

OTHER AGENCIES

COMMODITY FUTURES TRADING COMMISSION

The Commodity Futures Trading Commission (CFTC) ensures the integrity and effectiveness of the U.S. futures and options markets. It protects investors by preventing fraud and abuse and ensuring adequate disclosure of information. Major activities of the Agency include: promulgating regulations governing commodities futures markets; detecting and prosecuting investor fraud; and monitoring the markets in order to prevent illegal price manipulation efforts. In 2005, CFTC initiated 132 new investigations and filed 69 enforcement actions against 218 suspected violators of commodity trading laws.

The 2007 Budget proposes to fund CFTC's activities through a new transaction fee. CFTC is the only financial regulator not funded through fees; this proposal will shift the regulator's cost from the general taxpayer to the primary beneficiaries of CFTC's oversight. The Budget proposes a \$127 million program level for CFTC.

In response to its Program Assessment Rating Tool assessment, CFTC has begun to work with other agencies that perform similar regulatory and oversight functions to develop performance measures that better reflect program effectiveness, including one that can quantify increased efficiencies in the enforcement of violations of commodity laws and regulations.

CONSUMER PRODUCT SAFETY COMMISSION



Baby cribs are one of 15,000 consumer products under CPSC's jurisdiction.

The Consumer Product Safety Commission (CPSC) is responsible for protecting families from hazards related to consumer products in its jurisdiction, such as toys, baby cribs, power tools, cigarette lighters, and household chemicals. CPSC monitors injuries and deaths resulting from consumer products and works with industry to develop voluntary standards to make products safer. Where these steps are insufficient to protect Americans from unnecessary risks, CPSC develops mandatory rules and conducts product recalls. CPSC also educates consumers on potentially dangerous products. A list of recalled products can be found at www.recalls.gov. The President's 2007 Budget

includes \$62 million for CPSC to sustain existing safety efforts and continue providing national consumer product safety leadership.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

The Corporation for National and Community Service (CNCS) provides service opportunities for Americans of all ages and backgrounds to address critical community needs. Through AmeriCorps, Senior Corps, and Learn and Serve America, CNCS helps Americans answer the President's Call to Service. These programs support volunteer activities that include tutoring and mentoring children, assisting the elderly, preserving the environment, building homes for low-income families, and mobilizing volunteers to respond to disasters. The 2007 Budget requests \$851 million for CNCS to continue its core national service programs. This level will allow CNCS to generate service opportunities for some 2.5 million Americans.

Strengthening Communities Through Service

According to the Bureau of Labor Statistics, volunteer service is on the rise. In 2005, more than 65 million Americans volunteered, an increase of 2 million from 2003. The Corporation is committed to accelerating this trend and engaging 75 million Americans in service by 2010. In 2005, the spirit of volunteerism was a key factor in the recovery and relief efforts following the devastation in the Gulf Coast caused by Hurricane Katrina. More than 13,000 participants in the Corporation's programs—including AmeriCorps, Senior Corps, and Learn and Serve America—helped in the relief efforts by clearing debris, evacuating individuals with disabilities, rebuilding homes, and establishing volunteer centers. The 2007 Budget requests a total of \$479 million to support the President's goal of 75,000 AmeriCorps members, including \$95 million for the AmeriCorps VISTA program and \$125 million in the National Service Trust to support member education awards. The Budget will enable AmeriCorps members to continue assisting with the long-term disaster relief activities in the Gulf Coast and help meet other pressing community needs while earning an education award of up to \$4,725 to help finance college costs or repay student loans. In addition, the Budget provides \$218 million to support nearly 500,000 Senior Corps volunteers; \$34 million for Learn and Serve America to engage one million youths in service-learning education; \$10 million for the Points of Light Foundation to connect individuals, businesses, and community-based nonprofits to volunteer opportunities across America; and \$5 million for America's Promise to support a Communities of Promise network to help build the character and competence of young people.

Cultivating a Culture of Performance and Accountability

The 2007 Budget continues the Corporation's program and management reforms. It requests \$70 million, a \$4 million increase, for program administration to implement recommendations of the National Academy of Public Administration, including reducing management overhead costs. The Budget also provides \$5 million to close out operations of the National Civilian Community Corps (NCCC) demonstration program, which was rated Ineffective in a recent assessment using the Program Assessment Rating Tool (PART). The PART analysis found that the program's residential design significantly contributed to its \$28,000 per-participant cost, and found no rationale for NCCC's existence as a residential program.

DISTRICT OF COLUMBIA

The District of Columbia (D.C.) is the Seat of Government of the United States, over which the Congress exercises exclusive authority to legislate. In the exercise of that authority, the Congress has established by law a government for D.C.

The 2007 President's Budget provides \$143 million for D.C. This includes \$76 million to support D.C. school children, as well as \$67 million in funding for other D.C. programs. The 2007 Budget continues the investment initiated in 2004 in the D.C. School Choice program, with \$15 million. This program helps increase the capacity of the District to provide parents—particularly low-income parents—more options for obtaining a quality education for their children who are trapped in low-performing schools. Since 2004, over 2,700 children have matriculated to their preferred school. As part of the Administration's commitment to improving education in D.C., the Budget continues funding for D.C.'s public and charter schools, with \$26 million. The Budget also continues to support the D.C. Resident Tuition Assistance program, with \$35 million. This program was started in 1999 and allows District residents to attend public colleges nationwide at in-State tuition rates.

The 2007 Budget also supports D.C.'s public safety response to events directly related to the Federal Government's presence in the District, with \$9 million to defray the cost of events, such as protection for the annual World Bank and International Monetary Fund meetings. In addition, the Budget proposes \$20 million to expand the capacity of the Navy Yard Metro station, which is expected to accommodate an additional 10,000 Federal employees and contractors upon completion of the Federal Center Southeast area. Furthermore, the Budget includes \$30 million in Federal support to begin construction on a new central library and renovate neighborhood branches.

The President's Budget proposes an increase in the amount of Federal funding the District receives for child welfare services, specifically foster care and adoption assistance. The Budget increases the District's reimbursement rate under Title IV-E of the Social Security Act from 50 to 70 percent. Title IV-E is the primary Federal funding source that provides foster care and adoption subsidy payments, which enable families to adopt special needs children from foster care. This adjustment will bring the Title IV-E Federal match rate in line with the District's Medicaid match rate, as it is in other States.

The Federal Government has a particular interest in ensuring the Nation's capital provides a healthy, vibrant environment for its employees, local citizens, and visitors from across the United States and the world. Accordingly, the Administration presented a bill to the Congress last spring that would transfer land between D.C. and the Federal Government. The proposed bill would facilitate construction of a secure headquarters for the U.S. Coast Guard and dismiss lawsuits brought against the Federal Government by the District. The Administration will continue to work with the Congress to enact this important legislation.

DISTRICT OF COLUMBIA COURTS

Federal appropriations finance the capital and operating expenses of District of Columbia Courts pursuant to the 1997 National Capital Revitalization and Self Government Improvement Act. The President's Budget provides \$240 million to the Courts, including \$51 million for significant improvements in the Judiciary Square area. Judiciary Square is the center of many criminal justice functions in the District and is the home of the D.C. Superior Court, as well as a variety of other city and Federal criminal justice agencies. Improvements in the area include a full restoration of the city's Old Courthouse. Work on the Old Courthouse began in early 2005. The Old Courthouse was originally built between 1821 and 1881 and is listed on the National Register of Historic Places. The D.C. Courts will also undertake significant design and renovation work on the H. Carl Moultrie Courthouse.

ELECTION ASSISTANCE COMMISSION

The Election Assistance Commission provides funding to States to improve election equipment and the administration of Federal elections. Since enactment of the Help America Vote Act of 2002,

the Federal Government has provided approximately \$3 billion to upgrade voting systems, develop electronic voter registration lists, assure access for individuals with disabilities, and train election officials for all 50 States, the District of Columbia, and four territories (Puerto Rico, Guam, American Samoa, and the American Virgin Islands). The 2007 President's Budget proposes \$17.1 million for the Commission to continue work on the Voluntary Voting System Guidelines, which includes standards for accessibility, security, usability, and core software and hardware requirements for all voting systems, as well as accreditation of testing laboratories, and certification of voting systems.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The Equal Employment Opportunity Commission (EEOC) enforces Federal laws that prohibit employment discrimination based on race, color, sex, religion, national origin, age, or disability. EEOC also seeks to prevent discrimination through outreach, education, and technical assistance that promote employers' voluntary compliance with the law.

In 2005, EEOC marked its 40th anniversary and took significant steps to improve its service. The Agency launched a two-year pilot national contact center, which operates a toll-free phone number (1-800-669-4000) and has made the Agency even more accessible to the public. The pilot phase will end in 2006. The center has answered more than 24,000 calls a month and offers translation services so that people can communicate in more than 150 languages. To reflect the changing geographic distribution of its caseload, the Commission approved a plan to reposition the Agency's field office structure. This plan is designed to enhance service delivery and improve the efficiency of EEOC's operations.

The 2007 Budget provides \$323 million for EEOC. With this funding, EEOC's employees will continue to meet its important responsibilities of enforcing civil rights law, investigating and litigating discrimination charges, and reaching out to inform workers and employers about their rights and responsibilities. To support the President's New Freedom Initiative—a strategy to integrate people with disabilities fully into the Nation's life—EEOC will continue its project to identify States' best practices for removing employment barriers faced by people with disabilities. The Agency will publish a report on this project in 2006.

EXECUTIVE OFFICE OF THE PRESIDENT

The Executive Office of the President (EOP) includes a number of organizations dedicated to serving the President. As part of the 2007 Budget, the Administration requests a three-part initiative, which would:

- Consolidate the annual appropriations for the White House Office, the Office of Policy Development, Executive Residence, the Office of Administration (OA), White House Repair and Restoration, the National Security Council, and the Council of Economic Advisers into a single appropriation called The White House;
- Extend the general provision for limited transfer authority in section 725 of the Departments of Transportation, the Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006 (Title VII of Public Law 109-115), to provide a 10-percent transfer authority among the following accounts: The White House, Special Assistance to the President and Official Residence of the Vice President, the Office of Management and Budget, the Office of the United States Trade Representative, the Office of National Drug Control Policy, the Council on Environmental Quality, and the Office of Science and Technology Policy. Transfers from the Special Assistance to the President and the Official Residence of the Vice President account are subject to the approval of the Vice President; and

- Continue centralization of common services into OA.

This initiative enables the EOP and the Office of the Vice President to exercise best business practices through the efficient use of budget resources supporting the offices of the President and Vice President.

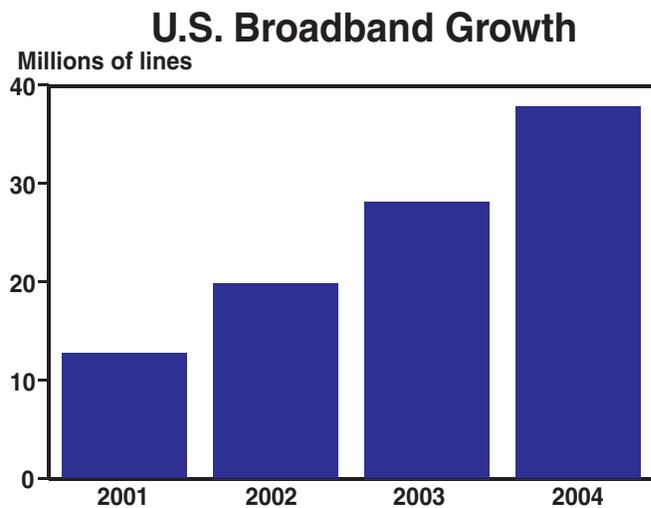
Resources requested for the EOP appropriations in 2007 total \$331 million, or 0.6 percent below the 2006 funding level.

FEDERAL COMMUNICATIONS COMMISSION

The President's 2007 Budget proposes \$303 million for the Federal Communications Commission (FCC), of which \$302 million would be offset directly by regulatory fees. This funding supports the Commission's ongoing work to ensure that Americans have rapid and efficient communications services.

There has been enormous growth in advanced communications technologies in recent years. According to the most recently issued FCC report on broadband high-speed Internet access, at the end of 2004, the number of total broadband subscribers reached approximately 38 million. This represents a 34-percent increase from 2003, and a 440-percent increase from 2000, when the United States had seven million broadband lines. The dramatic growth in broadband depicted in this report shows that progress is being made toward the Administration's goal of universal, affordable access to broadband by 2007.

FCC plans to auction 90 megahertz of spectrum for advanced wireless services in 2006 and 2007, half of which represents spectrum moving from Federal to private use. This spectrum will allow mobile wireless companies the opportunity to become broadband providers—further stimulating vigorous competition and bringing better prices and improved services to consumers.



Source: Federal Communications Commission.

Ensuring Public Resources Are Used Effectively

The radio spectrum plays an increasing role in everyday life, as wireless devices and technologies proliferate. To promote efficient spectrum use, the Administration supports granting FCC authority to set user fees on unauctioned spectrum licenses based on public-interest and spectrum-management principles.

Spectrum assignment policy has not kept pace with the changing market. Service providers using different technologies to deliver a similar product can face different spectrum license acquisition costs. The lack of parity in spectrum assignment creates incentives that can diminish the overall utility of the spectrum.

User fees will help to ensure that spectrum is put to its highest and best use, by internalizing the value of spectrum to license holders. This will have the effect of advancing U.S. economic growth and technological progress. Fee collections are estimated to begin in 2007 and total \$3.6 billion in the first 10 years.

Spectrum auctions have proven to be an effective mechanism to assign licenses for certain spectrum-based services. The Administration supports legislation to permanently extend FCC's auction authority.

To ensure that public funds are used effectively, the Administration proposes to eliminate the Telecommunications Development Fund, a poorly performing venture capital enterprise financed by interest earned on spectrum auctions.

The Administration supports reconciliation legislation that sets a date certain for the transition from analog to digital television broadcasts, requires the auction of recovered analog television spectrum, and provides for consumer education on the transition. The legislation will ensure the provision of advanced multi-channel video service to consumers, as well as make available valuable spectrum for public safety use and telecommunications innovation. When this transition occurs, it will bring benefits to consumers as well as emergency responders, and support the Administration's priorities of homeland security and economic growth.

FEDERAL DEPOSIT INSURANCE CORPORATION AND NATIONAL CREDIT UNION ADMINISTRATION

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

Currently, the Federal Government, through FDIC and NCUA, insures \$4.3 trillion in deposits at more than 17,000 institutions. These agencies maintain insurance reserves to reimburse depositors at failed institutions. FDIC and NCUA fund these reserves through assessments on insured institutions, recoveries of assets liquidated from failed institutions, and interest credited to these reserves from U.S. Treasury securities. At the end of 2005, the insurance reserves at FDIC exceeded \$48 billion, while the insurance fund balance at NCUA was over \$6 billion.

Financial Reporting Modernization

On October 1, 2005, FDIC, together with the Federal Reserve and the Office of the Comptroller of the Currency, implemented a new financial reporting system to process the Reports of Condition and Income for the Nation's 8,000 commercial and savings banks. These Call Reports provide data on institutions' financial condition and are used by Federal regulators in their daily offsite bank monitoring activities. They are the only publicly available source of information regarding the status of the U.S. banking system and thus are also used by the public, academics, the Congress, State banking authorities, and bank rating agencies. The Central Data Repository (CDR) is the first financial regulatory reporting system in the United States to employ eXtensible Business Reporting Language (XBRL), and to date is the largest such effort worldwide. CDR's use of XBRL—an open Internet data standard that improves the transparency and accuracy of the reporting process by adding descriptive “tags” to each data element—has resulted in high quality data being available much faster to regulators and the public about the condition of the \$9.3 trillion commercial banking industry. In addition, CDR's implementation has resulted in a more efficient and lower cost data collection and validation process for the Federal banking agencies.

A Program Assessment Rating Tool analysis of NCUA's oversight of Federal credit unions has shown that it contributes to the safety and soundness of the credit union industry and performance measures support the fact that the industry is in sound financial condition.

While the deposit insurance system for banks and thrifts is generally sound and well managed, inherent weaknesses in the system prompted the President to propose reforms. In 2005, the Congress included these reforms in the Deficit Reduction Act, which the Budget assumes will be enacted. Under the Act, the bank and thrift insurance funds will be merged, which will provide for a stronger and more diversified fund better able to withstand future losses. FDIC will have more flexibility to manage the fund and charge risk-based premiums, so fund reserves can grow when economic conditions are good and allow the fund to better absorb losses under adverse conditions without sharp premium increases. Additional reforms will also provide authorization to FDIC and NCUA to increase deposit insurance coverage limits for non-retirement accounts based on inflation in future years if determined prudent by their Boards, and the limit on deposit insurance for retirement accounts will be increased to \$250,000 for retirement accounts.

FEDERAL ELECTION COMMISSION

The Federal Election Commission (FEC) administers the Federal laws governing financing of candidates for the Presidency, Vice Presidency, the U.S. Senate, and the U.S. House of Representatives. FEC requires candidate disclosure of campaign finance information, enforces financing and contribution limits, and oversees the public funding of Presidential elections. The President's Budget proposes \$57.1 million to fund these activities in 2007.

FEDERAL HOUSING ENTERPRISE REGULATOR

The Administration again proposes broad reform of the supervisory system for Government-sponsored enterprises (GSEs) in the mortgage market: Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System. Part of this reform includes establishing a new, independent safety and soundness regulator for the housing GSEs with powers comparable to other world-class financial regulators, and with the stature and resources necessary to carry out its responsibilities. The Administration's proposal promotes a strong, resilient financial system and increased opportunities for affordable homeownership. (See the Credit and Insurance chapter in the *Analytical Perspectives* volume for a background discussion.)

FEDERAL TRADE COMMISSION

The Federal Trade Commission (FTC) enforces consumer protection laws that prevent fraud, deception, and unfair business practices. The Commission also enforces Federal antitrust laws, which prohibit anticompetitive mergers and other business practices that restrict competition and harm consumers. In addition, FTC promotes consumer choice and public understanding of free markets. The President's 2007 Budget proposes \$223 million for FTC, which will be partially offset by fee collections from businesses for merger filings, and from telemarketers who access the National Do Not Call Registry to avoid calling registered phone numbers.

Identity theft is among the Nation's fastest growing crimes and affects approximately 10 million Americans every year. Identity theft has resulted in billions of dollars in losses for businesses and consumers. The fight against identity theft is a key Administration priority. Accordingly, the Budget provides FTC with \$27 million to further its consumer protection mission, a large part of which is FTC's commitment to identify and prevent identity theft. This enhancement will strengthen

Consumer Sentinel, a secure website that relays fraud and identity theft complaints to more than 1,300 domestic and international law enforcement agencies.

As part of its continued efforts to stop identity theft and increase consumer credit protection, FTC will continue to work on new rules to implement the Fair and Accurate Credit Transactions Act. Most notably, FTC has issued a new rule requiring businesses and individuals to take appropriate measures to dispose of sensitive information derived from consumer reports.

The Budget includes funding for FTC to continue enforcing the National Do Not Call Registry in partnership with States and the Federal Communications Commission. Since its inception, more than 110 million numbers have enrolled in the Do Not Call Registry, which has stopped over 835 million unwanted telemarketing calls each month. In various external surveys, a large majority of consumers who registered numbers have reported receiving fewer telemarketing calls.

In addition, FTC will continue to analyze the many factors that influence fluctuations in the prices that Americans pay for gasoline at their local gas stations. As part of its efforts to monitor the marketplace for anticompetitive mergers and practices, FTC pursues remedies in antitrust cases regarding a variety of consumer issues, such as high technology, health care, and oil and gasoline.

The Budget supports FTC's continued work to help ensure that American businesses and consumers reap the full benefits of our free market.

GENERAL SERVICES ADMINISTRATION

The President's Management Agenda and related administrative reforms have raised the standards that Federal agencies are expected to meet for performance, efficiency, and compliance with applicable laws, regulations, and policies. The General Services Administration (GSA) assists Federal agencies in meeting those higher standards by providing superior workplaces, expert information technology solutions, and best value acquisition services.

GSA owns approximately 1,600 buildings, accounting for about 177 million square feet of space. GSA continues its efforts to assess the financial and physical condition of its existing inventory and is restructuring its real estate portfolio to focus its capital reinvestments primarily on its highest performing properties. Since 2001, GSA has completed 32 construction projects and 58 major repairs and alterations projects. In 2007, the Budget proposes funding for 11 major construction projects and 11 major repair and alteration projects. The most sizable project is the redevelopment of the West Campus of St. Elizabeth's Hospital in Washington, D.C. The first phase of this project will be a new headquarters facility for the U.S. Coast Guard.

The 2007 President's Budget reflects GSA's continuing progress on combining its technology and supply organizations into the new Federal Acquisition Service (FAS). Merging the two organizations will allow GSA to offer Federal agencies a balanced suite of best value services and products that will help them meet their mission performance and efficiency targets. The new FAS will also help agencies participate in Government-wide efforts to improve administrative efficiencies by identifying procurements that support strategic sourcing and developing information technology systems that support the Federal Enterprise Architecture. The FAS vision is to become the premier source of contracting, technology and project management expertise within the Federal Government. FAS will enhance GSA's capability to meet Federal customer requirements for timely delivery of quality goods and services while at the same time improving internal efficiencies at GSA. The result of the restructuring will yield significant organizational efficiencies, streamline processes, and increase agency savings. GSA will also continue to pursue legislation to merge the Information Technology and General Supply Funds. The merger of these two funds is essential to realize fully the objectives of the reorganization.

The President's Budget will advance the President's Management Agenda on Electronic Government (E-Gov) by providing \$5 million for E-Gov Fund projects that use improved Internet-based technology to make it easy for citizens and businesses to interact with the Government and save taxpayer dollars. The Budget also would allow GSA to utilize up to \$40 million in surplus revenues obtained from the fees agencies pay when procuring goods and services from GSA to significantly expand the scope and number of these E-Gov projects.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

The Institute of Museum and Library Services (IMLS) is established within the National Foundation on the Arts and Humanities. Through its grant programs and leadership activities, IMLS assists museums and libraries in performing their vital role in educating our citizens and strengthening our communities. The Administration continues to support the important role of libraries and museums with a 2007 Budget proposal of \$262 million, a \$15 million increase over the 2006 level.

The Budget proposes an \$8 million increase for the Library State Grants program, which supports State efforts to promote access, for individuals of all ages, to learning and information resources at all types of libraries. The Administration is requesting \$26 million for the Laura Bush 21st Century Librarians Program, a \$1 million increase, to continue support for innovative programs for the recruitment and education of a new generation of library professionals who are prepared to tackle the technological challenges of the information age.

In addition, the Budget proposes the consolidation of the National Commission on Library and Information Sciences, as well as the current National Commission for Education Statistics programs for public and State library statistics into IMLS, beginning in 2008. The Administration believes that this move would strengthen Federal library policy efforts and enhance our National research capacity on domestic and international library trends.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

The National Archives and Records Administration (NARA) safeguards records of all three branches of the Federal Government and ensures ready access by the public to records documenting the actions of Government officials and agencies. NARA thus has a crucial role in facilitating public understanding of the functions of the Federal Government under the Constitution and in preserving the Nation's history. In 2007, the Budget proposes \$338 million for NARA. Of this funding, \$45 million will go toward development of basic preservation and access capabilities of the Electronic Records Archives project, a comprehensive means for NARA to address the challenges of preserving and providing access to the growing number of Government electronic records.

NATIONAL ENDOWMENT FOR THE ARTS

The National Endowment for the Arts (NEA) supports excellence in the arts, brings the arts to all Americans, and provides leadership in arts education. In 2007, the Budget proposes \$124 million for programs and associated costs, including Challenge America: Reaching Every Community grants; and national initiatives, such as American Masterpieces: Three Centuries of Artistic Genius. The American Masterpieces initiative will continue to celebrate our Nation's great artistic achievements with special touring programs in dance; visual arts; literature; choral music and musical theater; local presentations; in-school arts education programs; and student visits to exhibitions, presentations, and performances. NEA will fund projects that extend the reach of the arts by supporting

works of artistic excellence and promoting projects in communities that have not had access to quality arts programming. These projects will be supported with public and private partners, including State arts agencies and regional arts organizations.

NATIONAL ENDOWMENT FOR THE HUMANITIES

The National Endowment for the Humanities (NEH) serves and strengthens our Nation by promoting excellence in the humanities and conveying the lessons of history to all Americans. NEH accomplishes this mission by providing grants for high-quality projects in humanities education, research, preservation and access, and public programming. In 2007, the Budget provides \$141 million for NEH. Of this, \$15 million is for the continued support of the Agency's We the People program, which is strengthening the teaching, study, and understanding of our Nation's history and culture. NEH funding also supports: partnerships with State humanities councils; the enrichment of humanities education; efforts to preserve and increase access to important cultural and intellectual resources; and museum exhibitions, television and radio documentaries, as well as reading programs in the humanities that reach millions of Americans.

NATIONAL LABOR RELATIONS BOARD

The National Labor Relations Board (NLRB) administers the National Labor Relations Act by regulating private-sector employer and labor relations to minimize disruptions to commerce caused by strikes, lock-outs, and other forms of worker-management discord. NLRB supervises secret-ballot elections in which employees determine whether to be represented by a union. The Board also investigates and remedies charges of unlawful acts, called unfair labor practices, by unions or employers. In 2007, NLRB expects to receive some 26,000 unfair labor practice cases and 5,100 union representation cases.

The 2007 Budget requests \$250 million for NLRB activities. Fair and expeditious case resolution will continue to be NLRB's highest priority in 2007. The Agency is more effective when it can achieve a voluntary resolution to meritorious cases, thereby reducing the need for time-consuming and costly litigation. In 2005, NLRB's case settlement rate of 97.2 percent exceeded its goal of settling 95 percent of its unfair labor practice cases before they require litigation. NLRB has also implemented case management improvements to reduce its case backlog. Between 2003 and 2005, the backlog dropped from over 1,000 cases to fewer than 400, a reduction of over 60 percent.

NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board (NTSB) is charged with determining the probable causes of transportation accidents and promoting transportation safety. The Board investigates accidents, conducts safety studies and issues recommendations, and evaluates the effectiveness of other Government agencies in preventing transportation accidents. The Board also coordinates Federal assistance to the families of victims of catastrophic domestic transportation accidents. The 2007 Budget provides funding for NTSB to investigate more than 2,500 accidents.

The 2007 Budget provides \$80 million for salaries and expenses for NTSB to fulfill its role of improving the Nation's transportation safety.

NUCLEAR REGULATORY COMMISSION

The Nuclear Regulatory Commission (NRC) regulates the commercial use of nuclear material in the United States. Its programs facilitate the Nation's safe and effective use of nuclear materials for civilian purposes. Consistent with the National Energy Policy (May 2001), the President's 2007 Budget provides NRC with the funds it needs to keep pace with the industry's interest in the renewal of nuclear power reactor licenses and the possible construction of new nuclear power plants. To date, NRC has renewed the operating licenses for 39 of the existing 104 nuclear power plants. In 2007, NRC expects to begin reviewing six new renewal applications and to complete the reviews of two applications. NRC will continue to improve the effectiveness and efficiency of its review of designs for new reactors and to prepare for expected combined license applications. In addition to licensing, NRC also performs inspections on all existing nuclear power plants to ensure that safety issues are identified and resolved before they affect safe plant operation.

Since September 2001, NRC has strengthened its regulatory programs to enhance homeland security and preparedness, including actions to improve security at the Nation's civilian nuclear power plants, nuclear fuel facilities, and other licensed users of radioactive materials. These efforts will continue in 2007.

The Department of Energy (DOE) plans to submit an application to build a high-level waste repository at Yucca Mountain, Nevada, to NRC. This first-of-a-kind undertaking will involve conducting thorough safety and security evaluations, performance assessments, adjudicatory hearings, and site inspections. NRC will continue to interact with DOE as the Department prepares its license application. Once the application is received, NRC will complete its review and reach a license decision in a timely manner. To carry out these and other activities, the Budget proposes \$777 million in 2007 for NRC. With the exception of those activities that are statutorily excluded from being financed by user fees, NRC will recover 90 percent of its budget from licensees. Appropriations from the Nuclear Waste Fund will cover the costs of the high-level waste repository effort.

OFFICE OF PERSONNEL MANAGEMENT

The Office of Personnel Management (OPM) leads Federal agencies in the strategic management of their human capital, proposes and implements human resources management policy, and provides agencies with ongoing advice and technical assistance for implementing these policies and initiatives. OPM oversees and safeguards the Merit System Principles and veterans' preference, and administers Federal employee benefits programs. OPM also manages the process for personnel security and background checks for national security clearances and the fitness and suitability of applicants, for and appointees to, positions in the Federal service.

The 2007 Budget proposes \$256 million to support OPM's core missions: leading a human capital transformation within the Executive Branch and administering the Federal employees' retirement, health, and life insurance benefits programs efficiently.

Through the Strategic Management of Human Capital, a component of the President's Management Agenda, OPM continues to work with agencies to transform their management of the Federal workforce. In this capacity, OPM provides agencies with the tools to manage their workforce and implements new human resources management policies. In 2007, OPM will take steps to support implementation of major reforms in the Federal civil service, as contained in the Administration's proposed Working for America Act. These reforms include an effort to replace the current antiquated General Schedule pay system with a modern classification, pay, and performance management system that is both results-driven and market-based. The new system also will replace

the current formula-driven, “one size fits all” annual pay adjustment process with a process that allows the President to set and target civilian pay raises in a manner that assists Federal agencies to better manage, develop, and reward employees to better serve the American people.

In addition, OPM is the managing partner for the Human Resources Line of Business and the Enterprise Human Resources Integration project. The Human Resources Line of Business establishes common standards so that back-office personnel processing can be consolidated in common service centers, thereby achieving savings and efficiencies, and allowing agencies to focus on their core mission. The Enterprise Human Resources Integration project will reduce the need for paper personnel documents and improve the currency and accuracy of Federal human resources data.

OPM will pay out \$99 billion in benefits in 2007: \$61 billion to more than 2.5 million Federal retirees, survivor annuitants, and other beneficiaries; \$35 billion in health benefits for about eight million enrollees and dependents; and about \$2.4 billion in life insurance claims from policy holders.

The 2007 Budget includes \$27 million to continue efforts to greatly improve the speed and accuracy of Federal retiree benefit payments by implementing the Retirement Systems Modernization (RSM) effort. RSM is OPM’s central information technology strategy to meet its long-term customer service, business, and financial management goals for Federal employee retirement benefit programs. RSM will allow OPM to process retirement claims in a much more timely and cost-efficient manner. In coming months, the Administration will also identify options for increasing price competition among health plans offered to Federal employees and retirees through the Federal Employees Health Benefits program. Finally, OPM will continue to conduct evaluations of the benefit programs to ensure that they are meeting the needs of Federal employees and retirees and the recruitment and retention needs of the Federal Government as an employer.

POSTAL SERVICE

The Administration continues to strongly support efforts to enact comprehensive postal reform legislation that fosters a healthy Postal Service for future generations. The Postal Service provides an important service to the American people and the economy, and the Administration believes that the Postal Service should continue providing affordable and reliable universal service, while limiting exposure to taxpayers and operating appropriately in the competitive marketplace.

Postal reform must be accomplished in a responsible manner that is fair to taxpayers, ratepayers, and Postal Service employees. It must be consistent with the principles of best governance practices, transparency, flexibility, accountability, and self-finance, as expressed by the President in December 2003, and not have an adverse impact on the Federal budget. To this end, the Administration supports reforms that: allow the Postal Service pricing flexibility, but within a firm annual Consumer Price Index rate cap and with a strict limit on the circumstances when rates can exceed the cap; require compliance with all Securities and Exchange Commission financial reporting standards; and permit greater flexibility in the use of negotiated service agreements and worksharing arrangements. In addition, the 2007 Budget proposes to use the pension savings provided to the Postal Service by the Postal Civil Service Retirement System Funding Reform Act of 2003 (P.L. 108-18) that would otherwise be held in escrow in 2006 and beyond, to put the Postal Service on a path that fully funds its substantial retiree health benefits liabilities.

REGIONAL ECONOMIC DEVELOPMENT AGENCIES

The President’s 2007 Budget proposes \$78 million for the three regional economic development agencies: the Appalachian Regional Commission (ARC), the Delta Regional Authority, and the Denali Commission. The President’s Budget provides the necessary funding to continue the constructive role

that these agencies play as regional coordinators and planners of other Federal investments in their respective regions. Assessing these agencies' performance is difficult, given the small share of total Federal spending in their regions they represent. To help address this and carry out the President's goal of reforming Federal economic development efforts, ARC is working with its State and local partners in creating a Challenge Grant for Regional Innovation. These grants will be awarded to communities that have shown potential to increase economic opportunity and will include performance measures to track a community's progress and ensure wise use of taxpayer funds.

SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission (SEC) protects investors and works to maintain fair, honest, and efficient markets; and facilitates capital formation. SEC's activities are critical to the transparency and efficiency of the Nation's securities markets, which in turn are a vital part of our national economy. In calendar year 2005, the dollar volume of shares traded on the New York Stock Exchange and the Nasdaq Stock Market was almost \$33 trillion. SEC enforces Federal securities laws with respect to key participants in the securities world, including stock exchanges, broker-dealers, investment advisors, mutual funds, and public companies. In 2007, the President's Budget proposes \$905 million for SEC.

Protecting Investors

SEC is the preeminent enforcement agency in investor markets. It works to protect free markets by preventing fraud and manipulation in securities markets by reviewing corporate disclosure data, investigating investor complaints, and monitoring exchanges for unusual activities. In addition, SEC recently created a new Office of Risk Assessment designed to improve the Commission's ability to anticipate potential problem areas across the securities industry by focusing on early identification of new or resurgent forms of fraud and illegal activities. In 2005, SEC opened 947 investigations and initiated an estimated 629 enforcement actions against individuals and entities for violations of securities laws. Through these efforts, SEC was able to halt fraudulent activities quickly, seek civil penalties, and order violators to disgorge ill-gotten gains.

SEC is also an active participant in the President's Corporate Fraud Task Force, an interagency working group led by the Department of Justice designed to aggressively pursue joint civil and criminal actions against corporate wrong-doers.

Improving Transparency

SEC works to strengthen effective competition in free markets by ensuring that all investors have access to certain basic facts about potential investments. SEC acts aggressively to prevent fraud and misrepresentation of facts in securities markets. SEC requires that public companies submit detailed financial information, which it makes available to the public through its website www.sec.gov/edgar.shtml.

SEC focuses on making sure that rules and regulations are clear for market participants, especially small business and individual investors. It is important to the health of the economy, and the role that public companies play in job creation, that the benefits of securities regulation outweigh its costs. SEC established the Advisory Committee on Smaller Public Companies to examine the benefits and costs of the Sarbanes-Oxley Act and other Federal securities laws on smaller public companies. For example, the advisory committee is reviewing the impact of new internal control rules, financial reporting regulations, and corporate governance requirements to evaluate the net benefits to investors.

Its members are also developing recommendations to SEC to ensure that smaller companies are able to grow and succeed by accessing capital in the public markets.

SMITHSONIAN INSTITUTION

In 1829, James Smithson, a British scientist, bequeathed his estate to the American people for the “increase and diffusion of knowledge.” Today, the Smithsonian Institution supports that goal through its operation of National museums and research institutes. Approximately two-thirds of the Smithsonian’s funding is from direct Federal appropriations; the remainder comes from its endowment fund, private donations, business activities, and grants from other Federal agencies.

The 2007 Budget provides \$644 million in funding for the Smithsonian. Funds are provided to complete a major revitalization project at the National Museum of American History, continue an ongoing revitalization project at the National Museum of Natural History, and continue ongoing improvements at the National Zoo. The Budget also includes lease and utility costs and inflation-related adjustments across the Institution. Addressing these increases in a time of fiscal constraint requires that the Smithsonian continue to prioritize and seek out innovative cost-saving mechanisms.

Over the past year, the Smithsonian has made significant progress in many of the President’s Management Agenda initiative areas. In particular, the Smithsonian has made marked progress in coordinating its information technology portfolio, assessing its future workforce needs, meeting Federal requirements for financial management, and linking its budget and senior staff compensation to performance measures.

TENNESSEE VALLEY AUTHORITY

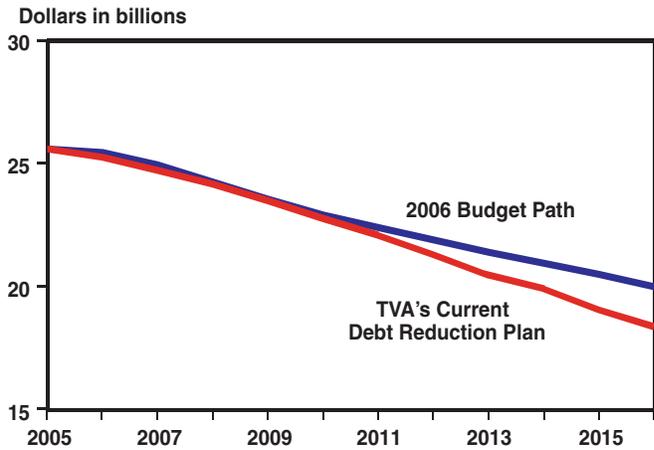
The Tennessee Valley Authority (TVA) was created by the TVA Act in 1933 and provides electric power, performs natural resource stewardship services, and promotes economic development in the Tennessee Valley region. TVA is the largest public electric power system in the United States and is the wholesale power provider to a population of more than eight million consumers throughout most of Tennessee, northern Alabama, northeastern Mississippi, southwestern Kentucky, and small portions of Georgia, North Carolina, and Virginia.

TVA has a diverse mix of power generation assets, including coal, hydro, and nuclear generation. TVA is working to restart its Browns Ferry Nuclear Plant Unit 1, which will be the Nation’s first nuclear generation capacity added in the 21st Century, a milestone in implementing the nuclear power elements of the President’s National Energy Policy. The unit is scheduled to come online in May 2007.

TVA uses its power revenues and borrowing authority to fund power generation and transmission operations as well as its resource stewardship programs. TVA’s 2005 operating revenues totaled approximately \$7.8 billion and its receipts and expenditures are reflected in the Federal budget. In 2005, TVA devoted approximately \$93 million to its resource stewardship program, which includes dam safety, river management, recreational activities, and navigation services. The remaining funds are devoted to power generation and transmission services.

TVA has a statutory debt limit of \$30 billion, which is available to fund capital investments and other Agency operations. Currently TVA has \$25.6 billion in debt outstanding, which includes alternative financing transactions such as equipment lease/leasebacks and long-term power prepayment agreements. To respond to an ever changing business and economic environment, TVA developed a strategic plan released in 2004, which was designed to better position TVA for the future competitive electricity market. Included in that plan was a commitment by TVA to reduce its debt levels by \$3 billion to \$5 billion over a 10- to 12-year period. In order to achieve greater financial flexibility, TVA has since tightened that goal even more to reduce total debt obligations by \$7.8 billion by 2016.

TVA's Debt Reduction Path
(2006 Budget Path vs. Current TVA Path)



The 2007 Budget proposes legislation requiring TVA to register its debt securities with SEC to provide investors with greater insight into the characteristics and risks inherent in TVA securities. This proposal is part of the overarching goal of preparing TVA to help it better serve its customers and investors and to reduce any service or financial risk to taxpayers and other stakeholders.