



The Foundation for the
Malcolm Baldrige National Quality Award, Inc.

Date: November 22, 2010
Re: Fiscal Commission Recommendation #21
National Commission on Fiscal Responsibility and Reform
1650 Pennsylvania Avenue NW
Washington, DC 20504

Foundation
Board of Directors

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Belmont University

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Letitia Baldrige Enterprises

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Thomas E. Schamberger
Executive Director

Dear Commissioners,

The Board of Directors for the Foundation for Malcolm Baldrige National Quality Award, Inc., representing the Trustee Organizations of the Foundation, and the Alliance for Performance Excellence, representing the State and Local non-funded Baldrige-Based Award programs have reviewed the Co-Chairs' Proposal and 11.10.10 Draft Document of Recommendations. We understand that your bipartisan Fiscal Commission is scheduled to make final recommendations November 30 and December 1, 2010.

While we agree that our country needs to make some concessions to help solve our national debt and deficit problems, we strongly disagree with Recommendation 21 which is reproduced below with our areas of disagreement indicated by *italics*:

“21. Eliminate the Hollings Manufacturing Extension Partnership and the Baldrige National Quality Program. The Hollings Manufacturing Extension Partnership (HMEP) consists primarily of a network of nonprofit centers, partially funded by the federal government, which offer management and manufacturing advice to U.S. businesses. *The Baldrige National Quality Program, for the most part, gives awards to companies for achievements in quality and performance.* Those who support eliminating the programs suggest that *the federal government shouldn't be providing the services these programs provide, in part because similar programs are provided by the private sector.* In fact, it is argued that some funding from HMEP supports inefficient companies that would otherwise go out of business. Also *businesses should already have enough incentives to maintain the quality of their products and services without awards from the Baldrige National Quality Program.* Elimination of both programs would save over \$120 million annually. Alternatively, *the programs could be funded through fees charged to the beneficiaries.*”

First, we believe that the Commission should evaluate the \$10 million annual budget for the Baldrige Program **separately** from the \$110 million annual budget for the Hollings Manufacturing Extension Program (HMEP). These programs are completely different, and should be evaluated based on their individual costs and corresponding benefits to U.S. taxpayers. Except that they are both managed by NIST, these programs have no relationship to each other.

“To ensure the financial viability, stability, and growth of the Baldrige Enterprise throughout the United States”

<http://www.baldrigepe.org/>

Second, there is an apparent misconception that the Baldrige National Quality Program is primarily an awards program. While the Baldrige Program is widely known for managing the Malcolm Baldrige National Quality Award, its main mission is to provide education and global leadership in promoting performance excellence. In fact, the awards are only the culmination of the evaluation process that scores of organizations undertake each year, both at the national level through the Baldrige Program and through many non-funded parallel state and local programs. These evaluations are supported by efforts of thousands of volunteer experts who help these organizations improve their performance and competitiveness. Beyond this, countless other organizations use the Baldrige Criteria as a framework for improving their operations. This widespread usage is evidenced by the approximately 2,000,000 downloads of the Baldrige Criteria annually. Furthermore, the program has been emulated by numerous national award programs throughout the world, which use the Baldrige Criteria for their own national quality programs.

And finally, the Baldrige National Quality Program is a role model, public-private partnership. We would like to remind the Commission members that the private sector was instrumental in the creation of the Award Program (see Appendix of Founders and Trustee Organizations) and through an endowment, managed by the Foundation, funds many of the Program expenses, including the printing of Program materials and the annual Presidential Award ceremony, and provides a subsidy for the review of applicants with fewer than 500 employees and nonprofit K-12 education organizations.

However, without an efficient and effectively managed program, currently partially funded by the government, the entire stakeholder system would collapse. The Foundation would not be financially capable of achieving the goals and mission of the effort. Currently, the Foundation leverages the total program funding by providing to the NIST and the federal government funding on average of \$1.2 to \$1.5M annually for the training of examiners, printing of the criteria, the award crystals, and award ceremony. The Foundation cannot financially support the day-to-day staffing required to administer all the educational benefits this program provides.

We have attached two documents for further information:

Baldrige Program Overview/Appendix – The document provides background information on the Baldrige Program and list of the Founder and Trustee organizations.

America at the Crossroads – A document that was given by Governor Bill Richardson to President Obama’s transition team in November 2008. The document further explains how the Baldrige Criteria for Performance Excellence can improve business, education and healthcare and renew the spirit that made us great.

It is our hope that once the Fiscal Commission reviews the facts, it will agree that the \$10 million appropriation for the Baldrige Performance Excellence Program is one of the best investments taxpayers can make to promote economic growth, improve America’s competitiveness, and contribute to the goal of reducing our national debt and deficit.

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We strongly recommend that The Baldrige National Quality Program be omitted from Recommendation 21 in your final report.

Respectfully submitted,

Signature (s) - Thomas Schamberger, Executive Director, Board of Directors for Foundation of Malcolm Baldrige National Quality Award, Inc. and the Board of Directors of the Foundation

Signature—Paul Kuchuris, Chair of Board of Directors, The Alliance for Performance Excellence



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