




EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ER 89-0597



February 8, 1989

MEMORANDUM FOR SENIOR OFFICIALS FOR INFORMATION RESOURCES
MANAGEMENT AND MEMBERS OF THE DEPARTMENTAL
LEVEL WORKING GROUP

FROM: Jay Plager 
Administrator
Office of Information
and Regulatory Affairs

SUBJECT: Volume II of the Office of Management
and Budget's (OMB) Five Year ADP/
Telecommunications Plan

I am forwarding for your information several documents
you should find of current interest:

- o Volume II of OMB's Five Year ADP/Telecommunications Plan.
(Note, this document can be purchased from the Government
Printing Office under stock number 041-001-00337-1,
priced at \$6 per volume).
- o OMB's proposed information dissemination policy.
- o The information technology portion of OMB's Management
Report.

We would be pleased to have your comments on any of these.

Attachments

DD/A REGISTRY
FILE: BUD-6-AR

REGISTRY
REGISTRY

[Docket No. 90-346]

**Toledo Edison Company, et al.;
Issuance of Amendment to Facility
Operating License**

The U.S. Nuclear Regulatory Commission (the Commission) has issued Amendment No. 128 to Facility Operating License No. NPF-3, issued to The Toledo Edison Company and The Cleveland Electric Illuminating Company (the licensees), which revised the Technical Specifications (TS's) for operation of the Davis-Besse Nuclear Power Station, Unit No. 1 (the facility) located in Ottawa County, Ohio. The amendment was effective as of the date of its issuance.

The amendment revised the TS's to permit increasing the Reactor Coolant System high pressure trip setpoint to 2355 psig from the present value of 2300 psig, to permit increasing the Power Operated Relief Valve (PORV) trip setpoint to 2435 psig from the present value of 2390 psig, and to permit increasing the reactor power level at or below which the Anticipatory Reactor Trip System (ARTS) may be blocked at 45 percent from the present value of 25 percent.

The application for the amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 19 CFR Chapter I, which are set forth in the license amendment.

Notice of Consideration of Issuance of Amendment and Opportunity for Hearing in connection with this action was published in the Federal Register on May 3, 1988 (53 FR 15758). No request for hearing or petition for leave to intervene was filed following this notice.

For further details with respect to this action see (1) the application for amendment dated February 1, 1988 as supplemented February 26, 1988, (2) Amendment No. 128 to License No. NPF-3, (3) the Commission's related Safety Evaluation dated December 28, 1988, (4) Technical Evaluation Report EGG-NTA-8152 dated June 1988 and (5) the Environmental Assessment dated December 8, 1988 (53 FR 52529). All of these items are available for public inspection at the Commission's Public Document Room, 2120 L Street, NW., Washington, DC, and the University of Toledo Library, Documents Department, 2801 Bancroft Avenue, Toledo, Ohio 43606.

A copy of items (2), (3) and (4) may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attention Director, Division of Reactor Projects—III, IV, V and Special Projects.

Dated at Rockville, Maryland, this 28th day of December 1988.

For the Nuclear Regulatory Commission
Albert W. De Agazio, Sr.,
Project Manager, Project Directorate III-3,
Division of Reactor Projects—III, IV, V and
Special Projects, Office of Nuclear Reactor
Regulation.

[FR Doc. 89-51 Filed 1-3-89; 2:45 am]

BILLING CODE 7590-01-0

**OFFICE OF MANAGEMENT AND
BUDGET****Advance Notice of Further Policy
Development on Dissemination of
Information**

December 28, 1988.

SUMMARY: The Office of Management and Budget (OMB) solicits public comment in the development of policy concerning the dissemination of information by executive branch agencies. The proposed policy, which supplements guidance found in OMB Circular No. A-130 and incorporates OMB Circular No. A-3, covers selected aspects of information dissemination, including electronic dissemination of information.

DATE: Comments from the public should be submitted no later than March 6, 1989.

ADDRESS: Comments should be addressed to: J. Timothy Sprehe, Office of Information and Regulatory Affairs, Room 3235, New Executive Office Building, Office of Management and Budget, Washington, DC 20503. Telephone: (202) 395-4814.

SUPPLEMENTARY INFORMATION: The Office of Management and Budget (OMB) has statutory responsibilities under the Paperwork Reduction Act, as amended, (44 U.S.C. Chapter 35): to establish government-wide policies that reduce the Federal paperwork burden; to enhance the appropriate application of information technology; to develop and implement uniform and consistent information resources management policies; and to oversee the development of information management principles, standards, and guidelines and to promote their use.

In the 1988 amendments to the Paperwork Reduction Act, Congress inserted the term "dissemination" at several places in the law, noting in the

legislative history that dissemination is a key information management area not specified in the original Act but increasingly important in recent years. The report of the Senate Committee on Government Affairs stated:

Management of the Federal Government's information resources includes all stages of information management and all types of information technology. . . . Such management also includes planning and organizing for the efficient and coordinated collection, and use and dissemination of information, and properly training employees to carry out such tasks. (Senate Committee on Governmental Affairs, Report on Federal Management Reorganization and Cost Control Act of 1988, 99th Congress, Report No. 99-347, July 31, 1986.)

In December 1985, OMB issued OMB Circular No. A-130, Management of Federal Information Resources (50 Federal Register 52730-52751, December 24, 1985), which provided a general policy framework for the management of Federal information resources. The Circular contained a number of policy statements concerning the collection and dissemination of information (see OMB Circular No. A-130, Section 8a, and Appendix IV, Section 3).

OMB further addressed information collection issues with the publication, on August 7, 1987, of a Notice of Policy Guidance on Electronic Collection of Information (52 Federal Register 29454-29457). OMB's summary of comments received is available at the address listed above.

In response to interest on the part of Congress, the agencies, and the public, OMB has determined that there is need for additional guidance regarding the collection and dissemination of information by Federal agencies. The present notice solicits public comment on development of proposed further information dissemination policy. This notice will be revised in the light of comments received and, incorporated into OMB Circular No. A-130.

In addition to requesting comment on the substance of the notice's Policy and Analysis of Policy, OMB solicits views on the following questions:

- Are the policy and accompanying analysis sufficiently comprehensive? Are there other major topics pertaining to information dissemination that should be treated?
- Is the procedural guidance provided sufficient to ensure enforcement of the policies? More broadly, how should OMB ensure enforcement of the policies?

Analysis of Policy**Management and Information Dissemination**

Agencies manage the dissemination of information in the same sense that they manage any other legitimate agency function: they carry out policies and procedures to ensure that the function is discharged efficiently and effectively in accordance with applicable laws. An integral part of information dissemination management is ensuring that the agency applies modern information technology to the dissemination function.

As OMB Circular No. A-130, Appendix IV, points out, an agency's obligation to disseminate information must be discharged within a responsible management framework of minimizing costs while maximizing the usefulness of the information. Efficient, effective, and economical dissemination does not translate into diminishing or limiting the flow of information from the agency to the public. To the contrary, good management of information resources should result in more useful information flowing with greater facility to the public, at less cost to the taxpayer.

Incorporation of OMB Circular No. A-3

Section 1108 of Title 44 U.S.C. states in part:

The head of an executive department, independent agency or establishment of the Government, with the approval of the Director of the Office of Management and Budget, may use from the appropriations available for printing and binding such sums as are necessary for the printing of journals, magazines, periodicals, and similar publications he certifies in writing to be necessary in the transaction of the public business required by law of the department, office, or establishment.

OMB Circular No. A-3, Government Publications, implements this provision by requiring that each agency maintain and implement an OMB approved publications control system, and prepare an annual report on periodicals and nonrecurring publications.

Because government publications are a form of information dissemination, and in order to integrate information policy as much as possible, OMB proposes to revise herewith Circular No. A-3, to incorporate the revised Circular into OMB Circular No. A-130, and to rescind Circular No. A-3. Whereas Circular No. A-3 covered only periodicals and nonrecurring publications, i.e., printed products, the proposed policy covers all information dissemination products—printed as well as electronic, with the sole exclusion of audiovisual products. Audiovisual

products continue to be covered by OMB Circular No. A-114, Management of Federal Audiovisual Activities. Hence, the proposed policy applies to products such as periodicals and nonrecurring publications whatever their medium of dissemination, whether micrographics, machine-readable data files, software files, CD-ROMs (compact disks—read-only memory), electronic bulletin boards, or online information services.

The definitions of the terms "periodical" and "nonrecurring publication" have been incorporated from OMB Circular No. A-3, with some modifications.

—Circular No. A-3 defines these terms simply as publications issued by an agency; hence, it may include publications strictly internal to an agency. The definition in the proposed policy clarifies that the terms refer to documents disseminated or routinely made available to the public. OMB introduces this change because the focus of dissemination is on information distributed to the public, and because the concept of internal publication is difficult to define in practice.

—The definition of periodical in Circular A-3 excluded "primarily (90 percent or more) statistical materials." The proposed policy drops this exclusion; such materials would now be considered periodicals. The reason is that there is nothing intrinsic to primarily statistical materials that should cause them to be exempt from routine management controls. Historically, statistical materials were excluded with the intent of guarding against tampering with Federal statistics. OMB agrees that agencies must erect safeguards so that Federal statistics will not be tampered with. However, the safeguards ought not to mean omission of statistical publications, from routine management controls such as inventory and reporting.

Many agencies appear not to know what publications or databases they may be issuing, how decisions are made to disseminate information dissemination products, or how much they cost. The policy first requires management control systems, a requirement carried over from Circular No. A-3, and specifies some minimal functions the control systems are to perform. The purpose of the control systems is to ensure that sound management practices are followed in managing dissemination. If an agency's information dissemination responsibilities, as determined by the agency head within the context of the agency's mission and the OMB policy

framework, call for an aggressive information dissemination outreach program, then the control system is a management tool for ensuring that the agency achieves and maintains such a program. Similarly, if the agency's information dissemination responsibilities are quite limited, the control system is a tool for ensuring that the agency continues to use public resources only for those activities necessary for the proper performance of agency functions.

One function of the control system is establishing and maintaining comprehensive inventories of the information dissemination products they disseminate. The rationale for requiring inventories is primarily that agencies cannot manage the dissemination function if they do not know what information products they have to disseminate, and that an inventory is an essential tool for managing the function. A corollary is that agencies can better serve their public information needs with current comprehensive inventories that can be used as finders' aids for locating information disseminated by the agencies.

OMB issues an annual bulletin instructing agencies to report on information dissemination products. Agencies should maintain the information sought in the annual OMB bulletin in their inventories. In addition, agencies should make use of their inventories for other management purposes. For example, agencies may wish to add keywords and abstracts in order to make the inventories more useful as finders' aids for locating information they disseminate. While agencies should be responsive to the public's requests for assistance in locating information, the agencies should bear in mind that private firms also provide government information locator services, and avoid offering information services that essentially duplicate services already available.

The proposed policy next states the general policy for periodicals that is based directly on 44 U.S.C. 1108, and is taken verbatim from OMB Circular No. A-3.

The proposed policy also continues the annual reporting and approval provisions found in OMB Circular No. A-3.

Adequate Notice

Circular No. A-130 states that "agencies shall disseminate significant new, or terminate significant existing, information dissemination products only after providing adequate notice to the

public." (Section 8a) The Circular contained no procedural guidance for, nor any provisions for enforcing, the adequate notice policy. It left to the agencies the determinations as to what was a significant information dissemination product and what constitutes adequate notice. Nearly three years' experience with the Circular indicates that most agencies in fact have not made these determinations, nor have they established procedures for ensuring that adequate notice is given. During that period the public has brought to OMB's attention instances in which some form of advance public notice might reasonably have been expected under the policy, but no notice was given. Therefore, OMB is proposing additional guidance concerning adequate notice.

Significant information dissemination products. OMB's intent in Circular No. A-130 was that agencies would designate certain kinds of information dissemination products as significant, meaning that the decision to initiate, terminate, or substantially modify the content, form, or availability of such products should trigger a form of public notice in advance of actual initiation, termination, or modification. Other products deemed not to be significant require no advance notice.

Examples of nonsignificant products might be those that:

- From the outset, were never intended to be continuing; hence, most nonrecurring, one-time publications.
- Are generally considered ephemeral such as brochures, handbills, flyers, pamphlets, and the like;
- Receive little expression of public interest as evidenced by the lack of or decline in subscriptions, sales, or requests for copies.

Examples of significant products might be those that:

- are required by law; e.g., a statutorily mandated report to Congress;
- Involved expenditure of substantial funds for the dissemination; a dollar threshold might be appropriate here;
- By reason of the nature of the information, are matters of continuing public interest; e.g., a key economic indicator;
- By reason of the timeliness of the information, command public interest; e.g., monthly crop reports on the day of their release;
- Disseminate in a new medium; e.g., disseminating a printed product in an electronic medium, or disseminating a machine-readable data file via online access;
- Have already received (or will receive) substantial expression of public interest; e.g., those that have (or

can expect) regular followings or subscribers;

- May reasonably be viewed as duplicating and/or competing with existing products disseminated by other agencies or private sector firms; e.g., a value-added electronic database product.

Form of Notice. Similarly, agencies must determine what form a notice should take in a given case. Several forms of notice suggest themselves.

- Oral public announcements at meetings, conferences, and conventions attended by users or potential users of the product;
- Written public announcements in periodicals and other publications circulated to users or potential users;
- Letters to subscribers or potential subscribers;
- Notices with or without request for comment in the *Federal Register* or *Commerce Business Daily*; or
- Public hearings convened for the purpose of discussing initiation or termination.

These forms of notice involve different levels of effort and expense on the part of the agency, and agencies should choose a level proportional to the significance of the product and the action being proposed.

Determination of significance and adequate notice are matters of agency judgment. The key point is that agencies must make the judgments and act upon them. When initiating or terminating an information dissemination product, the agency has an obligation to assess and take account of the impact of its action upon the public. Where members of the public consider a proposed new agency product unnecessary and duplicative, the agency should find out, in advance of initiating the product, why they think this and whether the agency should reconsider a decision to initiate. Where members of the public consider an existing agency product important and necessary, the agency should find out, in advance of terminating or curtailing the product, why they think this and whether the agency should reconsider its decision.

Moreover, members of the public should be able to seek reconsideration or redress from agencies when they believe agencies have acted capriciously with respect to initiating or terminating information dissemination products. Agency procedures should include mechanisms for responding to the contingency that agency actions may violate the adequate notice policy, and for how the agency will rectify the violation.

In order to ensure that agencies in fact develop the necessary procedures, the

proposed policy requires that agencies report the procedures to OMB.

Electronic Dissemination

The range of available information dissemination media expands as technology continues to develop. Yesterday's monthly index to scientific literature is today's online information service; yesterday's newsletter is today's electronic bulletin board; yesterday's magnetic tape is today's floppy disk or online database and tomorrow's CD-ROM. Part of managing the information dissemination function, therefore, is the responsibility to scrutinize regularly the media of dissemination in order to determine whether the medium in use continues to be the most appropriate.

The decision to disseminate information electronically in many respects is identical to the decision to disseminate information in any other medium. Agencies must ask themselves the questions:

- Is dissemination of this information dissemination product required by law?
- Is dissemination of this information dissemination product necessary for the proper performance of agency functions?

At the present time, electronic dissemination more often than not is an agency's secondary issuance of the product, the primary having been in some conventional paper format (press release, report, etc.). Where this is the case, electronic dissemination is more discretionary than the primary issuance, and agencies may wish to consider additional conditions before deciding for electronic dissemination. The policy statement lists conditions favorable to electronic dissemination.

While electronic products are more frequently the secondary mode of information dissemination, agencies must recognize that this condition is changing. Integration of information technology into the workplace is rapidly reaching the point that both internal agency processing and analysis of information as well as the public's use of information often occur primarily in electronic form. Supplying the information on paper is sometimes practically useless, particularly when the volume of information is large and computer search and retrieval capabilities are essential to efficient use. Moreover, the printed product is often a summary or aggregation of the larger body of information which, although useful in its own right, does not satisfy all legitimate user needs as well as the entire body of information in electronic

medium. Under these conditions, an agency might reasonably conclude that dissemination in electronic medium is necessary for the proper performance of agency functions.

A basic purpose of the Paperwork Reduction Act is "to maximize the usefulness of information collected, maintained, and disseminated by the Federal Government." (44 U.S.C. 3501) Thus, dissemination in electronic media is often highly desirable because, under certain assumptions, the electronic information dissemination product is substantially more useful. Electronic information dissemination products tend to contain more information—often an exact and complete copy of a government electronic database, and to present the information in a format that is more manipulable by the user, and hence more conducive to tailoring to a wide variety of user needs. Agencies can frequently enhance the value of government information as a national resource and increase its usefulness by disseminating information in electronic media.

At the same time, it bears remembering that electronic dissemination is not applicable in all cases. Everyone in the public likely to be interested in the information may not be computer-literate or have access to information technology. Dissemination in the electronic media alone may render the information inaccessible to such users. Similarly, some government information holdings evoke little or no public interest and are not in demand, even when the public is well informed about what the holdings are. Absent statutory or mission mandates, any dissemination, let alone electronic, is of questionable utility in such cases.

As Circular No. A-130 notes, the fact that an agency has created or collected information is not itself a valid reason for creating a program, product, or service to disseminate the information to the public. By the same token, the fact that an agency is capable of offering an information service is not itself a valid reason for offering the service. Agencies should avoid offering dissemination services they know (or should know) to be available in the marketplace. An agency, for example, may have the capability to offer dial-up online access to its databases, but the same capability may also be available from private firms that purchase the agency's databases. For the agency to offer the service will always entail some cost to the government, and the availability of virtually identical services from private firms is a compelling argument against

the need for the government to offer the service.

While electronic dissemination is generally desirable, agencies must observe certain boundaries on such activities. As a rule of thumb, Federal agencies should take it as a rebuttable presumption that they are to concentrate dissemination activities on supplying basic information, the provision of which is unique to the government, and to avoid offering value-added products to end users. That is, given a choice between expending resources on disseminating more government information in forms that are usable for general purposes and expending resources on tailoring fewer information dissemination products to specific user needs, agencies should presume they are to choose the former. In effect, agencies should prefer to "wholesale" government information and leave "retail," value-added functions to the private sector, especially when they know that the private sector is ready and able to perform the value-added functions. Indeed, the existence of a private sector, value-added provider is presumptive evidence that, barring extenuating circumstances such as urgent public policy considerations or distorted market forces, the Federal agency need not expend public funds to provide the value-added service.

For example, many agencies are currently planning to issue large databases on CD-ROMs, suitable for processing on microcomputers, and the question arises as to whether the agencies should include on the CD-ROMs the search-and-retrieval software necessary to access the databases. OMB's view is that the agencies should disseminate CD-ROMs that contain only the databases and should not include the software. The first reason for this view is that, as Circular No. A-130 has already noted and the General Accounting Office has frequently pointed out, the practice of developing and maintaining customized computer software is a source of inefficiency in Federal agencies. While the software may make the CD-ROMs more readily accessible by users, its development and maintenance also represent a costly diversion of agency resources, because software development by and large is not part of agencies' information dissemination mandates. The second reason is that the software development is a value-added feature that can be performed by the private sector, and hence a commercial activity that the government neither needs to nor should perform itself. Agencies might better devote their resources to improving the

databases themselves or to preparing other databases for dissemination, for these are tasks that only the agencies can perform.

Circular No. A-130 counsels agencies, when using contractors for carrying out dissemination activities, to ensure that contractors are not permitted to exercise monopolistic controls over government information resources. By the same token, agencies themselves must avoid behaving in a monopolistic fashion with respect to their information dissemination products. For example, an agency that sells online access to its databases but refuses to sell copies of the databases themselves may be presumed to be behaving as a monopolist because its practice precludes the possibility of a competitor selling the same service at a lower price. If an agency is willing to provide public access to a database, the agency should be willing to sell copies of the database itself.

By the same reasoning, agencies should behave in an even-handed manner in disseminating information products. If an agency is willing to sell a database or database services to some members of the public, the agency should in principle be prepared to sell the same products under similar terms to other members of the public, absent a statutory basis for acting otherwise. While an agency may have public policy reasons for offering different terms of sale to different groups in the public, the agency should provide a clear statement as to its reasons and their basis.

User Charges

OMB Circular No. A-25, User Charges, (proposed revision published in 52 Federal Register 24890, July 1, 1987) implements Title 5 of the Independent Offices Appropriations Act of 1952 (31 U.S.C. 9701), establishing Federal policy regarding fees assessed for government services and for sale or use of government property or resources. The general policy stated in Circular No. A-25 (Section 6) is that a user charge will be assessed against each identifiable recipient for benefits derived from Federal activities beyond those received by the general public.

As Circular No. A-130 notes, the Federal Government possesses much information of substantial commercial value. Dissemination of such information, or its dissemination in a specific form or medium, may represent a government service from which identifiable recipients derive special benefits, in which case user charges may be applicable. Many agencies that have substantial information

dissemination programs continue not to have consistent, agency-wide policies and procedures for setting user charges for information dissemination products. The proposed policy provides that agencies must establish user charges for the costs of disseminating these products, and recover such costs, where appropriate.

At present, Chapter 17 of Title 44, U.S. Code, reserves to the Public Printer and the Superintendent of Documents the pricing and sale of printed government documents. In practice, therefore, executive agency discretion in the setting of user charges for information dissemination products is limited to those that are not printed, i.e., principally to electronic products.

Circular No. A-130 stated that agencies shall recover only costs of disseminating information products through user charges, where appropriate, in accordance with Circular No. A-25. Circular No. A-130 also balanced the requirement to establish user charges against the need to ensure that government information dissemination products reach the public for whom they are intended. (Section 8a(11)(a)) "If an agency has a positive obligation to place a given product or service in the hands of certain specific groups or members of the public and also determines that user charges will constitute a significant barrier to discharging this obligation, the agency may have grounds for reducing or eliminating its user charges for the product or service, or for exempting some recipients from the charge" (Appendix IV). The Circular gave no further guidance as to how agencies should balance these requirements.

Circular No. A-25 also establishes that user charges should be set at a level sufficient to recover the full cost of providing the service, resource, or property. The proposed policy clarifies the application of Circular No. A-25 to information dissemination products. Absent statutory requirements to the contrary, the standard for user charges for information dissemination products should be to recover no more than the full cost of dissemination.

OMB's proposed revision to Circular No. A-25 makes a distinction (in Section 6a(2)(b)) between user charges when the Government is acting as property owner and when the Government is acting as sovereign. In the former case user charges will be based on market prices, and in the latter on full cost. For all instances in which the Government itself creates or collects information, or causes creation or collection through sponsorship, the Government is acting as sovereign. User charges the

Government may assess for products resulting from such creation or collection should be no greater than the full cost of dissemination.

The proposed policy, therefore, treats information products as different from other goods and services with respect to user charges. First, statutes such as the Freedom of Information Act and the Government in the Sunshine Act establish that Federal agencies have a broad and general obligation to make government information available to the public and to avoid erecting barriers that impede public access. Circular No. A-130 continues this tradition with its Basic Considerations and Assumptions (Section 7), and with the policy balancing user charges against reaching the intended public. User charges higher than the cost of dissemination are a barrier to public access. Second, given that the Government has sunk the costs of creating and processing the information for governmental purposes, the economic benefit to society is maximized when the information is publicly disseminated at the cost of dissemination.

The full cost of dissemination may generally be thought of as the sum of all costs specifically associated with preparing for public dissemination and actually disseminating to the public. For example, an agency may prepare an information product for its own internal use, and costs associated with such production are not recoverable as user charges. When the agency takes the product, prepares it for public dissemination, and actually disseminates it, costs associated with preparation and actual dissemination are recoverable as user charges.

While the proposed policy generally limits user charges to the cost of dissemination, agencies should take care to set charges at the full cost of dissemination, where appropriate. Some agencies apparently limit user charges for information dissemination products, for example, to the costs of reproducing and distributing computer tapes without enunciating a rationale for such limitations. In fact, recoverable costs may be significantly higher. For example, for an online database service, recoverable cost elements might include personnel, materials, and services associated with the following: telecommunications between the computer system and user terminals; computer usage, online network management; training of personnel operating online services; preparation and distribution of manuals and training materials; and accounting and billing for online services. Cost elements might also include associated administrative

overhead costs such as printing, postage, travel, and indirect costs.

In addition, OMB Circular No. A-25 provides for charges for government goods and services that convey special benefits to recipients beyond those accruing to the general public. Where agencies provide custom tailored information services to specific individuals or groups, full cost recovery for such services is appropriate. For example, if an agency prepares special tabulations or similar services from its databases in answer to a specific request from a member of the public, all costs associated with fulfilling the request would be charged, and the requester would be so informed before work was begun. In a few cases agencies engaging in information collection activities augment the information collection at the request of, and with funds provided by, private sector groups. Since the 1920s, the Bureau of the Census has carried out surveys of certain industries at greater frequency or at a greater level of detail than Federal funding would permit, because industry groups have requested more frequent or detailed government data and have paid the additional information collection and processing costs, and the additional information is consistent with Federal purposes. While results of these surveys are disseminated to the public at cost of dissemination, the existence and availability of the additional government data are special benefits to certain recipients beyond those accruing to the public. It is appropriate that those recipients should bear full costs of information collection and processing, as well as dissemination.

At the same time, as Circular No. A-130 points out, the requirement to establish user charges is not intended to make the ability to pay the sole criterion for determining whether the public receives government information. Agencies must balance the requirement to establish user charges and the level of fees charged against other policies, specifically, the proper performance of agency functions and the need to ensure that information dissemination products reach the public for whom they are intended (see OMB Circular No. A-130, section 8a(11)(a)). If an agency has a positive obligation to place a given product in the hands of certain specific groups or members of the public and also determines that user charges will constitute a significant barrier to discharging this obligation, the agency may have grounds for reducing or eliminating its user charges for the product, or for exempting some

recipients from the charge. Such reductions or eliminations should be the subject of formal agency determinations on a case by case basis and justified in terms of clearcut agency policies.

Small Agencies

The foregoing discussion and proposed policy are written with a view to agencies that have sizable multimedia information dissemination programs. Not all agencies are large, nor have such programs. Formal management control systems, adequate notice procedures, and the administration of electronic information dissemination may be inappropriate for small agencies. The policies themselves, however, are appropriate for all agencies. Smaller agencies should implement the policies with procedures appropriate for their size.

James B. MacRae, Jr.,
Deputy Administrator for Information and Regulatory Affairs.

PROPOSED POLICY

1. Definitions

a. The term "periodical" means any publication disseminated or routinely made available to the public by an agency annually or more often with a format, content, and purpose consistent in nature. The term includes internal agency newsletters and annual reports. The term does not include:

- Memoranda, directives, regulations, legal opinions and decisions, proceedings, programs for ceremonies, press releases, environmental impact statements and assessments, planning documents, and other purely administrative materials;
- Research and development reports that are the direct result of research contracts and are distributed to Federal Government employees and the contractor involved in the work, and technical books, monographs and journal articles that are published by commercial publishers and professional associations;
- Official instructional/informational documents of a permanent nature, published as a supplement to directive systems of executive branch agencies; and
- Annual update of instructional information publications made available to the public to inform them of laws and regulations and to assist them in complying with reporting requirements.

b. The term "nonrecurring publication" means any publication, including pamphlets, disseminated or routinely made available to the public by an agency on a one-edition basis, or less frequently than annually. The items

not included in the term are the same as for the term periodical.

c. The term "information dissemination products" means periodicals, nonrecurring publications, machine-readable data files, software files, online database services, and electronic bulletin boards, issued or disseminated by agencies to the public; the term includes media such as magnetic tape and compact disks but does not include audiovisual activities covered by OMB Circular No. A-114. Dissemination to the public means distributing without restriction as to recipients and entails public announcement of distribution. Distribution restricted to government employees or to agency contractors or grantees is not considered dissemination to the public.

2. Policy

a. Agencies shall manage the dissemination of information so as to maximize efficient and effective performance of agency functions, maximize the usefulness of government information, and minimize the cost to the Federal Government.

b. Agencies shall maintain and implement a management control system for all information dissemination products. The management control system shall, at a minimum, perform the following functions:

(1) Monitoring and reviewing information dissemination products to assure that they are certified to be necessary for proper performance of agency functions, or, in the case of periodicals, necessary in the transaction of the public business required by law of the agency;

(2) Establishing and maintaining in electronic format a current and comprehensive inventory of all agency information dissemination products;

(3) Recording actual and proposed spending of funds for information dissemination products;

(4) Providing an annual report to the Director of the Office of Management and Budget according to specifications provided in annual reporting instructions; and

(5) Supporting such other functions as are necessary for effective and efficient management of information dissemination, such as developing aids to locating information disseminated by the agency.

c. Expenditure of funds shall be approved only for periodicals that provide information, the dissemination of which is necessary in the transaction of the public business required by law of the agency.

d. Agencies shall determine which of their existing and proposed information

dissemination products are significant for purposes of providing adequate notice, and what constitutes adequate notice for significant information dissemination products; agencies shall disseminate these determinations to the public;

e. Agencies shall establish and implement procedures for providing adequate notice, in accordance with the preceding agency determinations, when initiating or terminating significant information dissemination products; procedures shall include how to determine what information dissemination products are significant, what constitutes adequate notice, and how the public may seek redress for agency violations.

f. Agencies should examine their information dissemination products to determine whether conditions favor the electronic dissemination of information. Conditions favorable to electronic dissemination include:

(1) The agency already maintains the information in electronic medium for its own purposes;

(2) The agency will not incur substantial new costs in disseminating the information electronically;

(3) Existing or potential users of the information have expressed a need for the information in electronic medium; e.g., a documented public demand;

(4) The agency can point to real benefits to the government and/or the public from disseminating the information electronically; e.g., more timely use of information, or the ability for users to manipulate the information in ways not available with other media;

(5) The agency has determined that information dissemination products already available to the public are not so similar that the agency's electronic dissemination would constitute unfair competition with the private sector.

g. Agencies should periodically review their information dissemination products to determine whether the medium of dissemination is appropriate to the product.

h. Agencies shall avoid disseminating information dissemination products that place the Government in unfair competition with the private sector;

i. Agencies shall give preference to disseminating basic electronic information dissemination products, and, absent compelling reasons, avoid disseminating value-added electronic information products;

j. Agencies shall establish consistent, agency-wide policies and procedures, including regulations as necessary, for setting and collecting user charges for information dissemination products.

k. Agencies shall set user charges for information dissemination products at a level sufficient to recover the full cost of dissemination, and exclude from calculation of the charges costs associated with collecting and processing the information. Exceptions to this policy are:

- (i) Where statutory requirements are at variance with the policy;
- (ii) Where the agency collects and processes, as well as disseminates, the information for the benefit of a specific identifiable group beyond the benefit to the general public; or
- (iii) Where the agency has made a determination that user charges at full cost of dissemination constitute a significant barrier to properly performing the agency's functions and reaching the public whom the agency has an obligation to reach.

3. Reporting

a. Within 180 days of the effective date of this policy, the head of each agency shall submit to the Director, Office of Management and Budget:

- (1) Copies of policies and procedures for the agency information dissemination management control systems; and
- (2) Copies of agency procedures for providing adequate notice when initiating or terminating significant information dissemination products.
- (3) Copies of agency policies and procedures for setting and collecting user charges for information dissemination products.

b. Unless otherwise individually directed by OMB, agencies with fewer than 1500 fulltime equivalent employees need only provide certification that the above policies are in effect and that the agency has provided the most recent annual report on information dissemination products.

4. Approval

OMB will respond to the agency's annual report on information dissemination products within 45 days of receipt. In its response, OMB will approve or disapprove the periodicals listed for new or continued use, or may request additional information on certain periodicals.

Although new periodicals should be proposed at the annual reporting time whenever possible, periodicals may also be presented to OMB for approval at other times of the year. OMB will respond to these supplemental requests within 45 days of receipt.

[FR Doc. 89-6 Filed 1-3-89; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-16720; 812-6820]

La Caisse centrale Desjardins du Quebec

December 28, 1988.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 ("1940 Act").

Applicant: La Caisse centrale Desjardins du Quebec.

Relevant 1940 Act Sections: Exemption requested under section 6(c) from all provisions of the 1940 Act.

Summary of Application: La Caisse centrale Desjardins du Quebec (the "Applicant") seeks an order to issue and sell commercial paper notes (the "Commercial Paper Notes") in the United States. In addition, the order would permit the Applicant to issue and sell debt securities other than Commercial Paper Notes ("Other Debt Securities") in the United States. The net proceeds of all offerings made in the United States by the Applicant will be utilized by the Applicant to carry out its function as financial agent for the Desjardins Group, which is a cooperative of savings and credit unions located in Quebec.

Filing Date: The application was filed on August 10, 1987 and amended on December 1, 1988.

Hearing or Notification of Hearing: If no hearing is ordered, the application will be granted. Any interested person may request a hearing on this application, or ask to be notified if a hearing is ordered. Any requests must be received by the SEC by 5:30 p.m. on January 23, 1989. Request a hearing in writing, giving the nature of your interest, the reason for the request, and the issues you contest. Serve the Applicant(s) with the request, either personally or by mail, and also send it to the Secretary of the SEC, along with proof of service by affidavit or, for lawyers, by certificate. Request notification of the date of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. La Caisse centrale Desjardins de Quebec, 1. Complexe Desjardins, South Tower, Suite 2822, Montreal, Quebec H5B1B3.

FOR FURTHER INFORMATION CONTACT: Cecilia C. Kalish, Staff Attorney at (202) 272-3035 or Stephanie M. Monaco, Branch Chief at (202) 272-3030.

SUPPLEMENTARY INFORMATION: Following is a summary of the

application; the complete application is available for a fee from either the SEC's Public Reference Branch in person or the SEC's commercial copier who can be contacted at (800) 231-3282 (in Maryland (301) 258-4300).

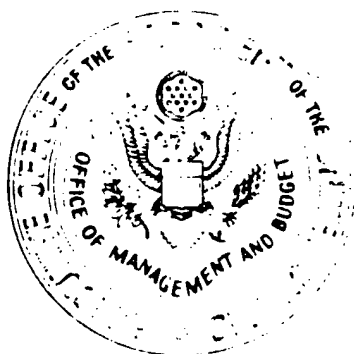
Applicant's Representations

1. The Applicant is a corporation established by the Quebec Legislature to act as financial agent for the Desjardins Group (the "Group"). The Group is composed of approximately 1,345 savings and credit cooperatives known as caisses populaires and caisses d'economie (collectively the "Caisses") which are located throughout the Province of Quebec. Each Caisse is affiliated with one of eleven regional federations (the "Federations"). The Federations provide technical and financial services to their affiliated Caisses. The Federations together form a confederation, La Confederation des caisses populaire et d'economie Desjardins du Quebec (the "Confederation").

2. The Applicant, as financial agent of the Group, manages a liquidity fund for its members, provides its members with access to financial markets, and offers a range of financial services to large- and medium-size business corporations. Applicant makes loans to (i) members and affiliates of the Group and (ii) business corporations, governmental and paragonovernmental entities whose credit needs exceed the capabilities of the individual Caisses. Applicant accepts deposits from the Desjardins Group, from governmental and paragonovernmental entities, and from the short-, medium- and long-term Canadian and international capital markets.

3. The Applicant's operations are extensively regulated both by the act under which it was incorporated (the "Incorporating Act") and by other Quebec legislation which is similar to that applicable to Canadian chartered banks governed by the Bank Act (Canada) ("Chartered Banks"), including *inter alia* the Savings and Credit Unions Act of Quebec and the Quebec Deposit Insurance Act. The Caisses and the Federations are governed by the Credit Unions Act. The Confederation is governed by the Credit Unions Act and the Incorporating Act. Under the Quebec Deposit Insurance Act, deposits with the Caisses and with the Applicant are insured to a maximum of \$60,000 (all figures contained herein are in Canadian dollars unless otherwise indicated) per depositor.

4. Applicant is subject to the supervision of the Inspector General of Financial Institutions of Quebec (the



**MANAGEMENT
OF THE
UNITED STATES
GOVERNMENT**

FISCAL YEAR

1990

TABLE OF CONTENTS

	Page
Part 1. THE PRESIDENT'S MANAGEMENT MESSAGE.....	1-1
Part 2. GOVERNMENT OF THE FUTURE.....	2-1
A. Introduction.....	2-1
B. A Look Ahead to the Year 2000.....	2-2
C. Existing and Emerging Issues for the Future.....	2-5
National Defense.....	2-6
Economic Growth and Change.....	2-7
Social Policy Concerns.....	2-15
Environmental Concerns.....	2-20
Delivery of Government Services.....	2-23
D. Improvements in Government Service Delivery and Operations.....	2-24
E. Without Planning and Management Information, Programs Will Continue to Evolve on an Annual Budget Cycle.....	2-28
F. Selected Recommendations.....	2-82
Part 3. THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM....	3-1
A. Introduction.....	3-1
B. Credit Management.....	3-1
Credit Extension.....	3-3
Loan Servicing and Management.....	3-6
Delinquent Debt Collection.....	3-11
C. Financial Management.....	3-16
Financial Management Organization.....	3-17
Financial Information and Systems.....	3-19
Cash Management.....	3-27
Internal Controls.....	3-39
Audit Programs.....	3-40
Grants Management.....	3-42
D. Quality and Productivity Management.....	3-46
E. Improved Services Through Technology.....	3-76
Presidential Priority Systems.....	3-77
Managing Technology to Best Advantage.....	3-84
F. Procurement Management.....	3-88
G. Privatization.....	3-105
The Role of Privatization.....	3-106
Progress to Date.....	3-107
1990 Budget Initiatives.....	3-111
Competition for Federal Services.....	3-118
Continuing Initiatives.....	3-121

	Page
Part 4. PROGRAM IMPLEMENTATION	4-1
A. Key Organizations in Program Implementation	4-1
General Services Administration	4-1
Office of Personnel Management	4-10
Department of the Treasury.....	4-20
President's Council on Management Improvement.....	4-27
President's Council on Integrity and Efficiency.....	4-31
Small Agency Council.....	4-36
B. The 1989 Management Legislation Program	4-38
C. Detailed Agency Plans and Objectives	4-46
Credit Management Performance Goals.....	4-46
Financial Management Systems Improvements	4-77
Cash Management Performance Goals	4-95
Productivity Improvement Performance Goals	4-124
Privatization Goals.....	4-130
Part 5. APPENDIX I—REPORTS TO CONGRESS	5-1
A. Report on the Recommendations of the President's Private Sector Survey on Cost Control.....	5-1
B. Status Report on Debt Collection	5-12
C. Status Report on Prompt Payment	5-24
Part 6. APPENDIX II—ADDITIONAL MANAGEMENT DATA	6-1
A. Agency Plans for Improving Quality and Productivity	6-1
B. First Progress Report of the Chief Financial Officer	6-21

These are functions that are not information-based and not amenable to technological improvement. OMB will sponsor specialized workshops and seminars for agency program managers that will address the development of accurate output measures, effectiveness measures, and quality measures and provide information on successful improvement techniques.

If agency leaders make quality and productivity improvement a priority and involve managers and employees in improvement efforts, then *all* programs that provide service to the public will be engaged in the 1990's in continuously raising their standards of quality while lowering costs in order to better meet the needs of their customers.

E. IMPROVED SERVICES THROUGH TECHNOLOGY

The steady advance of information technology brings a demand for ever more sophisticated computer applications and telecommunications improvements. In 1989, the Federal Government will spend \$17 billion, or 1.6 percent of the Federal budget, on information technology. In 1982 constant dollars, the information technology budget grew from \$9.1 billion in 1982 to \$13.5 billion in 1989. The figures do not include expenditures for classified systems or for information technology embedded in weapons systems. The non-Defense portion of the general purpose information technology budget will become larger than the Defense portion in 1989.

Between 1982 and 1987, the Federal information technology budget rose sharply, averaging a 12 percent increase each year. Between 1987 and 1989, projected spending will increase on average only 3 percent, primarily because of the budget compromise reached in 1987. Fulltime information technology employees grew from 2.6 to 3 percent of the Federal workforce from 1982 to 1988, and remained the same for 1989.

In the year 2000, a workforce that is older, increases in size more slowly, and contains more women and minorities will live in an economy that is more internationally interdependent, technologically oriented, and dominated by service industries. Jobs for natural, computer, and mathematical scientists will increase by almost 70 percent by the year 2000 as compared with a 25 percent increase for all job categories. A rise in multiple-earner households will require the Government to collect tax revenues, as well as deliver needed services to diverse, mobile family members.

Government is beginning to re-think its ways of doing business in order to deliver services to a population substantially different from today's. Artificial intelligence will help deliver services in new ways. Today's fledgling expert systems will develop and spread to perform functions such as claims processing or medical diagnosis. Computerized decision support systems will assist government

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-77

workers in providing information and advice to persons applying for benefits.

The demand for information technology applications will likely outstrip the supply of technically sophisticated Federal workers. Federal agencies will increasingly purchase, rather than build, their information systems. Private sector systems integrators will provide comprehensive information processing solutions to government's service delivery problems by combining expertise in off-the-shelf hardware, software, and telecommunications technologies. Much more so than today, nearly all Federal managers will become information technology managers directly or indirectly.

Presidential Priority Systems

The Administration has recognized the strategic purposes that information resources management serves by focusing high level attention on the development and implementation of information systems. Beginning with a series of major information systems reviews in 1984, the program has expanded into a set of Presidential Priority Systems (PPS) which receive top management attention and commitment. These systems, selected because of their size, complexity, sensitivity, or because they represent new precedent-setting applications of technology, are now the vanguard of a new age of system excellence in the Federal government. In 1989, 10 systems make up the PPS initiatives. Investments in these PPSs total \$1.4 billion in the 1990 budget, and have a system life cost of \$13 billion, as shown in the table below.

SUMMARY OF PRESIDENTIAL PRIORITY SYSTEMS

(In millions of dollars)

Major System	FY 1990 Request	System Life Cost
Patent and Trademark Automation Plan.....	52	828
General Services Administration's FTS 2000	12	4,500
HHS' Social Security Strategic Plan	56	*
Transportation's Airspace Modernization Plan.....	594	5,000
Treasury's Tax System Redesign	234	*
Securities and Exchange Commission's EDGAR	17	60
Commerce's Advanced Weather System	5	*
Defense's Logistics Modernization Program.....	56	2,800
Governmentwide Financial Management System.....	326	*
Agriculture's Loan Pilot Program.....	2	21
Total Cost	1,354	13,209

* Cost-benefit analysis not yet completed.

The PPS program also provides an important opportunity to identify successful management practices for implementing large systems. The use of cost-benefit analysis as a decision making tool, the use of off-the-shelf software, and the application of international standards have emerged as characteristics of successful systems.

The development of the national airspace system advanced automation system, and the progress on the redesign of the federal tax system are examples of excellence coming back into these major government systems initiatives.

Previous PPS Efforts

As PPSs reach the implementation stage with approved development plans and operational strategies, intensive OMB oversight is reduced. A summary of the systems that have arrived at this level in 1988 follows:

- **Labor's Employee Retirement and Income Security Act (ERISA) System.** The Department of Labor has signed an agreement with the Internal Revenue Service to automate the data associated with pension and welfare benefit plans. The new automated data collection and edit system is proceeding as scheduled, and operation of the system is expected to begin in July 1989.
- **State's Foreign Affairs Information System.** The pilot system has demonstrated the functionality of the system and its ability to meet State Department needs. The concept has been proven, and full implementation will proceed according to State's ability to fund the project.
- **Energy's Licensing Support System.** The Department of Energy completed a cost-benefit analysis of this project, determining that a centralized system will provide the most effective solution for the nuclear waste licensing process. A final design has been approved, and action is underway to procure the computer systems and electronically capture the required data. Extensive indexing and text search software will be developed to manage the 10 million pages of text data expected to be online.
- **Air Force's Personnel System.** In September 1988, independent testing of the Personnel Concept III prototype system confirmed that the projected manpower savings of 1500 positions and the specified functional requirements can be met upon full system implementation, projected to begin in 1989.
- **Interior's Land and Mineral Records System.** In March 1988, Interior Department signed a general system design contract to produce an overall design for the project, will issue a request for proposals to procure the main system. System implementation is expected to begin in 1992.
- **Commerce's 1990 Census of Population and Housing.** The Census Bureau reached final decisions on technology acquisitions needed to support the 1990 census. Field automation initiatives continue to be reviewed through the budget process.

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-79

- **Labor's Federal Employees Compensation Act (FECA) Data System Enhancement Project.** The Labor Department has finalized the design and implementation strategy using off-the-shelf technology, and the project is now moving toward full implementation.
- **Agriculture's Farm Service Automation.** The Agriculture Department has established guidelines for interagency sharing of equipment, telecommunications facilities, and final design of smaller field offices. Implementation is nearing completion and Agriculture is coordinating this project with the Department's computer centers.
- **U.S. Information Agency's (USIA) Voice of America Modernization Project.** USIA is streamlining its project plan to focus on the early completion of two key overseas broadcasting facilities, to conduct field testing, and to take a phased approach in acquiring transmitter antennas.
- **Justice's Immigration and Naturalization Service (INS) Automation Program.** In 1987, INS completed a detailed architectural and cost-benefit analysis of its needs based on program requirements. The estimated savings for the proposed architecture, over other alternatives, is as much as \$37 million. Successful prototyping will determine implementation strategies. This project will continue to receive attention through the budget process.

Current Presidential Priority Systems

- **Commerce's Patent and Trademark Office (PTO) Automation Plan.** In 1988, PTO received over 139,000 patent applications, a figure that is expected to rise to 140,000 in 1990. The search files hold over 27 million patent related documents, and more than 2100 employees examine patent applications. Since 1983, PTO has spent \$195 million to automate. In addition to automating trademarks, the agency is automating most of its current manual files and functions to support its patent processing operations, and will eventually have 700 sophisticated work stations. The automation plan will have a life cycle cost of about \$828 million over 20 years.
 - Expected impact. When complete, the system will enable PTO to improve the quality of patents issued by more complete searches of existing patents. Additionally, foreign patent searches will be expanded, thereby improving the international position of U.S. patents.
- **General Services Administration's FTS 2000.** The Government spends over \$450 million each year to provide basic long distance telephone service for civilian agencies. The current Federal Telecommunications System (FTS) is costly and technically outdated. FTS serves 1.1 million users and carries 1.3

billion call minutes annually. FTS 2000 will replace the existing system with integrated digital voice and data technologies, video transmission, and electronic mail services. Instead of contracting for facilities as in the past, in FTS 2000 GSA will buy only telecommunications services. Congress has decided that competition will be enhanced by dividing the award between two separate networks, representing a 60-40 split in the Government's long distance traffic. GSA also formed an advisory board to assist in evaluating proposals and to make recommendations concerning the awards. GSA awarded the FTS 2000 contract in December 1988.

—Expected impact. FTS is expected to save the Government a minimum of \$100 million annually over the existing system. Voice usage will grow from 320 million calls in 1991, the first year of full implementation, to 433 million in 1997. High speed data traffic will grow from 556 million call minutes to 1.5 billion over the same period.

- **Health and Human Services' Social Security Strategic Plan for the Year 2000.** The Social Security Administration disburses over \$200 billion each year to approximately 40 million beneficiaries. The SSA's computerized data files for accomplishing this job are among the world's largest, and 70,000 people work in SSA's 1300 field offices throughout the country. The Systems Modernization Program provides increased computer and data communications capacity—including 22,000 terminals in field offices. SSA will also be able to decrease processing times for many categories of social security claims and related benefit transactions. This year emphasis in the PPS review will shift from the Modernization Program to planning for the year 2000. By the year 2000 the number of beneficiaries is expected to increase 15 percent from 39 million to 45 million, and the amount disbursed to these beneficiaries will increase from approximately \$222 billion annually to over \$250 billion. In addition to planning to meet this increased workload, the SSA strategic plan will concentrate on service delivery to existing beneficiaries by designing new ways of doing business. These include pre-retirement notification of benefit status and eligibility, and increased reliance on electronic communication with the public in place of face-to-face contact.

—Expected impact. By the year 2000, interactive voice messaging, expert systems, voice synthesis, and other technological improvements will provide a high level of service to the telephone client 24 hours per day with far less Federal employee interaction; four out of five of all SSA transactions will use teleservice, eliminating 16 million

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-81

hours of client effort per year. The proposed disability adjudication and appeals process in the new system will require 297 days instead of the current 515 days. State records of birth and earnings will be electronically supplied directly to SSA, eliminating several categories of transactions required from private citizens in the current system. During 1988, SSA continued to achieve significant progress through the information technology improvements initiated under the System Modernization Plan. For example, SSA took 6 weeks in 1982 to issue cards; today it takes 10 days. Wage postings had a 3 year backlog in 1982; today there is no backlog. The annual earnings reappraisal took 48 months in 1982, while the same operation required only 11 months in 1988.

- **Transportation's Modernization of the National Airspace System (NAS).** The Federal Aviation Administration (FAA) has spent \$209 million to modernize the computer systems supporting the nation's air traffic control system as part of its responsibility for ensuring safe and efficient operation of airways and airports. FAA's Advanced Automation System (AAS) will provide the backbone for the entire air traffic control system, operation and maintenance of which employed over 35,000 people and cost \$2.3 billion in 1988. But this project goes beyond computer modernization to include a fundamental rehabilitation and expansion of FAA facilities to meet year 2000 traffic demands. The present system accommodates over 240,000 civil and military aircraft, and handles 150 million aircraft operations annually. Development and installation of the entire modernized system will cost \$17 billion over 20 years, and includes 5,600 new controller work stations, new communications, radar, landing systems, and increased use of satellite navigation technology. FAA awarded the acquisition contract for AAS in 1988.

—Expected impact. The NAS will safely and efficiently support increased aircraft operations. By the year 2000, the new system annually will support 196 million aircraft operations, a 30 per cent increase, and is expected to generate annual fuel savings of \$250 million. The NAS will reduce maintenance personnel costs 4 percent, or \$12 million, annually.

- **Treasury's Tax System Redesign.** In 1987, the Internal Revenue Service processed over 193 million tax returns, 900 million information returns, and collected \$782.3 billion in revenues. During the peak period, IRS processed 6.8 million Form 1040 returns in one week. Projected costs to support the processing of this information are \$1.4 billion, requiring over

36,000 employees. The current tax processing system involves a high level of manual paper-handling to process returns and collect revenues. In 1988, the IRS spent over \$50 million to begin the redesign of its tax administration system. As the tax laws continue to change, IRS is challenged to continue to process taxes on an automated tax processing system introduced in the early 1960's. The Tax System Redesign will result in a modern, computerized approach to processing taxes, providing IRS staff users improved access to tax return data. The new system will eliminate some of the labor intensive paper processing with electronic filing of tax returns, provide more effective security and privacy protection of tax data, and provide taxpayers with faster, more accurate information about their tax returns.

—Expected impact. When operational, the redesigned tax administration system will enable IRS to meet the needs of all customers, both taxpayers and internal users, by using technology that permits timely delivery of accurate tax accounts and other tax related information. On-line validation and the automation of returns processing will result in a system less susceptible to error, providing a better quality and more timely product to the taxpayer. In particular, the ability to access taxpayer account information will be enhanced with on-line capability to allow IRS personnel to respond more promptly to taxpayer inquiries and update or correct errors in accounts without delay, thereby greatly reducing taxpayer frustration. The new tax administration system will cut the time for processing of all returns, with processing time for electronically filed returns reduced by 2 to 3 weeks. In 1988, 583,000 returns were filed electronically. By 1995, IRS expects that more than 31 million returns will be filed electronically, with that number expected to be over 36 million by 1997.

- **Securities and Exchange Commission's (SEC's) Electronic Data Gathering, Analysis, and Retrieval System (EDGAR).** SEC receives 200,000 disclosure documents annually from 13,200 registrants. The volume of these filings exceeds 9 million pages per year. SEC's computerized system, EDGAR, will automate the filing, processing, and dissemination of these disclosure documents to ensure the rapid availability of information to financial markets. EDGAR will link 450 intelligent work stations with central mainframes. SEC has operated a pilot EDGAR program since 1984 and in 1987 revised the proposed operational program design to fund the complete receipt, acceptance, and review process for required filings.

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-83

SEC issued amendments to a Request for Proposals in 1987 and plans to award the contract in late December 1988. The estimated Federal life cycle costs of EDGAR are \$72 million.

—Expected impact. Delays associated with public disclosure of SEC filings will be cut almost in half, from 38 days to 20. This enhanced timeliness will result in more effective review of filings, greater market efficiency, and more productive allocation of capital.

- **Defense Logistics Agency's (DLA's) Logistics Modernization Program.** DLA's Logistics Modernization Program will integrate and modernize ADP applications of the logistics management program including supply and shipment. DLA depots ship 18 million stock items annually. Each year DLA contract administration services process 406,000 prime contracts with a value of \$45 billion. DLA managed 2.7 million items of supply in 1987, an increase of more than 700,000 items from the 1.9 million managed in 1980. The preliminary estimate of the life cycle cost of this modernization program is \$2.8 billion.

—Expected impact. A comprehensive modernization program will allow the Department of Defense to meet the increasing volume of business for supply and shipment of complex weapons (more than 100 percent increase in weapons systems items from 1983 levels), fuel, food, clothing and other common military logistics requirements.

- **Governmentwide Financial Management Information System.** The President's Management Improvement Program provides for a single primary financial system in each major agency. This system will provide financial management information for the agency as a whole and for its individual components. Agency systems will be integrated electronically with subsidiary administrative systems such as payroll, loans, grants, and with major program systems such as Social Security. These primary financial systems support agency management and also are the source of the fundamental budget and accounting information that is used by Treasury and OMB. This system will integrate the agency primary systems, the Treasury system, and the Office of Management and Budget system to form a single Governmentwide system.

—Expected impact. This project will develop a Governmentwide financial management system that will provide quality financial information to all levels of management and improve control of the government's budget and other resources.

- **Agriculture's Loan Servicing Pilot Program.** The Farmer's Home Administration (FmHA) makes loans to low-income borrowers in rural areas for housing, community facilities,

business, and industry. There are two pilot programs currently ongoing in South Carolina and Wisconsin designed to test the feasibility and efficiency of contracting out the servicing of rural housing loans. The South Carolina pilot program contracts out servicing and collection functions, while the Wisconsin pilot contracts out those functions as well as accounting and escrowing. By 1990, cost-benefit analyses will have been completed on both these pilots that compare the contracted functions with in-house servicing and management of these loans. This analysis will be valuable in assessing the feasibility of using the private sector for loan servicing activities and could form the basis for a much larger loan service contract initiative.

—Expected impact. The Wisconsin pilot, begun in December 1988, will contract out the servicing, collections, and accounting functions on about 14,000 loans and will do escrowing for 1500 loans in nine counties. The South Carolina pilot has moved about 31,000 loans and 54 percent of the workload for servicing FmHA housing loans to the private sector. Between November 1987 (the beginning of the pilot) and August 1988, the delinquency rate on these "privatized" FmHA loans has dropped from 7.4 percent to 5.9 percent.

Managing Technology to Best Advantage

The reviews of individual systems described above, while intended primarily to enhance the success of those important projects, also provides more general information on strengths and weaknesses in the Federal Government's approach to systems development. These "lessons learned" provide the basis for broader policy initiatives.

The Upcoming Five-Year Plan

The Office of Management and Budget issued in 1988 its sixth annual Five Year Plan for Meeting the Automatic Data Processing and Telecommunications Needs of the Federal Government. The plan is required annually by the Paperwork Reduction Act of 1980 as amended.

Volume I of the plan contains an analysis of information technology budgetary data as well as a compilation of agency plans for acquiring information technology over the period 1988 through 1993. The analysis indicates that, following dramatic growth during the decade of the 1980's, agency budgets for automatic data processing have leveled off both in real terms and as a percentage of the Federal budget.

Commercial services expenditures continue to account for an increasing percentage of agencies' information technology spend-

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-85

ing. These expenditures will increase from 46 percent in 1987 to 49 percent in 1989. Over the long term, obligations for commercial services have risen from \$3.8 billion in 1982 to a projected \$9.3 billion in 1989.

Volume II of the plan contains articles on issues of interest to information technology managers as well as a summary of specific initiatives from 25 agencies that are the most significant users of information technology.

Maintaining the Integrity of Government Information

During 1988, the Administration continued its efforts to ensure the integrity of Federal information systems. The concept of integrity in government information entails ensuring the confidentiality of those data to which access should be limited, such as personal, proprietary, and national security classified data. It also includes assuring the accuracy and accessibility of information so that the public can be informed and agencies can discharge their duties efficiently and responsively.

Computer Security. Computer security goes beyond locking up computer rooms or encrypting data transmission lines. Security means assuring that computer systems do exactly what they are supposed to do, and nothing more. That implies protecting information in the systems from unauthorized disclosure; protecting information from unauthorized or inadvertent modification; and ensuring that information in the system is available on a timely basis. It is important to note that in many systems, such as the hurricane forecasting system, protection from disclosure is not the primary need; the information is intended for widespread disclosure.

On January 8, 1988, the President signed into law the Computer Security Act of 1987. The Act calls for revitalized standards for the security of Federal computers; a comprehensive training and awareness program for all employees involved in the management, use, or operation of Federal computer systems; a method of identifying Federal computer systems that contain sensitive information, and a process of planning for adequate security in those systems.

The Act requires agencies to establish plans for the security of each computer system commensurate with the risk and magnitude of the harm that could result from loss, misuse, or unauthorized access to, or modification of, the information contained in the system. During 1988, OMB issued guidance for preparation of security plans for computer systems containing sensitive information in order to assist agencies in preparing their plans. In 1989, the Administration will develop further guidance for assuring that computer security planning decisions are integrated with basic budgetary decisions about information technology systems.

Computer Matching. The enactment in October 1988 of the Privacy Protection and Computer Matching Act of 1988, P.L. 100-503, represents the first major amendment in thirteen years to the Privacy Act of 1974. The amendment represents a bipartisan effort to develop a workable legislative solution to the problem of ensuring that the Government's increasing reliance on computers for program management results in fair treatment of all citizens.

The problem became much more critical because of recent explosive growth and complexity in Federal programs.

- In 1936, the number of families receiving Aid to Families with Dependent Children (AFDC) was 147,000. By 1985, that number had grown to 3.7 million. Total AFDC recipients grew in that time from 524,000 to 10.9 million.
- In 1971, the Federal Food Stamp Program served about 9.4 million recipients. By 1984, that number had grown to 20.8 million.
- In 1967, the government spent nearly \$52 billion to operate human resources programs such as education, training, social security, and income security. Eleven years later, outlays had nearly quadrupled. By 1991, that total will likely reach over half of one trillion dollars.

Automation has clearly become the only way to manage these programs and to deliver efficiently and fairly the benefits and services they entail.

Computer matching is one phase of automated program management. It means validating initial or continued eligibility for a benefit by conducting computerized comparisons of data bases containing information relevant to a decision. For example, AFDC applicants' eligibility would be determined by querying data bases containing information about their earned and unearned income. Computer matching is essential to ensure that benefits go only to those who are truly eligible for them. If used without rigorous validation procedures, it can result in incorrect determinations and undermine the very efficiency it seeks to promote.

The Act creates a procedural framework within which matching may take place. Key to the Act's operation are the concepts of notice and due process. Subjects of matching programs receive notice in three ways: specific notice when they apply for a benefit, and periodically thereafter, that the Government will use matching for validation; published notices describing specific matching programs; and written agency agreements covering matching. As for due process, agencies are forbidden from taking any adverse action until they notify individuals of damaging information uncovered and give them a chance to explain the information.

The Act will take effect in July 1989. OMB will write detailed implementing guidance for issuance during early 1989.

THE PRESIDENT'S MANAGEMENT IMPROVEMENT PROGRAM 3-87

Electronic Information Collection and Dissemination. Advances in computer and telecommunications technology, especially the universal ubiquity of the microcomputer, are being followed by advances in managing the data the computers process and transmit. As both public and private sector entities automate their activities, traditional ink-on-paper forms of sending and receiving information give way to the newer electronic transmissions. At present, most Federal agencies receiving information from members of the public enter the information into electronic media. The prospect grows increasingly appealing, however, for direct transmission from the public's computers to the Government's computers because of convenience and efficiency for all parties. Similarly, where government information products generate substantial public interest, the public demand for electronic information dissemination expands. The Administration has encouraged major new program ventures in electronic collection such as electronic filing of tax returns with the Internal Revenue Service; and both electronic collection and dissemination in bold departures such as the EDGAR system at the Securities and Exchange Commission and the automation of the Patent and Trademark Office.

In 1987, the Administration moved toward issuing more definitive guidance on the electronic collection and dissemination of information. On the collection side, the Administration published proposed Governmentwide policy guidance on the electronic collection of information. On the dissemination side, the Administration established a comprehensive inventory of its information dissemination products and services. Agencies now regularly catalog their electronic information dissemination products.

In 1989, OMB Circular No. A-130 will be revised to incorporate new guidance on electronic collection and dissemination. Agencies may be required to certify, before collecting information, that they have examined automation alternatives. Agencies will be directed to maintain continuous inventories of their information products and to use the inventories as management tools with a view, for example, to eliminating unnecessary publications and inappropriate competition with the private sector.

Streamlining Acquisition and Financing

Fundamental to the Government's ability to perform its functions is the ability to purchase and utilize technology that is available and being used by the commercial marketplace. The process by which the Government acquires information technology is set forth in the legal and regulatory framework created by various statutes, including the Brooks Act, the Competition in Contracting Act, and other parts of the Federal Property and Administrative Services Act. The number and variety of these guiding statutes make the Government's acquisition of computers and telecommuni-

cations complex. The Government has begun to aspire toward the private sector approach to acquiring commercial information technology, allowing for the purchase and use of more up-to-date technology to provide Government services.

Ongoing efforts continue to reduce the acquisition cycle from a 36-month process to a 12-month process, by eliminating bottlenecks in the Federal information technology acquisition process, strengthening project management and streamlining the General Services Administration's approval process. Currently underway is a GSA sponsored initiative to restructure and clarify the Federal Information Resources Management Regulations (FIRMR), which contain the Governmentwide regulations for the acquisition, management and use of information technology resources. Reorganizing the FIRMR will make it easier for Government officials who must use the FIRMR to procure information technology, as well as the contracting community which responds to the Government's procurement requests. When complete, the revised FIRMR will fully implement Public Law 99-500, the Paperwork Reduction Reauthorization Act of 1986, including establishing uniform policies and procedures for Federal acquisition and management of computer and telecommunications resources.

F. PROCUREMENT MANAGEMENT

The procurement programs and processes of the Federal Government are huge and complex. About \$200 billion is spent annually for needed goods and services, involving 22 million contract actions issued each year by 150,000 employees. The procurement process is defined by thousands of laws and tens of thousands of pages of regulations. These laws and regulations are neither uniform nor simple, often impeding competition and frustrating the timely acquisition of quality items.

Reforming the Federal procurement process has been a continuing goal of the Reagan Administration, and much has been accomplished. For example,

- In 1982, the Administration proposed to Congress a comprehensive blueprint for a Uniform Federal Procurement System;
- In 1982, the President issued Executive Order 12352, which implemented many fundamental administrative and regulatory reforms;
- In 1984, the Competition in Contracting Act was enacted, reemphasizing the need for competition in awarding Government contracts;
- In 1984, the Federal Acquisition Regulation, the single, Governmentwide acquisition regulation, was issued, eliminating over 30,000 pages of agency regulations;