

The Grace Commission, formally known as the President's Private Sector Survey on Cost Control, was established by U.S. President Ronald Reagan in 1982. Chaired by businessman J. Peter Grace, the commission was tasked with identifying waste and inefficiency in the federal government. The report, presented in 1984, is extensive and contains numerous recommendations.

Summary of the Grace Commission Report:

Background:

The Grace Commission comprised 161 corporate executives, who, with the help of more than 2,000 volunteers from the private sector, scrutinized the federal government's operations to find potential areas of cost savings.

Key Findings:

- 1. Federal Spending:** The report identified that one-third of all income taxes were consumed by waste and inefficiency in the federal government. An additional one-third of all income taxes escaped collection.
- 2. Interest on National Debt:** The interest on the national debt, at the time, was the third largest budget item, following defense and social security expenditure. The report warned that if spending trends continued, the interest costs would become the largest budget item.
- 3. Social Security:** The commission found that the Social Security system was underfunded and would not be able to maintain its commitments by the year 2000.
- 4. Government Operations:** The report highlighted numerous examples of waste, such as overstaffing, unnecessary spending, and duplicated efforts across different departments.

Recommendations:

The Grace Commission made approximately 2,500 recommendations, which, if implemented, were projected to save \$424.4 billion over three years. Some of the recommendations included:

- 1.** Modernizing federal accounting practices.
- 2.** Streamlining federal operations by reducing the workforce and enhancing productivity.
- 3.** Overhauling the civil service retirement system.
- 4.** Reducing fraud in entitlement programs.

5. Making specific changes to defense spending, post office operations, and other areas.

Criticism and Aftermath:

The Grace Commission's findings were not without controversy. Critics argued that many of its recommendations were politically unfeasible or might negatively impact federal services. Moreover, while the report pinpointed wasteful practices, implementing many of the commission's recommendations proved challenging due to various political and practical hurdles.

In the end, while not all recommendations were adopted, the Grace Commission played a pivotal role in highlighting the need for cost control and efficiency in federal operations.