

**Statement on Signing the Federal
Crop Insurance Reform and
Department of Agriculture
Reorganization Act of 1994**
October 13, 1994

Today I have signed into law H.R. 4217, the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994. As the name implies, this Act has two purposes. The first is to reform Federal crop insurance and the second is to reorganize the U.S. Department of Agriculture (USDA).

H.R. 4217 provides the Secretary of Agriculture with the critically needed authority to reorganize USDA so that the Department can meet the challenges of the 21st century. It will be the most ambitious reorganization proposal ever undertaken by the Department. Guided by the principles articulated in the Vice President's National Performance Review, this legislation grants the Secretary authority to pursue more efficiently the goals of improving the prospects for farmers, enhancing the quality of life in rural America, better ensuring food safety, strengthening conservation efforts, and improving nutritional programs.

The Secretary will reorganize USDA around six basic missions, improve the Department's accountability and service to customers, reform its field structure, and reduce personnel and costs. Indeed, during 1994-1999, USDA will save \$2.4 billion in personnel costs and about \$1.3 billion in other costs. The end result will be a more streamlined and responsive Department.

This Act also reforms Federal crop insurance to address the frustrations of farmers with the inadequacies of the current system. Many farmers have not participated in the program and others have found that their losses for prevented planting were not covered. Those who relied on ad hoc disaster assistance did not know until weeks or months after their loss whether such assistance would be provided, leaving many fearful of losing their farms and livelihood.

The need for reform became apparent during last year's devastating flood in the Midwest and drought in the Southeast. Out of that experience, the Administration made

a commitment to reform the current program, and began consultations with Members of the Congress, farmers, insurance providers, lenders, and others on developing a legislative proposal.

The Administration proposal was included in the 1995 Budget submitted to the Congress last February. The Administration and many Members of the Congress have spent several long months fine-tuning this proposal so that it would meet budget-scoring requirements and other considerations.

This Act is substantially similar to the Administration proposal. It provides for a minimal level of catastrophic coverage for most crops, greater incentives for producers to buy additional coverage, payment assistance for other crops where insurance is not available, and reforms to the disaster payment system that should greatly reduce the incidence of fraud. It requires producers who participate in USDA's farm income support and credit programs to sign-up for catastrophic coverage on their insurable crops, and eliminates the use of emergency legislation for agricultural crop disaster assistance. Producers will be able to obtain catastrophic insurance coverage for a nominal processing fee. Yet, taxpayers will save money compared to the current approach of enacting ad hoc disaster assistance year after year.

I want to thank Secretary Espy for the tremendous and tireless work he and his staff have put into developing a reorganization plan that will make USDA more farmer-friendly, improve customer service, and save taxpayer money. I also wish to thank the chair and ranking member of the Senate Committee on Agriculture, Nutrition, and Forestry, Senators Patrick Leahy and Richard Lugar, and the chair and ranking member of the House Committee on Agriculture, Representative "Kika" de la Garza and Pat Roberts, as well as Representative Charles Stenholm, for their leadership in guiding the bill through to passage.

The Administration is committed to reinventing the Federal Government, so that it works better and costs less for all Americans. By authorizing the reinvention of USDA, this Act sets the standard for the rest

of the Federal Government to follow and is a victory for American taxpayers.

William J. Clinton

The White House,
October 13, 1994.

NOTE: H.R. 4217, approved October 13, was assigned Public Law No. 103-354.

**Statement on Signing the
Government Management Reform
Act of 1994**

October 13, 1994

Today I have signed into law S. 2170, the "Government Management Reform Act of 1994."

In September of last year, Vice President Gore and his team at the National Performance Review (NPR) stated this simple fact in their report entitled, "From Red Tape to Results":

"Management isn't about guessing, it's about *knowing*. Those in positions of responsibility must have the information they need to make good decisions. Good managers have the right information at their fingertips. Poor managers don't."

By passing the Government Management Reform Act of 1994, which is largely based on ideas developed by the NPR, the Congress has helped ensure that the Federal Government's managers will have the financial information and flexibility they need to make sound policy decisions and manage resources.

The Act expands the coverage initially mandated by the Chief Financial Officers Act so that 24 major Government departments and agencies will now provide annual audited financial reports of all their activities, spending, and revenues. Not later than 1998, the Federal Government will produce a consolidated financial statement covering virtually all of the \$1.5 trillion annual budget authority of the Government and the revenues it receives.

The NPR report also stated that "we believe Americans deserve numbers they can trust" and recommended that the Federal Government provide an annual accountability report to our citizens. This Act's require-

ment for an audited consolidated financial report is a step in achieving this goal. To advance the process of accountability, I have requested that the Secretary of the Treasury, with the Director of the Office of Management and Budget (OMB), also produce an Annual Accountability Report to the Citizens in 1995, as recommended by the Vice President in the NPR report. The Accountability Report will be a straightforward description of the money spent and its effects on achieving results.

Measuring results is an important management goal of this Administration. The financial statements promise to be an excellent tool for providing agency performance and financial data, so we can have a closer look at results and whether Government indeed works better and costs less.

S. 2170 contains a number of other significant provisions. These include: the establishment of pilot programs to create franchising operations that will consolidate administrative support services, improve competition, and cut costs; expansion of the use of electronic funds transfers for Federal payments; and authority for the OMB Director to streamline management reporting to the Congress.

The Franchise Fund Pilot Program authorized by this Act will create internal markets through "franchising" common administrative support services to many agencies so the service providers may compete with one another. Injecting competition and market forces into the delivery of these services will reduce duplication, lower overhead costs, and better serve the American people.

Starting on January 1, 1995, S. 2170 promotes the use of direct deposit through electronic funds transfer for Federal wages, salaries, and retirement payments. The costs of disbursing money electronically are considerably less than the costs of printing, mailing, and processing paper checks.

The Act also provides tools to the OMB Director to consolidate and streamline management reporting processes. In particular, the Director will have the flexibility to determine the most meaningful timing and presentation of financial management reports from agencies to OMB and the Congress.