(6) FEDERAL CIVILIAN EMPLOYMENT

In 1985 the 2.1 million federal civilian payroll will cost $61 billion for basic compensation, health benefits, unemployment insurance and disability benefits. While considerable progress has been made in reducing excessive staffing levels 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 major costs 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 FTE's; 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 draconian staffing reduction 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 [1] of Federal civilian work force

	Billions
Basic compensation	$56.6
Health benefits	3.4
Unemployment insurance	.2
FECA	.8
Total	61.0

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

(7) 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.

Nevertheless, 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 for commercial type products and greater emphasis on economically optimum quantities in procurement orders.

While many 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, a renewed major procurement reform effort in future budgets is both warranted and a promising opportunity for significant cost reductions.

(8) 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 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 industrial sector 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 fee 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 the Coast Guard;

Capital and maintenance costs of deep ports;

Debt repayment and interest charges on outstanding federal loans to the federal power marketing administrations;

Large interest subsidies to rural electric and telephone cooperatives;

Operating subsidies for local mass transit systems and maritime operators;

Subsidized insurance premiums offered by the Pension Benefit Guarantee 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 and development such as those offered by EDA, HUD, Farmer's Home Administration, Corps of Engineers, and through such tax code features 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 budget reform to bring future spending and revenue into alignment at an acceptable share of GNP necessitates that a comprehensive program to root out unjustified 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, this future agenda 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 describe briefly 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.

Only our bipartisan budget freezes all aspects of the budget. It holds defense activities to the same budget that it has in fiscal year 1984 with no allowance for inflation. It similarly proposes no cost-of-living adjustments for 1 year for all indexed programs. It freezes reimbursements for health care providers, doctors and hospitals, for 1 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 levels 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 factsheet describing the proposal be printed at this point in the RECORD.

There being no objection, the factsheet 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:

FY 1985: No COLAs in any program.

COLA date: Assume all COLAs, when resumed, 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.

All else: 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).