

APPENDIX II

FEDERAL AGENCIES NOT USING DISCOUNTING
IN THE ANALYSIS OF INDIVIDUAL PROGRAMS IN FISCAL YEAR 1969

Agency commentsA. Agencies that plan to use discounting in future

Department of Housing and Urban Development	Discounting used in appraisal of fiscal year 1968 programs, with the rate determined by then-current Treasury borrowing costs. Agency has a strong interest in the development of policies for measuring the costs and benefits applicable to Federal programs.
Federal Power Commission	Analyses of Federal Power Commission programs, other than those involving water resources, are still in a preliminary stage; decisions on appropriate discount rate must await completion.
Federal Communications Commission	Detailed cost-benefit analyses will be made in the future when additional staff capability is developed.
Peace Corps	The evolution of planning-programming-budgeting systems in the Peace Corps has not reached the stage where discount rates are applied to costs and benefits.
National Science Foundation	Analyses have not been so sophisticated as to require discounting.
National Aeronautics and Space Administration	Agency has not attempted to express in terms of percentage discounts, the effect of future (total) costs and benefits although these economic factors are implicit in consideration of alternative programs and the assessment of priorities.
Department of Labor	Agency has considered discounting at length. Would tend to use a projected rate of growth in Gross National Product as representing the opportunity cost of financing socio-economic programs, with sensitivity analysis to indicate the effects of different rates and different time horizons. Manpower development assistance program evaluated in terms of cost in the first year, while the program will continue for 5 to 20 years.
Post Office Department	Agency has used discounting in past in its facility modernization program and in its lease-purchase reports to the Congress. Currently studying the incorporation of discounting concepts and practices on a wider scale.

B. Agencies that have no stated plans to use discounting or had no comments on their plans

Interstate Commerce Commission	Interstate Commerce Commission has no programs which lend themselves to the use of discount rates in measuring costs and benefits.
Veterans Administration	Useful life span of programs cannot be estimated in terms of duration based on a known or foreseeable termination point. Most programs, therefore, are evaluated on a 5-year projection basis.
Department of the Treasury	Programs are, in the main, continuing ones, and problems of efficiency relate primarily to the cost side; usually alternative costs for the same objective. This kind of comparison does not require use of a discount rate to evaluate future benefit streams. In those cases where procurement of capital equipment is involved, the benefits are generally large enough so that a simple payout period is all that is necessary.
Export-Import Bank of Washington	No comment.
Department of Commerce	Agency procedures involve appraisals of programs in terms of periods which are shorter than the estimated useful lives of the programs. The Economic Development Administration currently evaluates programs with 11 years' minimum lives in terms of the fiscal year 1967-74 period. The Environmental Science Services Administration evaluates 10- to 30-year programs in terms of 5 years. The Bureau of Standards evaluates indefinite (continuing) programs in terms of 5 years.