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WH-32 - Mulrenin
informed by
phone

THE WHITE HOUSE
WASHINGTON

August 27, 1982

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1982 AUG 31 AM 11:07

RECEIVED
OFFICE OF THE CHAIRMAN

WH-32

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

Together we have launched a new era in American life, one that is less dependent on big government and more reliant on private initiatives. We have encouraged corporations, civic groups, and philanthropic, religious and voluntary organizations to increase their involvement in meeting community needs.

As leaders of the Federal Government, you have helped to carry that message to the public and I genuinely appreciate your efforts. Now we have the opportunity to put our principles into practice once again. The Combined Federal Campaign delivers help where it is needed without government direction.

Secretary of Transportation Drew Lewis has agreed to serve as the 1983 Combined Federal Campaign Chairman for the National Capital area. I request that you personally serve as Chairman of the Campaign in your organization and appoint a top official as your Vice-Chairman. Please advise Secretary Lewis of the person you designate. Your active support and your participation in this vital program is essential to its success.

I urge you to take a personal interest in this year's campaign and to make a special effort to achieve new levels of support for the programs of the Combined Federal Campaign. Let us prove by example that our faith in the volunteer spirit of the American people is well-founded.

Let our increased giving through the Combined Federal Campaign demonstrate the extent of our commitment to our neighbors in need. I am counting on you to make it happen.

Ronald Reagan



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

WH-31
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1982 AUG 23 AM 9:24

RECEIVED
August 20, 1982
OFFICE OF THE CHAIRMAN

M-82-7

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: DAVID A. STOCKMAN *DAS*
DIRECTOR

SUBJECT: Administration Policy on Appropriations Bills
Passed by the House

Background

In supporting the First Concurrent Resolution on the Budget, the Administration has implicitly agreed to support appropriations bills that, in the aggregate, comport with the assumptions for discretionary spending programs in that Resolution.

In most instances, these levels will accommodate the aggregate level of Presidential requests pending before each Subcommittee of the Appropriations Committee. There is no guarantee, however, that individual accounts will be funded at the level requested by the President.

While agencies are expected to defend the amount of the President's request before the House of Representatives and in appeals to the Senate Committee on Appropriations, the Administration must also strenuously oppose increases that would cause the overall appropriations provided in each bill to exceed the levels assumed in the Resolution. The purpose of this memorandum is to provide procedures to ensure that these two potentially conflicting objectives can be met.

Agency Action

For discretionary annually appropriated accounts, agencies may seek corrective action on the part of the Senate Committee on Appropriations, but only in a way that fully supports the Administration's determination that aggregate levels implied by the budget resolution not be breached. Corrective action may include changes in language or in administrative limitations that are consistent with the President's budget as well as different distributions of the total amount that a bill provides for discretionary programs.

M.R. Livingston

Agencies that wish to request corrective action will submit to OMB for clearance formal letters to the Chairman of the Senate Appropriations Committee or of its respective subcommittees. The positions in these letters must meet the following criteria:

- Increases for particular discretionary appropriations may be requested only where the House appropriations bill provides funds at a level for that account below the President's 1983 budget request.
- Any request for increased discretionary budget authority in an appropriation over the amount included in the House bill must be accompanied by a request for offsetting decreases to other discretionary accounts in the House-passed appropriations bill. These decreases must equal or exceed the amount of the requested increase. In addition, this offset must be included in the same appropriations bill and decreases in mandatory spending may not be proposed.
- The trade-offs that agencies seek must leave 1983 outlays approximately unchanged and must not lead to significantly higher outlays in later years.

OMB Clearance

If an agency decides to ask the Senate Appropriations Committee to make adjustments to amounts in the House bill, a draft letter will be submitted to OMB at least two days before planned transmittal to the Congress. The letter will be accompanied by information in the form of the attachment that identifies budget resolution amounts and requested adjustments to appropriations. Amounts carried by OMB for the budget resolution will be provided for this purpose. It should also include any explanatory material that the agencies find appropriate.

In those instances where an agency head believes it is not practical to request offsets to budget authority increases that are consistent with the President's program, an exception to the above criteria should be requested. Those requests should be in the form of a letter to the Director of OMB.

Attachment

REQUEST FOR CHANGES TO HOUSE-PASSED
1983 APPROPRIATIONS BILLS
(in millions of dollars)

Agency _____

Appropriations Bill _____

| | Resolution discretionary 302(a) allocation | | House Committee discretionary 302(b) allocation | | House-passed discretionary appropriation | |
|---|--|-----|---|-----|--|-----|
| | BA | O | BA | O | BA | O |
| Discretionary appropriations (total for bill)..... | | | | | | |
| Requested adjustments: | | | | | | |
| Increases: | | | | | | |
| [Appropriation account] <u>1/</u> | XXX | XXX | XXX | XXX | XXX | XXX |
| [Appropriation account]..... | XXX | XXX | XXX | XXX | XXX | XXX |
| Decreases: | | | | | | |
| [Appropriation account] <u>1/</u> | XXX | XXX | XXX | XXX | XXX | XXX |
| [Appropriation account]..... | XXX | XXX | XXX | XXX | XXX | XXX |
| Revised total..... | | | | | | |

1/ Where applicable, include as separate non-add lines under each appropriation account, the individual programs and activities for which increases and offsetting decreases are requested.



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

WH-30

OFFICE OF FEDERAL
PROCUREMENT POLICY

AUG 11 1982

MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

Donald E. Sowle
Donald E. Sowle, Administrator

SUBJECT:

Update on Implementation of Executive Order 12352,
"Federal Procurement Reforms"

Enclosed for your information are:

- (1) A copy of the minutes of the second meeting of the Executive Committee on Federal Procurement Reforms. (Attached to the minutes are the final charters and current membership rosters for five interagency task groups established by the Committee.)
- (2) The first Report to the President on the Implementation of Executive Order 12352.

These documents will bring you up to date on the status of our continuing efforts to improve the Federal procurement process.

We are relying on your agency's Procurement Executive to help plan and foster Government-wide reforms as well as to implement them within the agency. Your active support of these formidable efforts is invaluable and is greatly appreciated.

Enclosures

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1982 AUG 16 AM 9:17
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OFFICE OF THE CHAIRMAN



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

AUG 6 1982

MEMORANDUM FOR THE PRESIDENT

FROM: David A. Stockman *DA*

SUBJECT: Progress Report on Implementation
of Executive Order 12352
on Federal Procurement Reforms

Executive Order 12352 on "Federal Procurement Reforms" was signed on March 17, 1982. It requires the heads of executive agencies and the Office of Management and Budget (OMB) to make fundamental reforms in Federal procurement to ensure effective and efficient spending of public funds. It specifically requires that the heads of agencies initiate a series of procurement reforms and that the Office of Management and Budget's Office of Federal Procurement Policy work with the agencies to provide broad policy guidance and overall leadership and report progress to the President. The Director of the Office of Personnel Management is directed to ensure that personnel policies and standards are conducive to agencies' needs for a professional procurement work force.

OMB has initiated a series of actions that will facilitate effective implementation of the Executive order. Set forth in the attachment is our first progress report which outlines the structure and schedule we have established to guide the Executive order's implementation.

Attachment

PROGRESS REPORT
ON THE
IMPLEMENTATION OF EXECUTIVE ORDER 12352

March 17 Executive Order 12352 on "Federal Procurement Reforms" was issued.

March 26 The Federal Procurement Council (FPC) met to review the Executive order and to begin planning for its implementation. The FPC is composed of the senior procurement representatives from the 24 largest procuring agencies in the executive branch.

April 30 The Administration submitted to Congress three proposed bills to reform the Federal procurement process. These bills were in the form of amendments to the Armed Services Procurement Act, the Federal Property and Administrative Services Act, and the Office of Federal Procurement Policy Act. (Although not part of the implementation of the Executive order, these three bills together with the Executive order comprise this Administration's comprehensive program for procurement reform.)

May 18 The Executive Committee on Federal Procurement Reform was established. This Committee is comprised of the Procurement Executives from the eight largest procuring agencies, plus the Small Business Administration (SBA) and the Office of Personnel Management (OPM). The purpose of the Committee is to assist in the overall implementation of the Executive order and review guidance (being developed by inter-agency task groups) to be furnished to the agencies for their use in implementing the Executive order.

June 1 The Executive Committee on Federal Procurement Reform held its first meeting to:

- o Review the proposed organization and planning for implementation of the Executive order;
- o Establish six interagency task groups; and
- o Review the Committee's proposed charter.

- June 8-11 The interagency task groups established by the Executive Committee were briefed individually on the Executive order and the areas of responsibility each was assigned for development of broad guidance. A list of these task groups and the chairpersons is attached as Enclosure 1.
- June 24 A meeting with the private sector was held to brief them on our plans for implementing the Executive order and to solicit their ideas and suggestions on the guidance that will be developed by interagency task groups.
- June 25 The Charter for the Executive Committee on Federal Procurement Reform was approved by the Office of Management and Budget and transmitted to departments and agencies. A copy of the Executive Committee Charter is attached as Enclosure 2.
- July 8 OMB issued a Model Charter for Procurement Executives. The Executive order requires each agency to designate a Procurement Executive with agencywide responsibility to oversee the development of procurement reforms and the new agency procurement system. This model charter, developed by an interagency group, identifies the appropriate placement of this individual within an agency's organizational structure, sets out primary duties, lists primary functions and identifies those functions appropriate for delegation. A copy of the Model Charter is attached as Enclosure 3.
- July 14 The Executive Committee held its second meeting to review the charters and work plans of the interagency task groups. Five charters and two work plans were reviewed. In addition, the Committee received status reports on two important elements of Executive Order 12352: (1) the Federal Acquisition Regulation and (2) OPM's efforts to develop new classification standards for the procurement career field to meet the needs of the agencies. They also were briefed on the implementation of P.L. 97-177 (timely payment of contractors).

July 26

OMB prepared a schedule of actions and events planned through October 1983 for implementation of the Executive order. A copy is attached as Enclosure 4.

August 2

DOD, GSA and NASA signed a Memorandum of Agreement (MOA) embodying their plans for completion, implementation and maintenance of the Federal Acquisition Regulation. A copy of this MOA is attached as Enclosure 5.

INTERAGENCY TASK GROUPS

| <u>Task Group</u> | <u>Title</u> | <u>Chairman</u> | <u>OFPP Contact</u> |
|-------------------|---|---|--------------------------------|
| 1 | Establish Agency Procurement Executives | Rear Admiral (Ret.) LeRoy Hopkins, National Aeronautics and Space Administration | LeRoy Haugh |
| 2 | Establish Clear Lines of Contracting Authority | Mr. Colonel Armstrong Department of Interior | William Coleman |
| 3 | Establish Government-Wide System Criteria, Including Competition, and Certify System to Agency Head | Brigadier General Charles F. Drenz U.S. Army, Defense Logistics Agency | LeRoy Haugh William Maraist |
| 4 | Reduce Administrative Costs and Burdens | Major General Joseph H. Connolly U.S. Air Force Air Force Headquarters | Charles Clark |
| 5 | Simplify Small Purchases | Mr. Ray Chiesa, Defense Logistics Agency | Barbara Glotfelty |
| 6 | Career Management Programs | Rear Admiral Joseph Sansone U.S. Navy, Naval Material Command | William Hunter |



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

CHARTER

EXECUTIVE COMMITTEE ON FEDERAL PROCUREMENT REFORMS

I. Establishment:

The Executive Committee on Federal Procurement Reforms is established effective May 18, 1982. It is under the leadership of the Office of Management and Budget and chaired by the Administrator for Federal Procurement Policy.

II. Purpose:

The purpose of this Committee is to assist in implementation of the procurement reforms set forth in Executive Order 12352 by providing broad policy review and counsel to OMB through the Committee's Chairperson on all proposed implementation guidance. Interagency task groups will be appointed as set forth in Section V to develop guidance that will enable agency heads to fully accomplish their responsibilities under the Executive Order. One of the functions of the Committee will be to review and evaluate these task group recommendations. Other functions of the Committee are set forth in Section IV.

III. Membership:

The Committee is composed of the agency level Procurement Executive from each of the following organizations:

- Department of Agriculture
- Department of Defense
- Department of Energy
- Department of Interior
- Department of Transportation
- General Services Administration
- National Aeronautics and Space Administration
- Veterans Administration

Membership will also include a representative from the Small Business Administration and the Office of Personnel Management.

A member may appoint an alternate to act in his capacity and represent his organization at a meeting if he is unable to attend. However, principals are expected to attend meetings whenever possible.

Notice will be given at least two weeks prior to a meeting.

IV. Activities:

The Executive Committee will:

- o Provide advice with respect to the organization of interagency task groups and the nominations of individuals selected to chair task groups.
- o Review and provide advice with respect to each task group's charter.
- o Review task group plans to ensure they encompass all the areas needed to fully implement the Executive Order.
- o Review and evaluate task group progress.
- o Resolve questions raised by task groups and otherwise provide guidance to task groups.
- o Review the proposed guidance developed by the task group and recommend changes, modifications or acceptance for transmittal to the agencies.
- o Advise and counsel OMB/OFPP on content of periodic reports to the President on the accomplishments and progress in implementing the Executive Order.
- o Review Government-wide proposed policies, recommend areas for the development of new policies and identify statutory provisions that need to be amended or repealed.

V. Task Groups:

Interagency task groups will be established to develop guidance which will facilitate agency accomplishment of the specific objectives of Executive Order 12352. Each task group will be chaired by a General or Flag Officer, or civil service equivalent. Responsibilities of the Chairperson include:

- o Ensuring a balanced membership in terms of perspective and agency mission responsibilities.
- o Developing a charter and presenting it to the Committee for review and approval.
- o Developing a plan of areas and issues to be examined by the task group.

- o Briefing the Committee on progress.
- o Developing and presenting to the Committee recommended actions.
- o Ensuring all actions in the charter and plan are completed or disposed of.

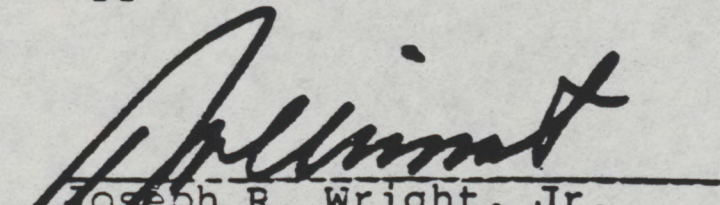
VI. Meetings:

Meetings of the Executive Committee will be held as necessary at the call of the Administrator for Federal Procurement Policy. Meetings will be held, on the average, once a month.

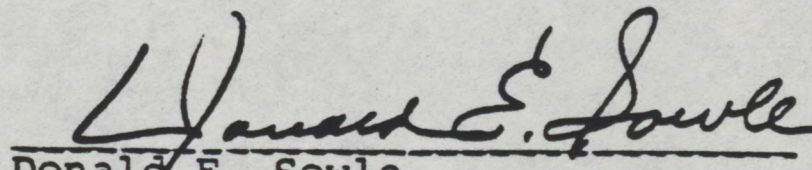
VII. Staff Support:

Staff support to the Chairperson will be provided by OFPP. The Administrator will designate an Executive Secretary to plan, coordinate, prepare the agenda, and maintain minutes of each meeting.

Approved:


Joseph R. Wright, Jr.
Deputy Director
Office of Management
and Budget

Approved:


Donald E. Sowle
Administrator for Federal
Procurement Policy

DATED: June 25, 1982

MODEL CHARTER

FOR

PROCUREMENT EXECUTIVES

Developed By the Procurement Executive
Task Group of the Federal Procurement Council

Interagency Task Group Leader: LeRoy E. Hopkins

OFPP Contact: LeRoy J. Haugh

PROCUREMENT EXECUTIVE

Executive Order 12352 of March 17, 1982, titled "Federal Procurement Reforms," provides in Section 1 as follows:

"To make procurement more effective in support of mission accomplishments, the heads of executive agencies engaged in the procurement of products and services from the private sector shall: Designate a Procurement Executive with agency-wide responsibility to oversee development of procurement systems, evaluate system performance in accordance with approved criteria, enhance career management of the procurement work force, and certify to the agency head that procurement systems meet approved criteria."

PROCUREMENT EXECUTIVE

Under the Executive Order, the head of each procuring agency is responsible for designating a Procurement Executive who in turn is responsible for the development and oversight of agency-wide procurement systems.

Procurement includes all stages of the process of acquiring property and services beginning with how needs are described and ending with the close out of the contractual instrument. (The phrase "how needs are described" refers to the development of the statement of work that will be used in the solicitation. It does not include the development of the "mission element needs statement.")

This model charter contains guidance as to the (1) appropriate placement of the Procurement Executive within an agency's organizational structure, (2) primary duties and responsibilities and (3) functions appropriate for delegation to subordinate procurement organization heads and contracting officers. It is intended as a guide and may be adopted as is or modified to the extent necessary so long as it is consistent with the purpose and scope of the Executive order. The fundamental goal is to improve the efficiency and effectiveness of the procurement function which plays a vital role in accomplishing agency missions.

ORGANIZATIONAL PLACEMENT

Background

The importance of organizational placement was highlighted in the findings of the Report of the Commission on Government Procurement (COGP), Volume 1, Chapter 5, page 43.

"Technical personnel tend to dominate personnel engaged in the procurement process. Procurement personnel do not receive the management support they must have in order to bring their professional expertise into play in awarding and administering contracts and, as a consequence, they must often bow to the desires of requisitioners who do not have expertise in procurement."

As a result of its study, the COGP stated the need to reevaluate the place of procurement in each agency whose program goals require substantial reliance on procurement. Under the general oversight of the OFPP, each agency should ensure that the business aspects of procurement and the multiple national objectives to be incorporated in procurement actions receive appropriate consideration at all levels in the organization. (COGP Recommendation No. 12)

Placement

The head of each Federal agency will appoint a Procurement Executive which should normally be a full-time position or a primary function of that position.* Since this official will be responsible for management direction of the agency's procurement system, the Executive should be an experienced procurement professional and be at, or report directly to, no lower than the assistant secretary or assistant administrator level. Procurement Executives of large agencies may designate subordinate Procurement Executives, as needed, in sub-agency elements.

To effectively carry out his/her responsibilities, the Executive must be placed at a sufficiently high level in the organization to ensure:

* Some agencies which have a significant grants function have combined procurement and grants responsibility. It is not intended in such cases that the agency separate these functions in order to have an individual whose primary function is Procurement Executive. So long as the individual designated as Procurement Executive meets the criteria and can carry out the function set forth in this charter, the assignment of procurement responsibility does not preclude the assignment of grant functions in those agencies where the Procurement Executive also has grants responsibility.

- Direct access to the head of the major organizational element served;
- Sufficient status to deal with contractor executives; and
- Comparative equality with major mission and program organizational elements.

RESPONSIBILITIES

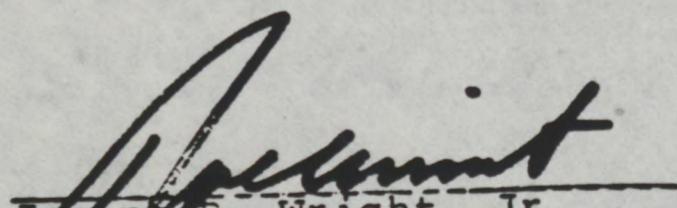
1. Delegation. The Procurement Executive is delegated authority from the agency head to oversee development and provide management direction of the agency's procurement system in accordance with applicable laws and regulations. Specifically, the Procurement Executive is authorized to:
 - a. Prescribe and publish agency procurement policies, regulations and procedures. (When the Federal Acquisition Regulation (FAR) becomes effective, agency policies, regulations and procedures will be limited to those unique to the agency or otherwise necessary to implement the FAR. Repeating or paraphrasing the FAR will not be permitted.);
 - b. Enter into, make determinations and decisions and take other actions, consistent with appropriate policies, regulations and procedures with respect to purchases, contracts, leases, sales agreements and other transactions, except those required by law or regulation to be made by other authority;
 - c. Designate contracting officers and representatives thereof;
 - d. Establish clear lines of contracting authority;
 - e. If appropriate, exercise priorities authority on behalf of the agency, in accordance with the provisions of the Defense Production Act of 1950 (50 U.S.C. App. 2071, et seq.), Department of Defense Delegation of Priorities Authority, dated October 21, 1958, and applicable policies and regulations;
 - f. Evaluate and monitor the agency's procurement system performance;

- g. Manage and enhance career development of the procurement work force;
- h. Examine, in coordination with the OFPP, the procurement system to determine specific areas where Government-wide performance standards should be established and applied and participate in the development of Government-wide procurement policies, regulations and standards. (The standards will be the criteria used for measuring operational effectiveness; i.e., time, cost, quality, accuracy, quantity, qualifications, etc.);
- i. Determine areas for agency unique standards and develop unique agency-wide standards;
- j. Be the advocate for competition; and
- k. Certify to the agency head that the procurement system meets approved standards.

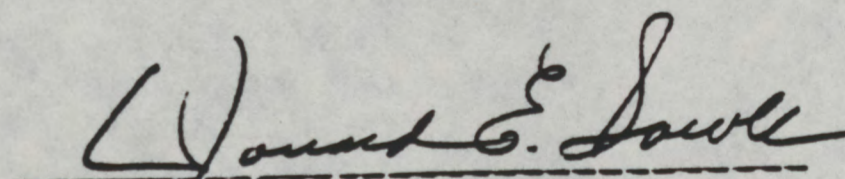
2. Redelegation

- a. The authority delegated in paragraph 1.a. may be redelegated only with respect to agency internal procurement policies, procedures and regulations.
- b. None authorized with respect to paragraph 1.f., i. and k.
- c. The authority delegated in paragraphs 1.b., c., d., e., g., h. and j may be redelegated in writing with the power of further redelegation.

Approved:


 Joseph R. Wright, Jr.
 Deputy Director
 Office of Management
 and Budget

Approved:


 Donald E. Sowle
 Administrator for Federal
 Procurement Policy

DATED: June 30, 1982

SCHEDULE FOR IMPLEMENTATION
OF
EXECUTIVE ORDER 12352

| | <u>Action or Event</u> | <u>Responsibility</u> |
|-----------------------|---|---------------------------------------|
| AUGUST 1982 | | |
| 2 | Begin review of public and agency comments on draft Prompt Payment Circular | OMB/BRD (Financial Management Branch) |
| 6 | Develop plan for resolving outstanding issues (Appendix C of UFPS Proposal) | OFPP |
| 18 | Executive Committee meeting | GSA |
| 19 | Prompt Payment Circular issued and effective | OMB/BRD |
| 27 | Civil Agency Procurement (CAP) Council chartered and operating | GSA |
| 30 | Review of procurement personnel standards begins at OPM | Agencies, OFPP, OPM |
| SEPTEMBER 1982 | | |
| 6 | Prepare composite schedule of Task Group activities and interface charts | OFPP |
| 15 | Executive Committee meeting | * |
| 22 | Federal Procurement Council (FPC) meeting | OFPP |
| 30 | OPM completes personnel standards | OPM |
| 30 | Bowne contract for Federal Acquisition Regulation (FAR) project renewed | GSA |

| | <u>Action or Event</u> | <u>Responsibility</u> |
|----------------------|---|--|
| OCTOBER 1982 | | |
| 1 | FAR Transition Group established | DOD, GSA, NASA, in accordance with their MOA |
| 1 | FAR Secretariat established | GSA |
| 1 | Interest penalties apply to payments under contracts issued on or after October 1 | Prompt Payment Circular |
| 5 | Brief industry associations | OFPP |
| 13 | Executive Committee meeting | * |
| 29 | Second Report to the President | OFPP |
| 29 | Procurement personnel classification standards issued | OPM |
| NOVEMBER 1982 | | |
| 1 | Draft FAR to GSA for printing | DOD, GSA, NASA, in accordance with their MOA |
| 10 | Executive Committee meeting | * |
| 18 | Public meeting | OFPP |
| DECEMBER 1982 | | |
| 8 | Executive Committee meeting | * |
| 15 | FPC meeting | OFPP |
| JANUARY 1983 | | |
| | Task Groups begin periodic briefings of key agency officials on proposed improvements to the procurement system | Task Group Chairmen |

| | <u>Action or Event</u> | <u>Responsibility</u> |
|---------------------------------|--|--|
| JANUARY 1983 (continued) | | |
| 1 | Printed draft of FAR to DAR and CAP Councils | GSA |
| 19 | Executive Committee meeting | * |
| 25 | Brief industry associations | OFPP |
| 31 | Third Report to the President | OFPP |
| FEBRUARY 1983 | | |
| 16 | Executive Committee meeting | * |
| MARCH 1983 | | |
| 16 | Executive Committee meeting | * |
| 23 | FPC meeting | OFPP |
| APRIL 1983 | | |
| 13 | Executive Committee meeting | * |
| 19 | Brief industry associations | OFPP |
| 29 | Fourth Report to the President | OFPP |
| 29 | Final FAR to printer and Federal Register | DOD, GSA, NASA, in accordance with their MOA |
| MAY 1983 | | |
| 11 | Executive Committee meeting | * |

| | <u>Action or Event</u> | <u>Responsibility</u> |
|-----------------------|---|--|
| JUNE 1983 | | |
| 15 | Executive Committee meeting | * |
| 22 | FPC meeting | OFPP |
| JULY 1983 | | |
| 1 | FAR Familiarization and training begins | All agencies |
| 1 | FAR published in Federal Register and printed copies of FAR distributed | GSA |
| 5 | Brief industry associations | OFPP |
| 13 | Executive Committee meeting | * |
| 29 | Fifth Report to the President | OFPP |
| AUGUST 1983 | | |
| 17 | Executive Committee meeting | * |
| SEPTEMBER 1983 | | |
| 14 | Executive Committee meeting | * |
| 21 | FPC meeting | OFPP |
| OCTOBER 1983 | FAR effective | DOD, GSA, NASA, in accordance with their MOA |

* Host agency to be determined.

2 AUG 1982

MEMORANDUM OF AGREEMENT (MOA)

SUBJECT: FAR Implementation

This records the mutual understandings and commitments of the undersigned principals with respect to FAR implementation.

The Department of Defense (DoD), the General Services Administration (GSA) and the National Aeronautics and Space Administration (NASA) shall continue their joint efforts to implement the FAR. Every effort will be made to meet the following milestones:

- o A product, consisting of completed Phase II effort as of 1 November 1982 and Phase I products that have yet to undergo Phase II review, will be made available to GSA by 1 November 1982 for printing, and will be delivered (minimum quantity of 150 copies each) to the Defense and CAP Councils and NASA NLT 1 January 1983 for completion of their respective executive reviews.

- o Final Phase II will be delivered to the Councils by 31 March 1983.

- o FAR will be published in the Federal Register by 1 July 1983.

- o Accomplish necessary familiarization and training to achieve effective date of 1 October 1983.

I. TRANSITION ORGANIZATION AND RESOURCES

- o The FARPO will be disestablished 30 September 1982.

- o A FAR Group will be established 1 October 1982. It will initially be composed of the following resources:

Army: two professionals and one clerical
Navy: two professionals and two clerical
Air Force: three professionals

DLA: one professional and one clerical
NASA: one professional and one clerical
GSA: seven professionals and one clerical*

* GSA has promised one additional professional, if available, and a total staff of 12 once the FAR is published.

o The FAR Group will be preferably located at the current FARPO facility. It will remain available until 1 July 1983, but in no event later than 1 October 1983.

o The FAR Group, as its top priority, will be responsible for completion of Phase II product, including FAR baselining (i.e., currency with latest regulatory coverage).

o The FAR Group will also assist the Councils in accomplishing their respective executive reviews and in conducting necessary orientation and training activities to facilitate FAR transition in accordance with the Annex (Attachment 1).

o GSA will be responsible for providing the physical facilities for housing the FAR Group (office space) and for continuation of the Word I computer contract effort. GSA and DoD will provide the necessary support staff.

II. ORGANIZATION FOR FAR MAINTENANCE

o The organization for FAR maintenance shall be as described by the attached chart (Attachment 2).

o NASA will participate on the DAR Council for a trial period once the FAR becomes effective.

o GSA will chair the CAP Council and provide legal counsel.

o The FAR will be maintained by the CAP Council and the DAR Council. The operating guidelines of the DAR and CAP Councils are described in the Annex. Responsibility for maintenance of the FAR will be apportioned by the two Councils. Operating guidelines pertaining to disposition of FAR cases, coordination procedures, etc. will be developed by the Councils.

o Deviation authority will be vested in the respective Councils without regard to apportioned maintenance responsibility.

o GSA will provide a FAR Secretariat expected to consist of six people (two professionals, two administrative and two clerical) and physical resources for the FAR secretariat. GSA will pay for preparation of the FAR for publication, including publication as necessary in the Federal Register.

o The FAR Council will remain intact, to be convened from time to time to address appropriate matters. While it may serve as a forum for discussion and appeal of appropriate matters, it will not have directive authority.

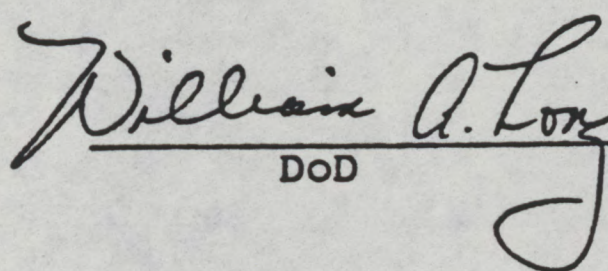
o DoD, GSA and NASA will jointly maintain the FAR. Agencies requiring supplemental procurement regulations are responsible for individually maintaining these supplements.

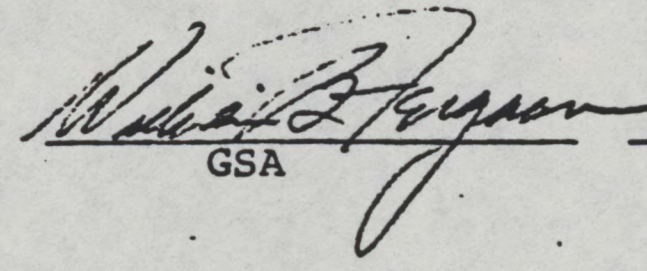
o FAR revisions shall be printed in the Federal Register, and to the maximum practicable extent, prior to the effective date.

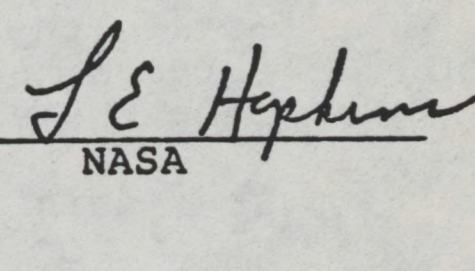
III. PENDING ISSUES FOR RESOLUTION

o Contribution of resources to the FAR Group by the civil agencies other than GSA and NASA.

o The various agencies and DoD components must identify funds in their respective FY 1983 budgets to purchase the FAR.


DOD


GSA


NASA

Attachments:

1. Annex
2. Chart

ANNEX TO MOA

SUBJECT: Councils' Operating Guidelines (DoD/GSA)

TRANSITION PERIOD

1. Councils will allocate all FAR subject areas to executive review groups composed of Council members, FAR Group members and subject area specialists, as appropriate.
2. Executive review groups will utilize Phase I product together with other planning documents or data available in preparation for receipt of completed Phase II product or any earlier receipt of stand-alone segments.
3. After receipt of Phase II product, each Council will conduct an executive review of entire FAR and develop any needed changes.
4. During executive review, the Councils will make only changes that are necessary to assure that FAR accommodates the needs of the acquisition community. Existing FAR language will be retained unless there is a compelling reason for change.
5. During executive review, Councils will coordinate results and resolve differences.
6. In the event of a dispute, the issue will be elevated through the acquisition principals of DoD, GSA and NASA to respective agency heads for resolution.
7. Assistance by OFPP may be sought to facilitate resolution of differences.
8. Completed, coordinated FAR will be forwarded to GSA for publication.
9. Upon publication, the Councils will conduct appropriate orientation and training to facilitate FAR implementation.

MAINTENANCE

DoD and GSA shall promulgate charters for the internal operations of their respective Councils. Each Council shall have the following FAR maintenance responsibilities:

- a. Reviewing FAR cases and developing proposed coverage utilizing appropriate subcommittee and/or lead agency.

b. Coordinating proposed coverage with the other Council.

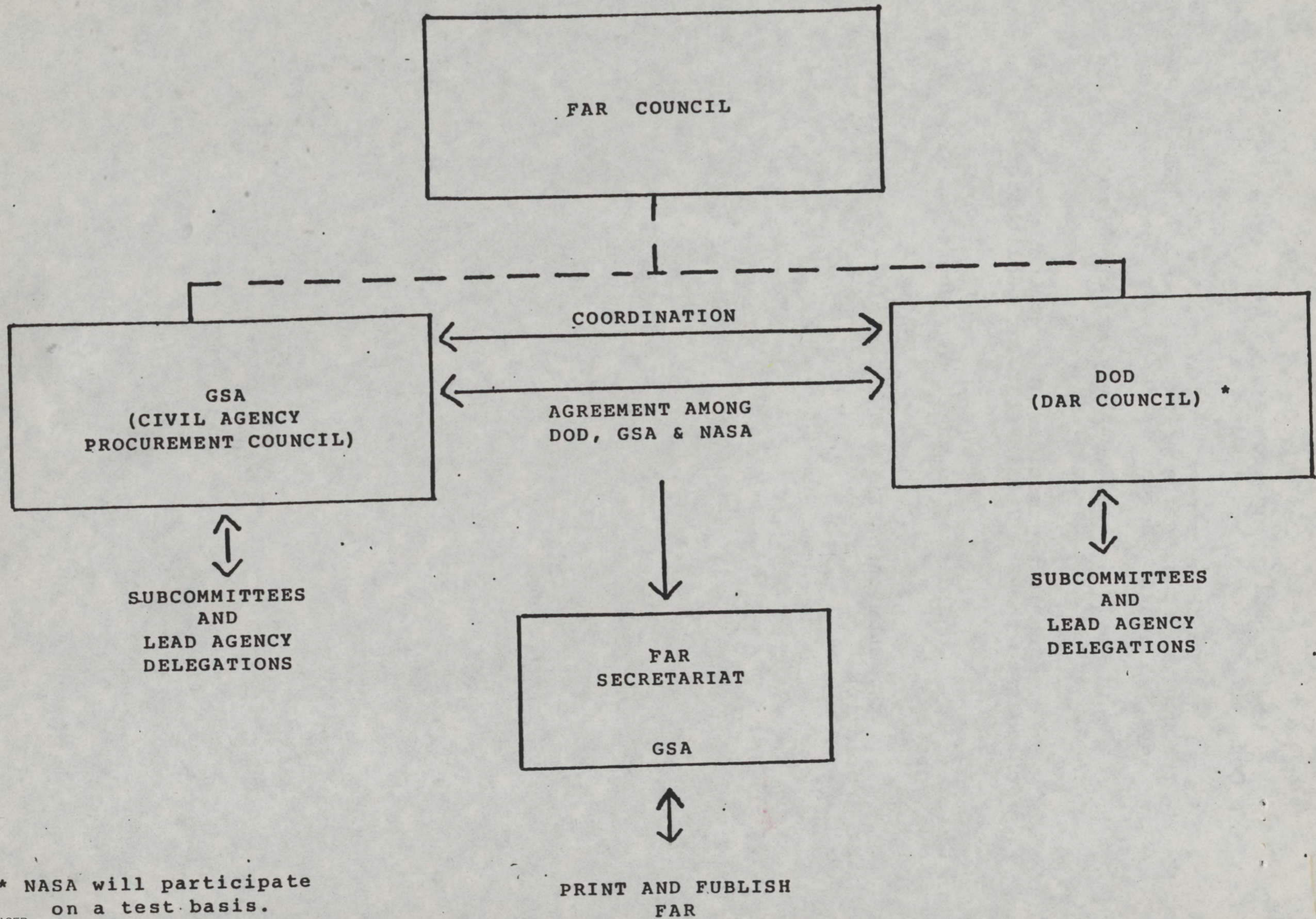
c. In the event of a dispute, the issue will be elevated through the acquisition principals of DoD, GSA and NASA to respective agency heads for resolution.

d. Assistance by OFPP may be sought to facilitate resolution of differences.

e. Submitting notices of proposed major or substantive changes to the FAR Secretariat for publication in the Federal Register.

f. Considering comments in response to Federal Register notices.

g. Submitting final FAR revisions to FAR Secretariat for printing.



* NASA will participate on a test basis.

JUL 26 1982

EXECUTIVE COMMITTEE ON PROCUREMENT REFORM

MINUTES OF MEETING

July 14, 1982

1. The second meeting of the Executive Committee on Procurement Reform was held at 10:00 a.m. on July 14, 1982, in Room 9104 of the New Executive Office Building. The purpose was to: (1) review task group charters and provide advice and guidance to the chairmen, as appropriate; and (2) be briefed on the status of the Federal Acquisition Regulation (FAR) (including formation of the Civil Agency Procurement (CAP) Council), the GS-1102 personnel classification standards, and the effort to ensure timely payments to contractors.
2. The agenda for the meeting is appended as Attachment 1. Notebooks containing the documents pertaining to agenda items were distributed to Committee members on July 9, 1982.
3. Attendees included members of the Executive Committee and chairmen of the task groups. A list of all attendees is appended as Attachment 2.
4. In his opening remarks, Mr. Sowle informed the Committee of actions taken since the last meeting, including:
 - a. Briefing industry associations on the Administration's plans for implementing the Executive order. Mr. Sowle stressed that although he advised the industry representatives to take initiative in participating in the effort, task groups should be sure to solicit information and advice from industry, as appropriate.
 - b. OMB Deputy Director Joseph Wright signed the Charter for the Executive Committee on Federal Procurement Reforms.
 - c. Mr. Wright also signed the Model Charter for Procurement Executives. It was distributed to agency heads by a July 8, 1982 memorandum from OMB Director David Stockman. The memo requested all agencies that had not already done so to designate a Procurement Executive within 60 days.
 - d. OFPP is working with other elements of OMB to lay the groundwork for a task group to consider balancing individual program needs against mission priorities and available resources.

Mr. Sowle also announced that Barbara Glotfelty will assume the role of Executive Secretary upon the departure of Darleen Druyun from OFPP.

Mr. Rauch inquired about OFPP's relationship with the "Grace Committee" and asked if Mr. Sowle could share accounts of its progress with the Executive Committee. Mr. Sowle responded that the relationship is good, but that no protocols have yet been established on OFPP-Grace Committee interaction. OFPP will keep the Executive Committee informed of events through its meetings or in periodic reports transmitting a variety of "news".

5. Agenda Items

a. Charter of Task Group 4 on Reducing Administrative Costs and Burdens

- o MG Joseph Connolly briefed the Committee on the Task Group's activities to date and plans for completing its mission. He stressed the need for continuity of agency representation on the group and for the dedicated work of each agency representative on Task Group endeavors.
- o Mr. Sowle suggested that Charter Section IV, second bullet, be modified so as not to exclude consideration of major systems acquisition, since agencies other than DOD (e.g., HHS, VA, DOT) are involved in such acquisitions and could benefit from useful guidance from the group.
- o In response to a question from Mr. Hopkins, MG Connolly said his Task Group will look into the impact of various dollar thresholds in its areas of interest.
- o Mr. Piasecki suggested that the group look at the burdens placed on agencies by management initiatives of OMB, such as Circular A-123 and methods of implementing the Paperwork Reduction Act.
- o MG Connolly noted that Lt. Col. Lawrence Cox is his Special Assistant on Task Group matters.

b. Status of Task Group Activity regarding the Timely Payments Issue

Mr. Sanders reported that group members decided that there is no need for this Task Group under the Executive Committee since: (1) the implementation of P.L. 97-177, under the leadership of John Lordan (Chief, Financial Management Branch of OMB) will effectively implement Section 1(f) of E.O. 12352; and (2) ongoing activity of the DAR Council and the FPR Directorate at GSA precludes the need for another forum for interagency coordination on implementation. Therefore, the Task Group has been dissolved.

It was noted that OMB had released for comment a draft Circular on timely payments, and that OFPP had distributed it to all agency contact points with a memo dated July 8, 1982.

c. Charter and Work Plan of Task Group 2 on Establishing Clear Lines of Contracting Authority

- o Mr. Armstrong reported on the Task Group's activity to date. He noted that the National Science Foundation had been inadvertently omitted from the list in Charter Section III and would be added, and agreed to append a list of group members to the Charter. He explained that the Work Plan was a draft being reviewed by group members, and that the dates in it were not firmly established. However, the plan does fairly represent the group's intentions at this time. Mr. Armstrong also said he shares MG Connolly's concern that the dedication and continuity of group members are critical to the group producing useful results.
- o With regard to the third task in Charter Section IV, Mr. Haugh suggested that the group not limit its output to "broad, general guidance." Agency heads will be able to make effective use of specific guidance. Mr. Armstrong said some rewording might better express the group's intention, which is to develop guidance that will have broad applicability, i.e., be useful to all or most agency heads.
- o Mr. Zimmer suggested that the group look at the interrelationship between lines of contracting accountability and the audit function (e.g., OMB Circular A-50) and between contracting officer authority and the contract audit function (e.g., DOD Directive 5000.42).
- o Mr. Armstrong solicited the Procurement Executives' perceptions of the circumstances surrounding the flow of contracting authority and accountability within their agencies and the identification of areas in which drawing clear lines may be difficult.

d. Charter of Task Group 5 on Simplifying Small Purchases

- o Mr. Chiesa briefed the Committee on the activities and plans of Task Group 5. He said the group interprets its role as making recommendations useful to agency heads in establishing programs to simplify small purchases, and not as creating a program for export to the agencies.
- o When asked about plans to look into automation in small purchase operations, Mr. Chiesa said the group would not only consider the subject but would probably propose that the potential for and employment of automation be one of the criteria for evaluating procurement system performance.

- o Mr. Haugh offered to arrange for a representative from the Treasury Department to join the group, if the Chairman wished, to facilitate group efforts to change imprest fund levels or effect other payment procedures.
 - o Mr. Gearde expressed concern that the Task Group might get more into a study mode than an action mode, and urged that emphasis be placed on generating concrete recommendations for specific actions by agency heads.
 - o Mr. McDermott said that SBA's Office of Advocacy would support the group's planned survey of small businesses regarding their problems in supplying the Government under small purchases.
 - o Mr. Piasecki suggested that the group consider the need for and, if appropriate, take action to facilitate (1) tailored training programs for on-site use by small purchasing activities in the field; (2) a policy office with a government-wide perspective dedicated to small purchasing (perhaps as part of OFPP); and (3) a determination of the classification series small purchase buyers are and should be in.
 - o In response to a question as to whether the group will look at dollar thresholds, Mr. Chiesa said that in its final product the group will try to present the associated issues and problems to agency heads, though the group may not be able to reach a consensus on solutions.
 - o Mr. Sowle said that any substantive issues on which members of any group reach an impasse should be briefed for the Executive Committee. Before leaving the meeting at this time, Mr. Sowle encouraged task group chairmen to be bold in their thinking and to set their sights high. He discouraged groups spending much time on legislative matters other than to note, while performing other tasks, areas where legislative changes are desirable.
- e. Charter and Work Plan of Task Group 6 on Career Management Programs
- o Mr. Courtney reviewed the charter and task plan, and said the group wants to develop a modular career management program that can be used throughout the Government.
 - o Focusing on Item II.1.h. of the Task Group Work Plan, he emphasized the need for the support of executives at all levels within an agency to make career management programs work.
 - o Mr. Courtney also highlighted Item II.12. in the Work Plan, saying that the group plans to release products incrementally and consult with agencies to help them establish or improve agency programs.
 - o Because agencies must depend on the full support of OPM (e.g., regarding the PACE exam and classification standards), OPM will be invited to participate on an ad hoc basis in all task group meetings.

- o Mr. Piasecki asked whether the group would generate guidance on how agencies can overcome problems with funding training. Mr. Courtney said this could be done under the Charter's Section IV task: "Recommend strategies for obtaining the resources and support necessary for effective career programs."
 - o Mr. Rauch asked if the group would develop criteria against which agency career management programs could be established and evaluated. In the discussion that followed, Mr. Hunter said such criteria will be built into the modules the group plans to develop.
 - o Mr. Katz suggested that the group include a respected agency personnel specialist familiar with procurement. Mr. Courtney said that the group had agreed at its June 25 meeting that it needed representation from the personnel side of the house.
- f. Charter of Task Group 3 on Establishing Government-Wide System Criteria, Including Competition, and Certifying System to Agency Head
- o BG Drenz prefaced his review by pointing out that the charter is a draft that the task group should finalize later in July. The group's work plan should be completed by the end of August, and tasks should actually be initiated in September.
 - o In subsequent discussion, BG Drenz requested clarification of the limits of "evaluating procurement system performance," particularly with regard to a question raised about the function of the Federal Procurement Data System in the process. Mr. Maraist said the group should determine whether and how the FPDS should be used in measuring system performance, but that the group should not get involved with FPDS operations and problems, which are dealt with in other forums. Mr. Armstrong agreed, adding that since FPDS reports go to Congress and the GAO as well as the Executive Branch agencies, their significance in the ultimate Federal Procurement System must be clearly understood.
 - o Mr. Haugh said the group should develop standards, or at least identify areas in which standards should be used, to improve every element of a procurement system, as well as criteria for evaluating the system's performance. Individual agencies must then develop standards for specific agency functions and employees.
- g. Status Report on FAR Implementation
- o Mr. Brannan distributed and summarized the 12 July 1982 draft of a Memorandum of Agreement among DOD, GSA, and NASA on FAR implementation (see attachment 3). Mr. Brannan also reported that the DAR Council is prioritizing its cases and making other preparations to get ready for FAR implementation and maintenance, including an executive review of the FAR.

- o Mr. Hunter asked about plans for training to familiarize the work force with the FAR. Mr. Brannan said a training team would travel around the country once the final publication of FAR is available. Mr. Hunter suggested that appropriate information and training material be provided to the established Government training facilities (e.g., Army Logistics Management Center, Air Force Institute of Technology) to enable them to modify their course content.
 - o Mr. Haugh suggested that a training package be fully prepared by January 1, 1983, so that training can begin earlier. The basic aspects of the FAR System, FAR numbering, etc., will all be established by then. Mr. Brannan reiterated that planning for training is under way, and said he doesn't believe training can actually take place until the final FAR is available.
 - o CDR Summers reported that the DOD and GSA FAR staffs are now co-located and that he and Mr. Rizzi make joint decisions regarding the project products. All of Phase I is completed except for patents coverage (expected by the end of August) and automatic data processing equipment coverage (expected by November). With present resources, he expects the project to be completed by February 1983. With additional resources, it could be completed as soon as December 1982.
 - o Mr. Rizzi said if any agencies could make funds available, the project can use them to rehire three consultants who have done considerable work on the FAR: Bernie Eisenstein, Tom Cassidy, and Miles Manchester.
- h. Status Report on CAP Council
- o Mr. Ferguson reported that the representatives of all member agencies met July 1 and considered the proposed charter as well as general issues. Comments on the charter were due July 9, and will be considered at the group's next meeting the week of July 26, when it is hoped that agreement will be reached on an operating charter. It was agreed that all people serving on the council will be at the GS-15 level. Subjects requiring further discussion and resolution include:
 - How to divide responsibility for the FAR with the DAR Council.
 - The role of the FAR Council.
 - The role of OFPP in resolving disputes between the CAP and DAR Councils.

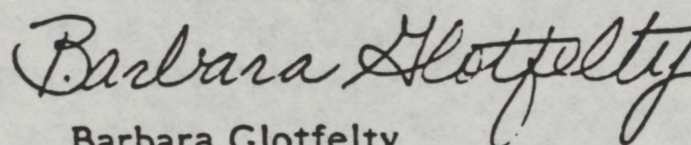
- i. Status Report on Classification Standards for the GS-1102 Series
- o Mr. Katz advised that OPM staff will meet with selected agency procurement and personnel staff to (1) supplement the written comments; (2) review the final standard; and (3) resolve any remaining issues prior to publication.
 - o Mr. Katz reported that an organizational and briefing session would occur within two weeks with Mr. Hunter and selected associates to form the foundation for reviewing the standard. A similar meeting will be conducted with members of the counterpart personnel community. Materials will be supplied. The subsequent meeting at OPM to review the standard will begin during or after the week of August 16, depending on the availability of participants during the heavy August vacation period.
 - o After some discussion, Mr. Katz agreed to provide copies of the standard to those in attendance at the organizational session so that they can study it at OPM before the review session takes place, on the condition that the content of the standard remain confidential.
 - o Mr. Hunter and Mr. Katz discussed the process by which the agreed-upon review will take place and the standard will be issued.
 - o Several members of the Committee expressed their concern that OPM accommodate the needs of agencies for a professional procurement work force, thereby implementing Section 3 of E.O. 12352. Mr. Katz assured the Committee that OPM takes the Executive order very seriously.

6. Closing Remarks

- o Mr. Haugh announced that a draft of the first report to the President regarding the implementation of E.O. 12352 will soon be distributed to Committee members by OFPP. Committee members will have one week to comment on the draft and OFPP will submit the report by the end of July.
- o Mr. Ferguson offered to host the next Committee meeting at GSA.

- o Any amendments to Task Group charters, as well as up-to-date membership lists, should be sent to Barbara Glotfelty as soon as possible. Copies of the final charters and current membership lists are attached (Attachments 4-8).

 - o The next meeting will be held August 18, 1982, beginning at 9:00 a.m. in Room 5141A, GSA Headquarters, 18th and F Streets, NW.
7. The meeting was adjourned at 12:45 pm.


Barbara Glotfelty
Executive Secretary

Attachments

AGENDA

EXECUTIVE COMMITTEE
ON
FEDERAL PROCUREMENT REFORM

JULY 14, 1982

| | | |
|-----------------|---|--------------------------------------|
| 10:00 - 11:15 | Review and approve task group charters | |
| | <u>Task Groups</u> | <u>Briefer</u> |
| (10:00 - 10:15) | - Reduce Administrative Costs and Burdens | M/G Connolly |
| (10:15 - 10:30) | - Establish Clear Lines of Contracting Authority | C. Armstrong |
| (10:30 - 10:45) | - Simplify Small Purchases | R. Chiesa |
| (10:45 - 11:00) | - Career Management Programs | R. Courtney |
| (11:00 - 11:15) | - Establish Government-Wide System Criteria, Including Competition, and Certify System to Agency Head | B/G Drenz |
| 11:15 - 11:30 | Status Report on FAR implementation, including effective date of FAR and agency implementation, and status of CAP Council | J. Brannan E. Bano W. Ferguson |
| 11:30 - 11:35 | Status report on Timely Payments | R. Sanders |
| 11:35 - 11:45 | Status Report on 1102 Standards | P. Katz |
| 11:45 - 12:00 | Establish date and agenda for next meeting | |

Meeting of the
Executive Committee on Federal Procurement Reform

Attendees

July 14, 1982

Committee:

| <u>Name</u> | <u>Agency</u> |
|-------------------|---------------|
| Donald E. Sowle | OFPP |
| Frank Gearde, Jr. | USDA |
| William E. Long | DOD |
| Hilary Rauch | DOE |
| William Ferguson | GSA |
| Ronald Piasecki | DOI |
| Leroy Hopkins | NASA |
| Angelo Picillo | DOT |
| William Sullivan | VA |
| Paul Katz | OPM |
| Robert McDermott | SBA |

Task Group Representatives:

| | |
|---------------------|------|
| Colonel Armstrong | DOI |
| BG Charles F. Drenz | Army |
| MG Joseph Connolly | USAF |
| Ray Chiesa | DLA |
| Roy Courtney | Navy |
| R. Sanders | GSA |

Others:

| | |
|-------------------|------|
| CDR Edward Bano | DOD |
| James Brannan | DOD |
| LTC Lawrence Cox | USAF |
| CPT Mark Flanigan | DOD |
| Rosemary Hoehner | DLA |
| CDR Jack Summers | DOD |
| Robert Walsh | DOE |
| Hamp Wilson | NASA |
| Lawrence Rizzi | GSA |
| Ed McAndrews | GSA |
| G. Doyle Dodge | GSA |
| Roger Martino | DOT |
| LeRoy Haugh | OFPP |
| Darleen Druyun | OFPP |
| William Maraist | OFPP |
| Joseph Zimmer | OFPP |
| Owen Birnbaum | OFPP |
| William Hunter | OFPP |
| William Mathis | OFPP |

D R A F T
12 Jul 82

MEMORANDUM OF AGREEMENT (MOA)

SUBJECT: FAR Implementation

This records the mutual understandings and commitments of the undersigned principals with respect to FAR implementation.

The Department of Defense (DoD), the General Services Administration (GSA) and the National Aeronautics and Space Administration (NASA) shall continue their joint efforts to implement the FAR. Every effort will be made to meet the following milestones:

- o Phase I product and incompleted Phase II, available to GSA by 1 November 1982 for printing, will be delivered (minimum quantity of 150 copies each) to Defense and CAP Councils and NASA NLT 1 January 1983 for completion of their respective executive reviews.
- o Final Phase II will be delivered to the Councils by 31 March 1983.
- o FAR will be published in the Federal Register by 1 July 1983.
- o Accomplish necessary familiarization and training to achieve effective date of 1 October 1983.

I. TRANSITION ORGANIZATION AND RESOURCES

- o The FARPO will be disestablished 30 September 1982.
- o A FAR Transition Group will be established 1 October 1982. It will initially be composed of the following resources:

Army: two professionals and one clerical

Navy: two professionals and two clerical

Air Force: three professionals

DLA: one professional and one clerical

NASA: one professional and one clerical

GSA: seven professionals and one clerical*

* GSA has promised one additional professional, if available, and a total staff of 12 once the FAR is published.

o The FAR Group will be preferably located at the current FARPO facilities. It will remain available until 1 July 1983, but in no event later than 1 October 1983.

o The FAR Group, as its top priority, will be responsible for completion of Phase II product, including FAR baselining (i.e., currency with latest regulatory coverage).

o The FAR Group will also assist the Councils in accomplishing their respective executive reviews and in conducting necessary orientation and training activities to facilitate FAR transition in accordance with the Annex (Attachment 1).

o GSA will be responsible for providing the physical facilities for housing the FAR Group (office space) and for continuation of the Word I computer contract effort. GSA and DoD will provide the necessary support staff.

II. ORGANIZATION FOR FAR MAINTENANCE

o The organization for FAR maintenance shall be as described by the attached chart (Attachment 2).

o NASA will participate on the DAR Council for a trial period once the FAR becomes effective.

- o GSA will chair the CAP Council and provide legal counsel.

- o The FAR will be maintained by the CAP Council and the DAR Council. The operating guidelines of the DAR and CAP Councils are described in the Annex. Responsibility for maintenance of the FAR will be apportioned by the two Councils. Operating guidelines pertaining to disposition of FAR cases, coordination procedures, etc. will be developed by the Councils.

- o Deviation authority will be vested in the respective Councils without regard to apportioned maintenance responsibility.

- o GSA will provide a FAR Secretariat expected to consist of six people (two professionals, two administrative and two clerical) and physical resources as a FAR secretariat. GSA will pay for preparation of the FAR for publication, including publication as necessary in the Federal Register.

- o The FAR Council will remain intact, to be convened from time to time to address appropriate matters. While it may serve as a forum for discussion and appeal of appropriate matters, it will not have directive authority.

- o DoD, GSA and NASA will jointly maintain the FAR and individually maintain their respective supplemental procurement regulations.

o FAR revisions shall be printed in the Federal Register, and to the maximum practicable extent, prior to the effective date.

III. PENDING ISSUES FOR RESOLUTION

o Contribution of resources to the FAR Group by the civil agencies other than GSA and NASA.

o The various agencies and DoD components must identify funds in their respective FY 1983 budgets to purchase the FAR.

| | |
|--------|------|
| Signed | DoD |
| Signed | GSA |
| Signed | NASA |

Attachments:

1. Annex
2. Chart

ANNEX TO MOA

SUBJECT: Councils' Operating Guidelines (DoD/GSA)

TRANSITION PERIOD

1. After receipt of Phase I product, Councils will allocate all FAR subject areas to executive review groups composed of Council members, FAR Group members and subject area specialists, as appropriate.
2. Executive review groups will utilize Phase I product together with other planning documents or data available in preparation for receipt of completed Phase II product or any earlier receipt of stand-alone segments.
3. After receipt of Phase II product, each Council will conduct an executive review of entire FAR and develop any needed changes.
4. During executive review, the Councils will make only changes that are necessary to assure that FAR accommodates the needs of the acquisition community. Existing FAR language will be retained unless there is a compelling reason for change.
5. During executive review, Councils will coordinate results and resolve differences.
6. In the event of a dispute, the issue should be elevated through the acquisition principals of DoD, GSA and NASA to respective agency heads for resolution.

8. Assistance by OFPP will be sought to facilitate resolution of differences.

9. Completed, coordinated FAR will be forwarded to GSA for publication.

10. Upon publication, the Councils will conduct appropriate orientation and training to facilitate FAR implementation.

MAINTENANCE

DoD and GSA shall promulgate charters for the internal operations of their respective Councils. Each Council shall have the following FAR maintenance responsibilities:

a. Reviewing FAR cases and developing proposed coverage utilizing appropriate subcommittee and/or lead agency.

b. Coordinating proposed coverage with the other Council.

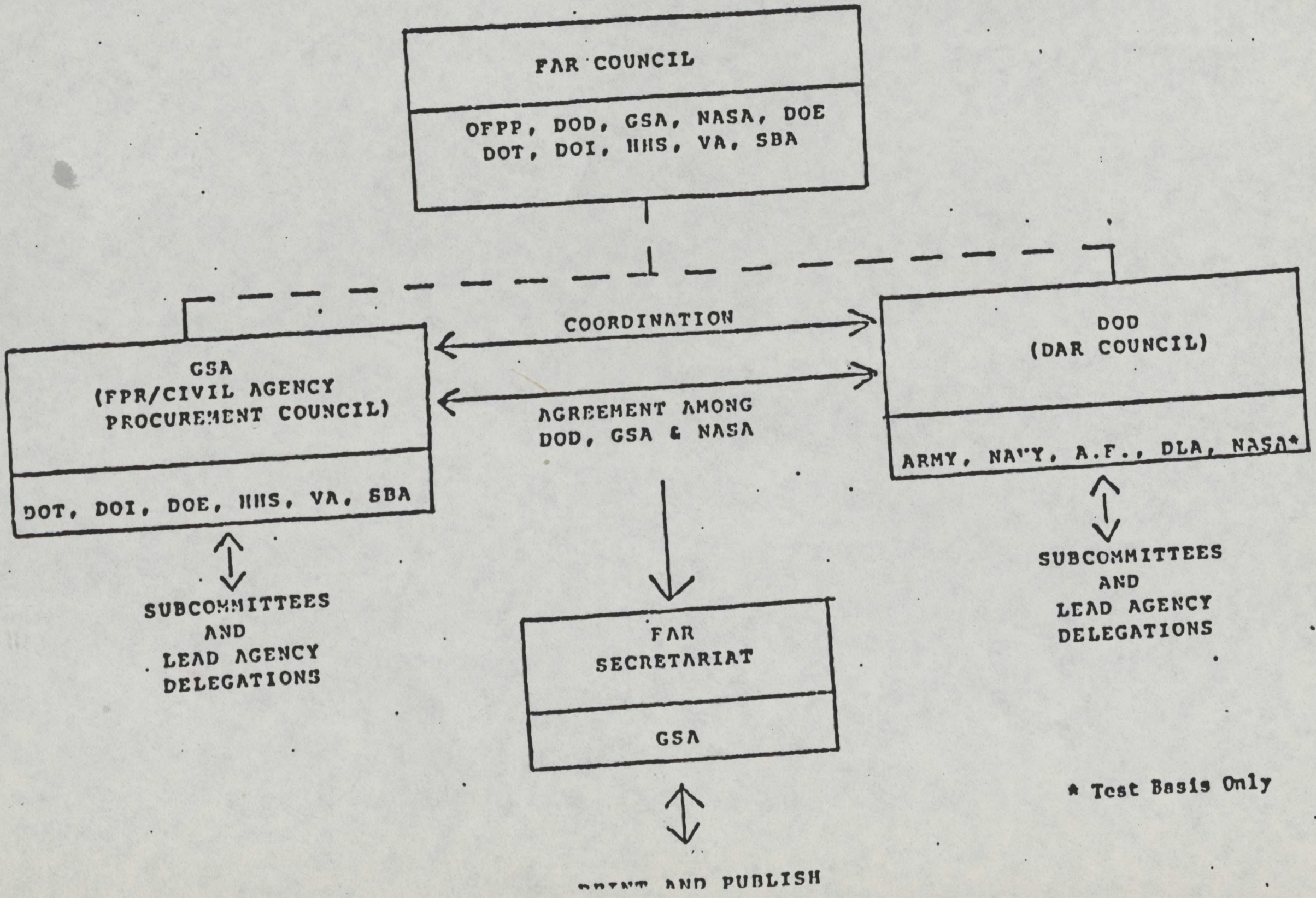
c. In the event of a dispute, the issue should be elevated through the acquisition principals of DoD, GSA and NASA to respective agency heads for resolution.

d. Assistance by OFPP will be sought to facilitate resolution of differences.

e. Submitting notices of proposed major or substantive changes to the FAR Secretariat for publication in the Federal Register.

f. Considering comments in response to Federal Register notices.

g. Submitting final FAR revisions to FAR Secretariat for printing.



* Test Basis Only

ATCI 2

CHARTER

Interagency Implementation Task Group No. 2

Executive Order 12352, Federal Procurement Reforms

Establish Clear Lines of Contracting Authority
and
Accountability

I. ESTABLISHMENT:

The interagency task group for Establishing Clear Lines of Contracting Authority and Accountability is established effective June 10, 1982.

II. PURPOSE:

Section 1(g) of Executive Order 12352 requires the heads of agencies to "establish clear lines of contracting authority and accountability." The task group will develop and propose guidance to the Executive Committee that will be available for use by agency heads and procurement executives as an aid in implementing or updating implementation of the agencies' programs to accomplish their responsibilities under Section 1(g) of the Executive Order.

III. MEMBERSHIP:

The membership of this task group represents large and small agencies with both centralized and decentralized contracting activities. The individuals selected to participate have a thorough knowledge of the contracting process and the ability to develop guidance in the subject matter.

The task group is chaired by the Chief, Division of Acquisition and Grants, Office of Acquisition and Property Management, U.S. Department of the Interior. The representative from the Office of Federal Procurement Policy will act as the contact to that agency for the group. The full list of the task group representatives is identified in Attachment I.

IV. TASKS:

In developing and proposing guidance that will aid agency heads and procurement executives in accomplishing their responsibilities under the Executive Order, the task group will:

- o Prepare a plan for the task group's work by July 13, 1982, which identifies areas and issues to be addressed in the area of establishing clear lines of contracting authority and accountability.
- o Consider all appropriate aspects of the procurement and management processes as they relate to establishing clear lines of contracting authority and accountability.
- o Develop comprehensive guidelines that will be advisory to agency heads and procurement executives in accomplishing their responsibilities under Section 1(g).

V. RESPONSIBILITIES

Responsibilities of the chairperson include:

- o Ensuring a balanced membership in terms of perspective and agency mission responsibilities.
- o Developing a charter and presenting it to the Executive Committee for review.
- o Developing a plan of areas and issues to be examined by the task group.
- o Briefing the Executive Committee on progress.
- o Providing copies of the task group charter, plan and progress reports to the OFPP contact who is responsible for scheduling briefings to the Executive Committee.

Responsibilities of the OFPP contact include:

- o Participating in all task group's meetings and deliberations.
- o Keeping the Executive Secretary of the Executive Committee informed of task group progress, including copies of charter, plan, and other pertinent documents.
- o Scheduling briefings to the Executive Committee through the Executive Secretary.

VI. MEETINGS:

Meetings of the task group will be at the call of the chairperson.

VII. SUPPORT:

Support needed for the task group to accomplish its objectives will be the responsibility of the agencies represented.

TASK GROUP # 2

Establish Clear Lines of Contracting Authority

| | |
|---|----------|
| CHAIRMAN Mr. Colonel C. Armstrong Chief, Division of Acquisition and Grants Office of Acquisition and Property Management Department of Interior Washington, DC 20240 | 343-5830 |
| Mr. Lynn Baillets Office of Evaluation Compliance, OPAL, OS Department of Health and Human Services Hubert H. Humphrey Building 200 Independence Avenue, SW, Room 520D1 Washington, DC 20202 | 245-8901 |
| Mr. Gerald P. Curry Chief of Acquisition Management Office of Personnel Management Room 1466, 1900 E Street, NW Washington, DC 20415 | 254-8492 |
| Mr. John Dammeyer Office of Procurement Services Department of Commerce Washington, DC 20230 | 377-4248 |
| Mr. Robert Day Department of State P. O. Box 9244 Rosslyn Station Arlington, Virginia 22209 | 235-9528 |
| Mr. John Espenshade U. S. Department of Agriculture ASD ASMB Room 518, Federal Building 6505 Bellcrest Hyattsville, MD 20782 | 436-7690 |
| Mr. Steve Franco Division of Grants and Contracts National Science Foundation: 1800 G Street, NW, Room 630 Washington, DC 20550 | 357-9784 |
| Mr. Fred Galinsky U.S. Department of Interior Bureau of Land Management (851) 18th and C Streets, NW Washington, DC 20240 | 343-5766 |

TASK GROUP # 2 (continued)

| | |
|---|----------|
| Mr. Steve Goodman Acting Chief, Acquisition Management Division Federal Emergency Management Agency 500 C Street, SW Washington, DC 20472 | 287-3826 |
| Captain W. H. Hauenstein Director of Acquisition and Contract Policy Office of the Assistant Secretary of the Navy (Shipbuilding and Contract Policy) CP #5, Room 368 Washington, DC 20360 | 692-2247 |
| Mr. Richard Hopf General Services Administration 18th and F Streets, NW, Room 4006 Washington, DC 20405 | 566-1782 |
| Ms. Nancy Nifong-Kerlin National Aeronautics and Space Administration CODE HM-1 700 Independence Avenue, SW Washington, DC 20546 | 755-9050 |
| Mr. Thomas P. O'Malley U. S. Department of Treasury 1331 G Street, NW, Room 900 Washington, DC 20220 | 376-0418 |
| Mr. William Price Department of Education Assistance Management and Procurement Services Room 5082, GSA Building #3 7th and D Streets, SW Washington, DC 20202 | 755-1217 |
| Mr. Karl Pucher Branch of Procurement Management U.S. Department of Interior 19th and E Streets, NW, Room 2619 Washington, DC 20240 | 343-2105 |
| Mr. Albert Risken Assistance, Management and Procurement Services Department of Education Seventh and D Streets, SW, Room 5680 Washington, DC 20202 | 245-2525 |

TASK GROUP # 2 (continued)

Mr. Ron Thompson
Nuclear Regulatory Commission
Division of Contracts
Operations Branch
Washington, DC 20555

492-4210

Mr. Robert Walsh
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MA 9311.1
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Washington, DC 20585

252-8188

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726 Jackson Place, NW, Room 9013
Washington, DC 20503

395-3501

CHARTER

TASK GROUP #3

EXECUTIVE ORDER 12352

I. Establishment:

The interagency Task Group responsible for Improving Government Procurement Systems Performance is established effective June 9, 1982.

II. Purpose:

Section 1(c), 1(d) and 1(i) of Executive Order 12352 (Attachment 1) requires the heads of agencies to "ensure timely satisfaction of mission needs at reasonable prices by establishing criteria to improve the effectiveness of procurement systems", "establish criteria for enhancing effective competition and limiting noncompetitive actions . . ." and to provide agency procurement executives with criteria to use to "evaluate system performance in accordance with approved criteria . . . and certify to the agency head that procurement systems meet approved criteria." The task group will develop criteria that will enable agency heads to fully accomplish these stated responsibilities under the Executive Order.

III. Membership:

The membership of this task group represents a balance of large and small agencies with both centralized and decentralized contracting activities. The membership includes representatives from program and procurement organizations. The chairperson of the task group is a Flag Officer in the Armed Services. Attachment 2 contains the current membership listing which includes the chairperson and contact for the Office of Federal Procurement Policy.

IV. Tasks:

In developing criteria that will assist agency heads to accomplish their responsibilities under the Executive Order, the task group will:

- Develop a task plan and schedule for developing and proposing Criteria for Evaluating and Certifying Procurement Systems.
- Propose criteria for use in evaluating the performance of procurement systems and certifying them to the agency head to achieve:
 - Improved system effectiveness
 - Enhanced competition

- Coordinate areas of collateral interest with other task groups.
- In developing criteria for evaluating procurement systems, the Task Group may request agency input and industry views.

V. Responsibilities and Authority of the Chairperson Include:

- Developing a charter and presenting it to the Executive Committee for review.
- Developing a plan with milestones, for accomplishment of all Task Group 3 responsibilities.
- Organizing, controlling and coordinating task group members to ensure accomplishment of the provisions of the Executive Order.
- Ensuring a balanced membership in terms of perspective and agency mission responsibilities.
- Organizing subtask groups and appointing members as required.
- Setting internal schedules for subtask groups.
- Scheduling and conducting meetings of Task Group 3.
- Briefing the Executive Committee on progress, as necessary.

VI. Responsibilities of Agency Task Group Members Include:

- Participation in group and subgroup meetings and tasks as requested.
- Ensuring agency representation at all meetings involving issues of concern to your agency.
- Providing support as needed.

VII. Responsibilities of the OFPP Contact Include:

- Participating in all task group meetings and deliberations.
- Keeping the Executive Secretary of the Executive Committee informed of task group progress, including copies of charter, plan, and other pertinent documents.
- Coordinating the scheduling of briefings to the Executive Committee through the Executive Secretary.

VIII. Changes to Charter:

This Charter is subject to revision by the chairperson in the event the plan developed and coordinated with the Executive Committee is inconsistent with any of its provisions or future events show that effective implementation of the Executive Order requires a change in direction.

REVISED 7/21/82

TASK GROUP # 3

Establish Government-Wide System Criteria,
Including Competition, and Certify System to Agency Head

| | |
|--|----------|
| CHAIRMAN Brigadier General Charles F. Drenz, USA Deputy Director (Acquisition Management) Defense Logistics Agency Cameron Station Alexandria, VA 22314 | 274-7091 |
| VICE-CHAIRMAN Mr. Ed Trusella SAF/ALP The Pentagon, Room 4D866 Washington, DC 20330 | 695-6351 |
| Mr. Edward P. Cresswell Defense Logistics Agency (LRL) Room 3A350 Cameron Station Alexandria, VA 22314 | 274-9206 |
| Mr. William Burk Chief, Branch of Evaluation and Management, Room 5527 Office of Acquisition and Property Management Department of the Interior Washington, DC 20240 | 343-3347 |
| Mr. Phil Butler Acquisition Management Division Federal Emergency Management Agency Room 728 Washington, DC 20472 | 287-3818 |
| Mr. Ron Crammer Bureau of Indian Affairs Department of the Interior 1951 Constitution Avenue, NW Washington, DC 20045 | 343-5125 |
| Mr. William Crawford National Aeronautics and Space Administration Code HP-1 Washington, DC 20546 | 755-2262 |

TASK GROUP # 3 (continued)

| | |
|--|----------|
| Mr. Chris A. Figg (91) Veterans Administration 810 Vermont Avenue Washington, DC 20420 | 389-2334 |
| Mr. George Haymond Procurement and Assistance Management Division Department of Energy MA-952, Room 1E-002 1000 Independence Avenue, SW Washington, DC 20585 | 252-1148 |
| Mr. Eugene E. Jackson SBA Liaison Office (OUSDRE) The Pentagon, Room 1E534 Washington, DC 20301 | 695-2435 |
| Mr. Lawrence Lebow Office of the Solicitor Department of Interior Room 6517 Washington, DC 20240 | 343-9201 |
| Mr. Don Mitchell Division of Grants and Contracts RC/SP Branch National Science Foundation 1800 G Street, NW, Room 630 Washington, DC 20550 | 357-7544 |
| Mr. Donald Rusch Office of Acquisition Policy (VM) General Services Administration Washington, DC 20405 | 566-1869 |
| Mr. Larry Schlosser (OPEN BY ADDRESSEE ONLY) Division of Contracts Nuclear Regulatory Commission Washington, DC 20555 | 492-4210 |
| Mr. Robert Spargo Procurement Management Division (HM-1) National Aeronautics and Space Administration Washington, DC 20546 | 755-9050 |

TASK GROUP # 3 (continued)

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523-4768

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755-5585

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252-4930

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235-8165

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OFPP CONTACT POINT

LeRoy J. Haugh
William J. Maraist
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Washington, DC 20503

395-3300

CHARTER

TASK GROUP #4

EXECUTIVE ORDER 12352

Reduce Administrative Costs and Burdens

I. Establishment:

The interagency task group for Reducing Administrative Costs and Burdens is established effective June 17, 1982.

II. Purpose:

Section 1(a) of Executive Order 12352 requires the heads of agencies to:

"Establish programs to reduce administrative costs and other burdens which the procurement function imposes on the Federal Government and the private sector. Each program shall take into account the need to eliminate unnecessary agency procurement regulations, paperwork, reporting requirements, solicitation provisions, contract clauses, certifications, and other administrative procedures. Private sector views on needed changes should be solicited as appropriate."

The task group will make recommendations that will enable agency heads to fully accomplish their responsibilities under section 1(a) of the Executive Order.

III. Membership:

The membership of this task group will represent limited balance between large and small agencies but with emphasis upon agencies whose combined volume of procurement actions/dollar form the majority of the activities for the Federal Government. Attachment 1 contains the current membership listing which includes the chairperson and contact for the Office of Federal Procurement Policy. The chairperson of the task group is Major General J.H. Connolly.

IV. Tasks:

In making recommendations that will enable agency heads to fully accomplish their responsibilities under the Executive Order, the task group will:

o Prepare a detailed task plan and schedule for identifying, researching, analyzing and proposing guidance on all areas and issues to be considered by the task group.

- o Identify elements of the existing procurement process which represent high potential candidate elements for generating administrative costs and burdens. The Task Group will concentrate on supply, service and R&D contracting. Systems contracting, to the extent that it has interagency application, will also be considered. The Task Group will exclude separate consideration of weapon system acquisition and small purchases (while maintaining ongoing interface with the task group on small purchases). Included will be a review of the total procurement cycle involving presolicitation, award and contract administration activities.

- o Conduct assessment of current and contemplated procurement practices, in terms of priority candidate elements. Consider procurement automation opportunities at each step of the procurement process.

- o Formulate a series of recommendations which, if implemented, will reduce the administrative costs and burdens now imposed by the procurement process upon the Federal Government and the private sector. For each recommendation, indicate the administrative, regulatory, and legislative changes required. Coordinate findings among agencies for comment.

- o Invite private industry and association comments for enhancing the procurement process throughout the task group effort. Forward recommendations to industry associations for comment in parallel to seeking agency coordination.

- o Present final report and briefing to the Executive Committee.

V. Responsibilities of the chairperson include:

- o Ensure task group membership is both balanced and representative of procurement actions/dollar value for the entire Federal Government.

- o Develop charter and present it to the Executive Committee for review.

- o Develop a plan of areas and issues to be examined by the task group.

- o Brief the Executive Committee on progress.

- o Provide copies of the task group charter and plan to the OFPP contact.

VI. Responsibilities of the OFPP contact include:

- o Participate in task group meetings.

- o Keep the Executive Secretary of the Executive Committee informed of task group progress, including copies of the charter, plans, and other pertinent documents. Advise the chairperson in advance of details reported to the Executive Secretary and Executive Committee on task group progress.

- o Schedule briefings of the chairperson to the Executive Committee through the Executive Secretary.

Additional support to the task group in the event additional assistance is required of agencies not represented on the task group.

VII. Meetings:

Meetings of the task group will be at the call of the chairperson.

VIII. Support:

Support needed for the task group to accomplish its objectives will be the responsibility of the agencies represented on the task group. In the event additional support is required, the OFPP contact will employ the offices of OFPP to facilitate such assistance.

TASK GROUP # 4

Reduce Administrative Costs and Burdens

| | |
|---|----------|
| CHAIRMAN Major General Joseph H. Connolly HQ USAF/RDC The Pentagon, Room 4C261 Washington, DC 20330 | 695-6332 |
| Mr. Gerald Cawley Defense Logistics Agency Attention: (DLA-AO) Cameron Station Alexandria, VA 22314 | 274-7732 |
| Mr. Jack Horvath National Aeronautics and Space Administration Code HS-1 Washington, DC 20546 | 755-2080 |
| Mr. John Joyner General Services Administration Room 4026 Washington, DC 20405 | 523-4764 |
| Mr. Wayne Mills SBA Representative Naval Electronics Systems Command - OOK Washington, DC 20036 | 692-1031 |
| Mr. William Opdyke Office of Acquisition and Property Management Division of Acquisition and Grants Department of Interior 18th and C Streets, NW, Room 5522 Washington, DC 20240 | 343-3433 |
| Mr. Len Redecke Division of Grants and Contracts National Science Foundation Washington, DC 20550 | 357-9611 |
| Mr. Nicholas F. Scodari Department of Commerce 14th and Constitution, NW, Room 6424 Washington, DC 20230 | 377-8588 |

TASK GROUP #4 (continued)

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343-8493

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Washington, DC 20503

395-3455

CHARTER FOR TASK GROUP NUMBER 5
SIMPLIFY SMALL PURCHASES

I. Establishment

The interagency Task Group for Establishing Programs to Simplify Small Purchases is established effective June 1, 1982.

II. Purpose

Section 1 of Executive Order 12352 requires heads of Executive agencies engaged in the procurement of products and services from the private sector "To make procurement more effective in support of mission accomplishment..." Subsection 1(e) of the Order further requires agency heads to "Establish programs to simplify small purchases and minimize paperwork burdens imposed on the private sector, particularly small businesses." Task Group Number 5 will develop guidance that will enable agency heads to fully accomplish their responsibilities under Subsection 1(e) of the Executive Order.

III. Membership

The membership of this Task Group represents a balance of large and small agencies with both centralized and decentralized contracting activities. Attachment 1 is a list of group members, which indicates the Chairperson and the Office of Federal Procurement Policy (OFPP) contact. The Chairperson of this group is a member of the Senior Executive Service.

IV. Tasks

The Task Group will prepare a detailed plan for identifying the areas and issues to be addressed, and for accomplishing the work required to:

- Compile available data to accurately define the current scope of small purchase activities within the Federal Government.
- Evaluate small purchase and associated payment methods authorized by the DAR, FPR, and FAR to determine if procedural steps or paperwork requirements can be eliminated or reduced. Develop recommendations.

- Identify additional small purchase and payment methods being used by the private sector and by individual agencies, and review relevant literature for proposed new or improved methods. Evaluate the feasibility and desirability of Government-wide use of each method. Develop recommendations.
- Evaluate small purchase DAR, FPR, and FAR segments to determine whether any elements therein will restrict agency heads in fulfilling their responsibilities under the Executive Order. Develop recommendations.
- Identify areas of collateral interest with other task groups and ensure that appropriate coordination takes place.
- Summarize the findings and recommendations of the Task Group and develop guidance for agencies to use in establishing programs to simplify small purchase and payment methods, and for use in developing criteria for certification of this aspect of the procurement system.

V. Responsibilities of the Chairperson

- Ensure a balanced membership in terms of perspective and agency mission responsibilities.
- Assure preparation of a detailed task Plan identifying the areas and issues to be addressed by the Task Group.
- Brief the Executive Committee on progress.
- Give copies of the Task Group Charter and Plan to the Task Group members, including the OFPP contact.
- Ensure that all requirements of the Charter and Plan are satisfied.

VI. Responsibilities of the OFPP Contact

- Participate in all Task Group meetings and deliberations.
- Keep the Executive Secretary of the Executive Committee informed of Task Group progress, and provide copies of the Charter, Plan, and other pertinent documents in coordination with the Chairperson.
- Schedule briefings to the Executive Committee through the Executive Secretary.

VII. Responsibilities of the Federal Agencies Represented by Task Group Members

Provide support needed to accomplish the Task Group's objectives.

VIII. Meetings

Meetings of the Task Group will be at the call of the Chairperson.

Submitted:

R F Chiesa 2 - JUL 1982
Raymond F. Chiesa, Chairperson

Attachment

TASK GROUP # 5

Simplify Small Purchases

CHAIRMAN

Mr. Raymond F. Chiesa
Executive Director of Contracting
Defense Logistics Agency (DLA-P)
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VICE-CHAIRMAN

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Mr. John Doyle
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TASK GROUP # 5 (continued)

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Ms. Wilma Rose
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Washington, DC 20503

395-3300



DEPARTMENT OF THE NAVY
HEADQUARTERS NAVAL MATERIAL COMMAND
WASHINGTON, D.C. 20360

IN REPLY REFER TO

EXECUTIVE ORDER 12352, FEDERAL PROCUREMENT REFORMS

TASK GROUP NO. 6: CAREER MANAGEMENT PROGRAMS

CHARTER

I. ESTABLISHMENT:

The interagency task group for Career Management Programs is established effective June 9, 1982.

II. PURPOSE:

Section 1(h) of Executive Order 12352 requires the heads of agencies to "establish career management programs, covering the entire range of personnel management functions, that will result in a highly qualified, well managed professional procurement work force." Section 1(i) assigns procurement executives agency-wide responsibility for enhancing procurement career management. The task group will develop and submit to the Executive Committee career management programs and plans for possible use by agency heads and procurement executives as an aid in implementing or updating implementation of the Executive Order. Agencies are expected to implement as deemed appropriate career management programs to accommodate Executive Order requirements and conditions.

III. MEMBERSHIP:

The membership of this task group represents large and small agencies with both centralized and decentralized contracting activities. The individuals selected to participate have a thorough knowledge of career management as it pertains to procurement and will develop the full range of guidance in the subject area.

The task group is chaired by the Deputy Chief of Naval Material, Contracts and Business Management, Department of the Navy. The Director, Federal Acquisition Institute, is the Office of Federal Procurement Policy point of contact for the group. The remainder of the task group is composed of representatives from the following agencies:

- Agency for International Development
- Department of Agriculture
- Department of Commerce
- Department of Energy
- Department of Interior
- Department of Defense
- Department of State
- General Services Administration (Deputy Chairperson)
- Housing and Urban Development
- National Aeronautics and Space Administration
- National Science Foundation
- Veterans Administration

IV. TASKS:

In developing and proposing career management program guidance that will aid agency heads and procurement executives in accomplishing their responsibilities under the Executive Order, the task group will:

- o Prepare a plan for the task group's work by July 9, 1982, which identifies career management areas and issues to be addressed by the task group including collateral interests with other task groups.
- o Consider all aspects of the procurement and management processes as they relate to career management.
- o Develop guidance that will be advisory in nature and not construed to be directive to agency heads or procurement executives.
- o Consider developing several optional plans for establishing and evaluating career programs which take into account both agency unique and common Government-wide requirements.
- o Recommend strategies for obtaining the resources and support necessary for effective career programs.
- o Recommend methods for reviewing the implementation of section 1(h) of Executive Order 12352.

V. RESPONSIBILITIES:

Responsibilities of the chairperson include:

- o - Ensuring a balanced membership in terms of perspective and agency mission responsibilities.
- o Developing a charter and presenting it to the Executive Committee for review.
- o Developing a plan of areas and issues to be undertaken by the task group.
- o Keeping the Executive Committee advised on progress through the OFPP point of contact.

VI. MEETINGS:

Meetings will be held as necessary at the call of the chairperson. Meetings will be held at least once a month until completion of the task.

VII. SUPPORT:

Support needed for the task group to accomplish its objectives will be the responsibility of the agencies represented, except that an Executive Secretary for the task group will be provided by the Federal Acquisition Institute.

TASK GROUP # 6

Career Management Programs

CHAIRMAN

Rear Admiral J. S. Sansone
Deputy Chief of Naval Materiel for
Contracts & Business Management
HQ, Naval Materiel Command
Washington, DC 20360

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VICE-CHAIRMAN

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Director, Policy
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Mr. Gerald John
Procurement Division
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235-9532

TASK GROUP # 6 (continued)

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

WH-29

OFFICE OF FEDERAL
PROCUREMENT POLICY

AUG 6 1982

MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

Donald E. Sowle
Donald E. Sowle, Administrator

SUBJECT: Prevention of Wasteful Year-End Spending

The Director of the Office of Management and Budget requested that the Office of Federal Procurement Policy provide guidance on ways to prevent wasteful year-end spending in procurement.

We are committed to increasing the efficiency and effectiveness of the procurement process.

Enclosure 1 is a revised checklist for your use in detecting and preventing end-of-year procurement abuse.

OFPP Policy Letter No. 81-1 (Enclosure 2) requires each agency to have review procedures for fourth quarter spending, and to establish an advance procurement planning system. The procedures developed by your agency to comply with the Policy Letter are useful management controls to assist in avoiding wasteful year-end spending.

We request that you emphasize to all procurement and program personnel the importance of using the OFPP checklist and of complying with Policy Letter No. 81-1.

I cannot overemphasize that prevention of unneeded or unwise Federal spending is an essential part of our efforts to control waste, fraud and mismanagement and to restore public confidence in the integrity of Government. I ask you to continue to use public funds wisely and to be especially alert to unnecessary, nonessential year-end buying during this last quarter of FY 1982.

Enclosures

**CHECKLIST FOR PREVENTING
WASTEFUL YEAR-END SPENDING**

A. Need Determination

1. Is the request part of a current approved plan?
2. Is the request for more property or services than is needed to meet approved and essential program objectives?
3. Is the request duplicative in whole or in part?
4. Has a lease vs. purchase review been completed if appropriate?
5. Is the modified request for purchase of additional items or services not contained in the original procurement request or contractor proposal? Is this because estimated funding needs were in excess of the funds actually required to meet the funding requirements of the original request? Is it fully justified?
6. Purchases or orders for equipment, supplies, or services should not be approved unless they have been planned in advance or are needed to meet an emergency and comply with agency implementation of OMB Bulletins No. 81-9 and No. 81-16.
7. Funds should not be obligated for requirements-type or task contracts in excess of anticipated needs based on projections from prior use and current operating levels.
8. The procurement of consultant services and modifications of current consultant services contracts must be reviewed for compliance with OMB Circular No. A-120 and budget controls.
9. Purchases by or orders from General Services Administration, the Defense Logistics Agency, or other central procurement offices, or off Federal Supply Schedules should not be in excess of current use or inventory requirements. Use and inventory requirement must be validated. Orders should not be placed if delivery cannot be made in time to meet current need or inventory requirements.
10. Procurement actions must be reviewed to ensure that they are essential, the minimum necessary, not superfluous or "gold-plated."
11. To avoid duplication or underutilization and to foster greater economy and efficiency, users should ensure maximum utilization of available inventories and the proper use of all available resources including excess property.

12. Intragovernmental agreements for the common use or loan of equipment, services and facilities should be used when cost effective.
13. Items should not be replaced while they still are usable unless replacement is essential to meet program objectives or substantial cost savings will result. Materials and equipment should be repaired and reused whenever practicable.
14. Renovation, or redecorating, should only be done when it is essential to program objectives, required because of lease arrangements or in an emergency to protect the health and safety of employees. In any case, it should only be the minimum necessary.

B. Method of Contractor Selection

1. Will a noncompetitive contract be necessary? Is it fully justified? Have plans been made to prevent subsequent noncompetitive contracts?
2. Are grants reviewed to ensure they are the proper vehicle in accordance with P.L. 95-224 and are not used to avoid procurement procedures?
3. "Unsolicited" proposals should be truly unsolicited and should not be accepted unless they are truly unique or innovative and are for essential program requirement. Award will only be made after strict compliance with regulations on unsolicited proposals.
4. Procurements should not be divided just to come within small purchase procedures. In accordance with good procurement practices, requests should be consolidated if it would be more cost effective to do so. However, this should not be construed to prohibit breakout of items for small or minority business.
5. Short response times or restrictive requirements must not be used as methods to avoid open competition or as means of "steering" contracts.

C. Use of Existing Contracts

1. If the request is for the exercise of options or the funding of the later years of a multi-year contract, is it fully justified, still necessary? Is the option or later year still reasonably priced?
2. If the requests are purchased off Federal Supply Schedules or orders against basic ordering agreements or requirements-type contracts, are they fully justified as to need, pricing and the method of contracting?

3. If the request is to add funds to an ongoing contract with a Government Owned Contractor Operated facility, a Federal Contract Research Center, or a Federally Funded Research and Development Center, is the requirement clearly defined, is it fully justified? Are such contracts being used as a means to circumvent procurement requirements? Are subcontract awards being directed by the Federal agency?
4. Funds obligated to cover unpriced items, such as changes, spare parts and data, should not be in excess of current best estimates of need for those items. Additional obligations in excess of the original procurement request must be clearly justified.
5. Funds for letter contracts should not be obligated in excess of that allowed by regulations, nor should letter contracts be used solely as a vehicle to obligate funds that would otherwise lapse. Other open end types of contracts without firm requirement should not be used.
6. When contracts are modified or supplemental agreements issued to increase the level of effort or procure additional tasks, items or services, the additional requirements must be validated. The subcontracting of substantial parts of such modifications, change orders or tasks may indicate contracts are being used as vehicles to avoid competition.
7. Funds for contractor operated supply stores or other logistic support-type contracts should not be obligated in excess of current requirements or used as a vehicle to make directed procurements nor should they otherwise be used to avoid agency internal management controls.

D. Good Procurement Practice and Accountability

1. Is there time to ensure that normal procurement practices are followed?
2. A cost or price analysis, and a determination that the Government is paying only fair and reasonable prices and will receive all appropriate discounts and credits, should be made for all contracts or modifications.
3. All noncompetitive proposals should be audited or audit information obtained, unless reasonableness of price can be established clearly by other means.

4. Certification of current cost or pricing data should not be used as a substitute for preaward price negotiation.
5. Initiation of procurements in the fourth quarter for award in the fiscal year should generally be limited to small purchases or to emergency unscheduled requirements.

E. Standards of Conduct

1. Have employees been advised of the standards of conduct as they apply to wasteful spending and the possible sanctions and penalties?
2. Have employees been apprised of waste and fraud hotline telephone numbers and the protections that are available to employees making waste and fraud reports?
3. Funds should not be transferred to other agencies to avoid funds lapses.
4. Contracts or other documents must not be post dated.
5. Procurement actions should not be delegated or assigned to field or base stations, regional or other subordinate offices or other activities or agencies, nor should any other action be taken, to avoid proper review, clearance, approvals or other such internal controls.
6. Contracts to former Government employees must be closely reviewed and clearly justified.



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

OFFICE OF FEDERAL
PROCUREMENT POLICY

AUG 13 1981

POLICY LETTER 81-1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Procurement Procedures, Advance Procurement Planning, and
Review of End-of-Year Purchases

It is the responsibility of the head of each agency to assure efficient and economical procurement. Consistent with that responsibility is an obligation to reduce wasteful practices resulting from hurried or unnecessary end-of-year procurement. In carrying out these responsibilities, the Head of each Executive Department or Establishment shall establish the following management controls:

1. Procurement procedures providing lead time and cut-off dates. Each agency shall develop procedures that allow sufficient lead time to prepare solicitations, obtain and evaluate bids or proposals, audit, negotiate, and make contract awards in an orderly manner. The procedures shall specify the lead time required and establish firm cut-off dates for submission to procurement offices of requests for contract action to be completed by the end of a fiscal year. The lead times and cut-off dates may vary with the type of contract action and dollar thresholds. Exceptions to the lead time and cut-off date procedures should be kept to a minimum and approved only under extraordinary circumstances.
2. Advance Procurement Planning. Agencies shall issue procedures that require an Advance Procurement Planning System (APP) for each activity. The procedures shall include:
 - Establishment of a specific threshold above which procurements are to be considered major;
 - Development and maintenance of an advance procurement plan to cover major procurement requirements and other requirements with high waste vulnerability, such as consulting services, certain equipment, periodicals, pamphlets, or audiovisual products. The plan should be developed well in advance of the fiscal year in which the acquisition will be made;

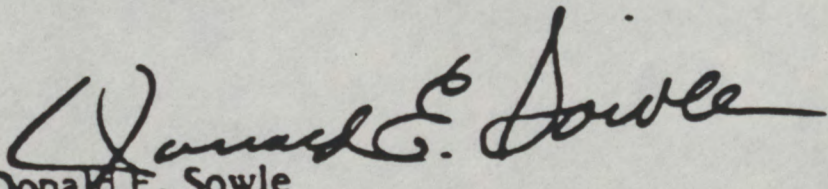
- Flexibility to allow revisions to the plan, but only to reflect budget changes, emergencies, and changes in program direction;
 - Procurement planning that begins concurrently with the agency budget process;
 - A requirement that needs are specified in a form that permits effective competition and innovation;
 - A means to resolve disagreements between procurement and project offices;
 - Close control of major and high waste vulnerability purchases to assure that they are consistent with the advance procurement plan; and
 - An ongoing program to assess the appropriateness of the methods used to satisfy needs, including cost effectiveness, whether gold-plating will result, and life cycle costing, where appropriate.
3. Review procedures for the last quarter spending. Each agency shall develop review procedures that require: (a) close control of purchases made in the last quarter to assure that they are consistent with the advance procurement plan, (b) reevaluation of the need for purchases made in the last quarter, (c) good procurement practice and accountability to assure that contracts are awarded only if prices are reasonable, and (d) award of contracts on the basis of competition unless award on some other basis is significantly to the advantage of the agency.
 4. Contract Action Log. Each procuring activity shall keep a log of major or high waste vulnerability contract actions.

Within 60 days after the effective date of this letter the head of each agency shall report to OFPP the action taken to implement the provisions of this Policy Letter. The report shall describe the advance procurement planning process, the procedures to require lead time and cut-off dates, the review procedures, and the implementation of the contract log.

For further information with respect to this policy directive, contact Mr. Jack Nadol, Assistant Administrator for Procurement Practices, telephone 395-3455.

EFFECTIVE DATE: This Policy Letter is effective August 28, 1981.

CONCURRENCE: This letter has been concurred in by the Director of OMB.


 Donald E. Sowle
 Administrator

THE WHITE HOUSE

WASHINGTON

July 22, 1982

WH-28

- MEMORANDUM FOR
- THE VICE PRESIDENT
 - THE SECRETARY OF STATE
 - THE SECRETARY OF THE TREASURY
 - THE SECRETARY OF DEFENSE
 - THE ATTORNEY GENERAL
 - THE SECRETARY OF THE INTERIOR
 - THE SECRETARY OF AGRICULTURE
 - THE SECRETARY OF COMMERCE
 - THE SECRETARY OF LABOR
 - THE SECRETARY OF HEALTH AND HUMAN SERVICES
 - THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
 - THE SECRETARY OF TRANSPORTATION
 - THE SECRETARY OF ENERGY
 - THE SECRETARY OF EDUCATION
 - THE COUNSELLOR TO THE PRESIDENT
 - THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
 - THE DIRECTOR OF CENTRAL INTELLIGENCE
 - THE CHIEF OF STAFF TO THE PRESIDENT
 - THE DEPUTY CHIEF OF STAFF TO THE PRESIDENT
 - THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
 - THE ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
 - THE ASSISTANT TO THE PRESIDENT FOR CABINET AFFAIRS
 - THE ASSISTANT TO THE PRESIDENT AND DEPUTY TO THE CHIEF OF STAFF
 - THE CHAIRMAN, JOINT CHIEFS OF STAFF
 - THE DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY
 - THE ADMINISTRATOR OF GENERAL SERVICES
 - THE ADMINISTRATOR OF VETERANS' AFFAIRS
 - THE ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY
 - THE DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY
 - THE POSTMASTER GENERAL
 - THE DIRECTOR OF SELECTIVE SERVICE
 - THE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
 - THE CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION
 - THE DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT

BOARD OF GOVERNORS
 OF THE
 FEDERAL RESERVE SYSTEM
 1982 JUL 26 AM 11:00
 RECEIVED
 OFFICE OF THE CHAIRMAN

SUBJECT: Emergency Mobilization Preparedness (NSDD-47)

The President has approved the attached National Security Decision Directive on Emergency Mobilization Preparedness.

FOR THE PRESIDENT.

William P. Clark

Attachment

NSDD 47

THE WHITE HOUSE
WASHINGTON

July 22, 1982

*National Security Decision
Directive Number 47*

EMERGENCY MOBILIZATION PREPAREDNESS

PREAMBLE

A fundamental obligation of government is to provide for the security of the Nation and to protect its people, values, and its social, economic, and political structures. Inherent in that obligation is the requirement to have an emergency mobilization preparedness program which will provide an effective capability to meet defense and essential civilian needs during national security emergencies and major domestic emergencies. This directive aims not to commit the Federal Government to a particular course of action, but rather to assure that a range of options are available in time of grave national emergency.

UNITED STATES EMERGENCY
MOBILIZATION PREPAREDNESS POLICY

It is the policy of the United States to have an emergency mobilization preparedness capability that will ensure that government at all levels, in partnership with the private sector and the American people, can respond decisively and effectively to any major national emergency with defense of the United States as the first priority.

PRINCIPLES FOR EMERGENCY
MOBILIZATION PREPAREDNESS PROGRAMS

Programs developed to ensure or improve the Nation's ability to mobilize will be based on the principles that follow. The general principles apply to all emergency programs, while the division between national security and domestic emergency principles emphasizes that the respective and appropriate response for each category may differ. Taken together, however, these principles define a common ground upon which mobilization programs can be developed and used at the discretion of the President to prevent avoidable emergencies, to combat and reduce the effects of those that are unavoidable, and to mitigate the effects of those that do occur.

Authorities for direct economic controls (wage and price controls and consumer rationing) in national security emergencies need to be provided to give responsible policymakers flexibility to deal with circumstances that can be judged only as they arise. These controls should be used only when they are clearly superior to the efficiency of the market as a means to achieve essential objectives, and not as an automatic response to all national security emergencies.

General Principles

Emergency mobilization preparedness programs for all emergencies will be based on the following principles:

- Where applicable, preparedness measures should emphasize the partnership and interdependence between Federal, State, and local governments.
- To the maximum degree possible, consistent with security requirements, the private sector should be brought into a planning partnership with responsible government agencies prior to the outset of an emergency.
- Plans and procedures should be designed to retain maximum flexibility for the President and other senior officials in the implementation of emergency actions both above and below the threshold of declared national emergencies and wars. Plans should avoid rigid "either-or" choices that limit Presidential options.
- Preparedness measures should reflect functional interdependencies among agency activities and across preparedness programs. Close and continuous coordination between military and civilian agencies is required to ensure consistent approaches to common problems.
- Initial preparedness measures should focus on short-term improvements and make effective use of the existing mobilization base. Measures to increase adequate mobilization base capabilities should be developed in the longer term.
- Preparedness measures that involve the waiving or modification of socioeconomic regulations that delay emergency responses should receive priority attention.
- Preparedness measures that are, or may be, impeded by legal constraints should be identified as a priority task.

- Preparedness programs should also be designed to increase capabilities to cope with resource shortages arising from disruptions of essential supplies from foreign sources, and serious disruptions of services (e.g., transportation or communications) that threaten national security.

Principles for National Security Emergencies

Emergency mobilization preparedness programs for national security emergencies will be based on the following principles:

- Preparedness measures should address the full spectrum of national security emergencies.
- The development of the structure of policies, plans, authorities, and requirements for full mobilization should receive priority attention. Foundations for total mobilization planning should be introduced concurrently.
- Resource management and economic stabilization programs should include standby plans and procedures for governmental intervention, as necessary, into the market place to ensure the enhancement of supply and the allocation of resources to military and essential civilian needs. These mechanisms should provide for both gradual and abrupt replacement of market forces by governmental regulations.
- Preparedness measures should emphasize a rapid and effective transition from routine to emergency operations and should be designed to make effective use of any periods of time that may be available following the receipt of strategic and tactical warnings. The Government must develop capabilities to minimize the start-up time required for emergency responses.
- High priority must be given by Federal agencies to identify and prioritize their requirements for national resources needed in a mobilization.
- Improvement in the capabilities of Federal agencies to identify and manage the resources under their cognizance to meet military and essential civilian requirements in a mobilization will be achieved.
- Preparedness measures should include all appropriate coordination with our allies.

Principles for Domestic Emergencies

Emergency mobilization preparedness programs for domestic emergencies will be based on the following principles:

- Preparedness measures must reflect the Constitutional roles of the Federal, State, and local governments. In peacetime, principal responsibility for preparing for, and responding to, domestic emergencies rests with State and local governments.

- Primary emphasis should be placed on natural disasters or other domestic emergencies of a catastrophic nature that cannot be managed effectively without substantial Federal presence; or, arise within spheres of activity in which there is an established Federal preeminence.
- Federal preparedness measures should assist State and local jurisdictions in increasing their capabilities to meet their responsibilities.
- Domestic preparedness programs should be developed in close coordination with the private sector.
- Preparedness measures for allocation of resources during domestic emergencies should rely on market-based mechanisms.
- Economic stabilization preparedness measures should provide mechanisms that do not rely on the imposition of direct economic controls.
- Preparedness measures for domestic emergencies should facilitate responses which may be necessary for only temporary and selective departures from established public policies. Equally, such measures should aim for the prompt restoration of routine policies and programs.

SPECIFIC POLICIES AND PROGRAMS

Based on the national emergency mobilization preparedness policy and principles stated above, the programs are to be directed initially at the development of a credible and effective capability to harness the mobilization potential of America in support of the Armed Forces, while meeting the needs of the national economy and other civil emergency preparedness requirements. These programs, making use of existing programs where possible, will contribute to:

- deterrence of attack, especially nuclear attack, on the United States, our allies and friends; and defeat of attacks should deterrence fail;
- effective response to attempts at coercion, nuclear blackmail, and economic warfare;
- preservation of constitutional government;
- prompt recovery of affected areas and the restoration of national systems, including the Armed Forces;
- maintenance of alliances and the continuation of cooperative relationships with our allies before, during, and after armed conflict or disruptive activities; and

- effective allocation and management of essential resources.

In the case of major domestic emergencies, emergency mobilization preparedness programs will contribute to:

- improving the survivability of the national security capability;
- effective natural disaster predictions, risk assessment, and warning systems;
- reducing the vulnerability of production, services, and the infrastructure to catastrophic events;
- prompt and coordinated Federal assistance to affected State and local governments and communities;
- effective management and allocation of Federal resources to facilitate both emergency response operations and long-term rehabilitation and recovery.

Military Mobilization

It is the policy of the United States to develop systems and plans that will ensure that sufficient manpower and materiel are available to guarantee the Nation's ability to mobilize, deploy, and sustain military operations; and that, consistent with national defense priorities, military manpower and materiel be available to assist civilian authorities when civil resources are inadequate.

The program will increase capabilities to:

- expand the size of the force from partial through full to total mobilization;
- deploy forces to theaters of operations, and sustain them in protracted conflict; and
- provide military assistance to civil authority, consistent with national defense priorities and applicable legal guidelines.

Industrial Mobilization

It is the policy of the United States to have a capability to mobilize industry in order to achieve timely and sufficient production of military and essential civilian materiel needed to prosecute successfully a major military conflict, to lend credibility to national strategic policy, and to respond to national security emergencies.

The program will:

- improve the capability of United States industry to meet current and mobilization requirements by identifying production and supply deficiencies and initiating actions to overcome them;
- increase the capability of industry and infrastructure systems, including transportation and energy, to meet national security needs through use of improved guidance on resource-claimancy, continued use of import and export controls, and appropriate use of Defense Production Act authorities in cases where the free market cannot be reasonably expected to provide the required national security capability in a timely manner;
- provide for assessment of the impact on the industrial base resulting from existing and proposed agreements for co-production of defense materiel, related offset arrangements with our allies, and other reciprocal trade agreements; and
- ensure the availability of strategic and critical materials by primary reliance on the National Defense Stockpile; the President may authorize the use of DPA Title III in those instances where the free market cannot be reasonably expected to provide the required national security capability in a timely manner.

Human Resources

It is the policy of the United States to develop systems and plans to ensure that the Nation's human resources are available in the requisite numbers and skills to support and sustain the Armed Forces, and to provide for essential civilian needs.

The program will:

- identify the required civilian skills and potential supply problems for support of the Armed Forces, essential defense industries, and other critical mobilization tasks;
- facilitate the channelling of skilled workers toward the most critical mobilization needs;
- provide for maximum reliance on voluntary mechanisms to allocate human resources to critical industrial and other emergency mobilization tasks;
- provide for a standby system for attracting workers to critical mobilization tasks, if necessary, during national security emergencies;
- minimize the impact of labor-management conflicts on expansion of defense production;

- enhance the availability of the requisite scientific, engineering, technical and other human resources to support both military and industrial mobilization needs; and
- ensure that human resources policies complement economic stabilization plans and procedures for mobilization.

Health

It is the policy of the United States to develop systems and plans to ensure that sufficient medical personnel, supplies, equipment, and facilities will be available and deployed to meet essential civilian and military health care needs in an emergency.

The program will:

- enhance the Nation's ability to recover from major emergencies and protect the population from the spread of disease;
- supplement medical services provided by State and local governments and the private sector with medical resources during a domestic emergency;
- provide medical care to military casualties in civilian and Federal facilities; and
- allocate scarce supplies and skilled professionals (specialists) to the highest priority needs.

Economic Stabilization and Public Finance

It is the policy of the United States to develop a variety of authorities and plans which could be used in maintaining stable economic conditions during national security emergencies, giving particular emphasis to measures which will minimize inflation and shortages; enhance morale and assure that the burdens of the emergency are being fairly shared; facilitate an orderly return to a normal economy as soon as possible; and allow the allocative efficiencies of the free market to operate where possible, with alternative measures involving direct Government intervention in the economy to be used only at the latest appropriate time.

The program will increase capabilities to:

- minimize economic dislocations and distortions associated with national security emergencies by carrying out appropriate fiscal, monetary, and regulatory policies, including controlling inflation and shortages arising from the transfer of resources from non-essential to priority uses;

- facilitate resource reallocation necessitated by any relocation of the populace;
- assure an equitable distribution of consumer goods;
- provide for the protection of United States financial resources including currency production, Federal check disbursement facilities, and precious monetary metals;
- preserve and facilitate operations of public and private financial institutions systems, and provide for any necessary restoration of their functioning after a major emergency;
- provide the Government with efficient and equitable financing sources and payments mechanisms for emergencies; and
- provide fiscal authorities with adequate revenue-raising powers to stabilize the economy in the face of any additional resource requirements needed to deal with or recover from an emergency; available fiscal measures should be selected to provide maximum efficiency and equity, preserve incentives, and minimize administrative burdens.

Civil Defense

The United States civil defense policy is contained in National Security Decision Directive 26, a Secret document, dated February 26, 1982. In addition, it is the policy of the United States that all Federal agencies shall participate in, and support, the civil defense program for population protection, communications and warning, training and education, and industrial protection.

Earthquakes

It is the policy of the United States to develop systems and plans to reduce the loss of life, destruction of property, economic instabilities, and the adverse impact on our national defense capability that would result from a catastrophic earthquake.

The program can reduce the effects of a catastrophic earthquake by improving earthquake prediction, hazard and risk assessment, warning systems, public education and awareness, response and recovery; by developing further and applying earthquake resistant design and construction techniques, and land use planning. The initial action will be focused on California, but attention will be focused later on other regions in consideration of their relative risk from an earthquake.

The program will increase capabilities to:

- evaluate current earthquake prediction activities, foster the application of advanced scientific and engineering techniques for prediction and mitigation, increase and accelerate basic and applied research efforts;
- develop a coordination and integration mechanism between Federal and State governments;
- identify and allocate financial, medical, transportation, shelter, communications, and other resources necessary to assist recovery operations;
- reduce the negative effects on military installations and defense related industries;
- ensure more effective public awareness programs to equip all levels of the populace with specific information to help them survive;
- promote international cooperation to increase scientific and engineering knowledge in applying mitigation measures;
- provide for the preparation, implementation, and exercising of preparedness procedures; and
- ensure the adequacy of current Federal legislation and regulations to facilitate an effective response.

Government Operations

It is the policy of the United States to develop systems and plans that will ensure the maintenance of necessary government functions at the Federal, State, and local levels and provide for a timely and effective transition into emergency modes of operation.

The program will:

- ensure continuous performance of essential government functions;
- provide timely and effective transition to emergency government operations;
- provide a mechanism for the reconstitution of the operations of government following a nuclear attack, as required; and
- ensure that government officials at all levels are capable of responding predictably and effectively to emergency conditions.

Emergency Communications

It is the policy of the United States to ensure that communications resources be available and adequate to respond to the Nation's needs.

The program will:

- assure viable communications operations concepts;
- make information available on communications needs and resources;
- identify and correct communications deficiencies;
- provide adequate communications planning guidance and the basis for funding; and
- arrange for smooth transition from normal to emergency operations.

Law Enforcement and Public Safety

It is the policy of the United States to develop systems and plans that will provide for the public safety and ensure continued enforcement of Federal, State, and local laws; and ensure internal security and the control of United States borders, and waters subject to the jurisdiction of the United States.

The program will increase capabilities to:

- maintain law and order in a variety of emergencies, particularly terrorist incidents, civil disturbances, nuclear emergencies, and relocation of large numbers of people;
- ensure the physical security of critical public and private facilities;
- provide for control of enemy aliens and persons entering or leaving the United States;
- guarantee control of United States seaports, airports, and land and sea borders;
- provide a response capability to sabotage and espionage; and
- ensure an intensified counterintelligence effort.

Food and Agriculture

It is the policy of the United States to develop systems and plans that will provide an adequate flow of agricultural products to the general population and the Armed Forces, and to meet our inter-

national responsibilities. These plans must reduce the vulnerability of our food and fiber resources; ensure a responsive production, delivery, and distribution system during emergencies, and contain provisions for the rapid recovery of the agricultural system.

The program will:

- plan for adequate research, production capabilities, and reserves of agricultural products, including livestock and poultry, to provide the Nation's farmers with production resources, including emergency financing capabilities;
- provide for the most effective allocation of resources for the production and use of available food and fiber during emergencies; and the assessment of national and international requirements upon supplies of food and fiber, so as to decrease dependence on foreign sources;
- ensure maximum availability of food and fiber supplies to our Armed Forces and our allies;
- maintain production capabilities to contribute to our world agricultural trade objectives, and reduce susceptibility to manipulated economic pressures;
- establish emergency marketing, processing, inspection and grading systems for government-owned and privately-held agricultural commodities; establish civil transportation resource priorities to support agricultural needs; and make provisions for secure storage capabilities and priorities;
- plan to protect the health and well-being of the Nation's livestock and poultry; ensure the protection of crops and croplands, and the Nation's forest resources; and
- provide for timely information under emergency conditions to assure adequate food and fiber production, and priority distribution to the normal wholesale level.

Social Services

It is the policy of the United States to develop systems and plans that will increase capabilities to provide emergency social services to meet survival needs of the population. Maximum reliance will be placed on voluntarism and on State and local governments.

The program will:

- provide services for persons with special needs and prepare families and individuals to care for themselves to the maximum extent possible;
- maintain existing Federal, State, local, and private programs to meet ongoing social services needs;
- provide for the reception, care, and resettlement of personnel evacuated from overseas during an emergency; and
- provide for a management structure through which emergency social services requirements can be assessed accurately and necessary services delivered efficiently to meet highest priority needs.

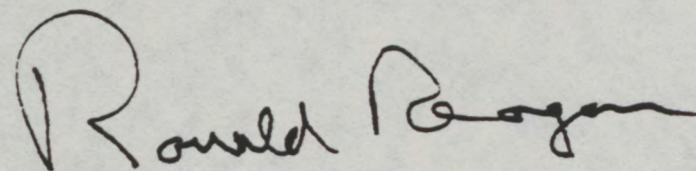
MANAGEMENT

Consistent with this directive, the Emergency Mobilization Preparedness Board will formulate policy and planning guidance, coordinate planning, resolve issues, and monitor progress. In accomplishing these functions, the Board may assign additional tasks to its Working Groups and require the assistance of individual Federal agencies. Any issue which cannot be resolved by the Board within the framework of current Administration policy will be referred to the National Security Council for resolution and Presidential decision.

Accordingly, I direct the Emergency Mobilization Preparedness Board to prepare a Plan of Action to implement the programs detailed in this directive. Plans of Action for programs developed subsequent to publication of this directive will be prepared within 45 days of program approval.

I further direct that all Federal departments and agencies manage their financial and human resources consistent with the provisions of applicable law, and provisions of this and other directives to assure the development of the required capabilities. Resources for improvements in our preparedness capabilities will be obtained through the normal budget process. In the overall context of the President's budget and current regulatory, budgeting, and legislative review processes, each Department and Agency will program and budget funds and personnel for those preparedness activities which are integral to assigned missions and functions.

Presidential Directive/NSC-57 is hereby rescinded.





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

OFFICE OF FEDERAL
PROCUREMENT POLICY

JUL 15 1982

WH-27

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1982 JUL 21 AM 9:02
RECEIVED
OFFICE OF THE CHAIRMAN

MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES
FROM: *Donald E. Sowle*
DONALD E. SOWLE
SUBJECT: Implementation of E.O. 12352, Procurement Reforms

The purpose of this memorandum is to keep you apprised of the actions taken and planned to implement E.O. 12352, Federal Procurement Reforms.

The Federal Procurement Council (FPC) comprised of representatives from the 24 largest agencies, met in March 1982, shortly after E.O. 12352 was signed, to discuss preliminary plans and to set up a task group to develop a model charter for procurement executives. Subsequently, an Executive Committee of the FPC was established to facilitate more frequent meetings, and task groups were set up to develop guidance to agencies on each element of E.O. 12352.

Attached for information are:

- o Executive Committee Charter
- o Minutes of the Executive Committee Meeting of June 1, 1982
- o Agenda for Executive Committee Meeting on July 14, 1982

The Model Charter for Procurement Executives was approved on June 30, 1982 and was sent to the heads of departments and agencies by the Director of OMB on July 8, 1982.

If you have any questions or suggestions, please call me at 395-5802, or LeRoy Haugh at 395-6166.

Attachments

Copy to:
Agency Contact Points



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

CHARTER

EXECUTIVE COMMITTEE ON FEDERAL PROCUREMENT REFORMS

I. Establishment:

The Executive Committee on Federal Procurement Reforms is established effective May 18, 1982. It is under the leadership of the Office of Management and Budget and chaired by the Administrator for Federal Procurement Policy.

II. Purpose:

The purpose of this Committee is to assist in implementation of the procurement reforms set forth in Executive Order 12352 by providing broad policy review and counsel to OMB through the Committee's Chairperson on all proposed implementation guidance. Interagency task groups will be appointed as set forth in Section V to develop guidance that will enable agency heads to fully accomplish their responsibilities under the Executive Order. One of the functions of the Committee will be to review and evaluate these task group recommendations. Other functions of the Committee are set forth in Section IV.

III. Membership:

The Committee is composed of the agency level Procurement Executive from each of the following organizations:

- Department of Agriculture
- Department of Defense
- Department of Energy
- Department of Interior
- Department of Transportation
- General Services Administration
- National Aeronautics and Space Administration
- Veterans Administration

Membership will also include a representative from the Small Business Administration and the Office of Personnel Management.

A member may appoint an alternate to act in his capacity and represent his organization at a meeting if he is unable to attend. However, principals are expected to attend meetings whenever possible.

Notice will be given at least two weeks prior to a meeting.

IV. Activities:

The Executive Committee will:

- o Provide advice with respect to the organization of interagency task groups and the nominations of individuals selected to chair task groups.
- o Review and provide advice with respect to each task group's charter.
- o Review task group plans to ensure they encompass all the areas needed to fully implement the Executive Order.
- o Review and evaluate task group progress.
- o Resolve questions raised by task groups and otherwise provide guidance to task groups.
- o Review the proposed guidance developed by the task group and recommend changes, modifications or acceptance for transmittal to the agencies.
- o Advise and counsel OMB/OFPP on content of periodic reports to the President on the accomplishments and progress in implementing the Executive Order.
- o Review Government-wide proposed policies, recommend areas for the development of new policies and identify statutory provisions that need to be amended or repealed.

V. Task Groups:

Interagency task groups will be established to develop guidance which will facilitate agency accomplishment of the specific objectives of Executive Order 12352. Each task group will be chaired by a General or Flag Officer, or civil service equivalent. Responsibilities of the Chairperson include:

- o Ensuring a balanced membership in terms of perspective and agency mission responsibilities.
- o Developing a charter and presenting it to the Committee for review and approval.
- o Developing a plan of areas and issues to be examined by the task group.

- o Briefing the Committee on progress.
- o Developing and presenting to the Committee recommended actions.
- o Ensuring all actions in the charter and plan are completed or disposed of.

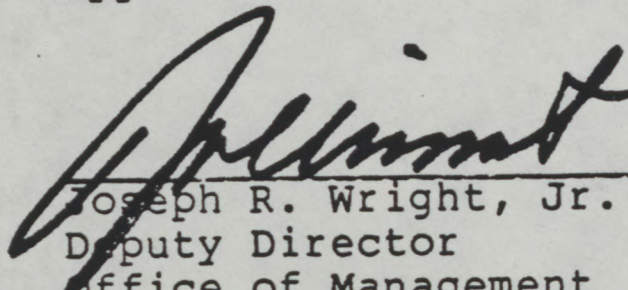
VI. Meetings:

Meetings of the Executive Committee will be held as necessary at the call of the Administrator for Federal Procurement Policy. Meetings will be held, on the average, once a month.

VII. Staff Support:

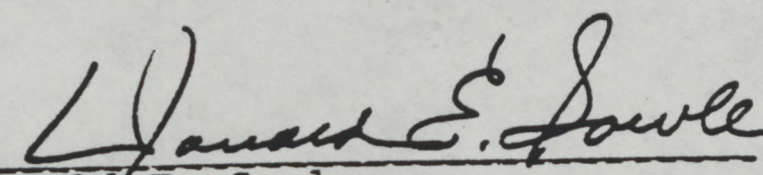
Staff support to the Chairperson will be provided by OFPP. The Administrator will designate an Executive Secretary to plan, coordinate, prepare the agenda, and maintain minutes of each meeting.

Approved:



 Joseph R. Wright, Jr.
 Deputy Director
 Office of Management
 and Budget

Approved:



 Donald E. Sowle
 Administrator for Federal
 Procurement Policy

DATED: June 25, 1982

EXECUTIVE COMMITTEE ON PROCUREMENT REFORM

MINUTES OF MEETING

JUNE 1, 1982

1. The initial meeting of the Executive Committee on Procurement Reform was held at 10:00 a.m. on June 1, 1982, in Room 9104 of the New Executive Office Building. Purpose of the meeting was to: (1) review the proposed organization and planning for the implementation of Executive Order 12352, and (2) review the proposed Model Charter for Procurement Executives. Attendees - Procurement Executives (or alternate) of the eight largest procuring agencies and the special representatives of the Small Business Administration and the Office of Personnel Management - are listed in Attachment 1.
2. The agenda for the meeting is appended as Attachment 2. Notebooks containing the documents for discussion as indicated by the agenda were distributed to the attendees on May 28, 1982.
 - a. Following are the principal points made by Mr. Sowle in his opening remarks:
 - o This group is an Executive Committee of the Federal Procurement Executives' Council (FPEC). Will meet every month or so, with preset agenda. FPEC will continue to meet, but less frequently.
 - o General purpose and functions are covered in the charter.
 - o In addition, this Committee should be a sounding board for OFPP initiatives, legislative needs and a forum for exchange of ideas and discussion of policy issues.
 - b. Discussion following the opening remarks:
 - o The way the Committee was formed -- i.e., by OMB Memorandum rather than by the FPEC. However, there was general agreement that an Executive Committee is needed.
 - o Membership. All agreed that this should be a Committee of Procurement Executives, and that they would be expected to participate whenever possible. However, the charter should provide for an alternate who could speak for the Procurement Executive when the Procurement Executive could not attend.
3. Darleen Druyun of OFPP, Executive Secretary of the Committee, gave a briefing which covered the agenda items. The briefing charts are appended as Attachment 3. Principal points of discussion were the following:
 - a. Executive Committee's Charter:
 - o "Purpose" needs to be more specific. For example, it is unclear to whom "guidance and broad policy review" is to be provided.

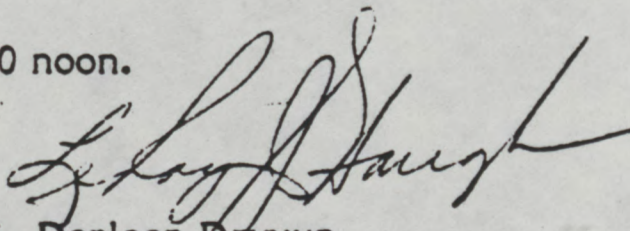
b. Activities of the Committee:

- o Question was raised whether formal task group charters are necessary. Agreed that they are. Charters will define the purpose, scope, authority, and agency support to accomplish the tasks. Detailed plans will flow from the task listing.
- o Divergent opinions among Committee members will be fully aired. The purpose of this whole effort is to furnish guidance to Agency Heads in implementing the Executive Order and advise OMB on the progress for the periodic reporting to the President, not to dictate what the agencies should do.
- o Committee role vis-a-vis Task Groups. The Committee will review the TG charters and provide advice and guidance to the TGs.

c. Approval of Task Group Chairmen:

- o Civil agencies unable to nominate a chair for most task groups because of the rank/grade criteria. To provide agency balance, agreed that task groups on Simplifying Small Purchases (#5) and Career Management Programs (#6) would be chaired by DOD representative, with vice chairperson from GSA.
- o Previously proposed task groups on Establishing System Criteria, Standards for Competition and Certifying Systems were consolidated into single TG. DOD nominees to chair separate TGs were approved as chair and vice-chair of consolidated TG.
- o OMB (Financial Management) is already chairing a task group to implement P.L. 97-177 (Timely Payments). However, the committee decided that a procurement group was needed as well. Accordingly, agencies will nominate representatives for such a task group to interface with the existing OMB task group. Mr. Mathis, OFPP contact on the OMB group, will coordinate this effort.
- o Completion of the FAR should not be listed as a Task Group effort in the same sense as the other TGs will function. This is an ongoing joint DOD/GSA/NASA effort, and a Memorandum of Understanding is being prepared to ensure successful completion.
- o Nominations approved to chair the following Task Groups:
 - Establish Clear Lines of Contracting Authority
 - Establish Government-wide System Criteria
 - Reduce Administrative Costs and Burdens
 - Simplify Small Purchases
 - Career Management Programs

- o A Memorandum will be sent from OMB to Agency Heads in the next few days requesting nominees from procurement and other disciplines for a task group on balancing needs and priorities.
- d. Other Implementation Plans
- o Each task group will be briefed next week, on the implementation plans in general and with respect to its particular responsibility.
 - o A private sector briefing (approximately 35 associations) is scheduled for the week of June 14. Committee members are invited.
 - o A public hearing is planned in Nov 1982.
- e. Periodic Reports:
- o Task Groups should establish means of measuring improvements and reporting results, to facilitate compliance with reporting requirements to the President in accordance with E.O. 12352.
- f. Status of 1102 Classification Standards:
- o OPM advised the standards would be sent to agencies for review and that agencies would be invited to a final "markup" session.
- g. Draft of Procurement Executive's Charter:
- o Agreed to add a definition of procurement. The phrase "how needs are described" will be clarified.
 - o Charter should recognize importance of grants function in some agencies, and that Procurement Executive, at agency discretion, may also be the person responsible for grants policy.
 - o Transmittal letter with final charter should require appointment of Procurement Executive within 60 days and report name to OMB.
- h. Next meeting of the Committee July 14, 1982.
- o Briefings by Task Group Chairpersons.
 - o Briefing on status of FAR.
4. The meeting was adjourned at 12:00 noon.

for 
 Darleen Druyun
 Executive Secretary

Attachments

MEETING OF THE
EXECUTIVE COMMITTEE ON PROCUREMENT REFORM
ATTENDEES
June 1, 1982

Committee:

| <u>Name</u> | <u>Agency</u> |
|--------------------|---------------|
| Donald E. Sowle | OFPP |
| Frank Gearde, Jr. | USDA |
| William E. Long | DOD |
| Hilary Rauch | DOE |
| William Ferguson | GSA |
| Ronald W. Piasecki | DOI |
| Leroy Hopkins | NASA |
| Paul Katz | OPM |
| Robert McDermott | SBA |
| Robert Fairman | DOT |
| William Sullivan | VA |

Others:

| <u>Name</u> | <u>Agency</u> |
|------------------|---------------|
| Harvey Gordon | DOD |
| Cdr. Edward Bano | DOD |
| Barnett Anceletz | DOT |
| William Mathis | OFPP |
| LeRoy J. Haugh | OFPP |
| Darleen Druyun | OFPP |
| Joseph L. Hood | OFPP |

PROPOSED AGENDA

EXECUTIVE COMMITTEE ON PROCUREMENT REFORM

JUNE 1, 1982

- o Comprehensive review of the proposed organization and planning for implementation of the Executive Order including:
 - oo Executive Committee's charter
 - oo Interagency Task Groups proposed
 - oo Review of proposed Task Group assignments
 - oo Review of sample Task Group Charter
 - oo Development of mechanism for reporting to the President on agency and overall progress
- o Review of proposed Model Charter on Procurement Executives
- o Identification of topics and date for next meeting

EXECUTIVE COMMITTEE

ON

FEDERAL PROCUREMENT REFORMS

EXECUTIVE COMMITTEE'S CHARTER

ESTABLISHED EFFECTIVE MAY 18, 1982

CHAired BY ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY

PURPOSE

- 0 ASSIST IN IMPLEMENTATION OF EXECUTIVE ORDER
- 0 PROVIDE BROAD POLICY REVIEW AND GUIDANCE
- 0 REVIEW AND EVALUATE TASK GROUP RECOMMENDATIONS

MEMBERSHIP

- 0 EIGHT LARGEST PROCURING AGENCIES
- 0 SBA AND OPM

ACTIVITIES OF THE COMMITTEE

0 PROVIDE ADVICE ON TASK GROUP

- ORGANIZATION
- NOMINEES TO CHAIR
- CHARTERS
- PLANS
- PROGRESS
- QUESTIONS AND OVERALL GUIDANCE

0 ADVISE AND COUNSEL OMB ON PERIODIC REPORT TO PRESIDENT

ACTIVITIES OF TASK GROUPS

- 0 CHAIRED BY GENERAL / FLAG / SES EQUIVALENT
- 0 RESPONSIBILITIES OF CHAIRPERSON
 - ENSURE BALANCED MEMBERSHIP
 - DEVELOP
 - CHARTER AND BRIEF EXECUTIVE COMMITTEE
 - PLAN ON AREAS AND ISSUES TO BE EXAMINED (INCLUDING SCHEDULE FOR COMPLETION)
 - MECHANISM FOR COLLECTING AND DISSEMINATING IDEAS
 - BRIEF COMMITTEE ON
 - PROGRESS
 - RECOMMENDED ACTIONS
 - ENSURE ALL ACTIONS COMPLETED

MEETINGS HELD
AS NEEDED . . . AVERAGE 1 PER MONTH

EXECUTIVE SECRETARY DESIGNATED BY ADMINISTRATOR
FOR COMMITTEE SUPPORT

- 0 PLAN
- 0 COORDINATE
- 0 PREPARE AGENDAS AND MINUTES OF MEETINGS

| <u>TASK GROUP</u> | <u>TITLE</u> | <u>CHAIR NOMINEE/AGENCY</u> | <u>OFPP CONTACT</u> | <u>NO. OF AGENCY PERSONNEL IDENTIFIED TO WORK ON TASK GROUP</u> |
|--|---|---|---------------------|---|
| 1 | ESTABLISH AGENCY PROCUREMENT EXECUTIVES | L. HOPKINS - NASA | L. HAUGH | 30 |
| 2 | ESTABLISH CLEAR LINES OF CONTRACTING AUTHORITY | C. ARMSTRONG DOI | W. COLEMAN | 13 |
| 3 | ESTABLISH GOVERNMENT-WIDE SYSTEM CRITERIA, INCLUDING COMPETITION, AND CERTIFY SYSTEM TO AGENCY HEAD | DOD (B/G DRENZ) (ED TRUSELLA) | L. HAUGH | 15 |
| 4 | REDUCE ADMINISTRATIVE COSTS AND BURDENS | DOD (B/G CONNOLLY) | C. CLARK | 6 |
| 5 | SIMPLIFY SMALL PURCHASES | DOD (R. CHIESA) GSA (D. DODGE) | B. GLOTFELTY | 9 |
| 6 | CAREER MANAGEMENT PROGRAMS | DOD (R. ADM. SANSONE) GSA (T. LAMOURE) | W. HUNTER | 9 |
| SPECIAL TASK GROUP BEING ESTABLISHED WHICH WILL INTERFACE WITH PROCUREMENT | | | | |
| 7 | BALANCING PROGRAM NEEDS AGAINST MISSION PRIORITIES | AGENCY CHAIRED | J. HOOD | 2 |
| SPECIAL SUBTASK GROUP TO INTERFACE WITH OMB GROUP | | | | |
| 8 | TIMELY PAYMENT OF ALL CONTRACTS | AGENCY CHAIRED | W. MATHIS | 3 |

OTHER IMPLEMENTATION PLANS

- 0 EACH TASK GROUP SEPARATELY BRIEFED ON EFFORT
(WEEK OF JUNE 7), INCLUDING:
 - CONCEPTS
 - RESPONSIBILITIES, INCLUDING CHAIRS
 - SCHEDULES
 - PROGRESS REPORTS

- 0 MEETING WITH PRIVATE SECTOR
(WEEK OF JUNE 14)

- 0 PUBLIC HEARING (NOVEMBER 82)
 - PROGRESS BEING MADE
 - SOLICIT IDEAS AND COMMENTS

SAMPLE TASK GROUP
ON
ESTABLISHING CLEAR LINES OF
AUTHORITY AND ACCOUNTABILITY

FORMAT:

- I. ESTABLISHMENT (OF TASK GROUP WITH
EFFECTIVE DATE)
- II. PURPOSE
- III. MEMBERSHIP
- IV. TASKS
- V. MEETINGS
- VI. SUPPORT

IV. TASKS

o TASK GROUP -- PROPOSED GUIDANCE

- TASK PLAN TO BE DEVELOPED BY SPECIFIC DATE
- IDENTIFY SPECIFIC AREAS

o CHAIRPERSON'S RESPONSIBILITIES

- SAME AS EXECUTIVE COMMITTEE CHARTER
- COPIES OF ALL DOCUMENTS AND PROGRESS REPORTS GIVEN TO OFPP CONTACT

o OFPP CONTACT RESPONSIBILITIES

- PARTICIPATE IN MEETINGS
- KEEP EXECUTIVE SECRETARY INFORMED OF PROGRESS INCLUDING COPIES OF DOCUMENTS
- SCHEDULE BRIEFING TO EXECUTIVE COMMITTEE THROUGH EXECUTIVE SECRETARY

PERIODIC PROGRESS REPORTS
TO PRESIDENT

EXECUTIVE ORDER REQUIREMENT

"REVIEWING AGENCY IMPLEMENTATION OF THE
PROVISIONS OF THIS EXECUTIVE ORDER AND KEEPING
ME INFORMED OF PROGRESS AND ACCOMPLISHMENTS"

NEED

- o COLLECT DATA / REPORTS FROM:
 - AGENCIES
 - TASK GROUPS

- o FREQUENCY . . . QUARTERLY INITIALLY

ROLE OF OMB / OFPP

- 0 ISSUE A BULLETIN
- 0 COLLECT AGENCY REPORTS IN RESPONSE TO BULLETIN
- 0 PREPARE REPORT

ROLE OF EXECUTIVE COMMITTEE

- 0 REVIEW AGENCY REPORTS
- 0 REVIEW OMB / OFPP DRAFT REPORT TO PRESIDENT

DRAFT
PROCUREMENT EXECUTIVE'S
CHARTER

PROPOSED ADDITIONS / CHANGES

0 NEED DEFINITION OF PROCUREMENT

INCLUDES ALL STAGES OF THE PROCESS OF ACQUIRING
PROPERTY AND SERVICES, BEGINNING WITH HOW NEEDS
ARE DESCRIBED AND ENDING WITH THE CLOSE OUT
OF THE CONTRACTUAL INSTRUMENT

0 NEED EXPLANATION OF HOW PROCUREMENT EXECUTIVE
CAN ENHANCE OVERALL EFFECTIVENESS OF MISSION

0 NEED IDEA OF SUPPORTING AGENCY'S MISSION
ACCOMPLISHMENT

0 RESPONSIBILITIES SHOULD ALSO INCLUDE

- DESIGNATING AREAS FOR AGENCY UNIQUE STANDARDS
- ESTABLISHING CLEAR LINES OF CONTRACTING
AUTHORITY

0 RECOGNIZE DUAL PROCUREMENT / GRANTS ROLE IN
SOME AGENCIES

JULY 14 PROPOSED DATE
FOR NEXT MEETING

TOPICS

- 0 REVIEW AND APPROVE TASK GROUP CHARTERS
AND PLANS
 - INDIVIDUALLY BRIEFED BY CHAIRPERSONS
- 0 STATUS REPORT ON:
 - FAR IMPLEMENTATION
 - TIMELY PAYMENT OF CONTRACTS

PROPOSED AGENDA

EXECUTIVE COMMITTEE
ON
FEDERAL PROCUREMENT REFORM

JULY 14, 1982

10:00 - 11:15

Review and approve task group charters
and plans

Task Groups

Briefer

- Establish Clear Lines of Contracting Authority C. Armstrong
- Establish Government-Wide System Criteria Including Competition and Certify System to Agency Head B/G Drenz
- Reduce Administrative Costs and Burdens M/G Connolly
- Simplify Small Purchases R. Chiesa
- Career Management Programs R. Adm. Sansone

11:15 - 11:30

Status Report on FAR implementation including effective date of FAR and agency implementation and status of CAP Council

H. Gordon
W. Ferguson
L. Haugh

11:30 - 11:35

Status report on Timely Payments

R. Sanders

11:35 - 11:45

Status Report on 1102 Standards

P. Katz

11:45 - 12:00

Establish date and agenda for next meeting



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

WH-26
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1982 JUL 13 AM 9:18

RECEIVED
OFFICE OF THE CHAIRMAN

JUL 8 1982

MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

David A. Stockman *DAS*

SUBJECT:

Appointment of Procurement Executives

Executive Order 12352 of March 17, 1982, identifies a number of major initiatives aimed at improving Federal procurement. Among these initiatives is the requirement for all agency heads to designate a Procurement Executive with agency-wide responsibility to oversee development of procurement systems, evaluate system performance in accordance with approved criteria, enhance career management of the procurement work force, and certify to the agency head that procurement systems meet approved criteria.

In order to facilitate agency action on this initiative, an interagency task group has developed a model charter which identifies the appropriate placement of the Procurement Executive within an agency's organizational structure, sets out primary duties and responsibilities, and lists functions appropriate for delegation to subordinate procurement organization heads and contracting officers. The model charter is intended as a guide and may be adopted or modified to the extent necessary so long as it is consistent with the purpose and scope of the Executive Order. A copy of the model charter is attached.

It is requested that all agencies that have not already designated a Procurement Executive do so within 60 days of receipt of this memorandum. The name of the individual designated, together with his/her organizational placement, duties, and responsibilities, should be forwarded to Donald E. Sowle, Administrator, Office of Federal Procurement Policy, Office of Management and Budget, Washington, DC 20503.

Attachment

MODEL CHARTER

FOR

PROCUREMENT EXECUTIVES

Developed By the Procurement Executive
Task Group of the Federal Procurement Council

Interagency Task Group Leader: LeRoy E. Hopkins

OFPP Contact: LeRoy J. Haugh

PROCUREMENT EXECUTIVE

Executive Order 12352 of March 17, 1982, titled "Federal Procurement Reforms," provides in Section 1 as follows:

"To make procurement more effective in support of mission accomplishments, the heads of executive agencies engaged in the procurement of products and services from the private sector shall: Designate a Procurement Executive with agency-wide responsibility to oversee development of procurement systems, evaluate system performance in accordance with approved criteria, enhance career management of the procurement work force, and certify to the agency head that procurement systems meet approved criteria."

PROCUREMENT EXECUTIVE

Under the Executive Order, the head of each procuring agency is responsible for designating a Procurement Executive who in turn is responsible for the development and oversight of agency-wide procurement systems.

Procurement includes all stages of the process of acquiring property and services beginning with how needs are described and ending with the close out of the contractual instrument. (The phrase "how needs are described" refers to the development of the statement of work that will be used in the solicitation. It does not include the development of the "mission element needs statement.")

This model charter contains guidance as to the (1) appropriate placement of the Procurement Executive within an agency's organizational structure, (2) primary duties and responsibilities and (3) functions appropriate for delegation to subordinate procurement organization heads and contracting officers. It is intended as a guide and may be adopted as is or modified to the extent necessary so long as it is consistent with the purpose and scope of the Executive order. The fundamental goal is to improve the efficiency and effectiveness of the procurement function which plays a vital role in accomplishing agency missions.

ORGANIZATIONAL PLACEMENT

Background

The importance of organizational placement was highlighted in the findings of the Report of the Commission on Government Procurement (COGP), Volume 1, Chapter 5, page 43.

"Technical personnel tend to dominate personnel engaged in the procurement process. Procurement personnel do not receive the management support they must have in order to bring their professional expertise into play in awarding and administering contracts and, as a consequence, they must often bow to the desires of requisitioners who do not have expertise in procurement."

As a result of its study, the COGP stated the need to reevaluate the place of procurement in each agency whose program goals require substantial reliance on procurement. Under the general oversight of the OFPP, each agency should ensure that the business aspects of procurement and the multiple national objectives to be incorporated in procurement actions receive appropriate consideration at all levels in the organization. (COGP Recommendation No. 12)

Placement

The head of each Federal agency will appoint a Procurement Executive which should normally be a full-time position or a primary function of that position.* Since this official will be responsible for management direction of the agency's procurement system, the Executive should be an experienced procurement professional and be at, or report directly to, no lower than the assistant secretary or assistant administrator level. Procurement Executives of large agencies may designate subordinate Procurement Executives, as needed, in sub-agency elements.

To effectively carry out his/her responsibilities, the Executive must be placed at a sufficiently high level in the organization to ensure:

* Some agencies which have a significant grants function have combined procurement and grants responsibility. It is not intended in such cases that the agency separate these functions in order to have an individual whose primary function is Procurement Executive. So long as the individual designated as Procurement Executive meets the criteria and can carry out the function set forth in this charter, the assignment of procurement responsibility does not preclude the assignment of grant functions in those agencies where the Procurement Executive also has grants responsibility.

- Direct access to the head of the major organizational element served;
- Sufficient status to deal with contractor executives; and
- Comparative equality with major mission and program organizational elements.

RESPONSIBILITIES

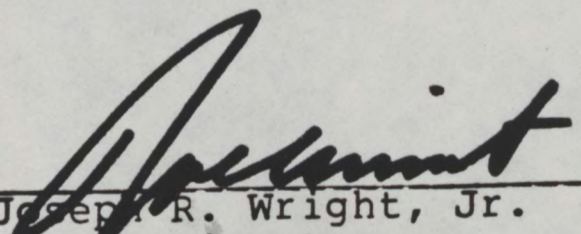
1. Delegation. The Procurement Executive is delegated authority from the agency head to oversee development and provide management direction of the agency's procurement system in accordance with applicable laws and regulations. Specifically, the Procurement Executive is authorized to:
 - a. Prescribe and publish agency procurement policies, regulations and procedures. (When the Federal Acquisition Regulation (FAR) becomes effective, agency policies, regulations and procedures will be limited to those unique to the agency or otherwise necessary to implement the FAR. Repeating or paraphrasing the FAR will not be permitted.);
 - b. Enter into, make determinations and decisions and take other actions, consistent with appropriate policies, regulations and procedures with respect to purchases, contracts, leases, sales agreements and other transactions, except those required by law or regulation to be made by other authority;
 - c. Designate contracting officers and representatives thereof;
 - d. Establish clear lines of contracting authority;
 - e. If appropriate, exercise priorities authority on behalf of the agency, in accordance with the provisions of the Defense Production Act of 1950 (50 U.S.C. App. 2071, et seq.), Department of Defense Delegation of Priorities Authority, dated October 21, 1958, and applicable policies and regulations;
 - f. Evaluate and monitor the agency's procurement system performance;

- g. Manage and enhance career development of the procurement work force;
- h. Examine, in coordination with the OFPP, the procurement system to determine specific areas where Government-wide performance standards should be established and applied and participate in the development of Government-wide procurement policies, regulations and standards. (The standards will be the criteria used for measuring operational effectiveness; i.e., time, cost, quality, accuracy, quantity, qualifications, etc.);
- i. Determine areas for agency unique standards and develop unique agency-wide standards;
- j. Be the advocate for competition; and
- k. Certify to the agency head that the procurement system meets approved standards.

2. Redelegation

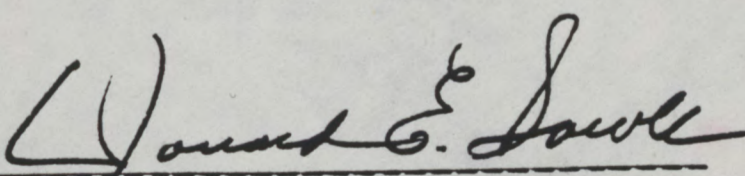
- a. The authority delegated in paragraph 1.a. may be redelegated only with respect to agency interanal procurement policies, procedures and regulations.
- b. None authorized with respect to paragraph 1.f., i. and k.
- c. The authority delegated in paragraphs 1.b., c., d., e., g., h. and j may be redelegated in writing with the power of further redelegation.

Approved:



 Joseph R. Wright, Jr.
 Deputy Director
 Office of Management
 and Budget

Approved:



 Donald E. Sowle
 Administrator for Federal
 Procurement Policy

DATED: June 30, 1982

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1982 JUN -9 AM 11:10

RECEIVED
OFFICE OF THE CHAIRMAN

THE WHITE HOUSE

WASHINGTON

June 2, 1982

WH-25

MEMORANDUM FOR

GERALD P. CARMEN
ADMINISTRATOR OF GENERAL SERVICES

DAVID A. STOCKMAN
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

FROM:

EDWIN L. HARPER 
CHAIRMAN, PROPERTY REVIEW BOARD

SUBJECT:

Transfers of Excess Federal Property

Executive Order 12348 established the Property Review Board (PRB) to oversee the President's program to improve the management of Federal real property. The Office of Management and Budget has decided with the Administrator of GSA that property excessed by a Federal agency should be transferred to another Federal agency only upon payment of the full fair market value for the property.

To implement this policy, the Board is providing the following guidance:

1. Any exception to this policy must be endorsed by the head of the executive department or agency. The unavailability of funds alone is not sufficient to justify an exception.
2. The request for exception should be submitted to GSA for referral to the Director of OMB, and include an explanation of how the exception would further essential agency program objectives and at the same time be consistent with Executive Order 12348.
3. If the Director of OMB approves the exception, the Administrator of GSA shall be notified and may then complete the transfer. A copy of the OMB approval should be sent to the PRB.
4. The agency requesting the exception should assume responsibility for protection and maintenance costs where the disposal of the property is deferred for more than 30 days because of the consideration of the exception.

cc: Heads of All Executive Departments and Agencies

June 16, 1982

Ms. Virginia H. Knauer
Special Assistant to the President
The White House
Washington, D.C.

Dear Ms. Knauer:

We will be pleased to review Professor Morse's proposal for a "uniform standard for interest rate disclosure" which is described in the attachment to your letter of June 4, 1982. I will be back to you as soon as we have completed our analysis.

Sincerely,

GG:ja
WH-24
MI-020321

cc: Chairman's Office (2)

FOR FILES
S. Wolfe

THE WHITE HOUSE

WASHINGTON

June 4, 1982

WH-24

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1982 JUN -7 AM 8:52
RECEIVED
OFFICE OF THE CHAIRMAN

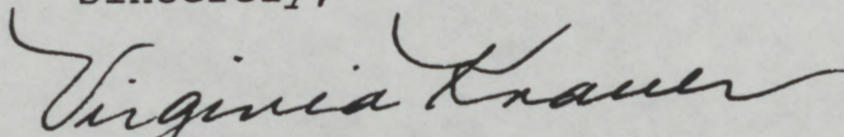
Dear Chairman Volcker:

Dr. Richard L. D. Morse, Professor and Head, Department of Family Economics, Kansas State University, and a nationally recognized spokesman on consumer credit matters, has proposed in a letter to me a Universal Standard for Interest Rate Disclosure. Enclosed is a copy of that letter and the proposal which I find to be a very fascinating concept.

Certainly, if there could be a single, relatively uncomplicated method to assist consumers universally to assess and compare interest rates, consumers would have a very valuable aid in evaluating their credit options in today's complicated marketplace. Such an approach meshes well with President Reagan's view that "an informed and educated consumer is vital to the longterm healthy growth of our economic system."

Would you please review this proposal and give me the benefit of your views as to its merits. I am also enclosing a critique form prepared by Dr. Morse which may be of assistance in your review.

Sincerely,



Virginia H. Knauer
Special Assistant to the President

Mr. Paul Volcker
Chairman
Federal Reserve Board
20th & Constitution Avenue, N.W.
Washington, D.C. 20551



Department of Family Economics

Justin Hall
Manhattan, Kansas 66506
913-532-5515

May 15, 1982

Virginia Knauer
Special Assistant to the President
on Consumer Affairs
Executive Office Building
Washington, DC

Dear Mrs. Knauer:

For many years I have been concerned that consumers do not have an adequate understanding of savings. Until very recently savings options were so limited that most consumers made savings decisions based more on habit and convenience than on factual knowledge of alternatives.

That picture has changed. Consumers now enjoy a wide assortment of savings opportunities. There is a considerable range of rates, maturities and liquidity options. One consequence of this breakthrough is that even sophisticated consumers are usually unable to understand and interpret correctly the myriad of terms being offered. Even for a traditional passbook account there are over 12,000 different ways to figure interest at any given advertised interest rate. With the advent of creative financing, the varieties of systems defy simple interpretation for consumers.

We must encourage consumers to save. Yet their self-confidence may be shaken by insecurity. This is particularly true of our elderly population who dare not risk their savings in something they do not understand. They cannot be enthusiastic about savings if they are apprehensive and concerned whether their savings decisions are being made on merely a "best guess" basis.

I am concerned about the consequences of consumers feeling insecure about their savings decisions. I think something needs to be done and can be done to give them a feeling of confidence that they have a good grasp on the facts.

Let me outline three approaches that have been suggested:

The first proposal is of the nature of a "quick fix". The "quick fix" would be to standardize the way interest is figured on all savings. For example, continuous compounding might be required. Yet, even though a mandatory standard might eventually reduce or eliminate confusion, it would create tremendous adjustment problems over an extended transition period. Also, it is debatable whether any single method of figuring interest is feasible or desirable.

A second alternative is Truth in Savings which would require full disclosure of the various methods and terms in carefully defined terminology. You will recall that in 1973 William E. Simon, then Deputy Secretary of the Treasury, and you urged the adoption of such legislation. Truth in Savings was Title I of the administration's bill on financial reform, introduced by Senators Tower and Sparkman in the 90th Congress. That bill would require savings institutions to use the same defined terminology, but not restrict the variety of ways savings programs are offered. A more serious problem is that it would require legislative enactment, and the prevailing mood of the Congress and this Administration is not to seek legislative initiatives.

A third alternative is to establish a Universal Standard for Interest Rate Disclosure. This would not replace present methods, but provide a means for translating interest into a standard format. It would permit direct comparisons of interest rates internationally as well as between different types of financial instruments. It would do this without disturbing prevailing methods of figuring interest and trade practices of private industries or governments. Like all standards, it would be well defined and recognized universally. Its use would be optional and not required, but if used, it would be required to adhere to established standards. It has been proposed as a Universal Standard for Interest Rate Disclosure and submitted to the International Standards Organization for consideration.

Of the three approaches, I believe the universal standard has merit and offers viable movement in the right direction. It will move, however, only as rapidly as it gains acceptance by the financial community. Acceptance, in turn, depends on its merit as judged by your expert advisors.

My reason for writing you is to solicit your thoughts and ideas as to the strengths and weaknesses of the enclosed proposed standard. Succinctly, the standard proposes that interest be expressed as an equivalent of that daily rate which, compounded daily on daily balances, would cause the beginning principal amount to result in a specified closing principal amount over a specified period of days.

For example, a 182-day Treasury bill purchased at \$9,521.90 to mature in 182 days at \$10,000 would be quoted as having a bank discount rate of 9.45%, or an "investment yield" of 10.10%, for leap year or 10.07% for one year, neither of which may be directly comparable with the rate quoted for a savings certificate. And the yield on the CD can vary depending on whether the nominal rate has a 360 or 365-day base. The proposed standard would report that an investment which grows from \$9,521.58 to \$10,000 in 182 days would be the equivalent of one which if compounded daily at a daily rate of 2.6921¢ per \$100 would have an annualized equivalent APR of 9.826% and Annual Percentage Yield of 10.324%.

I find the proposal attractive because (1) I believe the cents per \$100 per day can be understood and used confidently by all literate consumers,

Virginia Knauer
May 15, 1982
Page 3

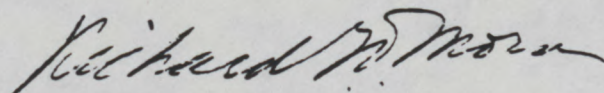
and (2) I believe every bank, credit union, savings and loan teller can run through the calculations in less than a minute using a \$35 hand calculator. I am excited about what this can do for consumer education and advance our understanding of interest rates.

In closing, a word of caution: You will notice under "Unfinished Business" recognition of its limited applicability and that adjustments for more complicated financial situations will need to be developed.

Meanwhile, I look forward to your response and learning whether you consider the proposal worthy of future consideration.

Thank you.

Sincerely yours,



Richard L. D. Morse
Professor and Head

RLDM/mw

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Citation Information

Document Type: Summary statement

Number of Pages Removed: 4

Citations: Morse, Richard L.D. "Summary Statement: Universal Standard for Interest Rate Disclosure." May 15, 1982.

CRITIQUE OF PROPOSED UNIVERSAL STANDARD FOR INTEREST RATE DISCLOSURES

1. Is the proposal technically (mathematically) sound for situations involving a known beginning amount, known ending amount and known number of days intervening with no activity?

Yes _____ No _____ Comment:

2. The word "annual" in APR refers to a 365-day year thereby removing ambiguity arising out of leap year and of other numbers of days such as 360, 362, and 368. The actual number of days in the calendar year would not change; there will continue to be one extra day in leap year. However, APR will always convey a rate for a 365-day time period. Does the definition of the word "annual" present any major problems beyond those of making the transition to the standard?

Yes _____ No _____ If so, what are the problems?

3. Other than under the Truth in Lending Act, the annual rate is not precisely defined. The proposal uses a precise definition of APR as the Periodic Percentage Rate times the number of periods in a (365-day) year. The APR is often and correctly referred to as the "nominal" rate since it is a derived rate, obtained by annualizing the working periodic rate. Does the concepts of APR present a conceptual problem?

Yes _____ No _____ If so, what other one concept would be preferable?

4. The concept of Annual Percentage Yield likewise refers to a 365-day time period and expresses as a percentage the hypothetical yield. Do you find the definitions of APR and APY to be sufficiently tight that they can be adhered to and not be misused?

Yes _____ No _____ Suggestions for substitute terminology.

5. Are there other terms you would prefer to substitute for APR and APY expressing the same concepts?

Yes _____ No _____ Suggestions for substitute terminology.

6. Since it is not customary to quote the rate paid each compounding period, but to give only the nominal rate, it would not be surprising for you to question why the daily rate quotation is necessary. I would expect you to consider its use an unnecessary burden and source of confusion. The arguments for quoting the daily rate are two: (1) It is the rate actually being paid each day; it is not a "nominal" or "hypothetical" rate. (2) It can be stated in a way that is meaningful to consumers; they can identify with the cents, 100 dollar units, and a day, as in "cents per \$100 per day." Would you agree with this position?

Yes _____ No _____ If no, how would you suggest having the rate paid daily quoted?

7. In summary, do you feel the proposal merits further consideration?

Yes _____ No _____ Comment:

8. Would you or your staff be interested in participating in a conference to further explore this and other ideas for bringing greater clarity to consumer savings rate quotations.

Yes _____ No _____ Comments:

9. To whom in your organization would you prefer the further correspondence on this matter be directed?

Please return to: Virginia Knauer
Special Assistant to the President
on Consumer Affairs
Executive Office Building
Washington, DC