(4) FEDERAL CIVILIAN EMPLOYMENT

In 1985 the 2.1 million federal civilian payroll was subject to competitive bidding for basic compensation, health benefits, unemployment insurance and disability benefits. While considerable progress has been made in reducing excesses in many agencies, total civilian employment remains near its 1981 level. The detailed analysis offered by the Grace Commission of both government-wide personnel policies and individual agency staffing patterns strongly supports the presumption that substantial savings in this area are feasible. The more promising options include more aggressive contracting out through A-76 procedures; reduced staff layering and overlap between operating bureaus and departmental levels; reduction of excessive sick leave, vacation and annual leave entitlements which would permit equal work to be done with fewer FTEs; and more appropriate job classification procedures and pay comparability methodologies.

Due to the size of the federal work-force and the high rate of attrition, it would not take many years to generate significant savings over a reasonable period of time. On a fully implemented basis, a 5% reduction in the federal work-force by 1988 would yield savings of $3.7 billion per year.

1985 cost of Federal civilian work force

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic compensation</td>
<td>$52.6</td>
</tr>
<tr>
<td>Health benefits</td>
<td>14.4</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>.2</td>
</tr>
<tr>
<td>FECA</td>
<td>.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>61.0</td>
</tr>
</tbody>
</table>

(1) Excludes pension costs and indirect costs (e.g., office space).

(5) IMPROVED FEDERAL PROCUREMENT

Federal procurement costs in 1985 are projected to be $207 billion—an 88 percent increase from the 1980 level. While the unique nature of many federal procurements—particularly in the defense area—makes cost comparisons with private sector practices difficult, there is little doubt among informed analysts that major cost reductions are possible with changes in existing policies and methods. Over the past three years, the Administration has launched sweeping efforts to simplify and consolidate federal procurement regulations—and these efforts are beginning to produce tangible results. Procurement savings, large savings depend upon basic policy changes—most of which must be approved or supported by the relevant congressional committees. These include more extensive use of multi-year contracting, increasing the share of procurements subject to competitive bid, minimizing the impact of social policy restrictions on the procurement process, increasing accountability within procurement management organizations, simplification of product specifications, and type production and greater emphasis on economically optimum quantities in procurement orders.

While initiatives in these areas have been proposed by the Administration, particularly by DOD, they have been consistently thwarted by restrictions and outright prohibitions in appropriations and authorization bills. Given both the gravity of the budget situation and the extensive list of procurement reforms proposed by the Grace Commission, major procurement reform effort in future budgets is both warranted and a promising opportunity for significant cost reductions.

(6) SPECIAL INTEREST ECONOMIC SUBSIDIES

Despite major progress in eliminating or reducing special interest economic subsidies over the past three budget rounds, substantial opportunities for savings still exist. The major obstacles are the natural, parochial and political pressures to retain previously granted advantages, and the more compelling argument advanced by individual interest groups that subsidies should be eliminated across-the-board or not at all.

Fashioning a consistent set of federal policy standards against which to assess local, regional and sectoral economic subsidies would be a difficult and demanding task. Yet an even-handed set of criteria fairly applied could produce billions in annual budget savings. A policy framework based on user fees principles and national vs. purely local or sectoral economic benefits could be expected to reduce outlays significantly in the following illustrative areas. Most of these have been previously proposed by the Administration, but not in the context of a comprehensive policy framework:

- Capital and maintenance costs for inland waterways.
- Operating costs of the FAA air traffic control system.
- Search and rescue, inspection and licensing costs of deep ports.
- Debt repayment and interest charges on federally supported loan funds.
- Subsidized insurance premiums offered by the Pension Benefit Guaranty Corporation and many other federal insurance agencies.
- Inadequate user fees for a variety of federal commercial inspection, licensing and information services offered by USDA, Commerce, HUD, Treasury and many of the regulatory agencies.
- Charges and fees for use of federal lands, parks and other facilities.
- Subsidies for local economic development which merely shift the geographic location of investment, such as those offered by EDA, HUD, Farmer's Home Administration, Corps of Engineers, and through other agents as industrial development bonds.

This partial list of remaining unwarranted economic subsidies provides ample evidence that potential savings of billions per year are possible if an acceptable policy framework for subsidy phase-out can be developed, and intense special interest pressures overcome. To be sure, many of these proposals have been repeatedly rejected by individual congressional committees. Nevertheless, the overriding requirement for structural reform would be to freeze future spending and revenue into alignment at an acceptable share of GNP necessitates that a comprehensive program that can unilaterally home economic subsidies be considered in the next budget round.

Mr. BIDEN. Yet, Mr. President, if we fail to act decisively on deficits, if we allow the economy to come crashing down, future generations of the administration may well be only the beginning. We will be facing draconian measures in all aspects of budget, indeed in all aspects of our lives. That is why I feel so strongly that we must act now to prevent such an economic disaster.

Let me briefly describe what our bipartisan freeze will do, why it is more fair and more effective than any other proposal.

The only way that Congress will ever be able to come to grips with deficits is by dealing with all Federal programs as a package. This can happen when the beneficiaries of each program see that all others are being treated similarly. Most proposals I know of—including the leadership proposal—do not even pretend to seek equal sacrifice. As a result they treat many groups unfairly. And, equally important, they fail to stop the rise of deficits. Other plans deal across the board with most Federal activities, but they do not treat them in an even-handed manner.

Our bipartisan budget freezes all aspects of the budget. It holds defense expenses to the same budget control that it has in fiscal year 1984 with no allowance for inflation. It similarly proposes no cost-of-living adjustments for most future years. It freezes reimbursements for health care providers, hospitals and doctors, for a year. It freezes budget authority for all discretionary programs at 1984 levels for a year. For farm price supports, it freezes target prices and loan rates at 1984 crop year levels. It provides no pay raise for Federal employees in fiscal year 1985.

Mr. President, at this point I ask unanimous consent that a brief fact sheet describing the proposed freeze be printed at this point in the RECORD.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

THE GRASSLEY-KASSEBAUM-BIDEN BUDGET FREEZE

NATIONAL DEFENSE

FY 1985: freeze budget authority at the FY 1984 baseline level.

DOD civilian and military pay raises: For FY 1985, no pay raise. Assume all future pay raises to be on January 1.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

COLAs: Without COLAs in any program.

COLA date: Assume all COLAs, when renewed, move to January 1, per reconciliation bill.

Medical costs: FY 1985: Freeze doctors and hospitals at FY 1984 level; allow baseline increases for caseload and increased medical care utilization.

Farm price supports: FY 1985: Freeze target prices and loan levels at the 1984 crop year levels.

Entitlements: Assume the baseline.

NONDEFENSE DISCRETIONARY PROGRAMS

FY 1985: Freeze budget authority (or program level, where relevant) at the FY 1984 baseline level.

Civilian agency pay raises: Same as for DOD employees (see above).