

**SECTION 31 -- COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER GENERAL
REQUIREMENTS**

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Summary of Changes

Reminds agencies to offset resource requirements with savings generated from privatization of commercial activities (section 31.8).

Agencies must justify commercial support services provided to State and local governments (section 31.8).

31.1 Customer service.

Your estimates should reflect the Administration's commitment to providing the highest quality service possible to the American people. Executive Order 12862 established the Administration's goal to make all aspects of the Executive Branch's management practices and operations equal to or better than the best service in the private sector.

Consider ways to enhance customer service both to Federal and non-Federal clients, based on information obtained from customer service surveys and other sources. Your estimates should also reflect implementation of customer service plans, including training and information collection needed to achieve customer service standards.

31.2 Equal opportunity.

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex, disability, or age. These civil rights activities include the following:

- C Implementation of statutes or regulations requiring fair housing.
- C Nondiscrimination in federally assisted or conducted programs.

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- C Equal credit opportunity.
- C Full voting rights.
- C Civil and Constitutional rights.
- C Equal employment opportunity (including nondiscrimination by Federal agencies).
- C Efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.3 Full funding.

Requests for acquisition of capital assets must propose full funding up front or advance appropriations to cover the full costs of the project. Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section 33.4. For guidance on budget submissions for capital asset acquisitions, see Part 3 of this Circular. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the *Capital Programming Guide*, which is published separately.

31.4 Government perquisites.

Your estimates should reflect Administration policy to limit the use of government vehicles, government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

31.5 MAX electronic network.

For the purpose of cost distribution specified in OMB Circular No. A-130, OMB is the user of MAX. Accordingly, you are not required to pay for use of the MAX electronic network required by this Circular.

31.6 Multi-year appropriations.

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major ADP and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.7 Performance indicators, performance goals, and management improvement.

Your estimates should reflect the Administration's commitment to improve program performance, management integrity and controls, program delivery, and financial management.

- C *Performance indicators and performance goals.* Your estimates should reflect the use of program performance indicators and performance goals in the manner specified by OMB representatives and consistent with agency strategic plans and annual performance plans (see section 51.7 and Part 2).
- C *Information systems.* Your estimates should reflect the Administration's commitment to information technology planning that directly supports agency strategic missions by forming strong linkages between planning and budget formulation and execution, consistent with the Clinger Cohen Act of 1996 (see also Part 3, where applicable).
- C *Financial systems.* Your estimates should reflect plans to achieve a single, agency-wide, integrated financial management system and CFO plan initiatives. The scope of agency financial systems activities will include the following:
 - < Core financial systems, as described in the JFMIP Core Financial System Requirements Document.
 - < Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

Sections 52 and 53 describe the materials that must be submitted for agency financial management systems.

31.8 Performance of commercial activities.

Your estimates should reflect the probable results generated by cost comparisons or other performance conversions authorized by OMB Circular No. A-76 and its Revised Supplemental Handbook (March 1996), including potential savings that may result from actions taken as a result of the annual review of the Commercial Activities inventory required by the Federal Activities Inventory Reform Act (P.L. 105-270). For activities that assume additional FTE or dollar resources to provide a product or service, submit a full justification, including a possible recompetition, waiver justification, or determination of workload increase, as appropriate. To the extent possible, offset additional resource requirements to meet mission or administrative requirements for in-house performance through savings from these and other efforts to reduce costs, including savings from conducting cost comparisons on other existing in-house activities, reinvention savings, privatization, or attrition.

Under the requirements of the Revised Supplemental Handbook, you must justify the following types of requests for in-house government resources:

- C To begin, expand, or enlarge, a government operated activity.
- C To convert a contracted activity to in-house performance.
- C To provide new or expanded services to another agency on a reimbursable basis.

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Except where specifically exempted, all commercial activities are subject to the cost comparison requirements of the Circular No. A-76 and its Supplemental Handbook. This includes the purchase and use of government aircraft and motor vehicle fleets.

In accordance with the requirements of OMB Circular No. A-97, you must justify in advance and obtain the required certification before providing commercial support services to State and local governments.

31.9 User fees.

Remember, under OMB Circular No. A-25, you must review user charges for your programs at least once every two years (see section 8(e) of OMB Circular No. A-25). Develop your estimates in accordance with the full cost recovery policy for user fees set forth in that Circular. User fees normally should recover the full cost of providing goods or services to the public. The exception to this rule is when the Government provides goods or services under business-type conditions; in such cases, the user fee should be set at the market price.

When you determine full cost recovery, reflect the retirement costs associated with providing the goods or services. For the Civil Service Retirement System (CSRS), estimate costs at 17.2 percent of base pay. For the Federal Employees' Retirement System (FERS), estimate costs as specified in section 32.5.