

OTHER AGENCIES

COMMODITY FUTURES TRADING COMMISSION

The Commodity Futures Trading Commission (CFTC) regulates U.S. futures and options markets. It strives to protect investors by preventing fraud and abuse and ensuring adequate disclosure of information. The President's Budget includes a proposed fee on each round-turn commodities futures and options transaction. The fee will be phased in during 2003. This proposal recognizes that market participants derive direct benefits from the CFTC's oversight, which provides legal certainty and contributes to the integrity and soundness of the markets. The 2003 Budget provides \$83 million to fund mission critical activities (e.g., enforcement and market surveillance) and to strengthen U.S. competitiveness, as required by the Commodity Futures Modernization Act of 2001.

In 2003, the CFTC will work to review every contract market designation application and derivatives transaction execution facility registration application within 30 to 60 days and respond to applicant exchanges with a notification letter. CFTC also will review requests for approval of products and rule changes and respond to trading exchanges (e.g., Chicago Board of Trade) in writing within 90 days.

CONSUMER PRODUCT SAFETY COMMISSION

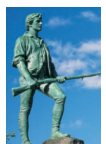
The primary responsibility of the Consumer Product Safety Commission (CPSC) is to protect the public from unreasonable risk of injury connected with consumer products. CPSC also helps develop uniform safety standards for consumer products, and conducts and promotes research into preventing product-related deaths, injuries, or illness.

A substantial portion of the CPSC's work focuses on decreasing fire hazards linked to consumer products and on reducing head injuries to children. CPSC's programs have helped drive down home fire death rates from consumer products by 46 percent since 1985, and head injury rates for children by 15 percent since 1986.

The Commission carries out its mission by emphasizing voluntary standards first, moving to mandatory standards only when necessary. CPSC also seeks to obtain major product recalls cooperatively with industry. It works actively with industry leaders to promote good product safety practices through conferences, special events, and expanded use of its toll-free hotline, 1-800-638-2772 and its website, *www.cpsc.gov*.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

The Corporation for National and Community Service (CNCS) provides service opportunities for more than 1.5 million Americans in educational, public safety, and environmental activities through programs such as AmeriCorps and the National Senior Service Corps (NSSC). CNCS and its service opportunities are key components of the Administration's USA Freedom Corps—a



new initiative to engage citizens in promoting homeland security and civic volunteering at home and abroad. The budget requests \$1,035 million, a \$299 million or 41-percent increase, for the Corporation to support 75,000 AmeriCorps members, strengthen homeland security efforts, and expand service opportunities for an additional 100,000 seniors. This includes support for some 6,300 AmeriCorps VISTA members to provide outreach and technical assistance to community and faith-based organizations.

National Service and Homeland Security. Since the attacks of September 11th, the President has encouraged all Americans to help fight terrorism on the home front by “making a commitment of service in our own communities.” The budget includes \$118 million across all CNCS programs to support these efforts. It also places senior citizens and other volunteers in community activities to strengthen homeland security. CNCS will furnish grants to states and community organizations to support and mobilize volunteers in public safety, public health, disaster relief and preparedness.

Expanding Opportunities for Service Through AmeriCorps. The AmeriCorps program enables Americans of all backgrounds to serve in local communities through programs sponsored by nonprofit organizations. The 2003 Budget includes an increase of \$230 million to support an additional 25,000 AmeriCorps members. The Corporation’s programs will support community-service organizations in meeting local needs and will conduct activities to promote public safety, public health, and emergency preparedness. The budget also includes \$10 million for challenge grants for teaching and other national service programs under section 126 of the National and Community Service Act, where private sources provide at least 50 percent of funds required to operate the program.

Senior Service and Special Volunteer Programs. The National Senior Service Corps (NSSC) uses the talents of more than 500,000 older Americans to meet a wide range of community needs. Consisting of the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program, the NSSC serves young people with special needs, helps seniors live independently in their homes, and provides support services to youth ex-offenders. The budget includes \$213 million for the NSSC, a \$6 million increase over 2002 and the second step of the President’s five-year strategy to increase annual funding for the Senior Corps to \$250 million over five years. In addition, the budget proposes \$55 million for Special Volunteer Programs to provide service opportunities for an additional 100,000 seniors, including activities in homeland security and a new Parent Drugs Corps.

DISTRICT OF COLUMBIA

The nation’s capital city faces new and unique challenges following the events of September 11th. The President’s Budget provides additional federal funding to support the District of Columbia’s public safety response to events directly related to the federal government’s presence in the District. The Congress provided \$200 million in 2002 to help the District address immediate security needs arising from the September 11th attacks. The 2003 Budget adds to these resources by proposing \$15 million to support the District’s role in homeland security.

The budget continues to support the D.C. Resident Tuition Assistance program with \$17 million in funding. The program was started in 1999 and allows District residents to attend public colleges nationwide at in-state tuition rates and to receive grants to attend private colleges in the D.C. area. This program is intended to ensure that D.C. residents have the same access to postsecondary education as residents of states. The budget also proposes \$1 million for Transportation Systems



Management to implement recommendations in the National Capital Planning Commission's October 2001 report.

DISTRICT OF COLUMBIA COURTS

The District of Columbia Courts receive funding from the federal government under the 1997 National Capital Revitalization and Self-Government Improvement Act. In 2002, a new Family Court of the D.C. Superior Court was created, which provides increased coordination and continuity for child- and family-related cases. The President's Budget provides \$191 million to the D.C. Courts, including funding to increase staffing for the Family Court Division. This funding includes \$32 million to address long-term capital infrastructure needs associated with the expansion of the Family Court Division and overall deterioration of the D.C. Court facilities.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The Equal Employment Opportunity Commission (EEOC) works to enforce laws that prohibit employment discrimination based on race, sex, religion, national origin, age, or disability. The EEOC sets out to enforce the nation's equal employment laws through selective litigation, mediation, and alternative dispute resolution. Beyond enforcement, EEOC strives to prevent employment discrimination through outreach, training, and technical assistance to promote employer compliance.

The 2003 Budget provides \$324 million for EEOC. The budget reflects efficiencies that EEOC expects to realize through workforce restructuring and a reduction of decision-making layers to serve citizens more cost effectively. The budget will enable EEOC to continue to reduce its case backlog. The budget also includes \$30 million for state, local, and tribal fair employment and more than \$15 million for critical information technology improvements.

EXECUTIVE OFFICE OF THE PRESIDENT

The Executive Office of the President (EOP) encompasses a number of offices, councils, and accounts dedicated to serving the President. As part of the 2003 Budget, the Administration is requesting a consolidation and financial realignment for the EOP. The initiative would consolidate the 12 individual annual appropriations for the salaries and expense accounts for the EOP agencies and fund them with a single appropriation. It would consolidate the resources for common acquisition-related goods and services into the EOP's Office of Administration, including the Vice President's needs.

This proposal would give the President maximum flexibility in allocating resources and staff in support of his office and is intended to: permit a more rapid response to changing needs and priorities; allow the President to address emergent national needs; produce greater economies of scale and other efficiencies in procuring goods and services; and enhance accountability for performance.

This initiative would enable the President to effectively manage and align EOP resources consistent with decision-making in an efficient and straightforward manner, while enhancing the accuracy of the financial systems and significantly reducing the administrative volume and cost of processing transactions through the U.S. Treasury. This initiative is carefully crafted to properly



support the President and the Vice President separately as the two senior constitutional officers of the Executive Branch, while achieving substantial efficiencies.

Resources requested for the EOP in 2003 are \$336 million. These resources will support approximately 2,000 personnel, information technology, and other infrastructure needs to serve the President and the Vice President. The EOP budget also includes new funding for the USA Freedom Corps. While the 2003 request is above the 2002 enacted level, the entire increase is due to additional homeland security requirements. These homeland security expenses include the establishment of the Office of Homeland Security and a separate counter-terrorism directorate in the National Security Council, and the costs associated with ensuring the security of the President, the Vice President, and the staff that serve them. If homeland security expenses are excluded, the budget for the EOP grows by less than the rate of inflation.

FEDERAL COMMUNICATIONS COMMISSION

The President's Budget requests an appropriated spending level of \$278 million for the Federal Communications Commission (FCC), \$248 million of which will be offset by regulatory fees. This funding level supports increased efficiency in the FCC's work processes through information technology investments and the FCC's Excellence in Engineering initiative. The FCC works to encourage a fully competitive marketplace in communications and to promote affordable communications services for all Americans. Through more efficient licensing, the FCC will ensure more rapid introduction of new services and technologies. In 2003, the FCC will complete 95 percent of its licensing activities for communications services within agency-established timeframes for each activity, such as 90 days from license application to issuance for wireless services. Also, 85 percent of all FCC applications will be filed electronically.

In 1993, the President and the Congress gave the FCC authority to assign spectrum licenses through competitive bidding, which has proven to be an efficient and effective way to allocate this finite public resource. Upcoming spectrum auctions are expected to generate more than \$25 billion over the next five years.

The Administration will propose legislation to provide more certainty in upcoming auctions. The legislation will establish a framework for the FCC to develop regulations that promote clearing the spectrum in television channels 60–69 (747–762 and 777–792 MHz) for new wireless services in an effective and equitable manner. Such legislation also would shift the statutory deadlines for the auction of channels 60–69 from the elapsed 2000 date to 2004 and for the auction of channels 52–59 (698–746 MHz) from 2002 to 2006. Providing more certainty about how and when the spectrum in channels 60-69 will become available to new entrants and shifting the deadlines for both auctions would increase expected revenues by \$6.7 billion.

To facilitate the clearing of analog television broadcast spectrum and provide taxpayers some compensation for use of this scarce resource, the Administration will propose legislation authorizing the FCC to establish an annual lease fee totaling \$500 million for the use of analog spectrum by commercial broadcasters beginning in 2007. Upon return of their analog spectrum license to the FCC, individual broadcasters will be exempt from the fee.

FEDERAL DEPOSIT INSURANCE

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

Currently, the federal government insures more than \$3 trillion in deposits at more than 20,000 institutions through the FDIC and NCUA. These agencies maintain insurance reserves to use when resolving failed institutions. The FDIC and the NCUA fund these reserves through assessments on insured institutions, recoveries of assets liquidated from failed institutions, and interest earned on these reserves in U.S. Treasury securities.

The Administration is developing proposals to strengthen the deposit insurance system that draws on the framework released by the FDIC under former Chairwoman Donna Tanoue in April 2001.

- The FDIC has been prohibited from charging premiums to “well capitalized” institutions since 1996. Therefore, under the current pricing structure, only seven percent of banks and 11 percent of thrifts pay regular insurance premiums. The framework would have all institutions pay at least a nominal amount for federal deposit insurance and would assess new deposits.
- Under the current system, the FDIC is required to maintain a designated reserve ratio (DRR, the ratio of insurance fund reserves to total insured deposits) of 1.25 percent. If the DRR falls below 1.25 percent, all institutions could be required to pay premiums averaging 23 basis points if the DRR cannot be restored to 1.25 percent within a year. This current structure requires institutions to face a cliff of high premium payments when they are weakest. The FDIC framework would replace the current fixed reserve ratio with a flexible range.

The framework would merge the bank and thrift funds, which offer an identical product. A merged fund would be stronger and better diversified than either fund standing alone. Additionally, given that many institutions currently hold both bank- and thrift-insured deposits, merging the funds would eliminate the need to track bank and thrift deposits separately and would help streamline mergers and acquisitions.

FEDERAL ELECTION COMMISSION

The Federal Election Commission (FEC) has jurisdiction over the financing of election campaigns for the U.S. House of Representatives, the U.S. Senate, the Presidency, and the Vice Presidency. The FEC is composed of six commissioners, appointed by the President and confirmed by the Senate. The FEC discloses campaign finance information, enforces limits and prohibitions on contributions, and oversees the public funding of Presidential elections. The President's Budget includes \$47.0 million for 2003, \$3.0 million more than 2002, to allow the FEC to meet its increasing workload.

FEDERAL TRADE COMMISSION

The Federal Trade Commission (FTC) enforces various consumer protection and antitrust laws that prohibit business practices that are anticompetitive, deceptive, or unfair to consumers. The FTC also works to promote informed consumer choice and public understanding of the competitive process,

seeking to accomplish this mission without impeding legitimate business activity. The proposed 2003 operating budget of \$177 million is more than offset by anticipated fee collections.

In 2003, the FTC will expand its contribution to the Administration's consumer privacy agenda by helping victims of ID theft, increasing enforcement and outreach on children's online privacy, and increasing enforcement against "spam." It will also seek to establish a national "do-not-call" list that would protect consumers from unwanted and intrusive telemarketing calls, and bring nationwide consistency to the current patchwork of lists administered by states and the private sector.

GENERAL SERVICES ADMINISTRATION

The mission of the General Services Administration (GSA) is to help federal agencies better serve the public by offering at best value: quality workplaces, expert solutions, acquisition services, and management policies. For 2003, GSA is proposing six agency-wide strategic goals: 1) provide best value for federal agencies; 2) achieve responsible asset management; 3) operate efficiently and effectively; 4) ensure financial accountability; 5) maintain a world-class workforce and workplace; and 6) help federal agencies comply with their social, environmental, and other administrative responsibilities. GSA has recognized previous shortcomings in its ability to measure the achievement of its strategic goals and has begun to build and implement a new Performance Management Process. This new process will include performance measures beyond the traditional measures of customer satisfaction, such as performance against customer expectations and industry and government benchmarks for quality, timeliness, cost, and return on investment. Data gathering and reporting systems will be improved to present the performance of GSA's business lines and to show its policy role in helping agencies improve the management of administrative activities.

Most of GSA's employees provide or procure commercial services for other federal agencies on a reimbursable or fee-for-service basis. Since GSA operates a collection of business-like services, it has significant opportunities to improve its overall performance by subjecting its activities to market-based competition. By the end of 2003, GSA will have conducted such competitions for at least 15 percent of its "commercial activities" workforce.

The 2003 Budget also recognizes GSA as operator of the official federal portal for providing citizens with one-stop access to federal services via the Internet or telephone. This is a key element of the President's vision for expanding electronic government (E-Gov). The E-Gov initiative will improve the value of the federal government to its citizens, just as American industry has learned to use the Internet to improve efficiency and customer service. Full implementation of the President's E-Gov vision will also require cross-agency approaches that permit citizens, businesses, and state and local governments to easily obtain services from and electronically transact business with the federal government. The Administration's interagency Quicksilver E-Gov Task Force identified 23 high priority Internet services for early development.

Though best known for the services it provides other federal agencies, GSA operates two programs, the Federal Consumer Information Center (FCIC) and FirstGov, that provide the public with electronic access to federal and other government information and services. GSA's Office of Government-wide Policy includes several information technology support activities that were part of this E-Gov task force and whose continued involvement is essential to the success of the E-Gov initiatives. The President proposes to consolidate GSA resources involved in implementing the citizen-centered aspects of the President's E-Gov vision into a new Office of Citizen Services.

For 2003, the President also proposes \$45 million for an E-Gov Fund to finance interagency E-Gov projects. Although a significant increase over the \$20 million requested in 2002, this year's request is supported by specific project plans developed by the Quicksilver Task Force.

In 2003, GSA expects to provide its federal agency customers over \$34 billion in office space, supplies and equipment, motor vehicles, telecommunications, information technology, and other administrative services. Agencies will reimburse GSA's revolving funds for \$15 billion of this amount and pay the remaining \$19 billion directly to vendors under GSA's Multiple Award Schedules contracts. The budget includes \$6.9 billion in new obligational authority to provide secure, cost effective workplaces for over 1.1 million federal employees. Of this amount, over \$135 million in additional funding is provided for increased guard services, building security equipment, and other security initiatives to ensure the safety of federal employees.

Through its regulations and delegated property management and procurement activities, GSA influences an additional \$70 billion in federal spending and the management of assets valued at \$450 billion. Although its agency customers reimburse GSA for almost all of its annual expenses, certain expenses are funded by appropriations. In 2003, for example, the Administration proposes \$551 million (net discretionary budget authority) for GSA, primarily for the construction and renovation of federal buildings. This amount also funds the Office of Government-wide Policy, the Office of Citizen Services, the Office of the Inspector General, and certain operating expenses related to property disposal, information technology security, and agency-wide management activities.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

The Administration continues to recognize the important role that libraries and museums play in the nation's education system and communities. The Institute of Museum and Library Services (IMLS) provides state grants and competitive awards to assist the nation's museums and libraries in expanding their services to the public. Evaluations of IMLS's programs have shown them to have a positive effect on the operations of grantees. The budget increases funding for core IMLS programs and administrative support that benefit libraries and museums nationwide from \$195 million to \$211 million. It does not continue narrow, special-interest projects that were designated by the Congress for funding in 2002.

The President's Budget proposes a \$10 million initiative to recruit and train library professionals. In May 2000, Library Journal Magazine reported that 40 percent of librarians indicate they plan to retire in nine years or less. According to the July 2000 Monthly Labor Review, 57 percent of professional librarians were age 45 or older in 1998. To help recruit a new generation of librarians for the 21st Century, this initiative will provide scholarships to graduate students in library and information science, support distance learning technology for training programs in underserved areas, and recruit librarians with diverse language skills.

IMLS's two offices, the Office of Museum Services and the Office of Library Services, receive their funding through two different appropriations bills. Having one agency receive funding from two sources creates inordinate complexity for all parties involved. For simplicity's sake, the Administration recommends that funding for the entire agency come from the Labor/HHS/Education appropriations subcommittee.

In addition to making grants, IMLS also undertakes a number of research and policy development activities. A recent example of its work includes a collaborative effort with the National Science Foundation to share complementary research information in digital library technology. The

Administration believes that the establishment of the Museum and Library Services Act of 1996 has been successful, and recommends continued authorization of these programs.

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 essential evidence that documents the rights of American citizens, the actions of federal officials, and the national experience. In 2003, the budget proposes \$272 million for NARA. Of these resources, \$2.3 million will enable NARA to continue leading the Electronic Records Management project. This effort will pilot government-wide procedures and tools for electronic records management and will pave the way toward solving the substantial challenge of preserving and providing access to the government's electronic records. To manage electronic records in the future, NARA also will gradually deploy components of the Electronic Records Archive. Moreover, NARA will complete installation of the *Federal Register's* electronic editing and publishing system. This system will accommodate digital signatures and electronic submission of documents for *Federal Register* publications, as well as real-time revisions of the *Code of Federal Regulations*.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

The National Commission on Libraries and Information Science (NCLIS) was established in 1970 as the agency primarily responsible for assessing issues related to library and information services policy. With the creation of the Institute of Museum and Library Services (IMLS) and the growth of the information science industry, issues that used to be the exclusive domain of NCLIS are now part of the mission of many other agencies. As noted earlier in this chapter, IMLS is currently involved in significant research and evaluation concerning museums and libraries. While the Administration supports the nation's libraries, it does not support duplicative or ineffective agencies. NCLIS' products—primarily reports on a wide variety of information issues—have failed to have a significant impact on public policy. NCLIS does not operate programs; 100 percent of its funding has been for salaries, travel, and other expenses for its commissioners and staff.

The Administration believes that other agencies can take on the responsibilities of NCLIS that continue to be necessary, such as compiling basic statistics on libraries. NCLIS' other activities have failed to demonstrate that their results justify their cost. The budget recommends eliminating this agency in 2003, saving taxpayers \$1 million.

NATIONAL ENDOWMENT FOR THE ARTS

The National Endowment for the Arts (NEA) supports efforts to enhance the availability and appreciation of the arts. In 2003, NEA will promote hands-on art education programs for children from pre-school through grade 12. At the same time, NEA will support activities designed to foster a variety of arts endeavors, state and regional arts organizations, and efforts to expand the reach of the arts into America's underserved communities. The budget requests \$117 million to carry out these activities, a slight increase over 2002.

NATIONAL ENDOWMENT FOR THE HUMANITIES

The National Endowment for the Humanities (NEH) works to support educational and scholarly activities in the humanities, preserve America's cultural and intellectual resources, and provide opportunities for Americans to engage in lifelong learning in the humanities. In 2003, the budget requests \$127 million for NEH to continue partnerships with state humanities councils, efforts to preserve brittle books and serials, the strengthening of humanities teaching, learning, and museum exhibitions, documentary media projects, and reading programs that reach popular audiences. NEH also will enhance its efforts to collect, analyze, and disseminate information about the state of the humanities.

NATIONAL LABOR RELATIONS BOARD

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. The NLRB supervises elections in which employees determine whether to be represented by a union. It is also authorized to prevent and remedy unlawful acts, called unfair labor practices, by unions or employers. In 2003, the Board expects to receive 30,000 unfair labor practice cases and 6,000 representation cases.

Fair and expeditious case resolution is the 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. The 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. Through its performance goals, the NLRB will continue to place a high priority on reducing its case backlog, especially on the oldest pending cases.

The 2003 Budget includes \$246 million for the NLRB. In particular, the budget provides: \$1 million for information technology to strengthen computer security; \$1.3 million to finance licensing agreements to support software upgrades that will promote long-term savings; and \$1.3 million to support an integrated administrative management system for budget, finance, personnel/payroll, and procurement.

NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board (NTSB) is charged with determining the 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. It also coordinates federal assistance to the families of victims of catastrophic domestic transportation accidents.

The 2003 Budget provides \$73 million for salaries and expenses for the NTSB to fulfill its role in improving the nation's transportation safety.

NUCLEAR REGULATORY COMMISSION

The Nuclear Regulatory Commission (NRC) regulates nuclear material use in the United States. NRC's actions protect public health and safety, promote common defense and security, and guard the environment.

NRC faces several challenges in the coming year. In light of the September 11th terrorist attacks, the NRC is conducting a top-to-bottom analysis of all aspects of the agency's safeguards and physical security programs. These programs set the standards for security that must be maintained by NRC licensees. The NRC uses such standards to evaluate the security and safeguards of regulated facilities and materials. The NRC must also be prepared to evaluate new reactor designs and to license the possible construction of new nuclear plants. The NRC will continue its preparations to review a potential application to construct a high-level nuclear waste repository at Yucca Mountain, Nevada. The NRC will also review an increasing number of reactor license renewals to extend the useful lives of existing nuclear reactors and power uprate applications to increase the reactors' electrical generating capacity.

To carry out these and other activities of ongoing necessity, the budget proposes \$605 million in 2003 for the NRC, a five percent increase over 2002.

OFFICE OF PERSONNEL MANAGEMENT

The Office of Personnel Management (OPM) provides human resource management leadership to the President, federal agencies, and their employees. It oversees the federal civil service merit systems and provides retirement, health benefit, and other insurance services to federal employees, annuitants, beneficiaries, and agencies.

OPM is leading agencies in implementing the President's human capital initiative. This effort is designed to make government more citizen-centered, results-oriented, and market-based. OPM is working closely with agencies to ensure that they strategically use the broad range of existing human resources management tools to recruit, retain, and manage a high-performing workforce. To support this clear customer-focus, OPM itself has embarked on a significant agency restructuring.

Total discretionary funding of \$274 million in 2003 is almost evenly divided between OPM's two major missions: 1) managing and overseeing its government-wide human resources and 2) administering the federal employees benefits trust funds (retirement, health insurance, and life insurance). It also includes \$60 million for information technology projects and government-wide payroll modernization aimed at increasing efficiency and maximizing citizen service. These initiatives will streamline and automate the exchange of federal personnel information, cut the cost and time to complete security clearances, deliver training services electronically, simplify federal job applications while reducing hiring times, make claims processing faster, cheaper, and more accurate, and modernize federal payroll systems and service delivery.

In addition to the discretionary funding, OPM will pay out employee benefits totaling \$79 billion in 2003: \$53 billion in annuities to more than 2.4 million retired federal employees, their survivors, and other beneficiaries, \$24 billion in health insurance for nine million enrollees and dependents; and \$2 billion in life insurance claims. Beginning in 2003, OPM also will make group long-term care insurance products available to approximately 20 million members of the federal civilian and uniformed services, their families, and retirees.

RAILROAD RETIREMENT BOARD

The Railroad Retirement Board administers retirement, survivor, unemployment, and sickness insurance benefits for qualified railroad workers and their families. In 2003, it is estimated that \$8.8 billion in retirement-survivor benefits will be paid to some 663,000 individuals, while about \$124 million in unemployment and sickness benefits are estimated to be paid to some 37,000 persons.

The railroad retirement system benefits are financed through railroad employer contributions, railroad employee payroll deductions, payments from the Social Security trust funds, and taxpayer subsidies. Unlike other private industry pension plans, the rail industry pension program is the only private industry pension subsidized by federal taxpayers and administered by a federal agency.

The Railroad Retirement and Survivors' Improvement Act increases benefits for railroad workers and their families, reduces employer taxes initially, and establishes a trust to invest the railroad pension fund assets in private equities. Currently, the pension fund confronts an unfunded liability of \$39.7 billion, as measured by the Employee Retirement Income Security Act standards. Consequently, the effects of this law will need to be monitored closely to ensure the solvency of the railroad retirement pension fund.

REGIONAL ECONOMIC DEVELOPMENT AGENCIES

The President's Budget requests funding for three regional economic development agencies: 1) the Appalachian Regional Commission (\$66 million); 2) the Denali Commission (\$41 million); and 3) the Delta Regional Authority (\$10 million). These agencies provide grants to communities in designated geographic areas for public infrastructure, business development, education, and job training related to long-term economic development. The budget proposes that funding be focused on distressed communities and be used for projects that provide sustainable increases in employment and economic activity. The Administration is working to develop comparable performance measures for these agencies.

SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission (SEC) regulates U.S. capital markets and the securities industry. It strives to protect investors by preventing fraud and abuse in U.S. capital markets and ensuring adequate disclosure of information. The SEC conducts compliance inspections and examinations in order to review and monitor the conduct and financial conditions of securities firms and their affiliates.

Today there are over 1,000 investment companies with \$6.7 trillion in assets under management, more than double the amount of deposits at commercial banks. At the same time, there are over 7,000 investment advisors registered with the SEC. In 2001, the agency exceeded planned compliance inspections for investment companies. In 2003, the agency also will begin placing greater emphasis on risk-based inspections in order to achieve the goal of conducting at least one examination of every registrant every five years.

The 2003 Budget includes \$481 million to carry out mission-critical activities, implement E-Gov initiatives, and respond to changes in the financial markets driven by global competition and technology.

In January 2002, the Investor and Capital Markets Fee Relief Act was signed into law. The legislation reduces the rates of tax-like fees collected by the SEC on certain securities transactions. Enactment of the legislation is consistent with the Administration's efforts to invigorate free markets and reduce costs imposed on those markets by the government, while ensuring that the SEC will have the ability to continue to protect investors and maintain the integrity of the nation's securities markets. Without this legislation, the SEC would be collecting five times its annual budget in fees without any benefit to investors or the markets.

The legislation also authorizes the SEC to provide additional compensation and benefits to employees if the same type of compensation or benefits are then being provided by any federal banking agency. This authority will be carried out by the executive branch in a manner that assists in the performance of the mission of the SEC while minimizing inequities with similarly situated federal employees.

TENNESSEE VALLEY AUTHORITY

Established in 1933 as an experiment to promote economic development and flood control management, the Tennessee Valley Authority (TVA) today is a major U.S. government-owned corporation with two main roles. It is the fifth largest electric utility in the country, generating and selling electric power worth an estimated \$7.3 billion in 2003 (about four percent of the nationwide total). It is also a natural resource management agency, with an annual operating budget of more than \$50 million, providing navigation, flood control, recreation, water supply and related services throughout Tennessee and in six neighboring states.

During 2003, TVA estimates it will spend \$5.6 billion to produce power at its 11 coal-fired power plants, five nuclear units, and 30 hydropower facilities. TVA forecasts it will use \$1.4 billion in 2003 to upgrade the agency's power plants and expand its 17,000-mile high-voltage transmission system. The remaining \$300 million TVA will use to reduce its outstanding debt, which stood at \$25.4 billion at the end of 2001.

Over the next five years, TVA estimates it will reduce its debt by \$2.4 billion. TVA is reducing its debt to prepare the agency for the major changes now occurring in the electric power industry, where competition and restructured transmission systems are replacing integrated monopolies in existence since the 1930s.

TVA will work with the 158 municipal utilities and cooperatives that distribute TVA power to renegotiate current sales contracts and end its exclusive supply relationship with those entities. TVA will also work with the Federal Energy Regulatory Commission, the Department of Energy, and other utilities to improve the nation's transmission system. The effort will include forming regional transmission organizations to reduce the cost and increase the reliability of the region's and the nation's power supply. TVA will continue to work with independent power producers to enable them to tie into TVA's transmission network.

As a result, increased regional power supplies and enhanced competition will soon give TVA's distributors more power sources to choose from. TVA will also work with the municipal utilities and cooperatives that distribute its power to design and implement power-pricing policies, such as time-of-day pricing systems, that encourage cost-effective energy conservation.