Not-Call Registry within the first few months of operation.

Unsolicited commercial e-mails (spam) account for nearly half of all global e-mail traffic, and the FTC found that 66 percent of spam contains false, fraudulent, or misleading information. Recently, the President signed the CAN-SPAM Act, which establishes a framework of administrative, civil and criminal tools to help America's consumers, businesses, and families combat spam. The Administration fully supports the fight against spam, and FTC has a major role in this fight. The President's Budget provides additional funds for FTC to enforce the CAN-SPAM Act and to prepare a plan to establish a Do Not E-Mail Registry that will protect consumers and businesses from unwanted and fraudulent e-mail.

Identity theft has affected the lives of more than 27.3 million victims over the past five years and has resulted in billions of dollars in losses for businesses and consumers. In response, the President recently signed the Fair and Accurate Credit Transactions Act, which places new identity theft and consumer credit protection responsibilities with FTC.

To meet these new requirements, the Budget includes $12 million in additional funds for FTC to guard against identity theft, to combat spam, and to better combat Internet fraud.

GENERAL SERVICES ADMINISTRATION

The General Services Administration (GSA) assists Federal agencies in operating more efficiently and effectively by providing superior workplaces, expert information technology solutions, and best value acquisition services.

GSA owns nearly 1,700 buildings, accounting for 182 million square feet of space. In 2002, GSA implemented a portfolio restructuring strategy so that its portfolio will consist primarily of properties generating sufficient revenues to meet capital reinvestment needs. This will allow GSA to concentrate resources on improving and maintaining its owned inventory. Since 2001, GSA has completed 21 construction projects and 23 major repair and alteration projects. In 2005, the Budget proposes funding for 19 construction projects and 29 major repair and alteration projects. The most sizable project is funding for a new Federal courthouse ($314 million) in Los Angeles, California.

In 2005, GSA will significantly advance the President's Management Agenda for E-Government by devoting $40 million in surplus revenues obtained from the fees agencies pay when procuring goods and services from GSA. The President's Budget also includes $5 million for the E-Gov Fund. These projects use improved Internet-based technology to streamline citizen-to-government communications, making it easier for citizens and businesses to interact with the Government and saving taxpayer dollars. For example, GSA created a "front-door" to the Federal Government for citizens seeking information through the award-winning *FirstGov.gov* website and the National Call Center, which resulted in 60 million website visits, 2.5 million phone calls, and 100,000 e-mails.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

Through its grant programs and leadership activities, the Institute of Museum and Library Services (IMLS) assists museums and libraries in sustaining their contributions to educating our citizens and strengthening our communities. The Administration continues to support the important role of libraries and museums with a 2005 Budget proposal of $262 million.

The Budget invests in priority programs, providing a $12 million increase for the Library State Grants program, which supports State efforts to promote access to the resources of all types of libraries for all individuals. The Administration is requesting $23 million for the Librarians for the 21st Century program, a $3 million increase, to support partnerships between libraries and institutions of higher education for the recruitment and education of a new generation of library professionals who are prepared to tackle the technological challenges of the information age. In addition, the Budget proposes a $10 million increase for IMLS museum programs to support initiatives that enhance the educational and technological linkages between museums and their communities, and to foster better evaluation of the impact of these programs on the communities they serve.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

The National Archives and Records Administration (NARA) safeguards records of all three branches of the Federal Government and ensures ready access to records documenting the actions of Government officials and agencies. In 2005, the Budget proposes $304 million for NARA. Of these resources, $36 million will go toward development of the initial deployment of the Electronic Records Archive project, a comprehensive means for preserving and providing access to the Government's electronic records. NARA is also the lead partner in the Electronic Records Management initiative, one of the 24 E-Government initiatives. This effort provides guidance and tools Federal agencies need to manage their electronic records.

NATIONAL ENDOWMENT FOR THE ARTS

The National Endowment for the Arts (NEA) supports projects aimed at enriching the Nation's cultural heritage. In 2005, the Budget requests $139 million, an $18 million increase over 2004, for core programs and NEA's new American Masterpieces initiative. American Masterpieces is a national program designed to acquaint Americans with the best of their own artistic legacy. The initiative will include special touring programs in dance, visual arts, and music; local presentations and joint ventures; arts education through in-school programs; and student visits to exhibitions, presentations, and performances. NEA will continue core programs that help extend the reach of the arts through supporting works of artistic excellence and promoting projects in geographically and economically isolated communities that traditionally have not had access to quality arts programming. These projects will be supported with public and private partners, including State arts agencies and regional arts organizations.

NATIONAL ENDOWMENT FOR THE HUMANITIES

The National Endowment for the Humanities (NEH) supports educational and scholarly activities in the humanities, preserves America's cultural and intellectual resources, and provides opportunities for Americans to engage in learning in the humanities. In 2005, the Budget requests $162 million, a $27 million increase over 2004, for core programs and to continue the President's We the People initiative. We the People, which was launched in collaboration with the USA Freedom Corps, promotes the understanding and study of our Nation's history, institutions, and culture. NEH also will continue partnerships with State humanities councils; the strengthening of humanities teaching and learning in schools and higher education institutions; efforts to preserve and increase access to brittle books, U.S. newspapers, documents, and other reference materials; and museum exhibitions, documentary media projects, and reading programs in the humanities that reach popular audiences.

NATIONAL LABOR RELATIONS BOARD

Averting an East Coast Port Crisis

Each year, the NLRB steps in swiftly to resolve thousands of labor-management disputes before they can paralyze commerce and impose large-scale economic hardship. One such case occurred in May 2003, when the Evergreen America Corporation and Virginia International Terminals filed charges alleging that the International Longshoremen's Association violated the National Labor Relations Act by picketing key East Coast shipping terminals. While protesting Evergreen's refusal to recognize its standing to represent 120 "port captains," the Longshoremen had prevented more than a dozen of Evergreen's ships from docking at major ports in New Jersey, Maryland, Virginia, South Carolina, and Georgia. As a result, vessels loaded with 48,000 tractor-trailer-sized containers were diverted to Canada or Panama. The NLRB responded to the charges immediately by launching an impartial investigation and explaining the legal responsibilities to both parties. Swift action by the NLRB spurred collective bargaining and helped the parties to sign a three-year contract on July 7th. As a result, the 2002 West Coast ports crisis was not repeated on the East Coast in 2003.

The National Labor Relations Board (NLRB) regulates private-sector employer and union relations to minimize interruptions to commerce caused by strikes and worker-management discord. NLRB supervises elections in which employees determine whether to be represented by a union. The Board is also authorized to prevent and remedy unlawful acts, called unfair labor practices, by unions or employers. In 2005, NLRB expects to receive 30,000 unfair labor practice cases and 6,000 representation cases.

Fair and expeditious case resolution is NLRB's highest priority. The agency is more effective when it can achieve a voluntary resolution of meritorious cases, thereby reducing the need for time-consuming and costly litigation. NLRB will continue its goal of settling 95 percent of its unfair labor practice cases before they require a decision by the five-member Board; in 2003, the settlement rate was 93 percent. Through its performance goals, NLRB will continue to place a high priority on reducing its case backlog, especially of the oldest pending cases.

The 2005 Budget provides $249 million for NLRB's activities, including $191 million for pay and benefits. The Budget also includes $14 million for information technology projects, such as automated case management, and the maintenance of key administrative systems. In addition, the Budget provides $500,000 to target resources on cases involving non-English speaking parties. These cases present special challenges and call for nontraditional case management techniques for a significant (and, in some jurisdictions, growing) portion of the agency's inventory.

NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board (NTSB) is charged with determining the probable causes of transportation accidents and promoting transportation safety. The Board investigates accidents, conducts safety studies and issues recommendations, and evaluates the effectiveness of other Government agencies in preventing transportation accidents. The agency also coordinates Federal assistance to the families of victims of catastrophic domestic transportation accidents. In 2005, NTSB expects to investigate more than 2,000 transportation accidents.

The 2005 Budget provides $74 million for salaries and expenses for the NTSB to fulfill its role of improving the Nation's transportation safety.

NUCLEAR REGULATORY COMMISSION

The Nuclear Regulatory Commission (NRC) regulates the commercial use of nuclear material in the United States. Its regulatory programs allow the Nation to use nuclear materials safely for civilian purposes. The Department of Energy is planning to submit its application to build a high-level waste repository at Yucca Mountain, Nevada, in December 2004, and NRC's workload will expand significantly to meet that goal. This first-of-a-kind undertaking will involve conducting thorough safety and security evaluations, performance assessments, adjudicatory hearings, and site inspections. NRC's goal is to complete its review and reach a license decision within three years. NRC also will conduct full-scale tests of two spent nuclear fuel shipping containers to further assess their safety in accidents and fires.

Since September 2001, NRC has strengthened its regulatory programs in support of the Nation's efforts to enhance homeland security and preparedness, including actions to improve security at the Nation's civilian nuclear power plants, nuclear fuel facilities, and other licensed users of radioactive materials. These efforts will continue in 2005.

NRC also must keep pace with the industry's interest in the renewal of nuclear power reactor licenses and the possible construction of new nuclear power plants. To date, NRC has renewed the operating licenses for 23 of the existing 104 nuclear power plants, and at least 26 more plants are under review or anticipated through 2005. In addition, the NRC will continue to improve the effectiveness and efficiency of its review of designs for advanced reactors.

To carry out these and other activities, the Budget proposes $670 million in 2005 for NRC. User fees from NRC licensees will recover approximately 90 percent of NRC's budget. Appropriations from the Nuclear Waste Fund will cover the costs of the high-level waste repository effort.

OFFICE OF PERSONNEL MANAGEMENT

The Director of the Office of Personnel Management (OPM) is the President's chief advisor on civilian Federal human resources management. OPM's job is to build the high quality and diverse Federal workforce, protected by merit system principles, that America needs to guarantee freedom, promote prosperity, and ensure the security of the Nation. In 2003, OPM helped to set up the new Department of Homeland Security (DHS) and enact the National Security Personnel System Act of 2003 that will transform the Department of Defense (DOD). In 2004, OPM will complete its work on building a new Human Resources (HR) system with DHS and designing a new HR system with DOD.

Total discretionary funding of $278 million in 2005 will finance OPM's efforts to manage and oversee its Government-wide human resources systems and strategies and administer the Federal employees' benefits trust funds (retirement, health benefits, and life insurance). In addition to this amount, the Budget proposes $300 million for the Human Capital Performance Fund authorized by the Congress in 2003. OPM will administer the fund for the purpose of allowing agencies to deliver additional pay to certain civilian employees based on their performance, in accordance with OPM-approved agency plans.

OPM also oversees Government-wide implementation of one component of the President's Management Agenda–advancing Strategic Management of Human Capital. In this capacity, OPM is committed to providing agencies the tools to manage their workforce as described in the Human Capital Standards for Success.

In addition, OPM will pay out $88 billion in benefits in 2005: $55 billion to more than 2.4 million retired Federal employees, their survivors, and other beneficiaries; $31 billion in health benefits for nine million enrollees and dependents; and over $2 billion in life insurance claims from policyholders.

OPM has begun a review of Health Savings Accounts (HSAs) and their role within the Federal Employees Health Benefits Program (FEHBP). OPM will identify opportunities to extend this new benefit to the 3.1 million Federal employees, annuitants, their survivors, and their family members, under age 65, as they make decisions on how to spend their hard-earned dollars on health care. OPM will explore whether options may be available for this group of FEHBP participants in 2004 and will ask carriers to consider proposals that would include HSAs for programs in 2005.

OPM has made solid progress in advancing the President's Management Agenda in 2003. For example, with its comprehensive plan for managing its human capital, OPM certified that 99 percent of its employee performance plans are directly linked to the agency's strategic plan. To address competency gaps in mission-critical occupations identified in the human capital plan, OPM initiated 250 activities including specific training courses and targeted hiring. In a major reform of its internal Senior Executive hiring process, OPM made 17 new appointments in an average of 49 days, which reduced the hiring cycle time by 50 percent, and increased diversity among its Senior Executives.

OPM is the managing partner for five projects under the President's E-Government initiative: Recruitment One Stop, E-Training, E-Clearance, Enterprise Human Resources Integration, and E-Payroll. These initiatives will save the Government about $2.7 billion dollars over the next 10 years. For example, Recruitment One Stop will reduce the complexity of Federal hiring and decrease the cost per hire. To date, over 50 million citizens have used the USAJOBS website to locate and apply for Federal jobs. In addition, the E-Training project offers the convenience of web-based training to the Federal workforce, leading to savings in tuition and travel costs and by compressing learning time. Over one million Federal civilian and military personnel used the *GoLearn.gov* site last year for online training. The E-Clearance project will reduce the time to process clearances and reduce duplicative investigative efforts, while the E-Payroll project alone will save the Government $1.1 billion dollars over the next decade by consolidating civilian payroll processing. The Enterprise Human Resources Integration project will reduce the need for paper personnel records and improve the currency and accuracy of Federal HR data. OPM's status rating for E-Government improved to green in the first quarter of 2004 because it met cost, schedule, and performance targets.

OPM completed competitions on 284 positions, including its first standard competition for OPM's test administrators who conduct Federal employment examinations. Federal employees won the competition by streamlining their operations and becoming more efficient at a savings to the taxpayer of approximately $9.1 million over the next five years. Additionally, OPM has initiated eight additional streamlined competitions and one standard competition, involving an additional 393 positions, to be completed during 2004.

POSTAL SERVICE

On July 31, 2003, the President's Commission on the United States Postal Service delivered its final report pursuant to Executive Order 13278. On December 8, 2003, President Bush thanked the members of the Commission for their outstanding service and for delivering a comprehensive and balanced report. The President noted that the Postal Service provides an important service to the American people and to the American economy, and we should ensure that we have a healthy Postal Service for future generations. The Administration believes that the Postal Service should continue to provide affordable and reliable universal service, while limiting exposure to taxpayers and operating appropriately in the competitive marketplace. The Administration recommends the Congress enact comprehensive postal reform legislation that reflects the sensible, balanced approach the Commission recommended and is guided by the principles of Best Governance Practices, Transparency, Flexibility, Accountability, and Self-Finance, as expressed by the President on December 8, 2003.

REGIONAL ECONOMIC DEVELOPMENT AGENCIES

The President's 2005 Budget proposes $74 million for three regional economic development agencies: the Appalachian Regional Commission (ARC), the Denali Commission, and the Delta Regional Authority. An additional $22 million through the Department of Health and Human Services is included for health clinics in Alaska. To assist in the ARC's role in supporting economic development in Appalachia and the interagency coordination role it plays, the President's Budget proposes continuing ARC at the 2004 enacted level of $66 million. The Administration will continue to pursue reauthorization of the highway bill to include $450 million annually for the Appalachian Development Highway System. The President's proposal continues to refocus these agencies from being principally grant-makers to being regional planners and investment coordinators. The Department of Commerce's Economic Development Administration will also continue to focus funding on distressed communities. The goal is to decrease duplicative grant-making and increase efficient investment of Federal, State, and local resources in areas of high distress.

SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission (SEC) protects investors and works to maintain fair, honest, and efficient markets. The SEC's activities are critical to the health of our securities markets, which in turn are a vital part of our national economy. In 2003, the dollar volume of shares traded on the New York Stock Exchange and the Nasdaq Stock Market accounted for $18 trillion. During that year, SEC oversaw roughly 7,900 broker-dealers with approximately 95,000 branch offices and 664,100 registered representatives. SEC also oversaw an estimated 5,000 investment companies with 33,700 portfolios and $7 trillion in assets and 7,900 investment advisers with $22 trillion in assets under management.

The Administration is committed to ensuring that SEC has the resources necessary to carry out its responsibilities effectively. Since passage of the Sarbanes-Oxley Act, the Administration has more than doubled SEC's budget, providing funds for 842 new accountants, attorneys, and examiners to protect investors, root out fraud, and strengthen corporate governance. The President's 2005 Budget continues its commitment to the SEC by providing $893 million, an $81 million increase over the 2004 level.

Protecting Investors

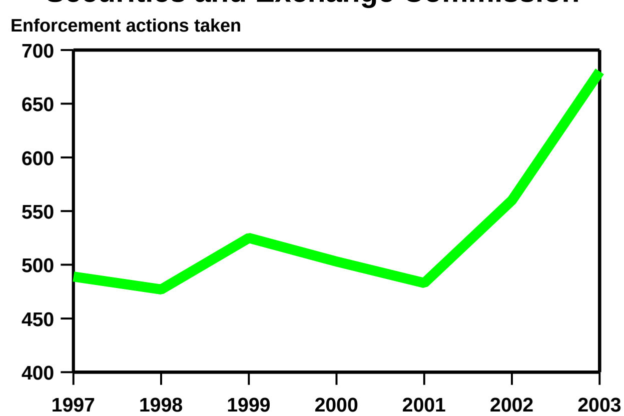
SEC is the preeminent enforcement agency in investor markets. SEC works to prevent fraud and misrepresentation in securities markets by reviewing corporate disclosure data, investigating investor complaints, and monitoring exchanges for unusual activities. SEC oversees all key participants in the securities world, including stock exchanges, broker-dealers, investment advisors, mutual funds, and public utility holding companies. Last year, SEC initiated a record 680 enforcement actions against individuals and companies for violations of securities laws. Through these efforts, the SEC is able to halt fraudulent activities quickly, seek civil penalties, and order violators to disgorge ill-gotten gains. Major enforcement actions of 2003 resulted in:

- A $1.4 billion dollar settlement with major Wall Street firms over allegations that the independent investment research they provided to their customers was improperly influenced by investment banking activities. As part of the settlement, the firms agreed to alter practices in order to ensure that investors have access to independent investment advice.
- A $155 million settlement with J.P. Morgan Chase & Co. and Citigroup Inc. for their roles in the manipulation of the financial statements of Enron Corporation.
- An order against Putnam Investment Management LLC over alleged market-timing trades by its employees. In the order, Putnam agreed to undertake far-reaching corporate governance, compliance, and ethics reforms. Putnam also agreed to a process for calculating and paying restitution for losses attributable to excessive short-term and market timing trades.

Maintaining Markets

The SEC works to ensure that all investors have access to certain basic facts about an investment and to prevent fraud and misrepresentation in securities markets. SEC requires that public companies submit detailed financial information, which it makes available to the public through its website. SEC also is responsible for the regulation of mutual funds, broker-dealers, and security exchanges. In its efforts to maintain fair, honest, and efficient markets, SEC undertook the following regulatory actions in 2003:

Securities and Exchange Commission



Source: Securities and Exchange Commission.

- Enhanced the integrity of corporate disclosures by adopting rules that strengthened auditor independence. In addition, the SEC oversaw the creation of Public Company Accounting Oversight Board which regulates the practices of the accounting profession.
- Began consideration of a package of rules and rule proposals to combat the late trading, market timing, and selective disclosure abuses that have beset the mutual fund industry.

SMITHSONIAN INSTITUTION

In 1829, James Smithson, a British scientist, bequeathed his estate to the American people for the "increase and diffusion of knowledge." Today, the Smithsonian Institution supports that goal through its operation of National museums and research institutes. Approximately 70 percent of the Smithsonian's funding is from direct Federal appropriations; the remainder comes from its endowment fund, private donations, business activities, and grants from other Federal agencies.

The 2005 Budget provides $628 million in Federal funding for the Smithsonian, more than a five-percent increase from 2004. Funds are provided to complete the Federal aspects of the renovation of the Patent Office Building, which houses the National Portrait Gallery and the Smithsonian American Art Museum. The Budget also continues revitalization of the National Museum of American History and the National Museum of Natural History so that these museums can continue to educate and enlighten visitors for years to come.

The Smithsonian is confronting high-priority management challenges at the National Zoo and the Arts and Industries Building. The Zoo has faced a number of serious challenges and is at risk of losing its accreditation from the American Zoo and Aquarium Association. To complement management reforms underway, $20 million is provided to improve the Zoo's animal care facilities. The Arts and Industries Building requires critical structural repairs. The Budget proposes $25 million to close and vacate the building until renovations are complete.

To ensure the effective use of Federal funds, the Smithsonian must continue to implement Institution-wide management reforms. Although there has been progress, the pace remains slow and unsteady and the Smithsonian remains behind most other agencies in achieving the goals of the President's Management Agenda.

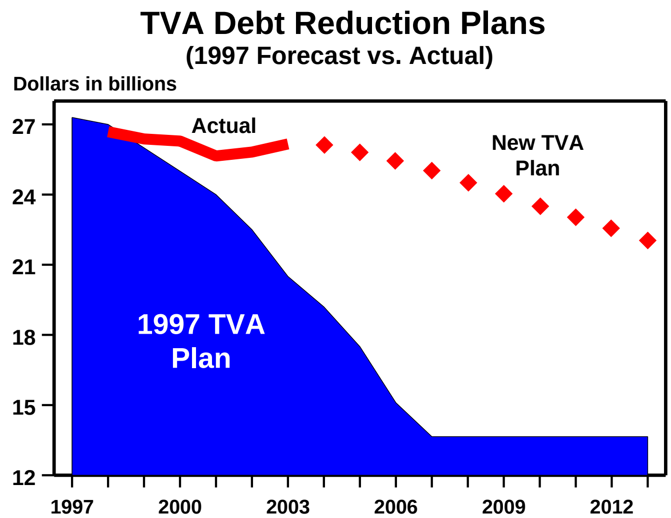
TENNESSEE VALLEY AUTHORITY

Raccoon Mountain hydro-pump storage.

The Tennessee Valley Authority (TVA), a wholly-owned Federal corporation and the Nation's largest public power company, was established in 1933 to provide flood control, navigation, and electricity in the Tennessee Valley region. TVA's power service area includes 170 counties that span all or parts of seven States in the Tennessee Valley region. TVA provides low-cost, reliable electric power to 8.3 million citizens who live in this region. While TVA cannot sell power outside of its region, except to certain power generating organizations with which it had exchange power arrangements in 1957, it can enter into purchase transactions with surrounding utilities and allow outside utilities to transmit power across the TVA system. TVA has annual revenue of approximately $7 billion, and its receipts and expenditures are included in the Federal budget. TVA uses internally generated funds to support two related but separate activities: a resource stewardship program, and power generation and transmission.

Part of TVA's operating mandate requires it to provide resource stewardship services that include river management, recreational activities and navigation services in its customer area. TVA spends approximately $80 million annually on these activities, and received a rating of effective on the Program Assessment Rating Tool (PART) last year.

TVA generates power at 66 plants using hydropower, nuclear, coal fired and alternative energy sources. TVA's most recent PART assessment of its power program rated the agency as moderately effective. TVA was viewed as doing an excellent job in generating power at its existing plants. The PART also noted that TVA corrected several technical and safety concerns existing during the previous decade. Plants such as TVA's Bull Run Fossil Plant have been rated among the most energy efficient coal-fired power plants in the Nation by industry observers.



TVA operates within a dynamic and changing electricity market. It is burdened by an excessive debt level and may need to make significant power and pollution control capital investments over the next few years. To improve its financial health and ability to navigate future potential market changes, it is imperative that TVA minimize its risk exposure and increase its financial flexibility.

In 1997, TVA issued the *TVA Ten Year Business Outlook* which stated that in order to attain a competitive delivered price of power it needed to reduce interest expense and therefore debt by approximately half over 10 years. While it has reduced its statutory debt somewhat since then, it has fallen short of the 1997 goals as the associated chart shows.

In 2003, TVA undertook a major effort to develop a strategic plan to position itself for the future. This plan was issued in draft for public comment last fall and has recently been finalized. The plan includes an aggressive debt reduction target of $3 billion to $5 billion over the next 10 to 12 years. To responsibly implement this plan, the Budget includes annual debt reduction targets of $300 million to $500 million. Consistent with appropriate commercial practices, TVA is following up its strategic plan with a business plan that will be issued this summer. The President's 2005 Budget includes estimates for TVA net outlays and debt levels that reflect TVA's finalized strategic plan, beginning with $325 million in debt reduction in 2005 and increasing thereafter. However, these estimates will likely be modified once TVA's business plan has been finalized later this year.

TVA's debt is statutorily capped at $30 billion. While TVA showed $24.9 billion of outstanding debt at the end of 2003, that amount does not include an estimated $1.3 billion in debt-like liabilities that finance investments and operations. Since these "alternative financing" instruments, such as prepaid power sales and lease/leasebacks, represent debt-like long-term liabilities, the Administration is recommending these TVA transactions, and similar transactions by other Federal agencies, be considered as debt. Accordingly, the Budget reflects this treatment; in addition, the Administration will propose legislation to count these transactions toward any agency-specific limitations on outstanding debt levels.

TVA's Inspector General (IG) became a Presidentially-appointed position in 2000. Currently, TVA's IG is funded directly from TVA revenues, subject to TVA Board approval, whereas annual funding for 27 of 29 Presidentially-appointed IGs is appropriated. The Budget proposes to appropriate funds for TVA's IG out of TVA's revenues beginning in 2005.