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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1979

DOCUMENTS

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS

NINETY-FIFTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND
GENERAL GOVERNMENT APPROPRIATIONS

TOM STEED, Oklahoma, *Chairman*

JOSEPH P. ADDABBO, New York
EDWARD R. ROYBAL, California
EDWARD J. PATTEN, New Jersey
EDWARD P. BOLAND, Massachusetts
JOHN M. SLACK, West Virginia

CLARENCE E. MILLER, Ohio
ROBERT C. McEWEN, New York

AUBREY A. GUNNELS and C. WILLIAM SMITH, *Staff Assistants*

PART 5

GENERAL SERVICES ADMINISTRATION

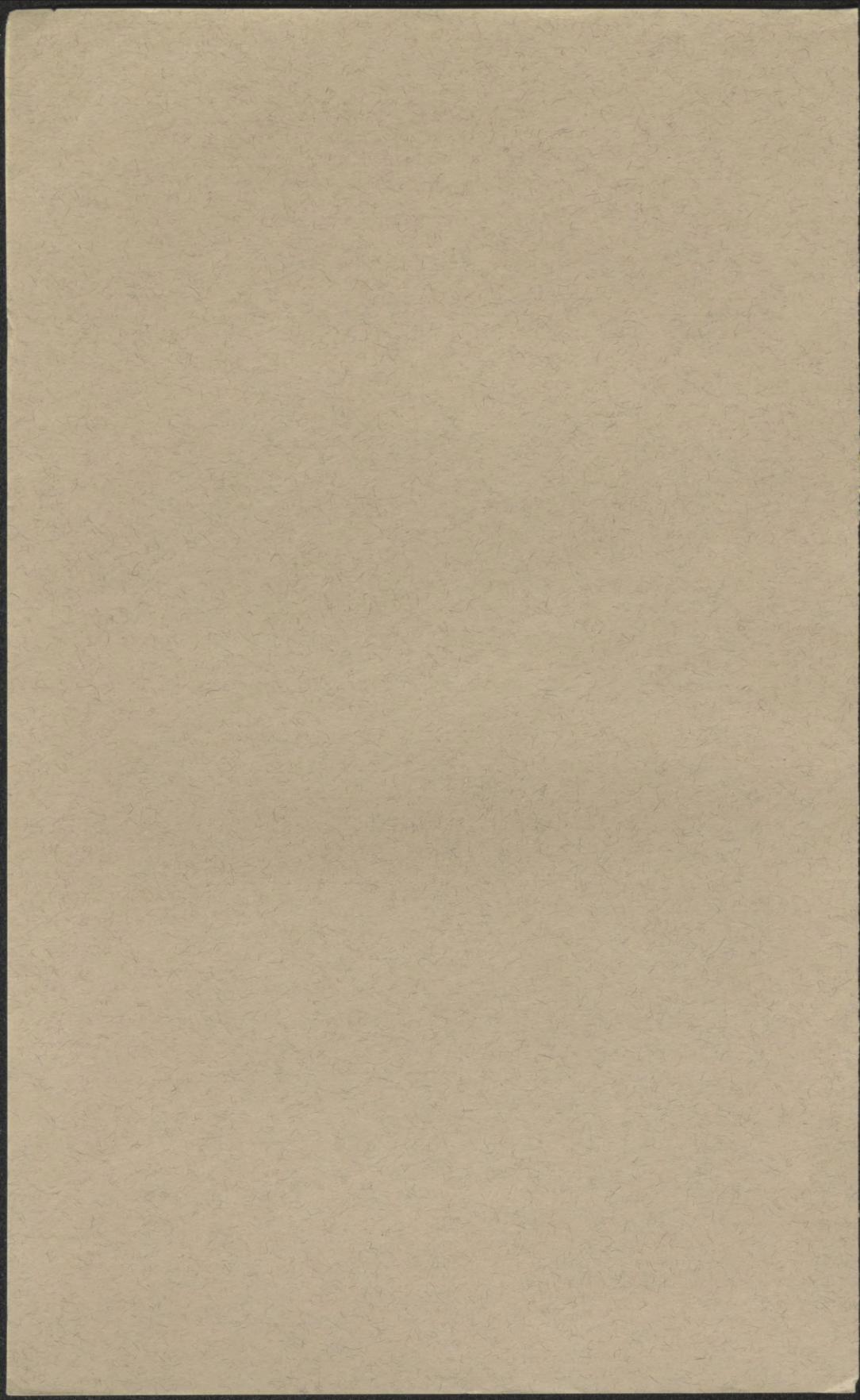
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GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations



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**TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR FISCAL
YEAR 1979**

TUESDAY, FEBRUARY 14, 1978.

**GENERAL SERVICES ADMINISTRATION
WITNESSES**

Agencywide Matters

JAY SOLOMON, ADMINISTRATOR
ROBERT T. GRIFFIN, DEPUTY ADMINISTRATOR
WALTER V. KALLAUR, ASSISTANT ADMINISTRATOR
JANICE K. MENDENHALL, DIRECTOR OF ADMINISTRATION
ALLIE B. LATIMER, GENERAL COUNSEL
WILLIAM BARTH, ASSISTANT COUNSEL
RAYMOND A. FONTAINE, I.S., DIRECTOR OF BUDGET AND MAN-
AGEMENT SYSTEMS

Public Buildings Service

JAMES B. SHEA, JR., COMMISSIONER
ROBERT J. DiLUCHIO, EXECUTIVE DIRECTOR
WILLIAM R. CAMPBELL, ASSISTANT COMMISSIONER, OFFICE
OF BUILDINGS MANAGEMENT
LOY M. SHIPP, ASSISTANT COMMISSIONER, OFFICE OF SPACE
PLANNING AND MANAGEMENT

Federal Supply Service

ROBERT P. GRAHAM, COMMISSIONER
LESTER L. MITCHELL, EXECUTIVE DIRECTOR
FREDERICK B. BUNKE, ASSISTANT COMMISSIONER FOR PRO-
CUREMENT
CIRO P. FARINA, ASSISTANT COMMISSIONER FOR TRANSPOR-
TATION AND PUBLIC UTILITIES
PAUL R. FLYNN, DEPUTY ASSISTANT COMMISSIONER FOR PER-
SONAL PROPERTY DISPOSAL
ROGER F. CARROLL, JR., ASSISTANT COMMISSIONER FOR
STANDARDS AND QUALITY CONTROL

National Archives and Records Service

DR. JAMES B. RHOADS, ARCHIVIST
 DR. JAMES E. O'NEILL, DEPUTY ARCHIVIST
 JOHN J. LANDERS, EXECUTIVE DIRECTOR

Automated Data and Telecommunications Service

FRANK J. CARR, COMMISSIONER
 GEORGE W. DODSON, JR., ASSISTANT COMMISSIONER FOR
 AUTOMATED DATA MANAGEMENT SERVICES
 ELMER JONES, ASSISTANT COMMISSIONER FOR TELECOM-
 MUNICATIONS
 LEONARD YONKLER, EXECUTIVE DIRECTOR

Federal Preparedness Agency

JOSEPH A. MITCHELL, DIRECTOR
 RONALD ROYAL, ASSISTANT DIRECTOR FOR CIVIL CRISIS PRE-
 PAREDNESS
 EDWARD K. ZABROWSKI, DIRECTOR, STOCKPILE POLICY AND
 OBJECTIVES DIVISION
 DANIEL H. SCHMIDT, EXECUTIVE DIRECTOR
 CLARA McGAHA, FINANCIAL MANAGER

Mr. STEED. The committee will be in order. The committee is in session today to take up the 1979 budget request for the General Services Administration. Fiscal year 1978 appropriations were \$380,383,000, with a supplemental pay increase of \$16,516,000, supplemental program increases of \$71,554,000, appropriation transfers of \$1,119,000, making the 1978 total \$469,572,000, excluding the rescission of \$75,000,000 by Public Law 95-186.

The 1979 budget request is \$585,362,000, an increase over 1978 of \$115,790,000.

We are very pleased to welcome Mr. Jay Solomon, the Administrator of General Services Administration, and his staff. Mr. Administrator, if you would like, at this time, to introduce your people for the record, and also provide the biographies of the new people appearing for the first time, you may then make your statement and we will have some questions for you.

[The information referred to follows:]

Honorable Jay Solomon,
Administrator of General Services

Jay Solomon was nominated Administrator of General Services by President Jimmy Carter April 6, 1977, and confirmed by the U.S. Senate April 29, 1977. Solomon took his oath of office at a White House ceremony on May 13, 1977.

The U.S. General Services Administration, the business arm of the federal government, is a conglomerate with more than 37,000 employees. It provides for the common needs of the various federal agencies. It constructs and manages buildings, purchases and distributes supplies, provides computer and telecommunications services, keeps the nation's records and is responsible for continuity of government in time of national emergency.

Previously, Solomon was chairman of the board of Arlen Shopping Centers Co.; vice president and member of the board of directors of Arlen Realty & Development Corp.; and also vice president and member of the board of Arlen Realty Inc.

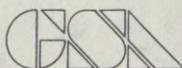
Following his graduation from Vanderbilt University in 1942, Solomon joined in the operation and management of the theater chain his father established in 1912.

In 1961, one of the company's drive-in theaters was destroyed by a windstorm and Solomon decided to develop a regional shopping center on the 55-acre site. To turn the company's full resources in this direction, the theater chain was sold. Ground was broken in September 1961 in Chattanooga for the Eastgate Shopping Center, which was opened in August 1962.

The firm expanded rapidly nationwide and in February 1970, with other business interests, formed a publicly owned company, Arlen Shopping Centers Inc. Solomon became vice president as well as president of the Independent Enterprise Division. The first year the company opened four centers, began construction on eight more and development of another 14. In 1971 Arlen merged with Spartan Industries, forming Arlen Realty & Development Corp., listed on the New York Stock Exchange and one of the nation's largest real estate development companies. When Solomon resigned to accept the GSA post, there were 184 shopping centers owned or managed by Arlen Realty & Development Corp., recognized as the nation's largest shopping center development company.

Solomon is married to the former Rosalind Fox of Highland Park, Ill. They lived in Chattanooga before coming to Washington, D.C. They have a son, Joel Solomon, Jr., of Jackson Hole, Wyo., and a daughter, Linda, a student at Northwestern University.

Solomon is keenly interested in civic and charitable affairs as well as politics. He was chairman of the Chattanooga Housing Authority and member of the board for 14 years and president of the Mental Health Association, Jewish Welfare Foundation and Chattanooga Opera Association. He was a board member of the Family Service Association, a Democratic precinct chairman and a member of the Hamilton County (Tenn.) Democratic Executive Committee.



February 1978

Biographical Information

ROBERT T. GRIFFIN

Robert T. Griffin, Deputy Administrator of General Services, has been with the General Services Administration since it was created.

He has served the agency in numerous executive positions including Acting Administrator in the early months of 1977 and as Assistant Administrator from 1961 to 1969. Other positions held included: Special Assistant to the Administrator and Federal Coordinator of the John F. Kennedy Library, 1972-1976; Assistant Commissioner for Property Management, 1969-1972; Director of the Sales Division, 1958-1960; and Chief of the Personal Property Division in GSA's Boston office from 1949 to 1955.

From 1956 to 1958 he was on loan to the Agency for International Development to serve as Administrative Consultant to the Government of Iran. Prior to his GSA service, Griffin was with the agency's predecessor, the War Assets Administration, as its New England manager.

As an officer in the U.S. Coast Guard Reserve from 1943 to 1946, Griffin served in European, Mediterranean and Pacific theaters of operations.

Griffin has a master's degree in public administration from Boston University and a bachelor of science degree from Boston College. He has completed additional graduate study at Boston University and Harvard University.

He is a member of the board of directors of the John Fitzgerald Kennedy Library Corporation.

A native of Somerville, Massachusetts, Griffin was born July 3, 1917. He and his wife, the former Mary Ellen Mulcahy of Albany, New York, reside in Chevy Chase, Maryland. They have four children, Mary Catherine, Christiane, Justine and Joseph Michael.

Walter Kallaur
Assistant Administrator of General Services

Walter Kallaur was appointed to the position of Assistant Administrator of the United States General Services Administration on July 7, 1977. Prior to assuming his duties at GSA, he served as a staff assistant to President Jimmy Carter in the office of Intergovernmental Relations. His major assignments included the direction of an inter-agency coordinating committee on energy and weather problems, the evaluation of Federal drought assistance programs and the preparation of an \$844 million dollar drought relief program.

Prior to this White House assignment, Mr. Kallaur served as the Administrator of the Carter/Mondale Transition Planning Group, the Deputy Administrator of the Carter/Mondale election campaign, and as the National Finance Coordinator of the Jimmy Carter Presidential Campaign.

During the period 1971 to 1976, Mr. Kallaur served in a number of career civil service positions with the President's Advisory Commission on Vietnamese and Cambodian Refugees; Federal Disaster Assistance Administration, Department of Housing and Urban Development; The Office of Emergency Preparedness, and the Department of Labor.

Mr. Kallaur is a graduate of Harvard College. He served in the U.S. Army for four years with tours of duty in Panama and Vietnam.

JANICE K. MENDENHALL

Janice Mendenhall was appointed on August 1, 1977, to the position of Director of Administration for the U.S. General Services Administration. Prior to coming to GSA, she served as Director of the U.S. Federal Women's Program at the CSC carrying out efforts to increase job opportunities for women. She had responsibilities covering over 750,000 Federal women employees and providing technical guidance and direction to some 10,000 Federal Women's Program Coordinators. From 1975 to 1976, she served as Liaison Officer for the Committee on the Enforcement of the Laws of the International Women's Year Secretariat at the Department of State. In this capacity, she reviewed and analyzed the enforcement record of Federal agencies in implementing sex discrimination laws already on the books and prepared 125 recommendations to improve these laws and the status of women in America. From 1974 to 1976 she concurrently served as National President of Federally Employed Women, Inc. (FEW), a national women's rights organization with over 150 chapters around the world. Previously, she had served with GSA for six years as Assistant Director of the Equal Employment Division, and Federal Women's Program Coordinator, positions which required a familiarity with the entire operations of the agency. One of her achievements during this period was to persuade her agency to open building guard jobs to women, six months before the Commission ordered other agencies to take similar action. She began her Federal career with GSA in 1969 in Kansas, City, Mo., as a Management Intern.

Ms. Mendenhall was graduated with honors and received her Master's degree in political science and public administration from the University of Kansas, where she remained to serve briefly as assistant to the Dean of Women.

She is a board member of the University of Kansas Taylor Resource Center, Wider Opportunities for Women, the Mt. Vernon College Advisory Committee, and Financial Planning for Women. She has been a participant in GSA's executive development program, a participant at the Civil Service Commission's Executive Seminar Center at Kings Point, a nominee for the National Civil Service League Award, and a candidate for a Congressional Fellowship.

In addition to the offices she has held in FEW (national president, board of directors, national vice president, chapter offices), she has been an active member of the Women's Equity Action League, the National Organization for Women, the American Society for Public Administration, the American Political Science Association, Incorporated Spanish Speaking Government Employees, and the Urban League.

ALLIE B. LATIMER

GENERAL COUNSEL

Allie Latimer was appointed General Counsel of the General Services Administration (GSA) on September 25, 1977. Since December, 1976, she had been Assistant General Counsel for General Law, National Aeronautics and Space Administration. Prior to that, she was Assistant General Counsel, Automated Data and Telecommunications Service, GSA. Her legal experience of twenty years with GSA has cut across virtually every area in which the agency is involved.

Ms. Latimer has a B.S. degree from Hampton Institute, Hampton, Virginia; a J.D. from Howard University, an LL.M. from Catholic University, and has accomplished additional graduate study at American University, Washington, D.C. She is a member of the American, Federal, North Carolina, District of Columbia, Washington and National Bar Associations and the World Peace Through Law organization. She is licensed to practice in the District of Columbia and North Carolina and is a member of the United States Supreme Court and the Court of Appeals for the District of Columbia.

Ms. Latimer has made a significant contribution to improving opportunities for minorities and women. She was a co-founder and the first president of Federally Employed Women and is a member of the D.C. steering committee of the NAACP Legal Defense Fund. She is president and a member of the board of directors of the District of Columbia Mental Health Association, a member and past president of the Howard Law Alumni Association, past member of the board of directors of Friendship House, a member of the Advisory Council, Government Lawyers, National Bar Association, co-chairperson of the board of directors of the Presbyterian Economic Development Corporation, as well as a member of other religious and civic organizations.

Ms. Latimer is listed in Who's Who of American Women and Who's Who in Government and has received many awards for her outstanding performance in both Government and community affairs.

BIOGRAPHY

JAMES. B. SHEA, JR.
COMMISSIONER, PUBLIC BUILDINGS SERVICE
U.S. GENERAL SERVICES ADMINISTRATION

James B. Shea, Jr., was named Commissioner of the Public Buildings Service (PBS) of the U.S. General Services Administration (GSA) in June 1977. PBS is the largest service of GSA and the world's largest civilian real estate agent. PBS supervises the design, construction, management, maintenance, repair, and physical protection of most of America's Federal buildings. It has 18,500 employees nationwide, a \$1 billion budget, and an inventory of 232 million square feet of space which houses over three-quarters of a million Federal employees in 10,000 buildings.

Prior to his appointment, Jim Shea was counsel to the Subcommittee on Public Buildings and Grounds of the House Public Works and Transportation Committee. He advised the chairman, guided legislation through hearings, maintained liaison with members and professional staff, and supervised Subcommittee investigations.

For three years he was responsible for the design, development, sales, and operation of a 2,900-acre resort and residential complex and a 500-acre commercial and industrial park developed by Anheuser-Busch, Inc., in Williamsburg, VA. Mr. Shea also supervised design of a 2.5 mile-long island resort.

He has served as Vice President for Development of Technology Park, part of a 1,600-acre residential, commercial, and industrial complex in Atlanta, GA.; Vice President for Industrial Relations and Development of the Sharon Steel Corp., Sharon, PA; Vice President of Research Triangle Park, Raleigh, NC; Staff Engineer with Albert Ramond & Associates, Chicago, IL; and Plant Industrial Engineer with Timken Roller Bearing Co., Canton, OH.

Mr. Shea brings legislative experience and a broad background in real estate development to the Public Buildings Service.

As Commissioner of GSA's Public Buildings Service, he serves on such panels as the National Capital Planning Commission, Advisory Council on Historic Preservation, Federal Council on the Arts and Humanities, and the National Public Advisory Panel on Architectural and Engineering Services.

Jim Shea graduated from Penn State University in 1948 and the William McKinley School of Law in Canton, OH, in 1953. He is a member of the American, Virginia, and Ohio Bar Associations, Southeastern Industrial Development Council, and the President's Advisory Board of the College of William and Mary.

He was born Sept. 21, 1924, in Pittsburgh, PA, and now lives in Williamsburg, VA, with his wife, JoAnn, and his son, Jamie, 17. His daughter, Anne Shea Campbell, lives in Atlanta, GA.

ROBERT P. GRAHAM

Robert P. Graham was appointed Commissioner of the General Services Administration's Federal Supply Service in July 1977. As FSS Commissioner, Mr. Graham manages an organization responsible for providing annually nearly \$3 billion worth of goods and services to Federal agencies, operating a 20 depot stores system with \$699 million in sales during 1977 and performing the quality control and standards functions applicable to the goods and services provided. FSS serves as the Federal Government's travel and shipping manager, operates the Federal motor vehicle fleet, oversees travel regulations and utility rates for Federal agencies, is responsible for the acquisition and inventory management of the strategic and critical materials stockpile and runs 75 self-service stores with sales topping \$74 million in 1977.

Prior to his appointment Mr. Graham was employed by Citibank, N.A. in New York City for 22 years, serving the last eight years as a Senior Vice President and Senior Credit Officer. He was associated with the management and administration of the National Bank Group, which is responsible for banking relationships with major domestic corporations. Mr. Graham headed the bank's Real Estate Industries Division for nine years. He was in charge of the Transportation Division of the Special Industries Group from 1955 to 1966, which handled the banking relationships with railroads, airlines, shipping and trucking companies located in the United States and abroad.

Mr. Graham is a graduate of the University of Toronto and the Osgoode Hall Law School. He received a master of law degree in 1950 from the Columbia University Graduate School of Law where he concentrated on corporate law and finance.

Mr. Graham has received the Anti-Defamation League's Human Relations Award, Practicing Law Institute Award and the United Fund's Greater New York Award.

During World War II, he served with the Royal Canadian Navy as a lieutenant in a motor torpedo boat squadron in the English Channel Command.

FRANK J. CARR

Commissioner
Automated Data and Telecommunications Service

Frank Carr was appointed as the Commissioner of the General Services Administration's Automated Data and Telecommunications Service in July 1977. His prior professional career of over twenty-five years has been with the Westinghouse Electric Corporation where he held a wide variety of management positions.

During his early career, Carr was engaged in the initial application of Operations Research to industrial problems including such areas as forecasting, production and inventory control, warehouse location and facilities planning. He was among the first to use these techniques and electronic computers in the design of management control systems.

During the 60's, Carr was a Director in the Westinghouse Headquarter Business Systems Department, a corporate staff with responsibilities for ADP and telecommunications similar to those of ADTS in the Federal government. During this period of rapid growth in the number and size of computer installations and in the data processing and communications capabilities of the Corporation's facilities, he was heavily involved in the computer acquisition process and in the overall management of the ADP function in terms of organization, personnel and systems planning.

Carr has also had management responsibility for technology applications in Federal, state and local government administration and in energy-related fields such as methane recovery, rotary drilling and solar heating and cooling of buildings.

Carr is a native of Pennsylvania and has lived in both the Philadelphia and Pittsburgh areas. For the past five years, he and his wife Betty and their two sons, Frank and Douglas, have resided in Annapolis, Maryland.

While earning a degree in Electrical Engineering at the University of Pennsylvania, he also studied Business Administration at the Wharton School. He attended the Advanced Management Program at the Harvard Business School and for a time was Visiting Lecturer at the Sloan School of Management at MIT.



October 28, 1977 #6824

Joseph Mitchell to Head GSA's Federal Preparedness Agency

Joseph A. Mitchell, 35, who has been deputy assistant to the President for Congressional Liaison, has been appointed Director of the Federal Preparedness Agency, a division of the U.S. General Services Administration. Jay Solomon, Administrator of GSA, made the appointment, which is effective Monday.

"Joe Mitchell has a strong background in high-level management and policy-making positions," said Solomon. "It is the kind of experience we are seeking and getting as we round out our management team here at GSA."

The Federal Preparedness Agency is responsible for preparing plans and programs to ensure the continued operation of the federal government in the event of a national emergency. It manages the nation's stockpile of strategic and critical materials.

For a six-year period, Mitchell was an official of the State of Georgia, including federal-state coordinator in the Office of Planning and Budget (October 1970 to August 1973), administrative assistant and then executive secretary to the governor (to January 1975), assistant director of the Criminal Justice Standards and Goals for

(MORE)

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Georgia Project (to August 1976) and executive secretary of the Georgia State Ethics Commission (to August 1976). Prior to his state experience, he was a member of the management consulting staff of Peat, Marwick, Mitchell & Company, a national public accounting and consulting firm, with offices in Atlanta.

From September 1976 until he took up the White House post in January 1977, he played a congressional relations role, first with the Carter/Mondale campaign and then in the Presidential Transition.

Mitchell has a J.D. from Woodrow Wilson Law School, a M.S. in management from the University of North Dakota and a B.S. in economics and political science from Auburn University. Additionally, he took 40 hours of post-graduate work in public administration at the University of Georgia.

He is a member of the Georgia State Bar Association, Alpha Tau Omega Alumni Association at Auburn and the Auburn Alumni Association.

Mitchell, who was born in Columbus, Ga., and presently lives in Atlanta, served in the U.S. Air Force for four years, achieving the rank of captain as a combat crew instructor in the Strategic Air Command. He and his wife, Leslie, have two children.

#

RONALD ROYAL Assistant Director for Civil Crisis Preparedness
 Federal Preparedness Agency, G. S. A.

BORN: March 7, 1937

LEGAL RESIDENCE: South Carolina
 Veteran

EDUCATION: Duke University, B.A. History, 1958

EXPERIENCE:

Executive Office of the President January 1977 to June 1977	Assoc. for Cong. Liaison
Carter Campaign March 1976 to November 1976	Asst. to Southern Camp. Mgr
Estate Trust Manager 1964 to 1976	Manager
Kiawah Development Company 1964 to 1974	President
Sylvania Lumber Company 1961 to 1972	Manager
U. S. Navy 1958 to 1960	Lt. j. g.
Aiken Standard and Review 1954 to 1958	Reporter, City Editor

Biographical Sketch

Name: Edward K. Zabrowski

Position: Chief, Stockpile Policy and Objectives Division.

Responsibilities: Determination of the quantity and quality of materials to be stockpiled for use in periods of war or national emergency; oversee the development of the Annual Materials Plan of acquisitions and disposals of stockpile materials; semiannual Stockpile Report to the Congress.

Prior Assignments: U. S. Navy (1950-1958); Statistician, Eastman Kodak Co. (1961); Economist, Applied Psychology Corp. (1961-62); Economist, National Science Foundation (1962-1965); Branch Chief, Systems Analysis, U.S. Office of Education (1965-1968); Manager of several econometric division activities, Department of Commerce (1968-1975); FPA since Jan., 1975.

Education: B.S. Economics, U. of Tenn., 1959
M.S. Business Adm. (Econ.), U. of Tenn

Publications: 30 papers and articles dealing mainly with the measurement of economic phenomena and their relationships to policy problems.

Awards: Department of Commerce Silver Medal for contributions to business policy analysis; 3 Outstanding Performance citations (2 at FPA).

STATEMENT OF THE ADMINISTRATOR

Mr. SOLOMON. Thank you, Mr. Chairman. First, I would like to introduce the new people whom you do not know.

Behind me is Walter Kallaur, Assistant Administrator. Sitting on my left is Janice Mendenhall, Director of Administration. Behind me is Mr. Jim Shea, Commissioner of the Public Buildings Service, and sitting over here in the dark suit is Bob Graham, Commissioner of the Federal Supply Service. At the end over there is Frank Carr, Commissioner of Automated Data and Telecommunications Service. Sitting behind me is Joe Mitchell, Director of the Federal Preparedness Agency, and Allie Latimer, the General Counsel of the Agency.

Sitting next to me is Mr. Robert Griffin, Deputy Administrator. Behind me is Dr. James B. Rhoads, Archivist of the United States, and, at the end of the table, is Ray Fontaine, Director of Budget and Management Systems, whom you know.

Mr. Chairman and members of the committee, it is a pleasure for me to make this, my initial appearance, before this committee of the Congress, to discuss the fiscal year 1979 budget requests for the General Services Administration. I have a few brief comments on the estimates submitted.

NATIONAL STOCKPILE PROGRAM

The fiscal year 1979 appropriations request for the General Services Administration is \$585,362,000. Included in this amount is \$157,600,000 for the acquisition of various materials for the nation's stockpile of strategic and critical materials, and \$16.5 million for transportation of these materials. It is anticipated that this particular appropriation request will be offset by receipts from the sale of excess materials currently in the stockpile. This sale would be under proposed disposal legislation.

The requirement to purchase new materials for the strategic and critical materials stockpile is the result of a year-long administration study. A principal need identified by the study was a major restructuring of the existing stockpile. This restructuring would involve the acquisition of new materials to meet current stockpile objectives, and the disposal of those that are excess to objectives. This is the first time in almost two decades that strategic materials are proposed to be acquired.

The remainder of the fiscal year 1979 budget request for GSA totals \$411,262,000, a net increase of \$13,244,000 from the comparable authorized amount for fiscal year 1978. This net increase is principally for operating expenses of the National Archives and Records Service, Administrative and Staff Support Service, interest on Defense Production Act inventories, and additional and increased level of audit coverage.

FEDERAL BUILDINGS FUND

New obligational authority limitation of \$1,366,961,000 is requested for the Federal Buildings Fund. This provides \$17,630,000 for construction and acquisition of facilities activity, \$200 million for

alterations and major repairs, \$100,473,000 for Purchase Contract Payments, \$506,137,000 for rental of space, \$472,874,000 for Real Property Operations, and \$69,847,000 for Program Direction.

In the process of developing our fiscal year 1979 budget requests we have effected certain management actions that have resulted in a staffing strength request of 37,324 average positions. This is virtually the same level as fiscal year 1978.

Thank you for the opportunity to make this brief statement, Mr. Chairman.

Now, we will be happy to respond to any questions you might have, and we will call on the staff to participate with us.

It is a pleasure to be here, Mr. Chairman. This is my first hearing, and I am looking forward to participating.

REORGANIZATION STUDIES

Mr. STEED. At the outset, in a nutshell, would you tell us what the new year will bring on that will be increased or different from what you have been doing? In other words, what new activities are you facing?

Mr. SOLOMON. There are two main functions we are going to address this year. Number one, of course, is the reorganization of GSA. The study should be released by the end of June. There are parts of GSA that are under study separately, like the Federal Preparedness Agency. That study, along with that of the disaster agency, will be presented to the President at the end of February. We have several minor studies going on, one of which concerns civil rights.

That is one of the large functions. The other main function is, for the first time, we are going to try to do something with the stockpiles, and there is going to be some activity in the disposal and acquisition of strategic materials.

We also are doing some things in GSA that are important to us but minor in the total picture. We are taking a hard look at overhead and at the total operation of GSA. We are trying to streamline GSA and understand and see how it is functioning in today's world. We are trying to see whether it is a smooth operation, and if we can smooth it out even more. We are looking at the overhead of each of our services, and we are also looking to smooth out the relationship of the central office to the regions.

CUSTOMER RELATIONSHIPS

Mr. STEED. Since you are the service officer for all the government for many different functions, I suppose you would call all the rest of the government your customers or tenants. Do you have any particular problems in connection with the services you render and the facilities you make available to the other activities of the Federal Government?

Mr. SOLOMON. Mr. Chairman, I don't think the problems with our customers are any different than the normal problems that exist between a service agency of our type and its customers. I think that since we have been here for a number of years, it is time to look at the way we interact with our customers. Out of the

reorganization will come studies that will recommend a smoother and closer operation.

One of the things we have found and are doing something about concerns communication with our customers. We are trying to open up and be more receptive and responsive to the needs of our customers. I think we are doing a good job.

As I go around the country to see how we are maintaining the buildings and treating our customers, I get good remarks on the way we are doing it. I am sure we can do better, but any relationship between landlord and tenant lends itself to an adversary type of situation.

REPAIR AND ALTERATION

Mr. STEED. For the last several years, there has been a growing concern on this subcommittee about the state of repair and maintenance of some 10,000 buildings that you own or lease. Last year, as you know, we made an effort to get additional funds to increase jobs.

At one point, a change was made in the amount of money we appropriated in one of the bills with an understanding that we would cut that back to what would be about all you could handle for the rest of that fiscal year. And from that point on the budgeting would be at about a \$200 million-a-year level, so you could begin to make some inroads into this very burdensome backlog that had piled up.

What is the status of this part of your program now?

Mr. SOLOMON. We consider our aggregate repair and alteration requirement to be about \$1,140,000,000. It is growing at the rate of something between \$100 million and \$150 million a year. In the budget estimate for this year, we requested \$200 million for which we have projects that need funding immediately.

We have programs ready to go, and we can use the \$200 million every year.

It is very important that we get a steady figure, whatever it is, in order that we may proceed with a level program as it is hard to operate and staff an organization when there are large fluctuations in workload from year to year.

We are doing something else which I think is very important. We are going to project ourselves on a new 5-year plan for this repair and alteration, in order that we can have an input as to what jobs should go ahead and what is going to become important. I think it is very important that the \$200 million be distributed throughout the country and especially to those areas that have high unemployment levels.

We are watching this. Orders have gone out to let us look at all prospectus and repair work so we can determine where the priorities are, not only in jobs, but where the government needs the work, and where there is a demand for space. It is top priority in the agency and I am putting a lot of personal interest in it, myself.

SPACE UTILIZATION

Mr. STEED. One of the criticisms aimed at GSA over the last few years has been the amount of space that you have that is not

utilized. You had a program to try to minimize this. I suppose there will always be a situation to force some surplus on you, but what is the status now? Have you been able to make any inroads in getting the space in better balance?

Mr. SOLOMON. We have reduced our vacant space, if I am correct on the figures, about 5.3 million square feet during fiscal year 1977. We are chopping away at it constantly. Our goal for fiscal year 1978 is to reduce the total vacant space by another 1.3 million square feet. By the end of fiscal year 1979 the vacant space level is planned to be further reduced by 1.0 million square feet. I might tell you that our vacant office space at the end of fiscal year 1977 was only 4.4 percent of our inventory. This compares favorably with the private sector vacancy rate of 12.3 percent as measured by the Building Owners and Managers Association International. We are very pleased with our effort to reduce our vacant space thus far.

Mr. STEED. When this type of real estate disposal is made, do the moneys go into a revolving fund?

Mr. GRIFFIN. After the costs of disposal are deducted, the balance of the proceeds are deposited to the Land and Water Conservation Fund.

FEDERAL BUILDINGS FUND

Mr. STEED. We have had some fairly strong views over the last few years about the Federal Buildings Fund. Now that we are in a new policy situation, you could properly say, what do you think of this fund? Have you had a chance to study it, and do you think that some of our fears about it being too expensive are not justified, or what is your reaction?

Mr. SOLOMON. My first reaction, after 10 months, is that the fund is working fairly well. I think it is a good operation although I am concerned that it has limits which are too tight because, as it grows, we should be able to grow with it and maintain and give the kind of services and rent the kind of buildings that we really think we should. I think it is a good idea. I see no reason to recommend a change in it at the moment, and we are not advocating any.

Do you have anything on that?

Mr. GRIFFIN. Even though agencies, I think, bring some complaints to different appropriation subcommittees, it does give the various committees an opportunity to individually examine the rent bills of each agency, rather than one agency, like GSA in the old days coming up for the total government space bill and the committees not really knowing what the individual agencies were spending for space, sometimes space they no longer needed or didn't need in the first place. The expansion requirements of agencies are better controlled under the fund than otherwise.

Mr. STEED. A strong argument made in setting up the fund was the fact that some agencies had some fairly grandiose ideas about what they needed, and there was no way to get a handle across-the-board on what these demands would be. Are you far enough into the program now to give us any reading on what savings or what reductions or what better management techniques have come out of the space problem?

Mr. SOLOMON. I think we have realized tremendous Government-wide savings by having one central procurement agency for soliciting space. If it were not for this, I think you would have a real competitive situation within the government. I think it is very important to keep the agencies in the fund.

The fund to some degree controls the agencies in the kind of space and the great, often expensive ideas they may have. As you know, you can go in the City of Washington and lease space from \$9.50 a square foot up to \$20 a square foot. That is a large range, and I think by having the fund and by utilizing standard space assignment criteria, we are a restraining factor on the agencies. I have no real complaints with it, unless Mr. Griffin has any other suggestion.

Mr. GRIFFIN. I think the biggest complaint voiced by some agencies in the past was about the rate. But since we have gone to the fair annual rental, which is performed, for the most part, by private appraisers doing a very fair estimate of the rent, those complaints have diminished. I think the greatest savings is the agency facing up to the rent bill and not going to the committees asking for as much space as they would have asked from GSA. They were beleaguering GSA and GSA was unable to deliver. Now they have to justify it to the individual committees. I think that is a great advantage.

TRAFFIC MOVEMENT

Mr. STEED. One of the problems here, and I suppose in any metropolitan city, is traffic movement around the community.

Are you in a position, when new space is needed, say, here in the metropolitan Washington area, to give any consideration at all to what the impact of putting a work force in place A, B, C will have and to avoid adding more coals to the fire, so to speak? I know some of the agencies have their preferences as to where they would like to be, but all too often that is where there is already too much preference. Some of them are a little reluctant to go to the less prestigious areas. How much consideration are you able to give to the transportation problem?

Mr. SOLOMON. We are giving it a great deal of consideration. We earmark the Metro entrances and those are the areas we are trying to concentrate on, to cut back on the use of automobiles as much as we possibly can. Every Metro area that we go to we look to what mass transportation will do towards providing access to our buildings and how we can tie into it.

In many cases, we are going to the operators of the mass transit and saying, will you cooperate with us? I was just in Houston, Texas, with Congressman Gammage and Senator Bentsen. We met with the city officials and asked that if we do certain things, will you see that we get mass transit so we will not create congestion that a building with the amount of employment we will bring in would otherwise create and they are all trying to cooperate with us 100 percent.

In Washington, we are very much aware of these problems and we are doing everything we can to stay near the entrances of the Metro. The Old Post Office remodeling project will be tied directly into the Metro station. In fact, Metro is trying to provide an

underground tunnel to the Old Post Office so we will have direct access to the station. We are not going to provide much parking for that situation, and will encourage the use of mass transit as much as we can. We are very much aware of these problems and take them into consideration in each instance.

Mr. STEED. In some of the weather we have been having lately, the people who can get to and from work by mass transit, especially underground, have been very fortunate. I would think it would also have some traveling advantage to the work force in extreme weather in the summer. I don't think any other general conditions are going to develop that will alleviate this type of problem. I think about the only choice you have is to avoid getting into these areas when you can, when you have to make new space available, and especially when you are going to construct your own.

I know how difficult it is to come by sites. I think even if the site, where this problem could be avoided, cost more than it did where you just started out in an already bad situation, it would be just as fine to go with the cost factor. I just don't think that these areas around here are going to get any easier to cope with than they are now.

After something like almost 50 years of exposure to Washington, I can look back on it and see that it just got worse all the time, without any improvement.

Mr. SOLOMON. Mr. Chairman, you know we have a program to consolidate Federal space as much as possible. We will say in the urban policy, which we hope will come from the White House shortly, that we are committed to bring Federal employees into the central business area in order to help the central business area as much as we can. One of the justifications we give is the availability of mass transit to minority groups and others who are often dependent on public transportation. Now we are learning that the weather makes us dependent on it again, so the Federal Government can keep operating and not be closed down because of weather, which might be the case if we were just depending on automobiles.

So this is a part of our urban policy and part of our program for space, and you will see this happening all over the country.

PENDING LEGISLATION

Mr. STEED. You made reference to some reorganization activities that are underway. In addition to that, what pending legislation are you faced with? Are you going to have any additional burdens, duties, or problems from bills that are now on the Hill?

Mr. SOLOMON. The one that comes to my mind that will give us a problem is the new Federal judgeships that are being created.

Mr. GRIFFIN. I think it has passed both Houses, Mr. Chairman, and there is still a conference to take place. The Senate is slightly less than the House, so they have to adjust the difference in conference. But it will be up in the 140 area, which is a tremendous amount.

Mr. SOLOMON. Then we have the legislation that creates functions like the Black Lung Program or the Job Program which will require new space and facilities all over the country. Some of the reorganization of the other agencies, like HUD and HEW and even

Justice, has created the movement of space and the changing of space needs.

I think that is pretty much it.

Mr. GRIFFIN. The stockpile, which he mentioned, would be a big program.

Mr. SOLOMON. We, in the agency, have very little need for new space, except we are constantly needing new space at the Archives because of our ever increasing storage facility needs and our mission. The Nixon papers and tapes are going to require some new space. We are constantly growing. I think we are obtaining documents faster than we are getting rid of them, and we are going to need some facilities to accommodate the storage requirements of NARS.

Basically what we are trying to do is to consolidate our warehouses and cut down on the need of warehousing as much as possible.

EXPANSION OF FACILITIES

Mr. STEED. I hope Archives doesn't run into the problem the Library of Congress did some 20 years ago. We were faced with the situation of them gaining new acquisitions at the rate of about 44,000 square feet a year. After they had expanded out into 14 different locations all over the city, the need for a new library annex became apparent, and we set about to build one. We would appropriate money, and it would be knocked down by some very ardent fighters for economy. We would then get in a site fight with some of the members of our august Congress who wanted to have room to expand their own activities, and all kinds of problems.

Finally, they started building one, but it isn't finished yet. At the rate of 44,000 square feet a year, over 20 years of waiting for a new facility, with space already acquired in 14 auxiliary places over town, you are faced with the situation that by the time they finish the building and start occupying it, it already is too small. So it is like a collection of books; you either have every volume or you don't have anything at all. It is not good for reference if one or two of the volumes are missing.

If you don't acquire papers in such form that they are useful, then they are just taking up room that something else could be used for. So I think that with growth and everything that we can anticipate with any degree of accuracy, we should do a better job of planning than we have been able to do heretofore.

Mr. SOLOMON. I am not sure this government is facing up to that type of planning yet, but we should.

Mr. STEED. I take pleasure in one thing: If they had let me build the library annex when I tried, we would have done it \$45 million cheaper, and they would have had valuable space, protecting valuable collections a long time sooner than we had. Of course, in another way the Archives has that same type of problem. So I hope, as the needs become apparent, that we are given an opportunity for better treatment of the need there than we were able to do with the Library of Congress.

I don't suppose you could put a dollar value on it, but to have the most literate library facility the world has ever known, is a priceless asset.

Mr. SOLOMON. No question about it.

Mr. STEED. And like all of these things, if you don't save it when it is available, it is gone forever. It is not something you just do once and forget.

Mr. SOLOMON. Mr. Chairman, in view of your interest in historical documents of this country, we are facing the problem we have at the Archives. We are requesting permission to add a facility to the building here in Washington, on Pennsylvania Avenue, because we do have the need for it. It is growing very rapidly, and some of our documents are getting more valuable as time goes on.

We are facing the fact of it. I think the Administration is also recognizing the fact. In our appropriations this year, they gave us a little extra money towards preservation. It was brought to their attention, and they immediately agreed with it.

Mr. STEED. I remember back in 1936 or 1937, when I was working on the Hill as an assistant to a Member, I had an opportunity to play a part in getting the act through Congress that created the Archives. When they built the building it was looked upon as a grandiose thing that would be there for all time to come, and I don't think anybody ever dreamed that it would outgrow itself in our lifetime. Now it seems almost tiny by comparison with what we build around it and the field in which it works.

But it is like everything else these days; delay is a luxury we can't afford, because it keeps costing a lot more money than you save.

Mr. SOLOMON. Construction was going up at a rate of about eight to nine percent last year.

SUPPLY PROGRAM

Mr. STEED. What about your supply program? Are your field warehouses and facilities adequate to meet your needs, and are you filling orders on a timely basis, and that sort of thing?

Mr. SOLOMON. Yes, sir, we are doing a better job on filling orders. We are not getting the complaints we did when I first arrived here.

Of course, at that time they had no Commissioner of Federal Supply. It took some time to get Mr. Graham embedded out there, and he is doing an excellent job.

I personally think that some of our facilities are antiquated and there are more modern ways of handling this. We have done a great deal of work with two major companies who, I think, know how to warehouse and move merchandise better than anybody in this country, J.C. Penney and Sears, Roebuck. In fact, this week the staff is going to a new Penney warehouse to observe their operation. They are doing some very interesting things. They are going with greater heights in their buildings, 60-foot heights. We were always saying 20 was the most you could go.

They are doing a lot of things with computers. They have one computer warehouse where human beings never touch the merchandise; it is computerized and packaged that way, small items, but basically I think there is a consolidation going on.

We are also talking to other people in the government who do warehousing. We are bringing them together and meeting so we can find out what they know how to do better than we. The Defense Department has been willing to talk to us, and we are

willing to talk to them. We are trying to find out how they are operating with maybe three warehouses, while we have 20 distribution points. We are also looking into management methods of improving our delivery of services.

PRIVATE INDUSTRY COORDINATION

Mr. STEED. This idea of going to private industry for information and advice is a little bit of a radical departure from the Washington routine. Are you afraid you might get into trouble by being so practical?

Mr. SOLOMON. Mr. Chairman, since I have been at GSA, I have created three task forces to help us decide on certain things. One just took place last week, in which we brought in five people from private industry to look at the way we measure, and solicit for leasing of space.

The chairman of the committee, who heads the mortgage and loan department of John Hancock in Boston, manages a \$6 billion fund. We had four real estate brokers from around the country, one woman and three men, who came in and made 21 recommendations for changes. Some of it may require legislation to accomplish, but they were able to criticize us on some of the things we were doing. I was able to criticize, and I must say a lot of things I criticized when I first came on are included in a task force recommendation which we will publish in the next few days. We have taken five of the recommendations and sent directives to the field which I think will help us do a better job of leasing space.

We established a task force on the way we are handling contracts and using subcontractors in our contract bids. We also had a task force on the way we select architects, to see whether we could improve that. Our whole basis of all three task forces was to open up the process to make it more widespread, and tell people we want to make it easier to do business with the government, and we want them to come in.

On each one of the task forces we had someone from Penney's, had one from Sears, and people from other major companies.

I must tell you one other thing. We are, in the reorganization, going to private industry. We have gone to 20 major companies in the U.S. to call on their people; just to talk to them and see what ideas they may have about the operation of GSA. Our pitch to them is that this is the business arm of the Federal Government. What we will do will affect your private business a great deal in the way we supply merchandise, the way we buy merchandise, the kind of goods we buy in the open market, whom we get to produce them and whether we create employment for minorities and women. We get them in the mainstream which gets them better suppliers, too. It is a complete process.

We are calling on private industry. As you know, this is where I come from, and this is the only thing I really know.

NATIONAL SUPPLY SYSTEM

Mr. STEED. Have you made any headway in reducing the amount of direct procurement agencies are doing? Are you able now to do

more of their procurement for them through your system than you did before?

Mr. GRIFFIN. The biggest change there, as you are well aware, I know, from previous conversations, is the increase of the small purchase limitation from \$2,500 to \$10,000, getting the short order form so that there is less documentation, and less paperwork. But one of the biggest jobs of the reorganization task force on delivery of administrative services is a definition of the national supply system. At Jay Solomon's request, they will come forward to the President and define what really constitutes a national supply system, as opposed to Defense buying some things quite similar to what we are buying, V.A., Post Office, and so forth so that a system with some permanent outlook to it will be developed. That is being studied now.

There have been no drastic changes except the decentralization of small purchases, which I mentioned, Mr. Chairman, but we are looking forward to the task force really tackling the definition of what constitutes a national supply system.

INFORMATION EXCHANGE

Mr. STEED. Over the years, another spin-off benefit from your supply system has been that schools and cities and counties and States have used your pricing, to acquire their own materials of that type.

Would it be fair to assume that if you can tighten up your own operation, it would also reflect itself to the benefit of these other users of this information?

Mr. SOLOMON. Mr. Chairman, I know what you are saying. I have met the State people. There were five of them who called on me last week and asked if we could cooperate with them and give them information. We also had suppliers complaining that we are giving out too much information to the schools and to the cities and to the States. The reason they are complaining is that because of our mass buying, we are able to really buy at a cheaper price than the State people are and the schools are. They don't like for that price to get out because we sort of set a price that these people can shoot for. We also set standards, so the cities and the States benefit from it, as do the schools.

The States have come to me and said, why can't we get closer together in our buying? Why can't you help us buy? They are really saying why can't we all join forces into a mass buying organization and buy supplies?

Mr. STEED. It is the same tax dollar they use, and it comes out of the same taxpayer's pocket.

Mr. SOLOMON. It arouses your imagination whether you can get it done. You have been here longer than I have, and you probably have heard this conversation much longer. It makes sense. Whether you can accomplish something like this, I don't know. But we are looking at it hard, and I think it will be looked at in the reorganization.

Mr. STEED. I would think in many cases, where you do mass buying based on the producer having a standardized specification, that enables him then to have a production program that reduces his cost and makes it possible for him to provide these same

materials to others at a price that would be much less than they could do if you didn't have your program.

Mr. SOLOMON. Right, and we think that way, but we also must move out into the small areas. And when we move out into the small areas or to the small producer, we naturally take away from the large producer. We are creating some kind of havoc in that area.

PURCHASE FROM THE BLIND

You know, last year we bought \$35 million from the blind, and we are saying this year that we are going to try to go to \$50 million. Bob Graham and I personally visited a blind industry outside of Baltimore. They have created a business. We did about \$1½ million worth of business with this particular blind group of 50 people, and it would amaze you if you went there. They are sewing construction aprons for us and cutting our pads, the yellow pads and white pads, using regular industrial equipment. So we are reaching out.

We have also promised a committee to the President that we will double minority procurement in 2 years. That will take it to \$118 million by the end of fiscal 1979. That means we are going to bring a lot more small people into the mainstream, which is a new phenomenon taking place.

Mr. STEED. We already heard the presentation for the blind and handicapped. They were very enthused about the program that they are able to carry on now and its prospects for future growth and expansion, and especially the number of people they are able to help and put in a position of being self-supporting and self-reliant. They showed us samples of pens and other items that the blind handicapped make. It is quality merchandise, and it is very remarkable they can do that.

I don't know how many more items they can produce, but if they keep on doing as good a job as they seem to be doing up to this point, they should have a real good future.

Mr. SOLOMON. We encourage them a great deal. This pen in my hand, Mr. Chairman, I think we bought 4 million of these from the blind last year. It is as good a felt pen as you will buy in the commercial marketplace.

STOCKPILE PROGRAM

Mr. STEED. What can you tell us about this new stockpiling program? What motivates that? We have been kind of in the doldrums in the stockpile for the last several years, and now you are going back into the stockpiling business in a fairly sizable way. What type of stockpiling are you talking about, and what creates the need for it?

Mr. SOLOMON. I will ask Bob Griffin to answer, because there are some things I cannot say publicly, and he is maybe more aware of what they are than I am.

Mr. STEED. Of course, we expect you to avoid any of that type of information.

Mr. GRIFFIN. As you probably know, Mr. Chairman, the Ford administration studied a new stockpile policy for at least two years,

and the Carter administration picked up that study and reviewed it intensively. The President has come up with a policy in which he wants to activate the stockpile and provide the nation with the required quantities of strategic materials in times of need.

We have many bills under consideration to be submitted to the Congress. Congressman Bennett also has a bill in which he wishes to create a revolving fund so that large appropriations would not be necessary; there would be disposals of materials in virtually the same amount so the disposal proceeds would go for the acquisition, and immediate acquisitions could take place.

The Administration and appropriations committees traditionally, it is my understanding, do not like to create any more revolving funds than are absolutely necessary, so there is negotiation going on between the Administration and the Armed Services Committee concerning the structure of the revolving fund, whether it should be a time limitation, and so forth. But as soon as that discussion is over the Administrator will be submitting bills on many commodities, both for acquisition and disposal, which obviously would require quite a bit of activity, both in the maintenance of the stockpile as well as in the acquisition and disposal phases, where we believe the amount in the appropriation request this year carefully addresses that subject on a conservative basis.

ARCHIVES SPACE NEEDS

Mr. STEED. Mr. Administrator, going back to the Archives, do you anticipate sometime in the not too distant future a program for a new building, an annex to what they have; or what are you thinking of doing about solving their space problems?

Mr. SOLOMON. Yes, sir; our intentions are to acquire about an 800,000-net-square-foot underground structure across the street from the present Archives on Pennsylvania Avenue. We are going to need this very badly, and it would take us until about 1985, if we had immediate approval to get it built.

We would like to do it for three reasons: Number one, we think it is important to help develop Pennsylvania Avenue, and we think it would be a big boost to Pennsylvania Avenue. Number two, it is across the street, and we can connect it with a tunnel. Number three, we think it will be underground, which will give it the security and safety we do not now enjoy for the storage of some of our basic and most important materials. I think we will also get some new warehouse space out in the suburbs, which is going to be needed, also.

GAO REPORT ON PERSONNEL

Mr. STEED. One of the problems we run into all the time with one department or another is this not having staff enough to perform some duty. We never know whether the staff is used for something less important because the glamor of having the staff short on the most urgent needs must be some temptation to budget-makers. I have here the GAO report dated February 9 on the subject of personnel restrictions and cutbacks in executive agencies and the need for caution, and this seems to be a rather unusual windfall for some of the agencies that fight for additional

personnel. I thought since they mentioned you in three instances, you would like to make some comment.

The first item they bring up is "Further action needed to centralize procurement of automated data processing equipment to comply with the objectives of Public Law 89-306." And they say, "Under Public Law 89-306 General Services Administration was to be the single purchaser of automated data processing equipment for the government. This objective had not been fully realized because the Office of Management and Budget had denied the agency resources necessary for the law to be effectively implemented. For example, in its fiscal year 1973 five-year plan, the agency asked for 21 additional positions, but its request was denied."

What is your personnel situation in this area, and does it lend itself to any solution other than an increase in people you are allowed?

Mr. SOLOMON. Let me tell you my opinion. If somebody has something to add, please do.

We have taken a position since I have come to the agency; we have a Commissioner, Frank Carr, who is really not a professional in the field of computers, but is a professional manager. I mentioned to Frank before he came to the agency that we delegated a great deal of our authority away in this area. Chairman Jack Brooks would constantly say to me, this is something you were not intended to do, and you should not do it, and you should hold on to those functions for yourself.

We have stopped delegating authority the way we have in the past, and we are going to handle it ourselves. The GAO report is absolutely correct. If we had more personnel, we could handle more requests and much faster. Our only way of handling it now is to say we will handle it as fast as we can, and if it takes a little longer, it will take a little longer, because we have not been given more personnel.

We seem to be doing a fairly good job now with the personnel we have, but with the 21, or probably 50 additional positions, we could be more responsive. You may rest assured we are not delegating this authority away any more than necessary.

Mr. STEED. Let's look at this. If you had additional personnel, whatever the number might be, would you then be offsetting the use of personnel in the areas where you delegated?

Mr. SOLOMON. I couldn't tell you that, Mr. Chairman.

Mr. STEED. Would it result in any savings at that end of the action?

Mr. SOLOMON. Additional ADTS resources would result in greater Government-wide economies.

REPAIR CONTRACTS

Mr. STEED. The second thing they bring up, "Administrative repair contracts need improvement." It says, "We concluded that the agency was not providing adequate contract administration and contractor surveillance, as required by Federal procurement regulation, for time and material contracts. As a result some contractors were overcharging the government. Agency officials said they were seeking additional personnel authorization but could not predict the outcome."

Mr. GRIFFIN. Does that relate just to GSA?

Mr. STEED. This is to the repair contracts.

Mr. GRIFFIN. There is some truth to that, Mr. Chairman, one of the items we want to address when you get into the specific items is our very strong feeling based on nationwide studies that we do not have enough audit surveillance. And the number of contract people in the rehabilitation division is extremely limited. There have been some instances, not many, of overcharges, and we would like to improve the administration of contracts in that area.

Mr. SOLOMON. Mr. Chairman, we went to OMB this year, in the budget, and we asked for 25 new auditors to add to the staff. We were granted that. So in the budget this year there are 25 new auditors to be added to that contract compliance function.

Mr. STEED. In other words, here again, the solution relates itself to the manpower that is available?

Mr. SOLOMON. Right, sir. That number should have really been 50, but we had to compromise on 25.

Mr. STEED. The third item in which they mention you in this report is awarding of requirement-type contracts for repair of electric motors, generators, and so forth, by GSA Region 3. The report criticized the agency's contract award and administration. "Agency officials said because of budgetary limitations personnel were not available for adequate contract administration."

Mr. SOLOMON. I think that speaks for itself. That is very true.

Mr. STEED. Will these auditors give you any capability to maybe give them some help?

Mr. GRIFFIN. I don't believe so. I think that pertains primarily to Region 3 personnel. I think they do need more personnel for that purpose.

Mr. STEED. Mr. Miller.

STOCKPILE ACQUISITIONS

Mr. MILLER. Mr. Solomon, you mentioned in your testimony an amount of \$157,600,000 for the acquisition of various materials for the national stockpiles of strategic critical materials. This was discussed, at least, but could you give us a little background as to why the change? We have not, for 20 years, really, purchased materials. As I recall, General Bray, last year, mentioned we should start on a program to procure. Could you give us the background as to what kind of material we would be purchasing and what kind of material we would be disposing of?

Mr. SOLOMON. I can relate to you my personal knowledge. I am not an expert in this field. As an example, we have been selling tin in the open market. We bought it at a low price, while the current price is high, and we have a surplus, more than what the planners of this country say that we need. We also have been selling some industrial diamonds, and some mercury. We do that on a continuing basis. There is need, in my opinion, to reflect and to re-examine the stockpile constantly, because there are some things in there that are not necessary. There are some things we don't have enough of that will be required by this country in case there is a national emergency.

I don't think that I should get into the individual items that are needed, but from time to time they need to be replenished. In my

opinion, Mr. Miller, I would imagine there could be some deterioration of the commodities just sitting there.

Today on the news they were talking about the coal stockpiles of the utility companies, and they said they are now getting down to the bottom of the piles, the bottoms of most piles haven't been reached for 10 or 15 years.

Mr. MILLER. Would you believe thirty? I walked on one last week that hadn't been seen in 30 years.

Mr. SOLOMON. And just sitting there, it has lost some of its combustible facility. It should have been turned over, and I think that is true for us, too. If you go to one of our stockpiles, which you can in nearby Maryland, you will see trees and grass and everything growing out of them. Some have been there for years. They should be turned over. There are new demands and new requirements for this government all the time. I think to maintain a good stockpile, it should be rotated; we should sell some; we should be buying and replenishing and doing the various things the National Security Council dictates.

INTERNATIONAL EXCHANGE AUTHORITY

Mr. MILLER. I was back in Ohio and up to my ears in snow, but only my ankles in coal. Out on the coalpile at a utility operation where they are generating electricity, the problem was that in the bottom of the pile there is mud and they will not be able to burn right down to the very bottom of the pile. It can be tens and hundreds of thousands of tons of coal that was anticipated would be in the inventory but can't be used. Apparently we are in more of a problem with electricity than what we had anticipated.

I recall just a few years ago that I was able to get an amendment in our foreign assistance bill that allowed the administration to barter with other nations for the strategic metals that we would need. To my knowledge, it has not been used. I know you are not in the State Department, and there seems to be so many people that are involved, but you are involved in strategic metals and stockpiling. It appears somewhere along the line that you would be able to have input as to why we are not using this recommendation in order to stockpile. You are speaking now of spending a lot of dollars. Instead of spending those dollars, especially to foreign countries, some of this stockpiling could be material from foreign nations. It could be the very nations that we are turning over our foreign assistance to.

So if we could barter with them, and you could have an input at least on suggestion, it seems to me that we should be doing it.

Mr. GRIFFIN. We would, Mr. Miller, use all of the devices including upgrading and rotating to improve the character of the metals in the stockpile. When General Bray spoke last year, he was anticipating a decision for reactivation of the acquisition and disposal programs. That has only come in the last few months. As far as spreading the stockpile over many acres, it is true that we do that, but before we stock it, we prepare a pad so that we don't get into that muddy situation. We prepare the location if the types of material there would be subject to deterioration from earth, or oxidization, and so forth. All of those precautions are taken.

STORAGE SITE PREPARATION

Mr. MILLER. Could I clarify that? You prepare a pad. Are you saying a concrete pad?

Mr. GRIFFIN. Or macadam, depending on the material.

Mr. SOLOMON. Most I have seen are concrete.

Mr. MILLER. This was done at the coal stockpile locations, where the utilities would have placed at the electric generating plant about two feet of fly ash. This was rolled and packed and then the coal was packed when it is put in. In the summer, the pile will develop its own heat so it is necessary to pack it. But the point is that after they put 150,000 tons on top, that still forced the mud up through the base.

Mr. GRIFFIN. That is true. We do have engineering problems. Anticipating the number of years for storage is difficult, but we do attempt to protect against deterioration.

On the direct question of the types of commodities, and so forth, Mr. Mitchell would be happy to visit with the committee and provide all of that information off the record. We are very careful about disrupting the markets, because there are all kinds of industry people looking for the first activity, and we would not want to damage the market in any way.

Mr. MILLER. And we should not, and I would appreciate it if we could have a briefing.

Mr. SOLOMON. Any time you would like, Joe Mitchell will be glad to.

It is public knowledge that we recently had a sale of brass scheduled by the Army, a one-time sale, which the industry thought was going to be very disruptive to the marketplace, because when you melt brass, you get zinc and copper. So we have all stopped and taken a look at it.

ENERGY STORAGE

Mr. MILLER. I hope somehow you will have the input in order to put that in operation. Many of those underdeveloped countries do have in their mountainsides the very things that we need, and if they want our foreign assistance, we should be able to barter with them.

On stockpiling, you have the strategic metals the ferro-alloy people would use, and apparently it is not in a refined state, and the ferro-alloy people are having problems because of the imports into this country. If you had the industry today to refine what you are now holding, it would help them, and it would be like storing energy, because we would use that energy right now and have the product on the shelf. We would have it in a refined manner also representing stored energy. Have you given this thought?

Mr. GRIFFIN. That would be part of the establishment of the objective for each commodity, and I am sure that the upgrading would be part of that. Of course, the upgrading would be done by private industry, and that would be one of the steps in the plan.

Mr. SOLOMON. Mr. Miller, we are beginning to get deeply involved in this subject. We are constantly briefing the White House

on the stockpile, and I think that you will see some direct action come out of negotiation with the Armed Forces Committee on strategic stockpiling. We think there is going to be big activity this year.

Mr. MILLER. As far as refining and helping the industry that is ailing now, if I could have some additional information on that, I would appreciate it. That is the ferro-alloy industry. You apparently have the stockpile, and they have the facilities to refine it. But nothing is being done. You would be able to save space, and you would also save energy, because you would consume the energy now instead of in future years. The industry needs that business to keep our people working.

FREEDOM OF INFORMATION ACT

Last year, we had some questions concerning the Freedom of Information Act, and, at that time, it cost only about \$145,000 to your agency. Apparently it is growing. Do you have some information to give us about the Freedom of Information Act? Who are the people who come to GSA requesting information?

Some of the people who came to us wanted additional dollars because the Congress had passed the Freedom of Information Act and the Privacy Act, and it created problems within the agencies. But we also found in some areas where people who were writing books would come in, and it was necessary for various agencies to spend a lot of dollars. As a matter of fact, I thought they were wrong, but under the law apparently they were compelled to give information.

Do you have anything that you could convey to us as to how that stands at the present time and what kind of problem the Congress has created for you?

Mr. SOLOMON. I think Dr. Rhoads, who is the Archivist of the United States, probably can give you more information. He probably gets as much of it as anybody, but at the central office we are constantly getting requests. We get requests, and I don't know how many dollars are involved, but usually if it is a big request that requires a lot of money, we tell the people they have to pay for some of the information, the cost of it to us, to get it done.

On a personal note, when I was being confirmed by the Senate, a newspaper reporter requested a copy of every lease that my former company had with GSA.

Mr. GRIFFIN. A copy of every transaction of 150 subsidiaries. It was a mountain.

Mr. SOLOMON. They gave him a bill, and he called me up complaining because he had to pay it under the Freedom of Information Act. On minor things, we are getting five to ten requests per week from newspaper reporters.

I would imagine most of the information on freedom of information comes from the Archives and contractors.

Dr. RHOADS. I can give a tentative answer as far as the National Archives is concerned, although I think Janice Mendenhall has the overall GSA picture better in view than I have.

Last year, the number of Freedom of Information requests, involving the holdings of the National Archives, as distinguished from our administrative records, did increase very sharply. As I

recall, it tripled. I would like to furnish more specific information for the record, if I might; it is still not a huge amount for us that is terribly troubling, but it is growing, and if this continues, sooner or later there will be some severe problems.

MAN-YEAR COSTS

Mr. MILLER. I think it would be good if you would furnish that for the record, and if you would furnish for the record the cost of the Privacy Act in man-years. I think it could be worked out without a great problem.

[The information referred to follows:]

Freedom of Information Act-- NARS accessioned records

Calendar Year 1975--162 requests

1976--242 requests

1977--369 requests

Privacy Act--NARS operating records

Calendar Year 1975--0.50 manyear for implementation and compliance

1976--0.10 manyear

1977--0.13 manyear

Privacy Act--Office of the Federal Register

Calendar Year 1975--4.5 manyears for implementation of provisions relating to publication of notices of systems of records and the annual compilation of systems

1976--4.0 manyears

1977--4.0 manyears

FREEDOM OF INFORMATION ACT REQUESTS

Mr. GRIFFIN. It is difficult to quantify, but we will come up with the best estimate possible.

Mr. MILLER. This gives us some idea of what we are doing. Yours would be in one area, and we could look at the big picture if we had something to start from.

Mr. SOLOMON. Ms. Latimer, our General Counsel, could probably give you a quick feel of what the situation is on contracts.

Ms. LATIMER. Being basically a contracting agency, we get a lot of Freedom of Information Act requests from bidders and from

other contractors who did not win the bid. We get a lot of information on contracts under the Freedom of Information Act.

Mr. MILLER. This is the feedback to the contractor that lost the bid; is that what you are saying?

Ms. LATIMER. Yes, the losers.

Mr. GRIFFIN. The charges, of course, don't go back to the individual agencies, so there is no way of making up the loss.

Ms. LATIMER. Also, in our contract compliance we do for the Department of Labor as one of the 11 contracting compliance agencies, we get a lot of requests for information in the contract compliance areas.

Ms. MENDENHALL. And affirmative action plans.

ENVIRONMENTAL IMPACT STATEMENTS

Mr. MILLER. I noticed some comment last year that GSA did about 70 environmental impact assessments and in 1978 we were estimating the requirement to do 375, going up almost 500 percent, apparently they would be on buildings that would be constructed in certain locations, and buildings perhaps that would be sold. But it seems the environmental impact assessments are also taking quite a few dollars. Last year, it shows in the record about \$750,000 just for the—

Mr. SOLOMON. We are seeing a requirement for more EIS reports than ever before. We were hit with one the other day, to give you an example, where the Federal judge said to move the people out of the Forrestal Building into a vacant building at Buzzard Point. We have to do an environmental impact study. So we are getting hit so hard with it that any move we make with the Federal Government, or any building we do, or almost anything that we do involving people, we do an environmental impact study.

Mr. GRIFFIN. There is a difference between assessments and environmental impact statements. The assessment, for the most part, we do in-house. That is where we don't believe the environment is severely impacted. But when we get to environmental impact statements, they are normally done on a contract basis and are very costly.

Mr. STEED. In connection with these environmental reports and the cost thereof, has anybody figured out what dollar value the taxpayers get out of any of them?

Mr. SOLOMON. No, sir.

Mr. STEED. Why do we do it?

Mr. SOLOMON. Usually the courts require it, and usually the EPA has required it as part of the environmental laws of this country today.

Mr. GRIFFIN. In addition to that, the Council on Environmental Quality has very strong guidelines which the courts rely on. If we don't fulfill those guidelines, we can't take the necessary action to keep the government running.

Mr. STEED. It is obvious we have them, but I was trying to figure out what good they are.

Mr. SOLOMON. Some of these things are being taken further than what was intended.

Mr. MILLER. That was the purpose of the question. We do pass laws, and then we complain to the agencies when they come in and

request dollars in order to fulfill that requirement. If you could give us not only the Freedom of Information cost, but also the environmental impact statement costs. If you let it out in contracts, you should be able to total that up fairly quickly, and if you would furnish it for the record, I would appreciate it much.

Mr. SOLOMON. We will be glad to provide that for last year. [The information follows:]

FREEDOM OF INFORMATION ACT

The cost of complying with Freedom of Information Act requests amounted to \$149,581 in calendar year 1977.

ENVIRONMENTAL IMPACT STATEMENTS

\$557,000 was obligated in fiscal year 1977 for environmental impact statements which were accomplished by contract.

ENVIRONMENTAL REQUIREMENTS

Mr. MILLER. That would be good. The main purpose is to find out what it takes for you to fulfill your responsibilities on that requirement?

We have a couple others. The Clean Air Act of 1970, the Water Pollution Control Act of 1972: how has that affected you as far as buildings are concerned? Has it created problems, expensive problems?

Mr. SOLOMON. We were only cited in three cases recently, when they cited a lot of the Federal installations. The three locations were our three Washington area heating plants; however, we are in the process of upgrading them now, and we were at that time. I don't know what the estimated cost is to bring these plants into compliance; however, we can provide it for the record.

Mr. MILLER. Is this in the present fiscal year 1979 budget?

Mr. SOLOMON. No, the funding for these projects has already been authorized.

Mr. MILLER. If you could furnish that information, I would appreciate it.

[The information referred to follows:]

CLEAN AIR ACT

The estimated cost to bring the Central, West, and Virginia Heating Plants into compliance with the Clean Air Act is \$3,617,000.

COAL SHORTAGE

Mr. MILLER. You are talking about clean air, and we do have a power generating plant here at Capitol Hill. In another subcommittee we had a discussion with the Architect of the Capitol, and he mentioned at the time that they were using coal and GSA furnished coal for that.

Now, do you have a problem? We have an extreme problem in Ohio concerning a shortage of coal. Do we have a problem here, where you would not have an ample supply of coal? We are on a count in Ohio as to how many days' supply of coal we have left. We have talked about how the bottom of the pile has mud, so we have less than what was anticipated.

But do we have any problems in this area because of the coal strike?

Mr. SOLOMON. I asked the question yesterday, and we do not have a problem. We have sufficient stockpile that we can carry on. We can probably make the spring and summer without any problem.

Incidentally, for your information, we have issued orders in the East Central Region, which centers on Canton, Ohio, to lower the temperatures in Federal buildings. We are also going to take other precautionary measures in the whole area to do what we can. We were directed by the President on Saturday afternoon to do this. This does not mean the government will not continue to function; all the agencies will continue to function, but the temperature in the buildings will be lowered.

If this doesn't cut back enough, we will take it down more, but I think we will be able to stay with the 55 degree temperature, which is what we did in the last emergency.

Mr. MILLER. When you speak of having a supply of coal, do you have it in another area?

Mr. SOLOMON. No, sir; in Washington.

Mr. MILLER. That supply for Washington is here; you are not moving it out of another area?

Mr. SOLOMON. We have not been ordered to move it out. I was trying to think of the figure we have on emergency. I think it is 75,000 tons.

Mr. MILLER. That isn't a large supply. We have one electric generating plant in my district that consumes 25,500 tons a day, so they are having a problem.

Mr. SOLOMON. Mr. Miller, we supply heat to over 100 buildings in the Washington area from our heating plants.

Mr. MILLER. That would be the unit that supplies the buildings on Capitol Hill, also—

Mr. SOLOMON. No, the Capitol has its own heating plant. We have three locations, the Central and West Plants which are in the District and the Virginia Plant at the Pentagon.

CONSOLIDATION OF TOOL CENTERS

Mr. MILLER. I understand that you have a division that procures small hand tools, and that there is a possibility that that division would be moved out of Washington into Kansas City. We have heard from several people about this. Would you elaborate a little on that for us, as to what the proposal may be?

Mr. SOLOMON. I will tell you what I know about it, and then I will defer to Bob Graham, the Commissioner of the Federal Supply Service. We were given a study on our consolidation which indicated that we could, over a 5-year period, realize a saving of \$2½ million if the tool centers we are now operating in Washington and Kansas City could be consolidated in Kansas City. It would be a more efficient operation.

We have not yet done anything about it. We only made the study and presented it to the reorganization people for approval, and then we started talking about it.

We have agreed not to do anything until we can get all the people together and understand the problem and study it a great

deal. The Federal Supply Service is meeting this week with some of the tool manufacturers from the Northeast to explain the problem and see if there is any way of working it out. I defer to Bob Graham, if he wants to add anything.

Mr. GRAHAM. That is substantially the present state of affairs. We have discussed the proposal with Mr. Boland and Mr. Conte and plan to meet again on the 22nd of February, along with some of their constituents so they can have an opportunity to respond. The consolidation would seem to support a reduction of something in the area of half a million dollars a year. We feel the economics are something that we should naturally be respectful of because we are trying to avoid cost and we think it is a more effective way to operate on a consolidated basis.

Consolidation would provide for efficient management. We have actually heard a considerable amount of reaction from Congressmen and, as the Administrator points out and in response to a request made by Mr. Gunnels, we are considering all aspects of the proposal in an effort to give others a chance to express their opinion.

I think we have to come to a conclusion in this matter, and we hope that the meeting that will take place on the 22d will provide direction.

Incidentally, I appeared at the tool industry conference, which took place about 10 days ago in Florida, and there was very little comment from industry on the subject, so I don't know whether that is an indication that they appear receptive, or whether they feel that the Congressmen are going to continue to raise questions and therefore this will be the area in which the discussions will occur.

[Mr. Conte supplied a statement for the record regarding the proposed transfer of the hand tool center. Mr. Conte's statement appears at page 560.]

OPERATION OF TOOL CENTERS

Mr. MILLER. As I understand it, 80 percent of the purchasing is done at Washington and 20 percent at Kansas City now, why not move the Kansas City group to Washington?

Mr. GRAHAM. Do you mean the idea of consolidating the procurement alone, Mr. Miller?

Mr. MILLER. That is what I understood.

Mr. GRAHAM. That is a possibility. However, the most economic advantages are gained by a consolidation of the total tool center as a commodity center in Kansas City. This would mean moving the procurement from Washington to Kansas City, and this affords the best economics in terms of cost avoidance or reduction.

There would be a limited result in terms of overall cost were we to consolidate the procurement in Washington, which is a possibility. From the standpoint of economics it is not the most attractive way to go. So if economics were controlling then consolidation in Kansas City would be the route to pursue.

Mr. MILLER. I would imagine Mr. Boland may have some questions on that, and I do not want to take up all the time. I have more questions.

Are we coming back, Mr. Chairman? What are the plans for the committee so that we would know what direction we should go?

Mr. STEED. When we finish, we are going to take up each activity separately, as we always do, and spend the rest of this week on it if it takes that long.

Mr. MILLER. Then I just have one comment, and I will have some time later.

Mr. STEED. Yes.

CONTRACTS AFFECTING EMPLOYMENT

Mr. MILLER. I remember what to me was a bitter experience just a few years ago. We had high unemployment, higher than now and we had the recession. We found that a lot of industry contractors were dumping their whatever-material-may-have-been-ordered-from-GSA on GSA, and it used the dollars that GSA had for that particular year. We had a public works bill in the Congress where we were going to furnish jobs to crank up the economy. We found that the GSA was cancelling all the contracts they could cancel instead of acquiring the commodity, whatever it was they had ordered from industry.

This alone would put people out of work. It seems to me that if the commodity was needed, that is when the GSA needed to fulfill that contract and keep industry working, and come in for a supplemental. But, to my knowledge, a supplemental was never requested.

Mr. SOLOMON. Mr. Miller, I must say, and I don't want to sound disrespectful, but, as the new Administrator of GSA, I would not be very receptive to that type of thinking, and I would not put myself into the position of not cooperating with the unemployment picture and the needs of this country. I don't know who made that decision. I wasn't there to make it, but it isn't the type of decision I would make. I would come back to the committee and the people involved and be receptive and cooperative in working hand-in-hand with the committee, and this would be my position.

You know, it is unfortunate in this government that we cannot control what other people have done before us, or even after we leave. We can only control what we have here with us. It is not the policy of this administration of GSA not to be in the posture you would like to have us in.

GENERAL SUPPLY FUND

Mr. GRIFFIN. I think, Mr. Miller, the situation you were describing relates to an oversubscription or overapplication of the funds in the General Supply Fund about two or three years ago, when they virtually went bankrupt. They had oversubscribed themselves on things like furniture and many other commodities where they thought shortages were going to develop.

More than that, I think the Chairman may remember they oversubscribed themselves on automobiles, and they found themselves in virtually a bankrupt position. To avoid an antideficiency situation, they took drastic steps to cancel many contracts for which they just did not have appropriations to accomplish. I believe one of the problems at the time, and one we hope to address legislatively this year, is that for a period of seven or eight years they had not faced up to the needed capitalization in the General Supply

Fund that comes with the rapid expansion of business. They were trying to carry on the activity with the same capitalization they had many years before, and they found themselves at a deadend and as you say, extensively cancelled contracts.

But it was an administration decision to stay out of the antideficiency situation, as opposed to conflicting with the unemployment policy of the administration at that time.

Mr. MILLER. Mr. Griffin, I recall some of the comments that were made at that time, and it went like this: the market wasn't there for the industry, but GSA was a market because they had a contract, so industry was dumping early on GSA and GSA had to use the funds that they had for procurement. That is when they started looking for places to cancel contracts. We, in the Congress, were appropriating funds for public works jobs, which meant the person had an income, but was not really developing something and producing something like the industry would be for GSA.

The record about two years ago should reflect that, and I guess the main purpose is so the right hand would know what the left hand is doing if we get into that kind of problem again. Let's hope we do not. Thank you.

Thank you, Mr. Chairman.

Mr. STEED. Mr. Boland.

STANDARD LEVEL USER CHARGE

Mr. BOLAND. Thank you, Mr. Chairman.

Gentlemen, I apologize for being a little late this morning. With respect to the problem of the hand tool office movement from Washington to Kansas City, that is a matter we will get into more thoroughly when we get to that point in the FSS, and I appreciate the forbearance of the Administrator of GSA for not putting this into effect immediately and awaiting the meeting we will have on February 22d with Mr. Graham and other members of his staff.

Let me ask you about the standard level user charge. All of us who serve on other subcommittees get hit with tabs for the rents that GSA charges those particular agencies that come before the other subcommittees. I hear about it all the time, incidentally, as chairman of one of the subcommittees that has NASA, the V.A. and many others. They are not very happy with the costs imposed by GSA. Most of them say it is too high; I am not sure that it is.

What does GSA say about this? I know you have a concept called fair annual rent, and this is the concept which was put in place a couple of years ago, wasn't it?

Mr. GRIFFIN. This is just the first year of full operation under FAR.

Mr. SOLOMON. Mr. Boland, I guess I am more involved in the real estate marketplace than most everybody here, because I just came from it. I think the charges that we are making to the rest of the government are very reasonable and, most of the time, under market. I don't think they could go out and lease that space in today's world and pay the fees that are asked for if they were out competitively bidding against each other for that space. I don't think they would come out as reasonable as we do.

Mr. BOLAND. I suppose one way of determining that is by comparison with the market rates of commercial space owned by the private sector.

Mr. SOLOMON. And you know we go through that comparison process. That is how we reach the fair market value we charge now. We go in and make a survey of all the surrounding buildings of the area so we will not be too far under the present marketplace.

Mr. BOLAND. Let me ask the Archivist. Did I notice an item in the justification where you are paying GSA \$920,000 for leased space?

Dr. RHOADS. That is an increase of \$920,000.

Mr. BOLAND. What is that caused by?

Dr. RHOADS. Primarily by reclassification from warehouse to light industrial space at the Washington National Records Center, plus 50,000 additional square feet of new space at the Federal Records Center in Waltham.

Mr. BOLAND. How much leased space does the Archivist have under his jurisdiction?

Dr. RHOADS. Not much; less than 4 percent is leased space. The rest is government-owned. But we have to pay either way.

Mr. BOLAND. You pay for the government-owned, too, of course. What is your rental bill? What is the Administrator charging you for rent? Do you think he is a good landlord?

Dr. RHOADS. Our total 1979 rental bill will come to \$20,965,000.

Mr. BOLAND. Would you say the charges are fair? Or do you ever look into them, yourself?

Dr. RHOADS. Yes, sir, we do look into them, and when we see any evidence that appears to us to suggest that a mistake has been made or that something is out of line, we do talk to the Public Buildings Service, and frequently adjustments have been made.

NARS CONSTRUCTION

Mr. BOLAND. I am of the opinion that the GSA is in a better position to determine what the requirements of space are for other governmental agencies and what they ought to be, and my judgment is that since the Federal Buildings Fund was established five years ago, that perhaps the government has saved a lot of money in this area.

But I must say there is always a protest by other agencies with respect to the amount that GSA charges.

The 800-some-odd-thousand square feet you are going to put underground across from the Archives, what are you going to put on top of it?

Mr. SOLOMON. We are not going to put anything on top of that, but the Pennsylvania Avenue Development Corporation is going to sell the air rights to someone else. The Pennsylvania Avenue Plan calls for housing, office, and retail space on top of the Archives underground records storage space.

Actually, Mr. Boland, we are going to lease from the Pennsylvania Avenue Development Corporation. They are going to build the structure with their funds, and we will lease it.

Mr. BOLAND. You will lease the 800,000-odd square feet?

Mr. SOLOMON. Yes, sir.

TELECOMMUNICATIONS

Mr. BOLAND. Let me ask you about the Automated Data and Telecommunications Service. Is the GSA responsible for wire communication between governmental agencies in the Washington area?

Mr. CARR. Not all of them, no. Some agencies have their own.

Mr. BOLAND. You don't have jurisdiction?

Mr. CARR. We have jurisdiction, but the ones that are not GSA-operated, they have, in the past, come to us and presented their case for what they want by the way of service. We look at it from the standpoint of cost to the government and make a decision.

Mr. BOLAND. What about wire communication? Does GSA engage in any activity to underground the wire communication?

Mr. CARR. We are involved as a member of the national communication system.

Mr. BOLAND. Do you have any money in this bill to put wire communication underground in the Washington area?

Mr. CARR. No.

Mr. BOLAND. I thought there was a problem with interception of messages on wire. You are not concerned with that at all?

Mr. CARR. We are concerned with it, but we do not have any funds in the budget for that.

Mr. BOLAND. What responsibility does GSA have in this area? That is what I am trying to find out.

Mr. CARR. GSA is a member of the national communication system, and the executive agency for the national communication system is the Department of Defense, specifically the Defense Communications Agency, and GSA, DOD, State, and several other large agencies that have telecommunication requirements are principals in that body. Basically, they are the ones concerned with this problem. We are getting into a classified area that we can't go too much further.

Mr. BOLAND. Not if you read the New York Times; the whole story was in the Times the day after the department heads met. There is nothing classified about it. Everyone knows there is intercept of microwave and wire communication in the area, and I know there is an effort being made by the administration to correct it. But I thought perhaps you people were deeply involved because of your responsibility for telecommunication services and among agencies in the Washington area.

Mr. CARR. We are involved. You asked the question whether we had money in the budget for that project. Money for that effort is not in the GSA budget.

Mr. BOLAND. Where would it be?

Mr. CARR. It is in other agency budgets.

Mr. BOLAND. Okay. Thank you very much.

Thank you, Mr. Chairman.

OLD POST OFFICE BUILDING

Mr. STEED. One question: I don't know whether this is something that rests with you but there has been publicity about what is going to be done with the old Post Office Building on Pennsylvania Avenue. Do you have a current report on that?

Mr. SOLOMON. Yes, sir, we will have a set of plans ready for the construction, and if all goes well, we will begin in July. We should be able to occupy the building by late 1980 or early 1981.

Mr. STEED. Is there a subway entrance anywhere in the immediate vicinity of that building?

Mr. SOLOMON. They are talking about connecting the building with the subway. That would be up to Metro to connect it and not GSA. We will provide the ground and easements.

You might be interested in the plans for this building. They have been approved by the Pennsylvania Avenue Development Corporation, by the National Capital Planning Commission, and by the Commission on Fine Arts, and we are very excited about it. The tower will become a tourist attraction, and we will try to create an elevator so people will go up there. It will be one of the three high points in the City of Washington. To my knowledge, it will be the first building that GSA will have completed that we will operate, which will have commercial leasing on the ground floor. In our plans we are talking about somewhere around 30,000 square feet of leasing.

Mr. STEED. What type of renter would you prefer to have in the building?

Mr. SOLOMON. We would like to have a restaurant, a fast food operation, some service operations, like a bookstore, newsstand, barber shop, beauty shop. We would like to have some art dealers in the building, because that will be the home of the National Endowment and a lot of the cultural activities; and from there on, we really don't know, Mr. Chairman, because it would be dependent on the marketplace.

We have been given instructions, it might be interesting to you and the committee, by the White House, that we must create this new commercial space and be competitive, as they describe it, with the commercial market. We should not underwrite it with government funds in order to get tenants into the area.

I am familiar with that commercial market, and our instructions are to go out and lease it like a developer would do if he were building this commercial space on Pennsylvania Avenue.

Mr. STEED. What are we thinking about in scheduling the project and having it available to the public?

Mr. SOLOMON. We will start in July of this year, and we are talking about late 1980 or early 1981.

Mr. STEED. I have the following questions regarding R.D.T. & E. facilities I would like to have answered for the record.

[Mr. Steed's questions and the responses follow:]

Question. Why did not the GSA "task group" include representatives from department/agencies who are the principle users of RDT&E facilities?

Response. At the request of the House Appropriation Committee on Agriculture, Environment and Consumer Safety in 1974, GSA, OMB and the President's Science Advisor undertook the development of a process concerned with the full utilization of existing research and development facilities. Since GSA, OMB, and the Science Advisor had a clear understanding of the need for and the use of such facilities by Federal agencies, it was not felt necessary to include other agencies in the task group's development process. However, the draft Federal Management Circular was furnished to all agencies having RDT&E facilities, and their comments were incorporated in the final issuance.

Question. Why was the 10,000 s.f. limitation set when the bulk of the laboratories are smaller than 10,000 s.f. thereby eliminating the bulk of the facilities from the inventory?

Response. The primary purpose in the issuance of the Federal Management Circular was to improve utilization of underutilized space in existing laboratories. Small laboratories, even though they might have underutilized space, would have only limited application for use by other agencies. In addition, in a preliminary meeting with the Committee Staff, we were advised that the Committee was primarily concerned about the use of large blocks of space.

Question. Why did GSA restrict the inventory to Government-owned and operated facilities thus excluding a large group of laboratories that are Government-owned but contractor operated? For instance, ERDA (now DOE) reported only 8 out of 41 laboratories for inclusion in the GSA inventory.

Response. A decision was reached not to request data for Government-owned, but contractor operated laboratories, because such contracts are usually set for a firm term and with specific objectives, with the result that space requirements can be accurately projected over the life of the contract.

Question. Why did not GSA reissue the regulation to clarify certain ambiguities which led to various and sundry interpretations by the departments/agencies in attempting to comply with the circular? For example, NIH, grouped together 10 major research activities located at Bethesda, Maryland, on a single GSA laboratory report form. In another instance, a HEW official understood the regulation to require the reporting of laboratories in HEW owned or controlled space whereas a FDA official interpreted the regulations differently and only reported lab space in GSA owned or leased buildings. General Services Administration on the other hand excluded all facilities not owned or leased by GSA.

Response. An overall evaluation of the results of the first effort on vacant and underutilized laboratory space indicated that there was little likelihood of achieving better utilization of laboratory space through this approach. Misunderstandings on the part of agencies involved as to how reports were to be filed could have been resolved without difficulty but it would not have furthered the objective of the project.

Question. Why did not GSA compare the results of their survey using the investigative report issued in 1975 as the basis for comparison? A quick check would have revealed 834 RDT&E facilities against only 170 laboratories in the GSA inventory, thus indicating some obvious flaws in the regulation.

Response. The purpose of the GSA-OMB-Science Advisor effort was to identify only those facilities that would have potential for better use or re-use by other agencies. The 1975 report listed all laboratories whether or not there was vacant space, without attempting to evaluate specific blocks of vacant space. In many cases the amount of vacant space was small in comparison to the total available and did not represent an unreasonable amount of space to be held for future use. The largest blocks of vacant space frequently occurred where facilities were being phased out of existence, in which cases, existing procedures for the identification of excess or underutilized space would have spotlighted such space and led to a determination as to its best use.

Question. DOD was totally unresponsive to the GSA inventory request by submitting only a single U.S. Navy laboratory report. This represented the entire DOD submission. Why did GSA fail to pursue DOD for obviously failing to comply with the GSA circular?

Response. It was recognized that the report was not complete but the inadequacies of the procedure in meeting the objectives were so significant that it was determined it would not be realistic or desirable to follow up with the agencies where reporting under the circular instruction were deficient.

Question. A NASA official claimed that 15 laboratories report forms were originally submitted to GSA but only 6 appeared in the GSA inventory. Both NASA and GSA acknowledged that 9 reports "fell through the cracks." In spite of this NASA failed to resubmit the missing 9 over the next 22 months and GSA failed to obtain the facts relating to the missing 9 laboratories. Why?

Response. Same response as in previous question.

Mr. STEED. At this point, we will insert the Summary Material from the 1979 Justification in the record.

[The information follows:]

SUMMARY ANALYSIS OF FY 1979 ESTIMATES FOR SERVICES AND STAFF OFFICES (continued)

Advances and Reimbursements, FSS.

No change from the FY 1978 level.

General Supply Fund.

Increase of \$84,745,000 and 101 average positions from the FY 1978 level.

-- \$4,193,000 and reduction of 8 average positions due to anticipated increase in stores, non-stores, and export sales to other agencies.

-- \$30,519,000 and 11.0 positions for increased sales of motor pool services.

-- \$48,000,000 for purchase of motor pool equipment.

-- \$1,265,000 for material handling and lab equipment.

-- \$1,000,000 for purchase of administrative equipment.

-- \$173,000 for within grade increases.

-- \$215,000 for full-year cost of pay increases (\$97,000 for classified and \$118,000 for wageboard).

These increases of \$85,365,000 are offset by a decrease of \$620,000 and 1 average position in Personal Property Disposal.

Working Capital Fund.

Net decrease of \$818,000 from the FY 1978 level with a decrease of 28 average positions. Provides for an increase of \$29,000 for the full-year cost of the classified and wageboard pay raises offset by a decrease of \$1,180,000 and 28 average positions due to a change in the level of centralized printing and duplicating services provided and a decrease of \$19,000 for payment to the Federal Buildings Fund.

Sale of Rare Silver Dollars.

Decrease of 57 average positions and \$2,108,000 based on the assumption that this activity will be concluded.

NATIONAL ARCHIVES AND RECORDS SERVICE:Operating Expenses -- \$73,093,000.

Net increase of \$3,619,000 and 37 average positions of employment from the FY 1978 level.

-- \$1,773,000 for additional payment to the Federal Buildings Fund for standard level user charges (\$920,000) and reimbursable (\$853,000).

-- \$1,000,000 for preservation.

-- \$30,000 and 2 average positions for streamlining the Federal Register.

-- \$750,000 and 35 average positions for reference services.

-- \$66,000 for pay act costs.

Advances and Reimbursements, NARS.

No change from the FY 1978 level.

Records Declassification -- \$1,565,000.

No change from the FY 1978 level.

National Archives Trust Fund.

Net increase of \$400,000 (\$370,000 and 9 average positions for reproduction services and \$30,000 and 1 average position for Presidential Libraries).

National Archives Gift Fund.

Minor increase of \$6,000 from the FY 1978 level.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE:Operating Expenses -- \$8,673,000.

Net increase of \$183,000 and 3 average positions of employment from the FY 1978 level.

-- \$100,000 for studies of the latest state-of-the-art developments in ADP and telecommunications.

-- \$26,000 and 1 average position to respond to Freedom of Information requests.

-- \$57,000 and 2 average positions to implement the Agency Certification Program.

Federal Telecommunications Fund.

Net increase of \$68,054,000 from the FY 1978 proposed level with an increase of 9 average positions.

-- \$22,746,000 to provide for projected increase in FTS traffic.

-- \$1,163,000 to handle increased record traffic.

-- \$43,531,000 for tariff increases.

-- \$251,000 for payment to the Federal Buildings Fund.

-- \$65,000 to provide for increased circuit requirements (\$190,000) and equipment maintenance (\$165,000) and 9 average positions.

Automatic Data Processing Fund.

Net increase of \$12,887,000 from the FY 1978 level with no change in average positions.

-- \$2,946,000 for increased workload in Federal Data Processing Centers (\$855,000) and for new Federal Data Processing Centers (\$2,091,000).

-- \$13,300,000 for increased utilization of the teleprocessing services program.

SUMMARY ANALYSIS OF FY 1979 ESTIMATES FOR SERVICES AND STAFF OFFICES (continued)

- \$4,052,000 for increased number of multi-year leases.
 - \$440,000 for data processing services contracts.
 - \$18,000 for payment to the Federal Buildings Fund.
 - \$131,000 for other miscellaneous increases.
 - These increases of \$20,887,000 are offset by a decrease of \$8,000,000 in the opportunity buy program.
- FEDERAL PREPAREDNESS AGENCY:**
- Salaries and Expenses -- \$213,345,000.
 - Net increase of \$173,143,000 and a decrease of 10 average positions of employment from the FY 1978 level.
 - Increase of \$18,000 for payment to the Federal Buildings Fund.
 - Increase of \$39,000 for full-year funding of pay increases.
 - Increase of \$157,600,000 for the stockpile acquisition program.
 - Increase of \$16,500,000 for transportation costs associated with stockpile acquisitions
- These increases of \$174,157,000 are offset by decreases of \$1,014,000 and 10 average positions of employment due to program adjustments and reprogramming actions resulting from zero base analysis.
- Advances and Reimbursements, AFSS:**
- Net decrease of \$1,084,000 over the FY 1978 level with no change in average positions. Consists of decreases of \$763,000 for the Iraniam Project, \$35,000 for the Corps of Engineers Saudi Arabia Project, and \$286,000 for computer and other support furnished to other agencies.
- Expenses, Defense Production Act -- \$4,374,000.**
- Net increase of \$3,074,000 representing an increase of \$4,374,000 for payment to the Defense Production Act for the DVA Stockpile inventories, offset by decreases of \$660,000 for chromium recycling and \$700,000 for chromium substitutes.
- EXECUTIVE DIRECTION AND STAFF OPERATIONS:**
- General Management and Agency Operations -- \$14,476,000.
 - Net increase of \$822,000 and 32 average positions of employment from the FY 1978 level.
 - \$66,000 and 1 average position for additional support and full-year cost of Committee Management function.
 - \$108,000 for payment to the Federal Buildings Fund.
 - \$100,000 and 4 positions for full staffing of the Business Service Centers.
- \$514,000 and 24 average positions for improved audit coverage.
 - \$34,000 for full-year cost of pay increase and a miscellaneous increase of 3 average positions.
- Indian Trust Accounting -- \$2,658,000.**
- Net decrease of \$297,000 and 7 average positions from the FY 1978 level due to the closing of the Kansas City branch office.
- Allowances and Office Staff for Former Presidents -- \$771,000.**
- Increase of \$154,000 from the FY 1978 level.
 - \$70,000 for payment to the Federal Buildings Fund (\$51,000 for former President Nixon and \$56,000 for former President Ford offset by \$37,000 of leased space).
 - \$24,000 for increased communications, travel and other office costs (\$17,000 for former President Nixon and \$7,000 for former President Ford).
 - \$60,000 for increased staff costs authorized for former President Ford.
- Expenses, Presidential Transition -- (No FY 1979 appropriation).**
- Administrative and Staff Support Services, Salaries and Expenses -- \$21,380,000.
 - Net increase of \$7,708,000 and 52 positions over the FY 1978 level.
 - \$1,638,000 for the Office of Data Systems to support the new ADP Supply System (FSS-19) and to maintain other existing systems.
 - \$5,242,000 and 21 average positions for continued conversion to NBAR.
 - \$965,000 and 39 average positions for conversion of MAPS to a centralized operation.
 - \$18,000 for payment to the Federal Buildings Fund.
 - \$148,000 for full-year cost of pay increase; minor increase of 1 position.
 - The increase of \$8,008,000 was offset by a decrease of \$300,000 due to improved productivity in the Office of Personnel.
- Advances and Reimbursements, ASSE:**
- Net increase of \$1,305,000 and 17 average positions over the FY 1978 level.
 - \$390,000 and 10 average positions for staff support for Congressional State and District Offices.
 - \$650,000 and 7 average positions for the new FIC and complaint handling experiment in Florida.
 - \$265,000 for increased use of part-time employees and within grade raises.
- Reimburse Under Memorandum AEE (1978 supplemental appropriation of \$1,000,000 requested).**

GENERAL SERVICES ADMINISTRATION
SUMMARY OF BUDGET ESTIMATES FOR FY 1979
(\$ in thousands)

	Appropriation		Authorized Level		Budget Estimate		Increase or Decrease (-) For 1979 from 1978		Other Changes	
	1977 AVG. Pos.	1977 Amount	1978 AVG. Pos.	1978 Amount	1979 AVG. Pos.	1979 Amount	AVG. Pos.	Amount	AVG. Pos.	Amount
Federal Buildings Fund:										
Direct Appropriation.....	-	\$125,000	-	-	-	-	-	-	-	-
Appropriation Rescinded.....	-	-	-	-\$75,000	-	-	-	-\$75,000	-	-
Obligational Authority.....	14,140	(1,146,853)	14,271	(1,346,626)	14,171	(\$1,366,561)	-100	(20,335)	-	-
Reimbursable.....	3,973	-	3,896	-	3,896	-	-	-	-	-
OE Disposal of Real Property.....	-	6,442	220	7,935	220	7,549	-	-386	-	\$7
Construction Services Fund.....	874	-	846	-	846	-	-	-	-	-
Operating Expenses, FSS.....	5,414	157,275	5,585	168,144	5,468	167,468	-117	-676	8	4,311
Adv. & Reimb., FSS.....	386	-	607	-	607	-	-	-	01	-
Working Capital Fund.....	1,470	-	1,402	-	1,402	-	-	-	-38	-
Operating Expenses, FMSD-Silver Dollars.....	444	-	57	-	374	-	-57	-	-	-
Operating Expenses, NARS.....	2,368	66,269	2,370	69,474	2,407	75,093	37	3,619	37	1,780
Adv. & Reimb., NARS.....	145	-	145	-	145	-	-	-	-	-
National Archives Trust Fund.....	230	1,470	235	1,565	265	1,585	10	-	10	-
Operating Expenses, ADTS.....	238	7,831	258	8,490	261	8,673	3	183	3	183
Federal Telecommunications Fund.....	1,911	20,000	1,925	-	1,934	-	9	-	9	-
Automatic Data Processing Fund.....	230	-	257	-	257	-	-	-	-	-
S&E, Federal Preparedness Agency.....	641	17,320	962	40,202	932	213,945	-10	173,143	-10	173,086
Adv. & Reimb., FPA.....	36	-	31	1,300	31	-	-	3,074	-	3,074
Expenses, Defense Production Act.....	-	-	-	-	-	4,374	-	-	-	-
S&E, ASSS.....	2,890*	75,215	3,050	85,682	3,082	91,390	32	7,708	50	7,542
Indian Trust Accounting.....	116	2,814	121	2,955	114	2,658	-7	-297	7	-297
S&E, General Mgmt. & Agency Operations.....	363*	8,861	408	13,654	440	14,476	32	822	29	651
Allow. & Off. Staff for Former Presidents.....	-	390	-	617	-	771	-	154	-	154
Expenses, Presidential Transition.....	-	3,000	-	-	-	-	-	-	-	-
Refunds/Re negotiation Act.....	-	1,000	-	-	-	-	-	-	-	-
TOTAL.....	36,356	\$692,887	37,382	\$323,018	37,324	\$585,962	-58	\$262,344	62	\$264,937
									-120	-\$2,593

* Comparable for functions funded in FY 1978 and FY 1979.

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF CHANGES - FY 1979 OVER FY 1978 IN APPROPRIATION ACCOUNTS
(In thousands of dollars)

Program Changes:	OE		Oper.		Oper.		Rec.		Exp.,		Sal. & Indian			
	Disp. of Real Prop.	Exp.,	FSS	NARS	Exp.,	ADTS	Deci.	FEA	SAE	DPA	GMAO	ASSS	Acctg.	Formar. Freqid.
Total														
Increases:														
Respond to Freedom of Information Requests..		26				26								
Implement the Agency Certificates Program ..		57				57								
Perform studies of the latest state-of-the-art developments in ADP and Telecommunications.....		100				100								
Personal Services Cost.....		357												
Stockpile Acquisitions.....		157,600							157,600					
Transportation Costs for Stockpile Acquisition.....		16,500							16,500					
Expanded Stockpile Program.....		1,311				1,311								
Purchase of Data Entry Equipment.....		3,000				3,000								
Additional support for Committee Management Functions.....		37									37			
Full staffing of Business Service Center.....		100									100			
Improved Audit Coverage.....		514									514			
Reference Services.....		750				750								
Preservation of Permanently valuable non-textual records.....		1,000				1,000								
Streamlining of Federal Register.....		30				30								
Interest Expense, DPA Stockpile Inventory..		4,374							4,374					
Continued support of improved ADP Supply Systems (FSS-19).....		1,361										1,361		
Continued Conversion of Accounting Systems to NEAR.....		5,242										5,242		
Conversion of MAPS to Centralized Operation		965										965		
Maintenance of existing systems for other GSA Operations.....		274										274		
Decreases:														
Chromium recycling.....		-600												
Chromium substitute.....		-700												
Funds budgeted for Environmental Impact Statements to comply with National Environmental Policy Act.....		-750												
Reduced Contractual Services.....		-924							-924					
Closing of Kansas City Branch Office.....		-297												-297
Miscellaneous reprogramming actions.....		-90												-90
Improved productivity in Office of Personnel.....		-300												-300
Total Program Changes.....		-393	4,311	1,780	183				173,086	3,074		651	7,542	-297

GENERAL SERVICES ADMINISTRATION
 ANALYSIS OF CHANGES - FY 1979 OVER FY 1978 IN APPROPRIATION ACCOUNTS
 (In thousands of dollars)

Other Changes:	OE		Oper. Exp., MARS	Oper. Exp., ADTS	Records Decl. EPA	Sal. & Exp., DFA	Expenses, GMAO	Sal. & Exp., ASSS	Sal. & Indian etc., Trust Former	Allow.
	Disp. of Real Prop.	Oper. Exp., FSS								
Additional cost of classified pay increase.....	7	140	66	-	-	-	-	34	148	-
Additional cost of wageboard pay increase.....	-	644	-	-	-	-	-	-	-	-
Standard level user charges.....	1,134	-	920	-	18	-	-	108	18	70
Reimbursable space cost, FFB	853	-	853	-	-	-	-	-	-	-
Increased staff costs for former President Ford.....	60	-	-	-	-	-	-	-	-	60
Increased communication costs for former Presidents Nixon and Ford.....	24	-	-	-	-	-	-	-	-	24
Full-Year cost of Committee Management function.....	29	-	-	-	-	-	-	29	-	-
Reduction in funding requirements while maintaining current level of operations.....	-	-1,807	-	-	-	-	-	-	-	-
Decrease in recurring standard level user charge.....	-	-4,000	-	-	-	-	-	-	-	-
Maintenance of current level of property disposal.....	36	-	36	-	-	-	-	-	-	-
Total Other Changes.....	7	-4,987	1,839	-	-	57	-	171	166	154
Total Increases or Decreases--1979 compared with 1978 accounts.....	-386	-676	3,619	183	-	173,143	3,074	822	7,708	-297
Effect of FFB appropriation rescinded in FY 1978.....										
GRAND TOTAL.....										

Effect of FFB appropriation rescinded in FY 1978..... +75,000
 GRAND TOTAL..... +\$262,344

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF CHANGE IN AVERAGE POSITIONS - FY 1979 OVER FY 1978 IN NON-APPROPRIATION ACCOUNTS

Program Changes	Total	Federal Bldgs. Fund	Adv. & Reimb. FBF	CSF	Adv. & Reimb. FSS	CSF	Adv. & Reimb. MARS	MCF	NA Trust	FTF	ADP Fund	OE-PMS	Adv. & Reimb. FFA	Adv. & Reimb. ASSS
Increases:														
New workload in Real Property operation	104	104	-	-	-	-	-	-	-	-	-	-	-	-
Reproduction of microfilm and other Publications	9	-	-	-	-	-	-	-	9	-	-	-	-	-
Assistance in Presidential Libraries and museums	1	-	-	-	-	-	-	-	1	-	-	-	-	-
Increased sale of motor pool services to other agencies	110	-	-	-	-	110	-	-	-	-	-	-	-	-
Equipment maintenance	9	-	-	-	-	-	-	-	-	9	-	-	-	-
Staff support for Congressional State and District Offices	10	-	-	-	-	-	-	-	-	-	-	-	-	10
New FIC and complaint handling experiment in Florida	7	-	-	-	-	-	-	-	-	-	-	-	-	7
Decreases:														
Completion of the rare silver dollar Program	-57	-	-	-	-	-	-	-	-	-	-	-57	-	-
Reduction to maintain funding at 1978 level	-113	-113	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of personal services and other support in program direction	-60	-60	-	-	-	-	-	-	-	-	-	-	-	-
Change in level of centralized printing and duplicating services	-28	-	-	-	-	-	-	-28	-	-	-	-	-	-
Release of Government-owned and commercial leased space	-31	-31	-	-	-	-	-	-	-	-	-	-	-	-
Other Miscellaneous reductions	-9	-	-	-	-	-9	-	-	-	-	-	-	-	-
Total Program Changes	-48	-100	-	-	-	101	-28	-	10	9	-	-57	-	17
Total Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total increases or decreases -- 1979 compared with 1978 in non-appropriation accounts	-48	-100	-	-	-	101	-28	-	10	9	-	-57	-	17

NET DECREASE FOR BOTH APPROPRIATION AND NON-APPROPRIATION ACCOUNTS IS 58 AVERAGE POSITIONS.

Comparative Statement of Permanent Authorizations
for fiscal years 1977, 1978, and 1979
(Dollars in thousands)

	<u>1977</u> <u>Apprn.</u>	<u>1978</u> <u>Program</u>	<u>1979</u> <u>Estimate</u>	<u>Increase or</u> <u>Decrease (-)</u>
<u>Permanent Fund</u>				
Expenses, Disposal of Surplus				
Real & Related Personal Property	<u>\$738</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>-</u>

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF CHANGES IN AVERAGE POSITIONS - FY 1979 OVER FY 1978 IN APPROPRIATION ACCOUNTS

	Total	Sal. & Exp., Gen. Mgmt. & Agency Operations	Sal. & Exp., Federal Preparedness Agency	Operating Expenses, FSS	Operating Expenses, MANS	Records Decl.	Oper. Exp., AUTS	Of, Disposal of Real Prop.	Sal. & Exp., Adm. and Staff Support Services	Indian Trust Acct.
Program Changes:										
Increases:										
Expanded stockpile program	8	-	-	8	-	-	-	-	-	-
Responses to Freedom of Information Requests and Implementation of the Agency Certification Program	3	-	-	-	-	-	3	-	-	-
Streamlining of the Federal Register Reference services and reference support activities	2	-	-	-	2	-	-	-	-	-
Committee management support and full staffing of Business Service Centers	35	-	-	-	35	-	-	-	-	-
Improved audit coverage	5	5	-	-	-	-	-	-	-	-
Continue the conversion of accounting systems to NEAR	24	24	-	-	-	-	-	-	-	-
Conversion of MANS to centralized operation	21	-	-	-	-	-	-	-	21	-
	39	-	-	-	-	-	-	-	39	-
Decreases:										
Reduced contractual services and realignment of program support	-10	-	-10	-	-	-	-	-	-	-
Closing of K.C. Branch office	-7	-	-	-	-	-	-	-	-	-7
Increased productivity in Personnel ..	-10	-	-	-	-	-	-	-	-10	-
Total Program Changes	110	29	-10	8	37	-	3	-	50	-7
Other Changes:										
Increases:										
Miscellaneous	5	3	-	-	-	-	-	-	2	-
Decreases:										
Productivity improvements	-125	-	-	-125	-	-	-	-	-	-
Total Other Changes	-120	3	-	-125	-	-	-	-	2	-
Total Increases or Decreases 1979 compared with 1978 in Appropriation Accounts	-10	32	-10	-117	37	-	3	-	52	-7

GENERAL SERVICES ADMINISTRATION
Source of Appropriations, FY 1977
(in thousands)

	1977 Annual Act		1977 Suppl. Act		1977 Second Suppl. Act (Per. Increases)		1977 Second Suppl. Act (Program)		GRAND TOTAL	
	Estimate	Apprn.	Estimate	Apprn.	Estimate	Apprn.	Estimate	Apprn.	Estimate	Apprn.
FBF (Direct Appropriation)	-	-	-	-	-	-	125,000	125,000	125,000	125,000
Operating Expenses, Disposal of Real Property	6,205	6,205	-	-	237	237	-	-	6,442	6,442
Operating Expenses, FSS	154,266	154,266	-	-	4,871	4,871	-	-	157,275	157,275
Operating Expenses, NARS Records Declassification	64,219	64,219	-	-	1,600	1,600	450	450	66,269	66,269
Operating Expenses, ADTS Federal Telecommunications Fund	1,410	1,410	-	-	60	60	-	-	1,470	1,470
Salaries & Expenses, FPA Expenses, DPA	7,475	7,475	-	-	356	356	25,000	20,000	7,831	7,831
Salaries & Expenses, GMAO Former Presidents	16,296	16,296	-	-	1,024	1,024	-	-	17,320	17,320
Indian Trust Accounting	10,540	-	-	-	-	-	-	-	10,540	-
Salaries & Expenses, MSSS	6,616	6,616	-	-	425	425	675	675	9,536	8,861
Refunds/Negotiation Act Expenses, Presidential Transition	280	280	-	-	3	3	107	107	390	390
	2,702	2,702	-	-	112	112	-	-	2,814	2,814
	72,219	72,219	-	-	2,954	2,954	-	-	75,215	75,215
	-	-	1,000	1,000	-	-	-	-	1,000	1,000
	900	900	2,100	2,100	-	-	-	-	3,000	3,000
TOTAL	\$343,128	\$332,588	\$3,100	\$3,100	\$11,642	\$11,642	\$151,232	\$145,557	\$509,102	\$492,887

GENERAL SERVICES ADMINISTRATION
Analysis of 1978 Appropriations
(Dollars in thousands)

	1978 Apprn Act	P.L. 95-186	Appropriation Transfers	Pending Pay Increase Supplemental	Pending Program Supplementals ^{1/}	Total 1978 Budget Authority
FBF Appropriation Rescinded	-	-\$75,000	-	-	-	-\$75,000
OE, Disposal of Real Property	7,935	-	-	-	-	7,935
Operating Expenses, FSS	160,000	-	\$ 1,064	7,080	-	168,144
Operating Expenses, NARS	67,134	-	-	2,340	-	69,474
Records Declassification	1,470	-	-	95	-	1,565
Operating Expenses, APTS	8,024	-	-	466	-	8,490
Federal Telecommunications Fund	-	-	-	-	-	-
SEE, Federal Preparedness Agency	38,800	-	-	1,402	70,500	110,702
Expenses, Defense Production Act	1,300	-	-	-	-	1,300
Salaries & Expenses, ASFS	79,425	-	-	4,257	-	83,682
Indian Trust Accounting	2,818	-	-	137	-	2,955
Salaries & Expenses, GSA	12,860	-	55	739	-	13,654
Former Presidents Funds/Retirement Act	617	-	-	-	54	671
	-	-	-	-	1,000	1,000
TOTAL GSA	\$380,383	-\$75,000	\$1,119	16,516	\$71,554 ^{1/}	\$394,572

^{1/} Excluded from detail of Congressional Justifications.

GENERAL SERVICES ADMINISTRATION

Statement of Budget Authority for 1977
1978 Authorized, and Budget Estimates for 1979
(In thousands of dollars)

	1977 Actual	1978 Authorized ^{1/}	1979 Estimate	Change from 1978
Federal Buildings Fund:				
Direct Appropriation	\$125,000	-	-	
Appropriation Rescinded	-	-\$75,000	-	+\$75,000
Operating Expenses, Disposal of Real Property	6,442	7,935	\$7,549	-386
Operating Expenses, FSS	157,275	168,144	167,468	-676
Operating Expenses, MARS	66,269	69,474 ^{2/}	73,093	+3,619
Records Declassification	1,470	1,565	1,565	-
Operating Expenses, ADTS	7,831	8,490	8,673	+183
Federal Telecommunications Fund	20,000	-	-	
Salaries & Expenses, FPA	17,320	40,202 ^{3/}	213,345	+173,143
Expenses, Defense Production Act	-	1,300	4,374	+3,074
Salaries and Expenses, GMAO	8,861	13,654	14,476	+822
Indian Trust Accounting	2,814	2,955 ^{4/}	2,658	-297
Allowances & Office Staff for Former Presidents	3,390	617 ^{5/}	771	+154
Expenses, Presidential Transition	3,000	-	-	
Salaries and Expenses, ASSS	75,215	83,682	91,390	+7,708
Refunds under Renegotiation Act	1,000	-	-	
Totals	\$492,887	\$323,018	\$585,362	+\$262,344

1/ Includes proposed pay supplementals; excludes proposed program supplementals.

2/ Excludes unobligated balance of \$228,000.

3/ Excludes proposed program supplemental of \$70,500,000.

4/ Excludes pending program supplemental of \$34,000.

5/ Excludes proposed program supplemental of \$1,000,000.

GENERAL SERVICES ADMINISTRATION
SUMMARY OF PERMANENT POSITIONS

	Increase or Decrease (-) for FY 1979 from			
	1977	1978	1979	
		Total Changes	Program Changes	
			Other Changes	
Federal Buildings Fund (Direct)	14,064	14,215	14,030	-
Federal Buildings Fund (Reimb.)	3,931	3,914	3,914	-
Construction Services Fund	859	826	826	-
OE, Disposal of Real Property	(223) ^{1/}	223	-	-
Operating Expenses, FSS	5,310	5,454	5,406	10
Advances & Reimbursements, FSS	536	578	578	-
General Supply Fund	1,212	1,234	1,396	162
Working Capital Fund	417	364	364	-
OE-PMDS (Rare Silver Dollars)	2	2	-2	-2
Operating Expenses, NARS	2,130	2,130	2,167	37
Advances & Reimbursements, NARS	90	90	90	-
Records Declassification	105	105	105	-
National Archives Trust Fund	225	215	215	-
Operating Expenses, ADTS	252	261	265	4
Federal Telecommunications Fund	1,786	1,786	1,801	15
Automatic Data Processing Fund	260	260	260	-
Salaries & Expenses, FPA	622	906	896	-10
Advances & Reimbursements, FPA	24	24	24	-
Salaries & Expenses, GMAO	422 ^{2/}	423	454	31
Indian Trust Accounting	115	119	113	-6
Salaries & Expenses, ASSS	2,957 ^{2/}	3,021	3,070	49
Advances & Reimbursements, ASSS	242 ^{2/}	240	248	8
SUBTOTAL	35,561	36,390	36,445	113
Consumer Information Center	18	18	18	-
TOTAL	35,579	36,408	36,463	113

^{1/} Financed by Federal Buildings Fund.

^{2/} Amounts are comparable for functions funded in FY 1978 and FY 1979.

GENERAL SERVICES ADMINISTRATION

Summary of Actual and Estimated
APPROPRIATIONS AND FUNDS
by Object Classification

for Fiscal Years 1977, 1978 and 1979
(In Thousands of Dollars)

Code & Object Classification	1977 Actual		% of Total		1978 Estimates		% of Total		1979 Estimates		% of Total		1979 Estimates Compared with 1977	
			Obligations	Estimates	Obligations	Estimates	Obligations	Estimates	Obligations	Estimates	Obligations	Estimates	1977	1978
11 Personnel Compensation	551,079	14.9	612,271	13.8	620,451	12.8	69,372	8,180						
12 Personnel Benefits	57,816	1.6	64,931	1.5	64,923	1.3	7,107	-8						
13 Benefits for Former Personnel	256	*	279	*	279	*	23	-						
21 Travel and Transportation of Persons	8,909	.2	11,838	.3	12,107	.3	3,198	269						
22 Transportation of Things	53,665	1.5	64,964	1.5	85,829	1.8	32,164	20,865						
23 Rent, Communications & Utilities	686,098	18.6	786,130	17.7	807,888	16.7	121,790	21,758						
24 Printing and Reproduction	6,369	.2	7,794	.2	7,952	.2	1,583	158						
25 Other Services	763,181	20.7	1,259,184	28.2	1,292,547	26.7	529,366	33,363						
26 Supplies and Materials	1,340,247	36.5	1,490,471	33.5	1,670,845	34.6	323,598	181,374						
31 Equipment	74,021	2.0	113,104	2.5	158,219	3.3	84,198	45,115						
32 Land and Structures	28,319	.8	50,175	1.1	57,029	1.2	28,710	6,854						
41 Grants, Subsidies & Contributions	20,618	.7	29,214	.7	24,636	.5	4,018	-4,578						
42 Insurance Claims and Indemnities	-84	*	100	*	3,600	.1	3,604	3,500						
43 Interest and Dividends	58,567	1.7	59,424	1.3	61,182	1.3	2,615	1,758						
44 Refunds	602	*	320	*	-	-	-602	-320						
92 Undistributed														
TOTAL Costs, Funded	3,657,663	99.4	4,550,199	102.3	4,868,487	100.8	1,210,824	318,288						
94 Changes in Selected Resources	35,490	1.0	-97,792	-2.2	-34,247	-1.7	-69,737	+63,552						
TOTAL Obligations	3,693,153	100.0 ^{1/}	4,452,400	100.0 ^{1/}	4,834,240	100.0 ^{1/}	1,141,087	381,840						

* Less than .1%
1/ May not add due to rounding.

GENERAL SERVICES ADMINISTRATION
Statement of Actual & Estimated
GENERAL AND SPECIAL FUNDS (Operating Appropriations)
by Object Classification
for Fiscal Years 1977, 1978 and 1979
(In Thousands of Dollars)

Code & Object Classification	1977	1978		1979		1979 Estimates		1979 Estimates		1979 Estimates	
	Actual	Total Obligations	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates
	214,771	57.0	247,989	56.2	249,833	39.9	35,062	1,844			
11 Personnel Compensation	21,117	5.6	24,460	5.6	24,518	3.9	3,401	58			
12 Personnel Benefits	192	.1	194	.1	194	.1	2	-			
13 Benefits for Former Personnel											
21 Travel & Transportation of Persons	3,908	1.0	4,844	1.0	5,083	.8	1,175	239			
22 Transportation of Things	1,082	.3	1,112	.3	1,112	.3	17,586	16,504	16,472		
23 Rent, Communications & Utilities	84,098	22.3	105,647	24.0	103,652	16.6	19,554	-1,995			
24 Printing and Reproduction	3,866	1.0	4,260	1.0	4,209	.7	363	4,209			
25 Other Services	33,763	9.0	39,091	8.9	47,289	7.5	13,526	8,198			
26 Supplies and Materials	8,809	2.3	9,081	2.1	167,094	26.7	158,285	158,013			
31 Equipment	985	.3	229	.2	229	.3	2,194	2,950			
2 Land and Structures	764	.2	200	.1	200	.2	-564				
41 Grants, Subsidies & Contributions	3,036	.8	3,641	.8	3,500	.6	-3,036	-3,641			
42 Insurance Claims and Indemnities	93	.*	-	.*	-	.*	3,499	3,500			
43 Interest and Dividends	93	.*	24	.*	-	.*	-93	-24			
44 Refunds	602	.1	320	.1	-	.*	-602	-320			
92 Undistributed	-	-	-	-	-	-	-	-			
TOTAL obligations	377,087	100.0	441,092	100.0	626,337	100.0	249,250	185,245			
Reconciliation:											
Appropriation Transfers	349,717	92.7	386,083	87.5	587,548	93.8					
Proposed Supplementals for Pay Raises	-	-	1,119	.3	-	-					
Appropriation (Adjusted)	349,717	92.7	387,202	87.8	587,548	93.8					
Receipts & Reimbursements	-31,547	-8.4	-34,583	-7.8	-38,789	-6.2					
Unobl. bal. available, Start of Year	-2,728	.7	-2,760	-.6	-	-					
Unobl. bal. to Other Accounts	146	.*	-	-	-	-					
Unobl. bal. available, End of Year	2,057	.6	-	-	-	-					
Unobl. bal. Lapping	4,702	1.3	-	-	-	-					
TOTAL obligations	377,087		441,092		626,337						

* Less than .1%

GENERAL SERVICES ADMINISTRATION

Statement of Actual & Estimated
Revolving (Public Enterprise & Intragovernmental), Management, and Trust Funds
by Object Classification
for Fiscal Years 1977, 1978 and 1979
(In Thousands of Dollars)

Code & Object Classification	1977		1978		1979		1979 Estimates Compared With	
	Actual	% of Total Obligations	Estimates	% of Total Obligations	Estimates	% of Total Obligations	1977	1978
11 Personnel Compensation	336,308	10.1	364,282	9.1	370,618	8.8	34,310	6,336
12 Personnel Benefits	36,699	1.1	40,471	1.0	40,405	1.0	3,706	-66
13 Benefits for Former Personnel	64	*	85	*	85	*	21	-
21 Travel & Transportation of Persons	5,001	.2	6,994	.2	7,024	.2	2,023	30
22 Transportation of Things	52,583	1.6	63,852	1.6	68,243	1.6	15,660	4,391
23 Rent, Communications & Utilities	602,000	18.2	680,483	17.0	704,236	16.7	102,236	23,753
24 Printing and Reproduction	2,503	*	3,534	*	3,743	*	1,240	209
25 Other Services	729,418	22.0	1,220,093	30.4	1,245,258	29.6	515,840	25,165
26 Supplies and Materials	1,339,438	40.4	1,481,390	37.0	1,504,751	35.8	165,313	23,361
31 Equipment	73,036	2.2	112,875	2.8	155,040	3.7	82,004	42,165
32 Lands and Structures	27,555	.8	19,975	1.2	56,829	1.3	29,274	6,854
41 Grants, Subsidies & Contributions	17,582	.5	25,573	.6	24,636	.6	7,054	-937
42 Insurance Claims & Indemnities	-85	*	100	*	100	*	185	-
43 Interest and Dividends	58,474	1.8	59,400	1.5	61,182	1.5	2,708	1,782
44 Refunds	-	-	-	-	-	-	-	-
92 Undistributed	-	-	-	-	-	-	-	-
TOTAL Costs, Funded	3,280,576	98.9	4,109,107	102.4	4,242,150	100.8	961,574	133,043
94 Changes in Selected Resources	35,490	1.0	-97,799	-2.4	-34,247	-.8	-69,737	63,552
TOTAL Obligations	3,316,066	100.0 ^{1/}	4,011,308	100.0 ^{1/}	4,207,903	100.0 ^{1/}	891,837	196,595

* Less than .1%
^{1/} May not add due to rounding.

GENERAL PROVISIONS—GENERAL SERVICES ADMINISTRATION

SEC. 1. The appropriate appropriation or fund available to the General Services Administration shall be credited with (1) cost of operation, protection, maintenance, upkeep, repair, and improvement, included as part of rentals received from Government corporations pursuant to law (40 U.S.C. 129); and (2) appropriations or funds available to other agencies, and transferred to the General Services Administration, in connection with property transferred to the General Services Administration pursuant to the Act of July 2, 1948 (50 U.S.C. 451ff), and such appropriations or funds may be so transferred, with the approval of the Office of Management and Budget.

SEC. 2. Funds available to the General Services Administration shall be available for the hire of passenger motor vehicles.

SEC. 3. None of the funds available under this Act or under section 111 of the Federal Property and Administrative Services Act of 1949 shall be obligated or expended for the procurement by purchase, lease or any other arrangement, in whole or in part, of any or all the automatic data processing system, data communications network, or related software and services for the joint General Services Administration-Department of Agriculture MCS project 97-72 contained in the Request for Proposal CDPA 74-14, any successor to such project, or any other common user shared facilities authorized under section 111 of the Federal Property and Administrative Services Act of 1949.

(Independent Offices Appropriations Act, 1978)

GENERAL MANAGEMENT AND AGENCY OPERATIONS

Mr. STEED. We will go now to Salaries and Expenses, General Management and Agency Operations. The appropriations to date are \$12,860,000, with a pay supplemental of \$739,000, and a transfer of \$55,000, making a 1978 total of \$13,654,000. The budget request for 1979 is \$14,476,000, an increase over 1978 of \$822,000.

Mr. Griffin, we will be pleased to hear your statement at this time.

STATEMENT OF THE DEPUTY ADMINISTRATOR

Mr. GRIFFIN. I am pleased to appear before this committee to discuss the fiscal year 1979 appropriation request for Salaries and Expenses, General Management and Agency Operations. We are requesting a total of \$14,476,000, an increase of \$822,000 from the fiscal year 1978 authorized amount.

This increase includes \$66,000 for full year costs and augmentation of the Committee Management Secretariat recently transferred from the Office of Management and Budget under Reorganization Plan 1. The principal functions of the Secretariat, established by the Federal Advisory Committee Act of 1972, are to govern the creation of advisory committees in the executive branch, keep the number to a minimum, and maintain a comprehensive overview of these committees to avoid overlapping and duplicative functions. The total budget for this function in 1979 is \$125,000 and four positions.

We are requesting \$514,000 and 25 positions for improved audit coverage. This increase will provide for 55 new audits and a significant increase in the level of audit coverage. Historically, this activity has resulted in actual savings far exceeding the cost of audits. In fiscal year 1976 and the transition quarter the audits completed resulted in actual savings of \$38 million. The total cost of audits for this period was \$3.8 million, which equates to about \$10 saved for each dollar spent. The Business Service Centers program requires an additional \$100,000 and four positions to permit full staffing of all existing centers, commensurate with the current business counseling workload, and for improved operations at a satellite center. We are also asking for an additional \$108,000 for payment of the standard level user charge and \$34,000 for full year cost of the classified pay increase.

In summary, Mr. Chairman, the principal element of the increase is \$514,000 for the employment of the 25 additional audit professionals that Mr. Solomon and I alluded to earlier. One hundred thousand dollars would be for four positions in our Business Service Centers to bring them up to full staffing.

We have a \$108,000 increase in the standard level user charge, which Mr. Boland was discussing, and a slight increase of \$29,000 for the full year cost of the newly assigned Committee management functions transferred from OMB.

COMMITTEE MANAGEMENT SECRETARIAT

Mr. STEED. Could you give us a description of that work?

Mr. GRIFFIN. I would like to refer to Mr. Kallaur, who is handling that function.

Mr. KALLAUR. The Committee Management Secretariat reviews all advisory committees in the Federal Government, checks to ensure that any duplication in function or areas of inquiry are kept to a minimum and prepares an annual report to the Congress, identifying the number of advisory committees and membership and other activities pertinent to that function.

Mr. STEED. How many committees are you dealing with now?

Mr. KALLAUR. It is a fluctuating number. We are dealing now in the neighborhood of 850. There were approximately 1,200 at the beginning of last year but approximately 500 were recommended for termination. In some 80 percent of the cases the terminations have been accomplished, so the current number is approximately 850.

Mr. STEED. Do most of these Committees have a limited life or does it take specific action?

Mr. KALLAUR. The committees are chartered for a specific period not to exceed two years. When the time period expires they are then reviewed for their effectiveness and either renewed or terminated.

AUDIT PROGRAM

Mr. STEED. In connection with the 25 additional auditors you have requested, what dividends do you expect to acquire if you have this additional manpower?

Mr. GRIFFIN. Well, Mr. Chairman, we are very concerned about the need for an additional audit deterrent. Our auditors are split between 40 percent contract audits and 60 percent internal audits, which means that 64 auditors are assigned to internal audit. They are expected to cover \$1,900,000,000 which passes through the Federal Buildings Fund, mostly in contract form. They are expected to audit 179 field offices of the Public Buildings Service, \$3 billion worth of total business in the Federal Supply Service, 100 motor pools and 75 self-service stores.

The Administrator directed a nationwide study to preclude possible difficulties that might be encountered in some of the field offices and self-service stores.

There is no way that we can audit even 50 percent of these facilities with the present staff and therefore, we believe there is not sufficient audit deterrence. We are certain that we have problems in the field and the only way we can continually manage the situation is by having an adequate audit staff. As the Administrator mentioned, we asked OMB for more than 25 auditors but they allowed us to come up and discuss with you the funding to cover the employment of 25.

On the contract side of the audit, it has been our experience that for every dollar spent in contract auditing, we save \$20. Our biggest problem is that GSA has never had sufficient staff on the internal audit side. Some of our programs are not being audited at all. I mentioned the potential bankruptcy situation in the General Supply Fund. I was surprised to find when Administrator Eckerd, at the time, asked me to do a study of the audit program, that our

revolving fund had never been audited because the auditors claimed they had not had sufficient resources.

Our cash positions are not being audited. We have motor pool managers and field office managers with considerable contracting authority, and we are not able to audit them. I think the strongest need we have in GSA, and I am sure the Administrator agrees with this—he has said so on many occasions—the most acute weakness we have is the absence of adequate audit staff.

INSPECTOR GENERAL

Mr. SOLOMON. Mr. Chairman, may I interrupt? We are going to improve the visibility and responsibility of the Office of Audits and Investigations by making it into an Inspector General and strengthening it. We have given a description of the Inspector General to the Civil Service, and we are now looking for applicants.

We are going to try to strengthen it because we are very concerned with what is happening in the field.

AUDIT STAFFING

Mr. STEED. Taking 10 as the point at which you would have an adequate auditing capability, where are you now, and where will this additional manpower elevate that to?

Mr. GRIFFIN. Taking ten?

Mr. STEED. Ten as the desired level. Where are you now?

Mr. GRIFFIN. We believe we are at 50 percent of strength now.

Mr. SOLOMON. Level 5.

Mr. STEED. This additional manpower would bring it up to what point?

Mr. GRIFFIN. Seven point five, or 75 percent.

Mr. STEED. Do you think, then, that it is not only a loss of money, but an invitation for hanky-panky not to be getting as close to that level of ten as you can?

Mr. GRIFFIN. I think you are absolutely correct, Mr. Chairman.

Mr. STEED. Have you had any instances of employee malfeasance in this area?

Mr. GRIFFIN. We are cooperating with other law enforcement agencies at the moment, and we are fearful that some contract irregularities have been taking place for some time. We have tightened up, and we believe that our procedures are now virtually 100 percent. We had a serious defalcation in Chicago about 2 years ago and a GSA contract employee was convicted. We have conducted and have benefited from this nationwide survey, but I am a little bit afraid that some of the hanky-panky you mentioned will confront us within the next few months. It is a lot more widespread than any of us who have been in GSA for a long time ever thought it could be.

Mr. STEED. Mr. Miller.

Mr. MILLER. While we are on the general management and agency operation and the audit, I do have a question. I am not sure how these audits take place. You are auditing the various groups within GSA. Is that what you are saying?

Mr. GRIFFIN. Yes, sir. What the Director of the Office of Audits does, Mr. Miller, is to develop an annual plan. He has free license

to audit any program that his resources will permit him to audit. He makes the selection; he makes an annual plan, and auditors are positioned around the country with a small staff in Washington. It is a very heavy regional activity. Special program audits are conducted from the Washington office. In addition, the Director of the Office of Audits also consults with the heads of our services and requests advice from them on any areas in which they believe an internal audit or program audit would aid them in the execution of their program.

The basic process is decided by the Director of Audits, and there is no limitation on him on the areas in GSA which he believes should be audited. The Director of Audits believes that he is presently on a 10-year cycle. He could not audit everything in GSA any more than once every 10 years with his present staff, and that is a long time. So he is highlighting those areas which, in his opinion, need auditing more frequently.

RENEGOTIATION BOARD

Mr. MILLER. It brings several questions to my mind. We have a Renegotiation Board, and it appears with contracts that have been fulfilled, the Renegotiation Board would be involved. You say in your statement here, "In fiscal year 1976 and the transition quarter the audits completed resulted in actual savings of \$38 million."

I am trying to tie together the Renegotiation Board and GAO. That is their prime business of auditing, and why would they not be involved? Why would the Renegotiation Board not be involved in this, instead of in-house auditing?

Mr. BARTH. The Renegotiation Board gets into a company's overall profit structure from government contracts some time after they are completed. When our auditors go in, and this is contract audit, not internal audit, they go into a contractor's books basically in two instances: One, when we are paying the contractor on the basis of cost. If it is a firm, fixed price contract, the auditors seldom see that, almost never. If it is a cost-type contractor or time and materials, where you are paying on the basis of what the contractor says he generated, then the auditors are going in and check that payment out.

The second time they get into the contract audit is if there is a dispute under the contract on a change, or a delay in a construction contract; then the auditors will go in to check out, on occasion, the cost that the contractor is claiming was generated because of the change or because of the delay. It is an entirely separate type of audit than that which would have been conducted by either GAO or the renegotiation board.

AUDIT SAVINGS

Mr. MILLER. Are you saying the \$38 million in savings would be \$38 million that contractors had overcharged GSA and you were able to recoup that?

Mr. GRIFFIN. Both pre-audit and post-audit. If a man comes in and makes a proposal and he has cost of materials, time, overhead charges, profit charges, and so forth, the auditors go in and analyze the business he has done with government agencies and others to

make sure GSA is being charged a fair fee for that particular contract. We require pre-audit for any contract over \$100,000. When the contracting officer believes it should be done, he can request audit assistance. On top of that are post-audits.

Mr. MILLER. Thank you.

BUSINESS SERVICE CENTERS

Mr. STEED. Mr. Roybal?

Mr. ROYBAL. Thank you, Mr. Chairman. Mr. Griffin, in your presentation, you state that the Business Service Centers conducted 87 minority meetings in 1977 and an estimated 89 in 1978. Can you detail the nature and content of these meetings?

Mr. GRIFFIN. The minority meetings described include minority procurement conferences sponsored by Executive Branch and/or Congressional offices and minority trade fairs that are usually sponsored by Chambers of Commerce or similar business oriented organizations. Representatives of local, State and national minority organizations, and Government officials at all levels meet with minority business owners to make them aware of procurement opportunities available, particularly those in the Federal sectors. Speeches, panel discussions, formal presentations, workshops, and one on one counseling are the basic ingredients of these meetings.

Mr. ROYBAL. Have these meetings proved useful in increasing minority business involvement?

Mr. GRIFFIN. Most minority firms learn of Government contracting opportunities and pursue Government contracts as a result of exposure to one of the various minority meetings. We would like to insert in the record a table reflecting minority awards.

[The information follows:]

	Minority Awards			
	Competitive		8(a)	
	No.	\$ Amount (millions)	No.	\$ Amount (millions)
FY 76	600	3.9	271	32.3
FY 77	1109	7.0	305	52.1

Note: SBA has the control over accepting firms into the 8(a) program, so achievements in this regard are limited to any restrictions they may have on accepting new minority applicants.

MINORITY BUSINESS INVOLVEMENT

Mr. ROYBAL. What other means is GSA using to increase minority business involvement?

Mr. GRIFFIN. At the national level, GSA's minority program is carried out by the Socio-Economic Policy Staff of the Federal Supply Service. The Business Service Centers provide local outreach/staff support for the minority program. At both the Central Office and regional levels General Services Administration procurement activities work closely with the Small Business Administra-

tion, Office of Minority Business enterprise, Community Services Administration and Economic Development Administration in an effort to expand minority participation in Federal procurement.

In carrying out their minority assistance programs, the Socio Economic Policy Staff maintains active liaison with the following minority organizations: the National Business league (NBL); National Association of Black Manufacturers (NABM); National Economic Development Administration (NEDA); Latin American Manufacturers Association (LAMA); National Minority Purchasing Council (NMPC); National Minority Contractors Association (NMCA); Interracial Council for Business Opportunities (ICBA) and the Urban Coalition.

On January 31, 1978, Administrator Solomon increased focus on the minority program by issuing a memo which set forth a two-year Minority Business Enterprise goal to double purchases from minority businesses by the end of fiscal year 1979. Based on fiscal year 1977 total minority purchases of \$59,000,000, a goal was set at \$119,200,000 by the end of fiscal year 1979. This is the first time GSA has established minority goals for prime and subcontracting purchases in addition to SBA's 8(a) program. The Administrator will receive monthly status reports on minority business enterprise procurement against this goal.

Mr. STEED. Well, gentlemen, it is now 12:00, and the House has just convened, and we will take up Public Buildings Service at two o'clock, if that is agreeable, and hopefully we can work that out this afternoon. We will insert the justifications in the record at this point.

[The information follows:]

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND AGENCY OPERATIONS
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
 (\$ in thousands)

	Perm. Pos.	Man-Years	Amount
	423	408	12,915
1978 Appropriation Enacted by Congress.....			
Adjustments: Proposed Supplemental for Pay Increases....	-	-	739
Total 1978.....	423	408	13,654
Estimate, 1979.....	454	440	14,476
Change from 1978 to 1979.....	31	32	822

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1979

ACTIVITIES	FY 1977		FY 1978		FY 1979		INCREASE OR DECREASE (-) FOR 1979					
	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Total Changes		Other Changes			
							Man Yrs.	Amount				
Direct Program												
1. Executive Direction.....	94	3,592	108	4,260	112	4,410	4	150	1	37	3	113
2. Business Service Centers..	74	1,887	74	2,078	78	2,178	4	100	4	100	-	-
3. Audits & Investigations ^{1/} .	217	6,118	226	7,316	250	7,888	24	572	24	514	-	58
Total Direct.....	385	11,597	408	13,654	440	14,476	32	822	29	651	3	171
REIMBURSABLE PROGRAM (Audits & Investigations)												
Total.....	-	4	-	90	-	90	-	-	-	-	-	-
Permanent Positions Established	385	11,601	408	13,744	440	14,566	32	822	29	651	3	171
	(422)		(423)		(454)		(31)		(31)		(-)	

^{1/} Includes 116 man-years, \$2,954 thousand for the Office of Investigations funded by Salaries and Expenses, ASSS, in 1977.

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

Direct obligational authority for FY 1979 is estimated at \$14,476,000, an increase of \$822,000 over the FY 1978 level, adjusted for the October 1977 pay raise. The increased funding requirements over FY 1978 consist of program increases of \$37,000 for Executive Direction, \$100,000 for Business Service Centers, and \$514,000 for Improved Audit coverage, and other changes of \$108,000 for SIUC payments, \$34,000 for full-year costs of October 1977 pay raise and \$29,000 for full-year costs of Committee Management function transferred from OMB in FY 1978.

Salaries & Expenses, GMAO

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1979

	Executive Direction Activity 1		Business Service Centers Activity 2		Audits and Investigations Activity 3		Total	
	MYs	Amount	MYs	Amount	MYs	Amount	MYs	Amount
<u>Program Changes:</u>								
<u>Increases:</u>								
1. Additional Committee Mgmt. Support.....	1	37	-	-	-	-	1	37
2. Full staffing of Business Service Centers...	-	-	4	100	-	-	4	100
3. Improved Audit coverage.....	-	-	-	-	24	514	24	514
Total Program Changes.....	1	37	4	100	24	514	29	651
<u>Other Changes:</u>								
<u>Increases:</u>								
1. Payments to Federal Buildings Fund (SLUC)...	-	84	-	-	-	24	-	108
2. Full-year cost of Committee Management functions.....	-	29	-	-	-	-	-	29
3. Full year cost of October 1977 pay increase.	-	-	-	-	-	34	-	34
4. Miscellaneous Increases.....	3	-	-	-	-	-	3	-
Total Other Changes.....	3	113	-	-	-	58	3	171
Total Changes.....	4	150	4	100	24	572	32	822

SALARIES AND EXPENSES, GMAO

EXECUTIVE DIRECTION
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Chges.		Other Chges.	
Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount
94	\$3,592	108	\$4,260	112	\$4,410	4	\$150	1	\$37	3	\$113

BACKGROUND

The Administrator and Deputy Administrator, aided by a Central Office Staff and ten Regional Administrators, direct the execution of all programs within GSA. This activity includes the Assistant Administrator, who aids the Administrator and his Deputy in carrying out agency policy; the Office of Planning, Policy, and Evaluation, which assists in formulating agency policy, evaluates GSA's programs and activities, and maintains a planning system in order to meet the objectives of GSA; the Office of Congressional Affairs, which coordinates the interaction between GSA and the Congress; and the Office of Public Affairs.

JUSTIFICATIONA. Highlight

Office of the Administrator -- The staff in the immediate office assists the Administrator with particular emphasis on (a) coordination of all major GSA programs; (b) formulation of new policy; and (c) planning

and program development review and analysis. The Regional Administrators provide direction and coordination of field activities, local regional contact with the public and other Government agencies, and evaluation of the effectiveness of GSA operations at the regional level.

(a) The Assistant Administrator aids the Administrator and his Deputy in formulating and prescribing policy for GSA; acts as the Intergovernmental Liaison Officer for GSA, and is the primary GSA contact for the President's Reorganization Project; serves as Energy Conservation Officer for GSA; and directs the Committee Management Secretariat function transferred from OMB during FY 1978.

(b) Office of Planning, Policy, and Evaluation is responsible for policy development, planning coordination, program review and evaluation, and project coordination and special studies.

(c) The Office of Public Affairs has overall responsibility for Consumer Affairs, the Consumer Information Center, Agency-wide Information, Public Services and the Business Service Centers.

Executive Direction (cont.)

(d) Office of Congressional Affairs is responsible for congressional liaison and legislation.

B. Explanation of Changes, FY 1979 vs. FY 1978

Changes within Executive Direction resulting in an additional 4 man-years and \$150,000 are as follows:

Program Changes:

1 man-year and \$37,000 to augment the Committee Management function transferred from OMB in FY 1978.

Other Changes:

(1) \$29,000 for full-year costs of the Committee Management function transferred from OMB in FY 1978.

(2) \$84,000 for increased payment to Federal Buildings Fund for existing space.

(3) 3 additional man-years accomplished through reprogramming of existing funds.

Salaries and Expenses, GMAO

EXECUTIVE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$2,664,000.
For 112 man-years distributed as follows:

	1977	1978	1979
Central Office	67	69	71
Field Office	41	41	41
OP&E	6	6	6
Total Positions	114	116	118
Man-years	94	108	112

12 Personnel Benefits. - \$253,000 - Includes \$194,000 for retirement contributions, \$38,000 for health benefits, \$11,000 for employee's compensation fund, and \$10,000 for group insurance in support of the above employment.

21 Travel and Transportation of Persons. - \$107,000. \$70,000 for travel for the Administrator, Deputy Administrator and their staffs, \$30,000 for ten Regional Administrators to permit effective overall GSA inspection of facilities and supervision of operations in all 50 states; and \$7,000 for motor pool services.

23 Rents and Communications. - \$1,053,000. - Provides \$170,000 for intercity telephone costs and other communication services, \$90,000 for depreciation of administrative furniture and equipment payable to the General Supply Fund, \$395,000 for postage, and \$398,000 for payment to the Federal Buildings Fund.

24 Printing and Reproduction. - \$30,000 - For GSA orders, regulations, common use forms and other printing requirements.

25 Other Services. - \$263,000 - For security clearances by the Civil Service Commission, repairs to equipment and furniture, and other miscellaneous services.

26 Supplies and Materials. - \$40,000 - For normal administrative supplies and materials.

Salaries and Expenses, GMAO

BUSINESS SERVICE CENTERS
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Chges.		Other Chges.	
Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount
74	\$1,887	74	\$2,078	78	\$2,178	4	\$100	4	\$100	--	--

BACKGROUND

This activity promotes maximum business interest and participation in Federal procurement and property disposal contracting by providing information, counseling, and assistance to businessmen, with particular emphasis placed on small business. This function was financed from the Operating Expenses, Federal Supply Service appropriation in FY 1976 and the transition quarter and was transferred to this appropriation in FY 1977.

JUSTIFICATION

A. Highlight - The management of this program is provided by a Director in the Central Office and Business Affairs Officers in the Regional Business Service Centers located throughout the country. The scope of the activity is Government-wide and industry-wide and places major emphasis on the problems and considerations of small business firms, female and other minority firms, labor surplus and redevelopment areas. Planning and participation is provided for business clinics, procurement conferences and business opportunity meetings.

Explanation of Changes, FY 1979 vs. FY 1978Program Changes:

Four man-years and \$100,000 will provide for improved operations at a satellite BSC and will permit full staffing of all existing Business Service Centers. Currently, funding shortages have not permitted staffing of the Centers commensurate with business counselling workload.

Salaries and Expenses, GMAO

Business Service Centers
Selected Workload Data

	<u>1977 Actual</u>	<u>1978 Estimated</u>	<u>1979 Estimated</u>
a. Counseling actions.....	150,000	151,000	155,000
b. Business Opportunity meetings & seminars.....	110	112	120
c. Minority Meetings.....	87	89	100
d. Circuit Rider trips.....	102	104	110
e. New Item Applications processed.....	956	960	990
f. Media Inquiries handled.....	4,440	4,450	4,500
g. Freedom of Information Inquiries handled.....	558	570	600

Salaries and Expenses, GMAO

Office of Audits and Investigations
(\$ in thousands)

FY 1977 ^{1/}		FY 1978		FY 1979 ^{2/}		Total Changes		Program Chges.		Other Chges.	
Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount
217	\$6,118	226	\$7,316	250	\$7,888	24	\$572	24	\$514	-	\$58

BACKGROUND

This activity consists of the Office of Audits, previously financed as a separate activity by the Salaries and Expenses, GMAO appropriation, and the Office of Investigations, financed in FY 77 by the Salaries and Expenses, ASSS appropriation and by reimbursement from the Public Buildings Service to Salaries and Expenses, ASSS.

The Office of Audits plans, directs, coordinates, and performs on an agency-wide basis, all audit activities. This includes both comprehensive internal audits and audits of Government contractors.

The Office of Investigations plans, directs, coordinates, and executes on an agency-wide basis the GSA investigation, personnel and document security program. In addition, the Office of Investigations is responsible for investigating and reporting thefts of Government property and violations of Federal statutes covering criminal activities committed in public buildings and other areas under GSA's jurisdiction by other than GSA employees.

^{1/} Includes 116 man-years and \$2,954 thousand for the Office of Investigations, previously funded by S&E, ASSS.

^{2/} Excludes \$90,000 reimbursable for services provided to Presidential Commissions and Committees.

JUSTIFICATIONA. Highlight

(1) Office of Audits. The Office of Audits performs independent and objective reviews and appraisals of all programs and activities on a systematic and comprehensive basis. Audit results are reported to management, and where necessary, appropriate action is recommended. The audit function determines the need for and recommends improvements in plans, policies, procedures, and organizational structure; provides independent evaluations on program performance of operating units; identifies opportunities for eliminating waste and inefficiency; determines compliance with applicable statutory regulations; identifies potential trouble spots in operations; and determines that assigned responsibilities and planned objectives are being carried out as intended. Financial records and reports are examined to determine adequacy of disclosure. The Office also serves top management by responding to requests to perform audits on significant topics of current interest on a priority basis.

OFFICE OF AUDITS AND INVESTIGATIONS (cont.)

A significant aspect of audit activity is the review and evaluation of costs proposed and costs claimed incidental to construction, supplies, leased space, and general services provided by private contractors.

Historically, the audit activity has resulted in the recovery of dollars considerably in excess of audit cost. During FY 1976 and the transition quarter, 498 audits were completed with recommended savings of more than \$63 million. Of this amount, approximately \$38 million will become hard savings. This savings compared to \$3.8 million to operate the Office of Audits during the same period equates to approximately \$10 saved for each dollar expended.

(2) Office of Investigations. The Office of Investigations performs physical security surveys, personnel and document security investigations, and discrimination investigations on an agency-wide basis. This Office also conducts investigations at the request of the Civil Service Commission concerning complaints of discrimination.

The Office of Investigations provides personnel, physical and industrial security services to Presidential Commissions and Committees on a reimbursable basis.

During FY 77, the Office of Investigations conducted 3,503 investigations and processed 10,503 security cases.

B. Explanation of Changes, FY 1979 vs FY 1978

The Office of Audits and Investigations increase of \$572,000 and 24 man-years is comprised of the following:

Program Changes:

Office of Audits - \$514,000 for salary costs, related benefits and other miscellaneous costs associated with 24 additional man-years which will allow for 55 more audits and a significant increase in the level of audit coverage during FY 1979.

Other Changes:

(a) \$24,000 for payment to the Federal Buildings Fund (SLUC) for existing space.

(b) \$34,000 for full-year cost of October 1977 pay increase which includes \$28,000 for Audits and \$6,000 for Investigations.

Salaries and Expenses, GMAO

OFFICE OF AUDITS AND INVESTIGATIONS

SELECTED WORKLOAD DATA

	<u>1977</u> <u>Actual</u>	<u>1978</u> <u>Estimated</u>	<u>1979</u> <u>Estimated</u>
<u>Office of Audits</u>			
a. Internal Audits	132	160	215
b. Contract Audits	240	<u>235</u>	<u>235</u>
Total Audits	<u>372</u>	<u>395</u>	<u>450</u>
<u>Office of Investigations</u>			
a. Investigations completed	3,503	3,853	3,853
b. Personnel security/industrial security checks completed	10,503	11,460	11,460
c. Personnel discrimination actions completed	239	260	260
d. Physical security surveys of GSA facilities and activities	35	45	45

Salaries and Expenses, GMAO

OFFICE OF AUDITS AND INVESTIGATIONS
Explanation of Distribution by Objects

- 11 Personnel Compensation and Staffing - \$6,137,000.
for 250 man-years distributed as follows:
- | | 1977 | 1978 | 1979 |
|--------------------------------|------|------|------|
| Positions (all Central Office) | 233 | 233 | 258 |
| Man-Years | 217 | 226 | 250 |
- 12 Personnel Benefits - \$583,000. Includes \$460,000 for retirement contributions, \$108,000 for health benefits, and \$15,000 for group life insurance in support of the above employment.
- 21 Travel and Transportation of Persons - \$307,000.
Includes \$29,000 for motor pool services and \$278,000 for travel required for inspection of field operations and for investigations in each of the 50 states.
- 22 Transportation of Things - \$30,000. For commercial transportation services.
- 23 Rent, Communications and Utilities - \$538,000.
Provides \$161,000 for telephone and teletype service, \$22,000 for payment to the General Supply Fund for depreciation of administrative equipment, and \$355,000 for payment to the Federal Buildings Fund (SLUC).
- 24 Printing and Reproduction - \$34,000. For reproduction of issuances, forms and other printing requirements.
- 25 Other Services - \$194,000 For payments to other government agencies for security clearances by the Civil Service Commission, and for commercial contractors support.
- 26 Supplies and Materials - \$65,000. For administrative supplies and materials.
- Reimbursable Program:
\$90,000 for personnel compensation and related benefits.

GENERAL SERVICES ADMINISTRATION

GENERAL MANAGEMENT AND AGENCY OPERATIONS

SALARIES AND EXPENSES

For expenses of general management and agency operations of activities under the control of the General Services Administration, \$12,860,000. *Provided*, That not to exceed \$2,500 shall be available for reception and representation expenses. \$3,000

(Independent Agencies Appropriations Act, 1978)

Salaries & Expenses, GMAO

SUMMARY OF EMPLOYMENT
(Number of Man-Years)

Principal Categories	Actual	Estimated		Change from 1978 to 1979		
	1977	1978	1979	Program	Other	Total
Executive	3	3	3	-	-	-
Management and Administrative Direction..	41	44	44	-	-	-
Professional.....	254	268	300	29	3	32
Clerical.....	80	86	86	-	-	-
Subtotal.....	378	401	433	29	3	32
Part-time and Temporary.....	7	7	7	-	-	-
Total.....	385	408	440	29	3	32

AFTERNOON SESSION

TUESDAY, FEBRUARY 14, 1978.

PUBLIC BUILDINGS SERVICE

WITNESSES

JAMES B. SHEA, JR., COMMISSIONER, PUBLIC BUILDINGS SERVICE, GSA

ROBERT J. DI LUCHIO, EXECUTIVE DIRECTOR

WILLIAM R. CAMPBELL, ASSISTANT COMMISSIONER, OFFICE OF BUILDINGS MANAGEMENT

LOY M. SHIPP, ASSISTANT COMMISSIONER, OFFICE OF SPACE PLANNING AND MANAGEMENT

Mr. STEED. The committee will be in order.

The committee is in session this afternoon for further consideration of the 1979 budget request of the General Services Administration.

FEDERAL BUILDINGS FUND

Mr. STEED. We will take up next the Federal Building Fund. The amount for limitation on the availability of revenue, for fiscal year 1978 was \$1,332,789,000.

There was a supplemental pay increase of \$13,837,000, bringing the 1978 total to \$1,346,626,000.

1979's request is for \$1,366,961,000, an increase over 1978 of \$20,335,000.

We are pleased to recognize at this time Mr. James B. Shea, Jr., the Commissioner of Public Buildings.

Mr. Shea, we will make your statement a part of the record at this point as though read.

Mr. SHEA. Mr. Chairman and members of the committee: I am pleased to appear before this committee to discuss the programs of the Public Buildings Service. Fiscal year 1979 will be our fifth year of operation under the Federal Buildings Fund. Under the Federal Buildings Fund, Federal agencies pay for the space and related services which they need to perform their functions.

The General Services Administration is then responsible for the provision of the space and related services, and for the overall management of the government's real property operations.

New obligational authority in fiscal year 1979 of \$1,366,961,000 is requested—a net increase of \$20.3 million from 1978, to finance the following activities of the Federal Buildings Fund.

In the area of Program Direction, a service-wide effort is being undertaken to control costs. We have conducted management overhead studies and are making every conscientious effort to reduce Program Direction costs. We have made comparisons with private

industry; and although we are requesting a modest increase in fiscal year 1979 of \$1.5 million, we continue to compare very favorably with the private sector.

In the area of real property operations, a slight increase of \$70,000 is requested. We will provide all services required in our buildings operations and maintenance program with virtually the same funding as in fiscal year 1978. The delivery of these services will be accomplished with the current mix of in-house personnel and contract personnel.

For the rental of space activity, an increase of \$19.1 million is requested for payments to lessors. This will allow GSA to meet agencies' space needs and provides for the continuation of GSA's emphasis on better utilization of leased space.

An increase of \$2.5 million is required for payment of principal, interest, and taxes in the purchase contract payments program.

Our request for funds for construction show a decrease of \$2.9 million from the fiscal year 1978 level. The acquisition of space, other than leased, for the continuing needs of the United States Courts and other federal agencies, is provided for in this activity. We have substantial survey work under way which may result in the identification of new construction needs throughout the country. In this regard, we are moving quickly to identify the areas where federal construction is warranted.

The alterations and major repairs activity represents a continuation of the fiscal year 1978 level of \$200 million. This level of funding will allow a reduction in the alterations and major repairs backlog to a manageable level in about five or six years. It will provide resources to complete currently identified workload associated with making GSA-controlled, government-owned buildings accessible to the physically handicapped, and will allow GSA to derive optimum use from existing space in inventory.

Another PBS program is the disposal of surplus real property, which is funded from the proceeds of sales of such property. Our requirement for fiscal year 1979 is \$7.5 million, which provides for normal operation in our disposal program at essentially the same funding level as in fiscal year 1978.

The 1979 budget for the federal buildings fund anticipates income of \$1,432,700,000, of which \$1,430,200,000 is income from a standard level user charge based on the new Fair Annual Rental concept which has provided a more equitable assessment of the user charges.

Thank you for this opportunity to make this brief statement, Mr. Chairman. I will be pleased to respond to your questions.

FBF ACCOMPLISHMENTS

Mr. STEED. We would like for you to start out by giving us a summary of what you have accomplished in the current year.

Mr. SHEA. As far as the Federal Buildings Fund in 1978 is concerned, we project an ending unapplied balance on hand of \$59.7 million. That is about four percent. Though it is not as much as we would wish, it meets one of the primary purposes of the fund which is generation of monies available for direct federal construction. We anticipate that in 1979 this should be a little more than doubled. If you would care to, I could describe one or two very brief

charts and give you a rundown of the resources and the limitations on that.

Mr. STEED. We would be glad to have that.

[Chart entitled "Federal Building Fund." follows:]

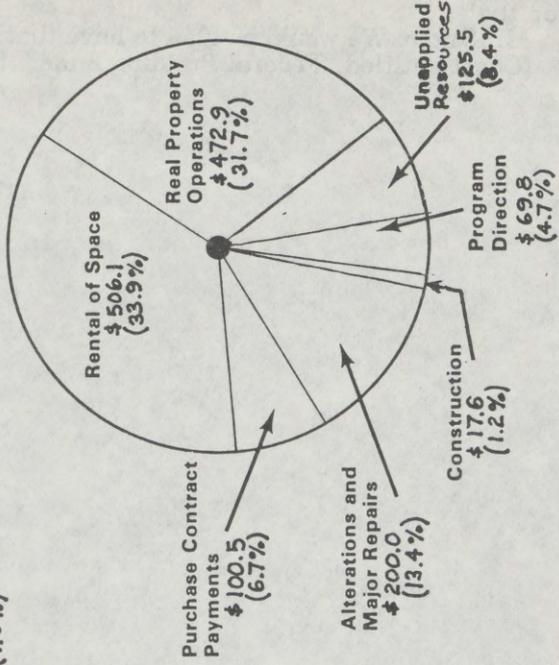
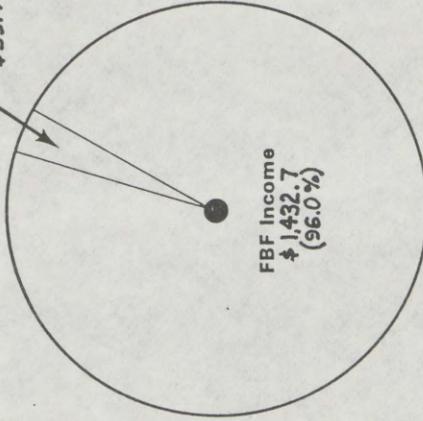
FEDERAL BUILDINGS FUND

FY 79 (\$ IN MILLIONS)

RESOURCES \$1,492.4

LIMITATIONS ON RESOURCES \$1,492.4

Estimated Fund
Balance - 9/30/78
\$59.7 (4.0%)



Mr. SHEA. This is for fiscal year 1979 in millions and the pie chart to your left which has one slice out of it indicates the resources of the fund as proposed for 1979 amounting to \$1,492.4 million. That is made up of FBF income of \$1,432.7 million or 96 percent and the beginning unapplied balance of \$59.7 million or 4 percent.

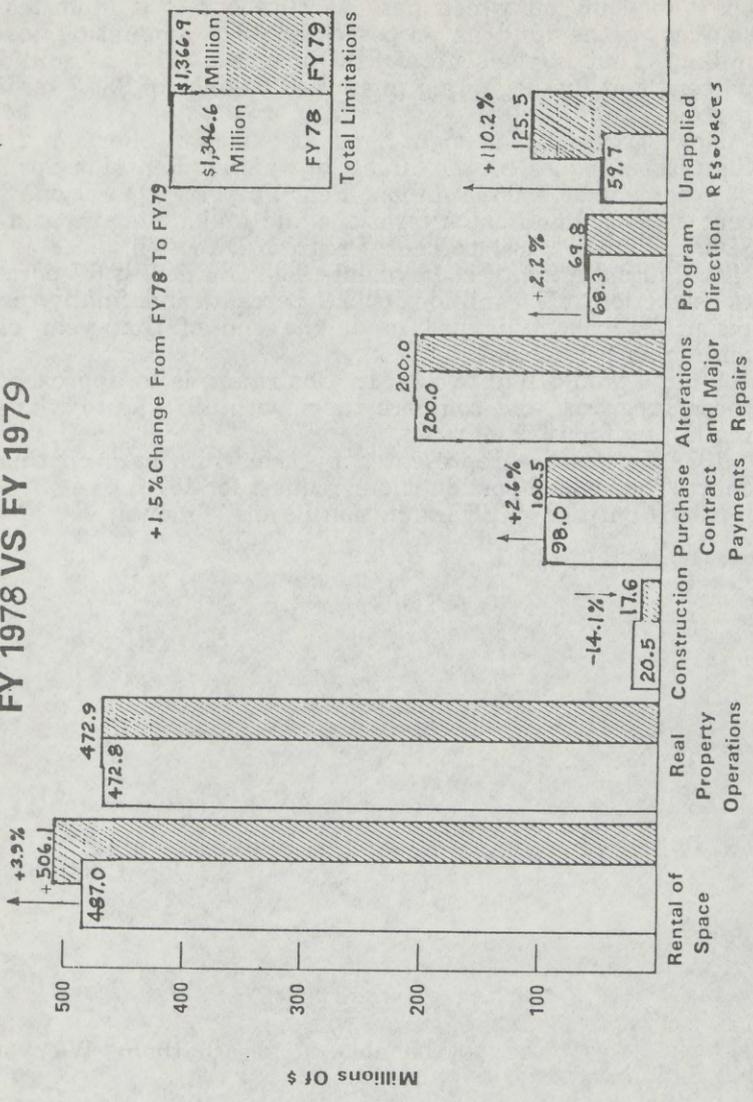
Now, going to the right-hand side of the chart, you see the limitations requested, the largest of which is Rental of Space, about 33.9 percent at \$506.1 million; Real Property Operation, 31.7 percent at \$472.9 million. Alterations and Major Repairs at a level of \$200 million, or 13.4 percent. Program Direction, \$69.8 at 4.7 percent; Purchase Contract Payments, 100.5 million at 6.7 percent, and Construction, \$17.6 million, or 1.2 percent, and finally, unapplied resources looked forward to at the end of that year of \$125.5 million, or 8.4 percent.

What I would like to do, Mr. Chairman, is to approach each of those programs and compare them with 1978 as to what we are requesting for 1979.

1979 figures are represented by the white bars on this second chart. The shaded portion is our request for 1979.

[Chart entitled "FBF Limitation Levels" follows:]

FBF LIMITATION LEVELS FY 1978 VS FY 1979



Beginning at the left, the largest, activity, Rental of Space, reflects \$506.1 million, 19.1 million over a level for 1978 of 487.0 million or a 3.9 percent increase. This program provides for payments to lessors for all leased space, as well as payments to the Postal Service, and in this regard provides for a very moderate increase for expansion in 1979 of about 1.6 million square feet. That would increase our lease inventory from 91.3 million to 92.9 million square feet.

It maintains our utilization rate at 169 square feet per person. This is down over the last couple of years from 173 square feet per person. That doesn't sound like much, but when you multiply it over persons and square feet, it is a fairly significant number. It also provides for additional reduction of vacant space by about one million square feet.

We are now at a level of about 15 million square feet and we intend to go to 13 million or about a seven percent reduction in 1979.

I might add that in regard to vacant office space we have about 4.4 percent of inventory compared to the private sector which runs about 12.3 percent.

Mr. Chairman, our request also provides for agencies' needed expansion and offers some flexibility in reference to government reorganization.

REAL PROPERTY OPERATIONS

The next section of the chart is Real Property Operations.

In 1978 we are at a level of \$472.8 million and we are requesting \$472.9 million in 1979. This represents a very moderate increase and provides for day-to-day building services and operations of GSA buildings.

It reflects our effort to hold the line while providing a continuation of current service levels in such activities as cleaning, maintenance and other building operations.

It maintains our current mix of contract versus force account effort. In regard to cleaning the mix is 57 percent force account and 43 percent contract. For mechanics, it is 77 percent force account and 23 percent contract.

It provides resources for utility payments at current levels based on our latest known information. Now, if we run into a dramatic price increase resulting from another oil embargo or something like that, we would not be able to absorb them. We would be obliged to return for a supplemental, but on the best information we have, we should be able to hold the line on our utility payments.

It also provides for a continuation of protection levels currently provided with a shift from fixed post operations to an increasing use of roving patrols, but at the same time maintains our eighty percent force account, twenty percent contract ratio.

The third column deals with Construction. We are requesting \$17.6 million, which is down 14.1 percent from 1978, which was at 20.5 million dollars; this provides for direct Federal construction of public buildings and purchases of excess postal service properties. This request represents a decrease of \$2.9 million and includes the Little Rock, Arkansas project, an extension to the post office-court

house to provide additional space for currently expanding court operations.

It also includes the acquisition of ten excess properties from the U.S. Postal Service which will provide uninterrupted space for federal agencies, including the courts and will result in annual savings of about \$1 million in rental costs.

PURCHASE CONTRACT PAYMENTS

The next program is Purchase Contract Payments. This is a result of the 1972-75 program when some 68 buildings were authorized. It provides for payment of principal, interest, taxes and other requirements related to the acquisition of those facilities. Actually increases are \$1.7 million for principal, \$.7 million for interest and \$.1 million for taxes for a total of \$2.5 million.

This program then will have provided 23 million square feet of space to our federally-owned inventory by the end of 1979, at a total estimated value of construction of \$1.247 billion.

Of the 68 buildings authorized in 1972-75, Mr. Chairman, 10 of 11 will be completed in fiscal year 1979 and the remaining one will be completed in 1980. It also has a small portion included for the payment for 5 of 29 buildings which were authorized in a similar program back in 1954.

ALTERATIONS AND MAJOR REPAIRS

The next program is Alterations and Major Repairs. This activity provides for alterations and major repairs of our public buildings and we are requesting continued funding at the \$200 million level. This will provide for reduction of backlog to approximately \$600 million during the next five or six years.

This also makes possible better utilization of existing inventory, and for continued emphasis by GSA to make GSA-controlled government-owned buildings accessible to the handicapped.

It provides for the third year of an eight year \$140 million energy retrofit program in existing GSA facilities. It provides for fine arts funding in existing GSA facilities. It also provides for funding devoted to basic work to correct deterioration and malfunction to ensure operational continuity of our existing facilities.

PROGRAM DIRECTION

The next activity is Program Direction. In 1978 we are at a level of \$68.3 million. We are requesting a 2.2 percent increase to 69.8 million dollars for this activity which provides for personnel and other costs associated with the management and supervision of all Federal Building Fund programs.

This amounts to 4.7 percent of our Federal Buildings Fund resources which is down from 1978 at a 5.0 percent level. We are attempting to hold the line on funding in this activity while providing a competent level of overall program management. This figure reflects a reduction of approximately 100 positions resulting from some recent studies we conducted on overhead costs. The Administrator mentioned those earlier this morning.

It provides for a minimal increase in fixed costs resulting from efforts to absorb increases relating to equipment rental, health room services, reproductive services and emergency relocation.

Finally, it will provide for a system to administer and improve cost controls in federal building construction so that we will compare more favorably with the private sector.

UNAPPLIED RESOURCES

Mr. SHEA. The last column on this chart reflects unapplied resources in the amount of \$125.5 million which is available for reauthorization at a later time.

Mr. SOLOMON. Mr. Chairman, may I add a couple of things that I think may be of interest to you?

In Real Property Operations, you will notice there is practically no increase. Built into this is an eight percent increase for utility rates this year. It represents a real gain that the Federal Government has made toward conservation of energy. We have anticipated and done such a good job on conserving energy that we were able to keep our costs the same as last year because of the savings we have made in energy and conservation.

The \$59.7 million of the \$125.5 million unapplied funds is carried forward from 1978.

Mr. STEED. In the total federal buildings you have 3,000 federally-owned and 7,000 rented. In your rental income figures there, what part of your dollars go for rental of federally-owned space and what part for the rent of privately-owned space?

Mr. SHEA. The \$506.1 million is entirely for privately-owned space except for post office space, which is \$24 million.

Mr. STEED. The receipts you get then for federally-owned space is what makes up the remainder of the billion-plus total that you have?

Mr. SHEA. That is right.

Mr. STEED. If you did not have that income from federally-owned space, you would have to get it from direct appropriations if you had this size program and before you did this reorganizing, it actually was obtained from that source?

Mr. SOLOMON. That is right.

Mr. STEED. What I am getting at is, if you are collecting rent on what you already own, that is a return on your capital investment. Were you renting it, all you would get out of that would be just the use of the space.

OWNED VS. LEASED SPACE

That brings me up to the question of what your opinion or policy is about the matter of whether we should do more to own the space we live in or whether the leasing is desirable. I know obviously with the government spread out all over the place, there are some places where leasing is the only sensible way to go. But there are other areas where, if you looked at the long haul, federally-owned space would have to be the least cost method for housing federal office employees.

Is that a fair assumption?

Mr. SOLOMON. It is my opinion, Mr. Chairman, we should own more space because there is a big advantage to it.

Next year we will only be able to acquire \$17.6 million worth of space and that is very small compared to what I think this government ought to be able to do.

Mr. STEED. We were having an overview of the entire budget recently and I was studying a chart that showed several different kinds of budgets. People are always being confused because they refer to the "federal budget."

There is no such animal. You have to qualify it as one of several different perspectives of the budget. It is rather disconcerting to learn that 74 percent of the outlay budget is beyond the discretion of the current Congress. It seems to grow.

One of the reasons is that in this \$500 billion worth of bills we are going to have to pay in the coming fiscal year, around \$140 billion of it comes out of the pipeline.

When you add to that the necessity to pay rent, these are what we call fixed costs and that increase is a part of the 74 percent over which you no longer have jurisdiction.

How long can we keep on adding these bits and pieces to that pipeline before it gets swollen to the point where it is not only a tail wagging a dog, but is probably a stick of dynamite that will explode in our faces?

If you appropriate the money for new construction, at least that is not going to come back to haunt you in bills coming due out of the pipeline in future years.

Mr. SOLOMON. Well, Mr. Chairman, don't you think also a lot of the problem rests in the accounting system of the federal government? Most businesses who take a \$50 million building and spread it over a 30-year period and you wouldn't charge all of it at one time, but when you are in the federal government you have to charge it in that year you build it.

Mr. STEED. Worse than that, in the private sector, once they invest in a building, it becomes an asset to offset liabilities but we don't do that.

When we know the assets owned by the government are so fantastically high that they far outreach any liability we might owe.

Mr. SOLOMON. There is another subhead to that. If we were building our own building, we might build a building different than the commercial space we have to lease and it would add a lot to the inner cities and to the urban area by building something more in keeping. If you will recall the building we built in Oklahoma City, where you and I were for the dedication, it is a great asset to the city and has done a lot for the environment of the city, the landscaping, the arts and so forth. When you lease a building, you have no control over those things.

Mr. STEED. It also has a versatile design that will make it adjustable for any reasonable anticipation of the future.

ESTABLISHMENT OF GSA

A long time ago one of the towns in my district elected the youngest man to be Mayor in the history of my state and he had quite a career. Finally he went on through his political activities

and at the end of the war wound up in Washington. He was selected to establish the General Services Administration. His name is Jess Larson. He is still here and an old friend of mine.

I have heard a lot about the origin and the life of the GSA. Of course, one of the great arguments in favor of it was the vision that all the skills and knowledge pertaining to service functions would be housed under one roof. Thus, it would give the government a better chance to build.

In those days we had the Army Corps of Engineers but they needed to build dams and other things so that in case of war they would have a cadre of experienced engineers to go all over the world and do what needed to be done.

So they started to consolidate all this activity and the government began to grow and this got to be quite an activity. I know of many agencies that have in effect done their own building.

The means of funding and acquiring property and all that is beyond what we see here. It was all supposed to be under one roof.

What is the story now about who is building what in the government? You were supposed to be doing it all and you are not. What sort of competition do you have?

How many agencies are allowed to build?

Mr. SOLOMON. We don't know for sure, but indications are there are many agencies in the federal government who have building mandates.

GSA is probably today one of the smallest builders in the federal government. I would guess the Postal Department is much bigger; the VA is bigger. The Corps of Engineers is bigger. Defense is bigger.

Mr. STEED. I was here when the Hoover Commission was a big deal. We have reformed and reorganized the government over and over again and we still end up being more disorganized in a lot of ways. If we are going to do all this reorganizing that is currently under way why don't we reorganize ourselves back into one building unit?

I know enough about the building industry to know that experience is a very desirable thing in the design and construction of buildings. If you don't center all that expertise in one place, then you may not get the kind of efficiency and economy you might get otherwise.

Is there any way to get this under control or will we just be scattered out all over the place?

I know if you are going to hold anybody in the government responsible for efficient planning and efficient construction and contacting, you have to have it in one agency.

CONSTRUCTION FOR OTHER AGENCIES

Could you give us an example where some agency has come to you for you to handle the construction details for them?

Mr. SOLOMON. Some of the agencies who get construction allocations from Congress, and appropriations, do come to GSA and they do it as they would any other development company. The Federal Home Loan Bank Board is an example of it. The Smithsonian is another example. We built the National Air and Space Museum.

The Kennedy Center was built by GSA. There are many agencies who come to us to hire us to do it.

Mr. STEED. In those cases you are able to give them the special consideration that their particular type of activity imposes on them so they can have the kind of building that does them the most good?

Mr. SOLOMON. And then use our expertise.

As a developer and builder in the private sector, I think it is uneconomical having so many builders in the federal government.

Just think, the problems that a contractor has, having to deal with all these many agencies, each one having their own rules and regulations. We have different rules and regulations than other agencies that have construction authority and each one sets up their own rules to work under. It is not a simple way to do it and it is not the most economical way.

ENERGY FIELD

Mr. STEED. Let's take the field of energy. There is much concern these days about energy, there are still a lot of questions to be answered, and answers are now being obtained.

An agency that is going to put up one building in its lifetime may or may not know the techniques involved in constructing a building to take full advantage of the latest innovations in the field of energy or lighting.

Why would it not be to the advantage of everyone to centralize this program so you can give them the very latest advice on any and every factor that could possibly come up?

Mr. SOLOMON. Mr. Chairman, we are going to bring this up as an issue connected with our reorganization effort. Whether we can get an agency to give us its mandated powers is problemmatical. Each agency is jealous of its own authorities.

Each agency feels like they can do the job better. But you and I also know there is some advantage of experience with a central source like you say, not doing one building, but maybe doing fifty buildings in one year.

That is a know-how that we have in GSA and the certain knowledge that we able to pass that experience from one building to the next. Unless there is some control put on this, I think we will continue to have something that won't answer the situation.

COMPUTERIZED CONTROLS

Mr. STEED. A few years ago a man was involved in a company that had developed a computerized control of temperatures, an energy-saving device. He came to see me. I think I was helpful in getting him in contact with GSA, so he could show them what he had done in some private buildings, and what the potentials were. Apparently he was able to convince GSA there was merit to this. I believe since that time you have actually developed buildings that do have that type control, and it has actually paid off in terms of energy saved. What kind of experience do you find in that area?

Mr. SOLOMON. I will let someone speak who knows about it, but I know we have this computerized control in the Federal Home Loan

Bank Building. We put it in Manchester, New Hampshire; we put it in Saginaw, Michigan, and in many other buildings.

Would you tell the Chairman what experience we have had with the Home Loan Bank Building, for example?

Mr. CAMPBELL. The experience has been very excellent.

Our Seattle building, for instance, is completely controlled by a computer system. We can use the one computer to control our maintenance/management System; to control our security; and to control our fire safety as well as our energy conservation. We are combining the computer technique with various elements to completely manage the building. It has been very successful and we are going to be applying it not only to our new buildings as they come along, but we are retrofitting our existing buildings to incorporate it.

BUILDING DESIGNS

Mr. STEED. Do you find in applying this and getting maximum benefit that there are certain designs in the building itself that you have to follow to make it effective, or does it make any difference?

Mr. CAMPBELL. Yes. We have some design restrictions. We have restrictions on the type of ventilation systems. The same goes for all the other elements, fire safety and so forth. But we are not limited. Our flexibility is fairly great.

Mr. STEED. But it would be the kind of expertise that somebody just putting up only one building would know nothing about?

Mr. CAMPBELL. You are absolutely correct.

Mr. SOLOMON. It is very important that when you design a building for computer control that you know what kind of space needs you are going to have and you must stick with it. The computer will become an important part of that building. Tell us about the experiences you had with the Federal Home Loan Bank Building along this line.

Mr. SHEA. Mr. Chairman, this building was not necessarily palatial in its concept, but it was top drawer and it involved, to my recollection, sizeable amounts of space which were open space in concept, where total areas were open with maybe a few peripheral offices, but uses will be made of screening and so forth.

But as time passed the FHLBB changed their concept and wanted to go to individual offices in many instances and this, of course, interfered with such things as temperature control centers, air flow, and even the sprinkler system.

We said, "You are going to be pouring money down a rathole if you go this way" and we got into quite a discussion with them and the result was that there was some relaxation on their part. This is an example of where you originally have a concept which stresses efficiency and you can blow it right out the window by changing your mind.

CONSTRUCTION OF FEDERAL BUILDINGS

Mr. STEED. In the maintenance and repair of buildings, you have a backlog of more than \$1 billion. Some parts of this are a lot more critical than others. Common sense dictates that as you get your

hands on some money you have to put first things first and do that which will not allow delay.

The same thing is true generally, is it not, in the construction of federal buildings? There are some cases where there is more to be gained by building this year than putting off. If you don't center them in one place, how can you take advantage of that situation?

Mr. SOLOMON. We are limited by the amount of funds we are able to program for construction.

Mr. STEED. If you had all the money going to be put in any building this year and were basing the use of it on what is of the most advantage to the government, you would get one answer. If you just build wherever somebody might have a chance to make an end run, it might be a different thing. You might be building buildings that you get less return from than many others that are crying out for attention.

I don't know whether the audits that creep into appropriation bills would help solve the problem or not.

Mr. GRIFFIN. What happens, Mr. Chairman, is individual agencies go to their legislative committees and sell them on the need for special purpose buildings. The energy bill has a construction authorization in there to construct laboratory and special purpose type energy buildings. Every new department that comes along, somehow includes construction authorization and it passes on to the appropriations cycle.

Mr. STEED. They get all kinds of monies authorized by all kinds of committees. It all goes through the same office of Management and Budget. Once it is appropriated it is supposed to come back to the central source of activation. That is all we are asking for here, isn't it? We are not trying to keep any agency that has an urgent need for something from making that known.

Mr. SOLOMON. I would expect OMB to exercise some kind of control over the authorization process.

I wish to point out one other thing to you. We are really doing some other kinds of construction, which is very close to new construction and that is in the alteration and major repairs program. We are taking some historic buildings and performing repairs and alterations on them, but it is almost like building a new building because we only retain the shell and the inside is completely new. The Old Post Office is a good example. We are going to do similar construction in the old post office in St. Louis. We hope to do something similar with the old Customs House in New York. We hope to do a building in Savannah, Georgia. We hope to do a railroad station in Nashville, Tennessee. All you retain are the walls and the ground upon which it sits. It is very similar to new construction.

LIFE EXPECTANCY OF BUILDINGS

Mr. STEED. I find no fault with that. Obviously there is a great public interest in maintaining true historic landmarks. As far as I know it has always been accepted here that some federal buildings are monumental buildings. You build them to last for as long as man's ingenuity can construct them.

Others are just buildings like the private sector would build.

I have been told the average life expectancy of the average commercial building in the country is something like 60 or 65 years.

Mr. SOLOMON. Some are not built to last that long.

Mr. STEED. Where a monumental building would still be used after several hundred years maybe, hopefully.

Obviously the cost between the one and the other would be substantial, but if that is what is involved, who is going to complain about it? I mean, after all, you can't have a monumental building unless you build a monumental building.

Mr. SOLOMON. I consider these major renovations to be almost like a new construction. It is a very important part of our program and it will do a lot of good.

Mr. STEED. The first experience with that sort of thing I had was when we had to re-do the White House. I happened to be on the subcommittee that had the responsibility of securing funds. Well, we could have saved money had we torn the thing down and built a brand new one, but there would probably have been an artistic revolution in the country if we had even talked about that.

I don't know of anybody who has ever complained about the fact that we rebuilt the White House and kept it like it always appeared to be.

This is what you are talking about.

Mr. SOLOMON. That is right.

Mr. STEED. You wouldn't dare do it any other way. If you weren't going to maintain the historical value of it, there wouldn't be any point in doing anything to it anyway.

Mr. SOLOMON. There are some fine buildings within the government inventory where we will do this. We have programmed about \$50 million for this purpose this year and next.

Mr. STEED. I yield to Mr. Miller.

CONTROL OF FEDERAL BUILDINGS

Mr. MILLER. Administrator Solomon, you have, as I see it, \$1,366,961,000 requested for just the Federal Buildings Fund within your GSA organization.

Now, we understood that you were the largest landlord in the world, with 10,000 federal buildings. I guess the purpose of this is to try to set the record straight because I have a little note here and summary from the General Accounting Office and it says the case of retrofitting as the cornerstone of energy management in federal buildings is compelling. The government owns over 400,000 buildings.

Could that be correct?

Mr. GRIFFIN. Yes, sir. But you are speaking of the total inventory of the entire Government which includes many barracks, stores, and little depots. The bulk of that inventory is held by the Defense Department. I think the figure is about 300,000. We are speaking about barracks, defense housing and so forth. These are not general purpose buildings which comprise the majority of GSA's holding. This is covering everything. In fact, I testified on an energy bill on the House side earlier last year where it was intended that buildings would be energy-equipped and have some solar devices and so forth, something on the order of 35,000 buildings a year.

Mr. MILLER. Do you think we could operate more efficiently if all of those buildings were under GSA or all those buildings were under another agency?

Mr. SOLOMON. I am not absolutely, positively sure that that is a true statement because sometimes an agency would get too big and you could not control it. I would have to give it a lot of thought because at the present time we operate something like 10,000 buildings. You see what a small proportion GSA operates of the total. I feel very strongly that construction should be under some kind of centralized control.

I am not sure, however, that GSA could do all the construction for the federal government. I don't think we have that capability. Defense, naturally, must do its share. The Corps of Engineers must do dams and river projects. We do not have that capability. But when it comes to general purpose office buildings, warehouses, laboratories and so forth, we do have the capability. What I have found in the ten months I have been here is that agencies religiously hold onto whatever authority they have been able to get for their own functions.

Mr. MILLER. Many times the right hand doesn't know what the left hand is doing, and in any organization that would own 400,000 buildings, I am sure there is going to be a lot of loss somewhere along the line.

REIMBURSABLE CONSTRUCTION

Then would it be better if you had control of let's say the postal buildings, the general office buildings? In this case we have Social Security going out and building their building; we have the Agriculture Department building their building. If you had all of that under GSA, would we then be better off?

Mr. GRIFFIN. We usually build Social Security buildings on a transfer basis. They provide the funds from the trust fund and we act as a construction agent or manager.

Mr. MILLER. You are doing the mechanics, but they provide the funds. They pick the location and you do the building?

Mr. GRIFFIN. We join with them in selecting the site. They basically pick the population to be served and the general area, but we do participate in the selection of the actual site.

Mr. SOLOMON. I had one agency to write to me the other day. We had been hired to help them with their building and in order to save funds they said, "We are going to do it ourselves."

This is another federal agency. They were not going to charge the overhead and everything that we normally would do.

Mr. MILLER. And that is where the taxpayers get hurt.

Mr. SOLOMON. I believe so although I can only speak for the general picture I get of the situation.

When I came here, very frankly, Mr. Miller, I was told GSA did the construction for the federal government.

Mr. MILLER. And this is the common thought?

Mr. SOLOMON. This is the common thought.

Mr. MILLER. I would assume many members of Congress would feel that same way.

Mr. SOLOMON. I am amazed. I didn't know until very recently the number of agencies that have construction activities. I always

knew about the Corps of Engineers; I knew about the Post Office; I knew about Defense doing their own construction; and TVA. TVA is an agency that does all its own construction. They are in my home town. I come from the Valley and I am used to their type of construction. We approached them recently and said, "We have space in Chattanooga and Knoxville, and you have space. Let's join together." Maybe they should lease from us; maybe we should lease from them. At least we shouldn't be out there competing with each other in the marketplace.

CENTRALIZED CONTROL

Mr. MILLER. I think that is what is going on right now and I have in mind a number of buildings. The Post Office is an example where they have the additional space and we would have the Agriculture Department ACS, we would have Internal Revenue occupying space in the Post Office.

Our own congressional office in the District is in the Post Office. We find many people have moved out. Now we have empty space. They moved into a new leased building, or they moved into a building such as Social Security where they would have furnished the funds and you would have cooperated with them. We wind up with practically an empty building. That is just one example.

There are many of them. Somehow we have that competition between these people and that too is the purpose of the question. Would it be better if it was all under one organization?

Mr. SOLOMON. This morning I made the statement to you, that in the leasing of space or in the construction of space, one of the great advantages you have with central leasing and central construction is that individual agencies aren't in that marketplace competing with each other. The price of that building or lease would be affected by the competition between agencies and you would have no mandate to get it at the least possible price.

I will give you the bottom line, Mr. Miller. We talk about esthetics; we talk about what we can do for the cities; we talk about good architecture, we talk about good environment. We are really not creating these things. We are involved with environmental issues, Buzzards' Point being a good example right here. We are not getting the kind of buildings you would like to see in your district where the people can point to it and say, "That is the federal government."

To me that is very important for the stability and integrity of this government and for the employees who work in those buildings.

I can talk for hours on this subject.

Mr. MILLER. Is the reason for this because of cost? We usually find we are looking for some type of building construction that will be less in cost. As an example, the Capitol Building. Try to build a Capitol Building now. The value is hard to say. Back years ago people considered the value of a building like this but any more we seem to go into the steel and the glass and the modern type building and usually it can be done more economically than a span of gigantic buildings we can point our finger to and say, "That is the federal government."

Mr. SOLOMON. GSA is a large, major developer of real estate in this country. It manages buildings; it leases buildings; it finances building; it does architecture. You become a specialist in what you do. I became a specialist in what I did. I learned how to do it right and I learned how to build nice projects; I learned how to landscape them and I learned these things the hard way over a period of twelve years.

I think this is true of the government. Everybody can't be a specialist in every field they undertake and this government has got to make up its mind that it is going to have specialists, people who know how to do the job economically and well. We have a lot of dedicated construction people at GSA who frequently get their feelings hurt because they are not given the credit in the construction field.

If I ever go back to private industry, I would try to entice some of these people to come back with me. When private industry sits with our people, they are amazed at their knowledge. They have been through the hard knocks and they know. Those who do just one building cannot be specialists in these fields.

ENERGY CONSERVATION

Mr. MILLER. Maybe this is where we should try to see where we stand at the present time.

What are we doing in the way of insulating? What are we doing in the way of reducing electrical consumption? Are we using overhead lighting? Are we using concentrated lights? Are we placing building on building lots in the proper direction in order to conserve and take advantage of the sun?

I may have mentioned this last year. One of the members took on GSA. They did that because they were just building, period, willy-nilly.

I did hear at that time GSA was attempting to help conserve energy and I think I am giving you an opportunity to get something in the record to show that you are aware of the energy problem and are attempting to do something about it.

Mr. SOLOMON. I will call on Bill Campbell, who is in charge of this program.

Mr. CAMPBELL. There are three phases I would like to talk about.

Two of them are our operational conservation and our retrofit program on existing buildings.

Dave Dibner can talk about what we are doing to conserve energy in new buildings.

We have this year saved energy—and this is straight BTU calculations, approximately 31 percent over what we were doing in 1973.

This, in effect, is about \$36 million that we would have had to add to our budget in 1978. This savings is accomplished many ways such as cutting out lights, use of daytime cleaning and use of outside air.

It has been an excellent program and it hasn't cost much to do it.

COST OF UTILITIES AND FUEL

Mr. MILLER. Before you move into step number two, I heard Mr. Solomon say there was a building increase of eight percent, when we were showing the charts, an eight percent increase in energy.

Mr. GRIFFIN. No, that is an increase in rates. That was built in our budget request; an eight percent factor for the cost of utilities and fuel.

Mr. MILLER. Yours is a 32 percent reduction of volume in energy, whatever that may be. Electricity, gas, or oil.

Mr. CAMPBELL. Yes. When you convert that into today's dollars, it represents about \$36 million we would have had to pay this year if we had not had our energy conservation program.

The President's program has directed that we attempt to save an additional 20 percent over the 1975 level. In order to achieve this we will have to fine tune our program. We hope to save an additional five percent and, in addition to that, we will retrofit buildings as a part of our alterations and major repairs program. This entails insulating and improving on our energy consuming equipment.

We would also improve our energy management programs which enable us to control the energy consumption in the building.

ENERGY MANAGEMENT PROGRAMS

We are also coming up with new ideas in the area of solar energy.

At this point, I think Mr. Dibner can talk about what we are doing in the way of research as well as in actual work in new construction.

Mr. DIBNER. The way we are approaching new construction is to have for each building a budget of energy, just like we have a budget of dollars. We say any who build should not use more than 55,000 Btu per square foot per year. It is an energy measure and all our buildings, whether designed by architects for us or designed in-house, have to fall within this budget, just as it has to fall within a cost budget.

Any building that is existing and is retrofitted has to fit within another budget which is slightly larger because we are dealing with older buildings. But, in addition to that, we are developing new technology to exceed these kinds of energy goals. Among them, for instance, are new types of lighting systems. We have challenged, in effect, private industry, to deliver to us certain performance as far as lighting is concerned. We say to them, "We need certain lighting levels. We need certain energy levels or below that, and we ask you to respond to us and to develop lighting systems that will meet our criteria."

Recently we have come up with some lighting systems that appear—they are just being installed right now—to use about 25 percent of the energy for lighting that we had used previously.

One other aspect of energy that commonly isn't thought about is what I call inherent energy. When we talk about taking an existing building and retrofitting that building, we talk about saving energy inherent in the constructor. Every time we build we have to find the materials and combine those materials into the building.

The walls around us all have inherent energy. It costs energy to destroy that and then build another wall.

When we recycle a historic building, we are not only saving it historically, but we are saving in inherent energy. Therefore, this retrofit program we have of recycling older buildings, usually extends the life of our older buildings and saves energy in that way too.

Mr. SOLOMON. You should also realize that these requirements that affect our new buildings also affect buildings which we lease. A person, to lease us a building, has to meet certain energy requirements or we will not be able to lease that building.

In a new building which we are completing in Florence, South Carolina, we are using what is called task lighting. Task lighting concentrates on the work area instead of the whole room. We were able to cut down the candlelight required in that building by approximately 75 percent.

We would like to do more with solar energy, but it is very expensive. We are considering provisions for solar energy in nearly every building we build and we are using the computer.

We have a national energy policy in GSA.

Mr. MILLER. I wish we had.

Mr. SOLOMON. Yes, sir.

Mr. MILLER. We have our energy bill tied up at the present time.

Mr. SOLOMON. We are saying to industry every place we go, every chance I get, "Come in and let us show you what we are doing in energy."

I had a very interesting experience recently. I went to call on the Chairman of the Republican party, Bill Brock, who happens to come from my home town, just to pay a courtesy visit. I found they were getting ready to build a new headquarters facility. I said, "Bill, send your people down to meet with our people and let us show you what we are doing in energy conservation."

He did and our people are feeding into his architect some of our ideas.

We didn't really know we had it so we are saying to the world, "Come in and let us help you" and we are trying to do it.

REIMBURSABLE SERVICES

Mr. MILLER. In Mr. Shea's statement we have under the Federal Building Program, that federal agencies pay for the space and related services which they need to perform these functions.

We have agencies come into our other subcommittees and they say, "We work overtime and therefore we need an additional block of dollars to be able to pay the utilities because GSA will only pay for a standard eight hours, so if we work two shifts, then we have to pay for the next shift, or if we work four hours over, we have to pay."

Will you explain a little how this is done and is there some way we can get away from additional bookkeeping? Is it possible for you to take it over and you in turn pay those bills and perhaps charge the agency more per square foot?

Mr. SHEA. What we do, sir, is provide services for a five-day, eight-hour week. If they are on a 24-hour schedule—say it is an

IRS operation in the busy season, then they are charged for the services used beyond the regular working hours.

Mr. DiLUCHIO. What we have, Mr. Miller, is a rate for the building. We have varying and differing agency needs in a multi-tenant building and the standard rate is applicable to all agencies to encompass that five-day a week, one-shift-a-day basis. Then the rates are tailored to a particular agency's need by virtue of the reimbursable services.

We don't have a rate for an agency in the building. The rate is associated with the building. Different agencies have differing needs.

Mr. MILLER. One agency may be trying to convey a message that they work harder and longer and need more people, but we see this line item recurring in so many agencies. It is explained to us that it will pay for utilities for the additional time they are in the building each working day or Saturday or Sunday. As I understand, you pay for five days. How do you keep track of such a thing?

Maybe the bookkeeping and having someone checking this out would create more expense than the utilities would cost.

Mr. SHEA. I don't think that it does.

Mr. SOLOMON. Mr. Miller, this is done in the commercial leasing field. You know much of our space is commercially leased. When you rent space from a landlord, the rent is based on so many hours per day. We have verified his costs because our leases contain escalation clauses for those costs. Then he would have to present bills to us and there is a bookkeeping system. If we are leasing regular commercial space in the open market the landlord would bill us for any extra hours of operation.

We try to get the agencies to work within the regular time period and to try to schedule their work so extra services are not needed.

Recently you may have heard the story that SEC was going to do some investigating in the City of New York. They went to a building, one of our buildings, and it was closed on Friday and they had to work Saturday and Sunday. They called me Friday night and said, "You have the building closed. How can we get into it?"

They had not made special arrangements and most of our buildings are closed after regular working hours. If after-hours operations are needed, we will provide the services but the tenant must pay the actual costs. The bookkeeping is not difficult.

Mr. DiLUCHIO. In regard to that, we should understand that all we are doing is passing on the additional costs we incur. If it is an occasional use of the building after regular hours, the building is accessible to agencies to use. If we don't incur any costs and don't have to climatize the building in some way, we don't pass any costs on, but with agencies like IRS that go 24 hours a day, we do pass our additional costs on to them.

Mr. MILLER. I also saw a line item for federal court rooms.

Mr. DiLUCHIO. The Courts are on the same type of arrangement. If they have court on Saturday or other off hours, the same condition would apply.

ALTERATIONS AND MAJOR REPAIRS

Mr. MILLER. Refer to page RP-9. There is a statement there which says, "No net change in new obligational authority in the alterations and major repairs activity."

After that it says, "Decreases in basic work to correct deteriorations and malfunctions, \$31,406,000."

We have \$200 million in the budget for repairs. I am not sure what this means. Could you tell the committee what what \$32 million reduction is?

Mr. DiLUCCHIO. In the alterations and major repairs category the total funding remains at the \$200 million level. We have six component pieces of that program.

The six areas are basic work; aid for the handicapped; work to promote space utilization; special fire prevention and life safety; environmental protection and energy conservation. Although there is no net change in the \$200 million request between 1978 and 1979, there is a shifting of some emphasis among the six categories of what we will be accomplishing and executing in our and alterations and major repairs program.

For example, we have emphasized in the 1979 budget a commitment to make all of our government-owned facilities acceptable to the handicapped. We have accelerated that category to accomplish that task. In the meantime, we have perhaps decelerated a little bit in the basic work category to accomplish the total program within the \$200 million request.

Mr. GRIFFIN. How much is left after the decrease of \$32 million? You still have a major portion of the \$200 million for the basic work category.

Mr. DiLUCCHIO. That is correct. Approximately 50 percent of the work is still for the basic work area.

Mr. GRIFFIN. This is the biggest piece.

SPECIAL FIRE PREVENTION, LIFE SAFETY, AND PROPERTY PROTECTION

Mr. MILLER. You have listed \$9,502,000 for special fire prevention, life safety and property protection. Is this an increase or is this a total amount? Give me a little background on what the program is and how you go about it also.

Mr. DiLUCCHIO. That is not the total program. It is an acceleration over the amount of money we had in the 1978 program toward that particular category of work but it is not the total.

In the fire prevention and life safety area, for example, of the backlog of \$1.1 billion that was mentioned earlier by Congressman Steed, \$176 million of it is in this area.

Mr. MILLER. Could you tell us a little of the program of life safety and fire safety?

Mr. CAMPBELL. This represents a continual upgrading of our building to meet the standards of the codes throughout the country. It represents also a reflection of our concept of how to carry out the fire safety programs in a more economical way, particularly in the area of high-rise fire safety.

For example, by introducing sprinkler systems into our buildings, we are able to cut the amount of fire-resistant walls and foundations while maintaining the required standards.

It represents an increase in emphasis on life safety, the ability to get people out of buildings, over property safety. That doesn't mean we are downgrading or have no desire to save property, but we are increasing our emphasis on life safety. It increases the emphasis on protection of stairwells, so we can get the people out of the building. It is a total program that reflects a continual upgrading nationally of the fire codes, as well as our own concept of what is needed for protecting the lives of the federal employees and the visitors to our buildings.

Mr. MILLER. You mentioned one high-rise and you mentioned the stairwells. This seems to be a big problem today. We do have employees in high-rises. They are so high that the fire truck ladders cannot reach them. It is continuously a problem. It is a concern to many people.

You mentioned another thing. Stairwells. Now, have you come up with anything that might give these people the protection they should have?

Mr. CAMPBELL. We have policy involving high-rises buildings which, incidentally, is being adopted by many large cities now. We have the leadership in this area. Number one, any building over six stories will be completely sprinklered. This immediately suppresses most fires.

No. 2, the stairwells, of course, will be pressurized. We will have smoke evacuation systems that pressurize a floor above and a floor below the fire automatically. We can also evacuate the smoke from that floor that has a fire on it. This is done by computer. The computer triggers a message in a calm, cool, collected voice, which instructs people on that particular floor where the fire is and what to do in the emergency. We have elevator recapture systems that are designed to go immediately to the first floor. They are controlled by the Fire Department which responds to the fire. We actually developed the technique and worked with Fire Departments so they can come in and control our elevators.

We have each floor monitored so that any handicapped people caught on those floors can evacuate using the elevators that have been recaptured, but are under the control of Fire Department personnel. It is a complete system which is fairly unique. It was first demonstrated in our new Seattle building and has had quite a bit of publicity. We are applying the technique to many of our other buildings, particularly high-rise buildings. It is being copied by such cities as New York where they are incorporating it in their fire code. We have the leadership in this area and are proud of it.

DATA REQUESTED FOR THE RECORD

Mr. MILLER. How many high-rise buildings are you responsible for, those over six stories?

Mr. CAMPBELL. I will provide that for the record.

Mr. MILLER. Could you furnish that for the record, and also tell us what is the highest building that you have?

Mr. CAMPBELL. I will do that, sir.

Mr. MILLER. That would be an excellent idea.

Mr. STEED. Could you also furnish the number of jobs and the number of communities where you estimate you will be doing this work?

[The information referred to follows:]

BUILDING INVENTORY

The tallest building in our space assignment inventory is the 110 story World Trade Center in New York City in which we have leased space.

There are 157 Government-owned buildings over six stories in the GSA inventory.

Also, the five tallest Government-owned buildings in the GSA inventory are:

	<u>Stories</u>
U.S. Customhouse, Courthouse and Federal Building, New York, New York	45
Kluczynski Federal Building, Chicago, Illinois	43
Federal Building, Seattle, Washington	37
Federal Building, 911 Walnut Street, Kansas City, Missouri	36
A. J. Celebrezze Building, Cleveland, Ohio	32

NUMBER OF JOBS AND COMMUNITIES BENEFITING FROM THE ALTERATIONS AND MAJOR REPAIRS PROGRAM

For projects which are \$500,000 and over, we will be doing work in 32 different communities which will produce 25,000 jobs and for projects under \$500,000, we will provide jobs in a wide-spread number of communities which will equate to another 25,000 jobs. Since GSA has buildings in many communities, these jobs will be reflected in all regions and in all States.

SPACE REQUIREMENTS

Mr. STEED. We have a rule of thumb about how many workers a given expenditure will require.

Mr. CAMPBELL. On redoing and reworking our buildings, it is 250 jobs per million dollars in alterations and major repairs projects. On new construction the number is 50 because it is not as labor intensive.

GAO REPORT ON SPACE REQUIREMENTS

Mr. MILLER. This is in a GAO report of January 24th of 1978 concerning split space requirements. It goes on to say that the General Services Administration leases 90.5 million square feet of space. GAO found various deficiencies in the agency's practices for awarding and administering leases and they included four items that they have, but the one I was wondering about was where Congress has some approval function in the leasing of any buildings that would be over \$500,000 per year.

Apparently there were a couple items. In the first case, office space for the Veterans Administration was leased on December 1974, at an annual rent of \$434,000. Within approximately four months, additional space in the same building was leased for the VA, raising the rate to \$688,000.

The second case involved the leasing in January 1976, most of them warehouses for the Library of Congress, at an annual rate of \$477,000, and the rest of the warehouse was leased for the Library about six months later, increasing the annual rent to \$533,000.

In both cases it was obvious that General Services Administration should have obtained congressional approval because they both went over half a million dollars per year.

Do you have anything that you could tell us about this, or have you taken some steps that would stop such split space requirement?

Mr. SOLOMON. Mr. Shipp will answer this.

Mr. SHIPP. Mr. Miller, in those particular instances there is an inference that the people who are involved purposely tried to evade the limitation. Our examination into the matter indicated that there was no purposeful intent to evade the submission of a prospectus, but events came together in such a fashion it would appear they did so.

We have issued strict instructions to be very mindful of these kinds of things, and where they know there is a potential for additional space to be required by an agency after the initial block of space has been leased, we would try to make sure the agency gives us their total requirements at the very beginning. That was basically what happened to us with the VA, where the requirements changed or expanded after the initial requirement was given to us, and we did not know, at the time we initially entered into the lease, they were going to follow it up with a subsequent request for additional space.

GAO REPORT ON UNUSED SPACE

Mr. MILLER. Very good.

On September 27, 1977, GAO issued a report titled "Executive Agencies can do much more in using Government-owned Space as an alternative to leasing or new Construction by the General Services Administration." Is GSA taking steps to identify vacant or under-used Government-owned space?

Mr. SHEA. Present GSA procedures require our regional offices to continually review the space in the GSA inventory to identify properties which are not utilized, underutilized, or are not being put to optimum use. When economically feasible, our regional of-

fices make every effort to utilize this space for assignment to other agencies. Further, in developing its long-range plans for housing Federal agencies in a particular community, GSA makes a comprehensive review of all existing Government-owned properties in the locality regardless of agency jurisdiction.

Mr. MILLER. Has GSA moved to adopt some of the recommendations of GAO? What problems would surface and what benefits would accrue?

Mr. SHEA. With respect to the GAO report, we concur in its conclusion that every effort should be made to reduce the expenditures associated with the provision of agency space by making use of existing federally owned property. In this connection, we are expanding our Executive Order 11954, Survey Program, Federal Property Management Regulations section 101-47.802, which is one of our principal means of identifying unutilized and underutilized properties. Our goal for this year is to accomplish about 200 surveys, which is approximately 50 percent more than last fiscal year. In addition, we are preparing an amendment to the Federal Property Management Regulations which will set forth guidelines for holding agencies to use in determining whether real property should be retained or reported excess. We are soliciting the assistance of all Federal agencies in these efforts.

In our response to GAO, we indicated that, while we recognize that more can be done to utilize excess properties, there are certain limitations in doing so. The lack of sufficient funds to alter the space for further use, the short time frame requirements on the part of the agency needing space, and the need for agencies generally to be located in the central area of our cities, tend to eliminate many excess properties from consideration.

Expenditures associated with the provision of agency space should be reduced by making use of existing federally owned property.

GAO REPORT ON ENERGY CONSERVATION

Mr. MILLER. On September 30, 1977, GAO issued a report entitled "Federal Agencies can do More to Promote Energy Conservation by Government Contractors." Will you comment on GAO's recommendations and discuss the feasibility of applying them from GSA's point of view?

Mr. SHEA. GAO's first recommendation is that the Director, Office of Management and Budget, and the Secretary of Energy jointly develop an energy conservation-related procurement policy that requires Government contractors to establish viable energy management programs that include the five program elements listed above. GSA is now assisting OMB in developing appropriate parts of the policy action cited in this recommendation. We view our role in this regard as a full participant, along with DOD, although OMB and DOE shall have lead agency responsibilities.

The second recommendation is that the Secretary of Energy establish reasonable energy conservation targets and goals for major Government contractors, monitor the contractors' efforts toward achieving these goals, and report to the Congress within 24 months on the progress being made and with recommendations as to whether any new financial incentives that are provided by the

Congress for energy conservation are sufficient, or whether mandatory standards are necessary.

GSA is operating a Value Management program in both of its largest procuring entities, the Public Buildings Service, and the Federal Supply Service. We have expectations of increasing the results achieved through these areas. Results to date are very encouraging and the value management concept is highly complementary to effective energy savings programs. GSA, through value management activities, will be attempting to increase and implement cost savings concepts which can be shared by the Government and contractors.

We would be in a better position to respond to this recommendation, if the term "major Government contractors" would be clearly defined. By knowing this information, GSA could determine the number of contractors that would be impacted. However, it should be realized that if new mandatory standards are established, this will require increased policing and reporting requirements of our contracts. Further, this could result in narrowing the amount of offerors for our contracts, such as minority and small business firms.

The third recommendation is that the Secretary of Energy and the Secretary of Commerce use Government contracting personnel in the Department of Defense, the General Services Administration, and other agencies to disseminate energy conservation publications and materials to contractors.

GSA will take and/or continue several actions to increase the distribution of its energy conservation publications to contractors. We will improve the availability of GSA energy publications at our Regional Business Service Centers which are frequented by contractors and prospective contractors; suggest to our functional personnel who talk to contractors that they encourage contractors and solicitors to read and use our energy conservation publications and continue sales of GSA energy conservation publications through GSA Regional Business Service Centers. To date, several thousand of the various publications have been sold to the general public and private enterprises, as well as given upon request to state and local governments.

We will continue to stress the significance of energy conservation books through our regional energy conservation conferences. Since October 1976, more than 1,200 persons have attended GSA energy conservation seminars which have been held in Boston, New York City, Philadelphia, and Washington. Instructions on how to obtain the publications are given to each conference attendee. Many additional requests for energy conservation information are generated by each conference.

We will include on the covers of "Invitations for Bids" an invitational clause that solicits a prospective bidder to inquire with GSA to learn what energy saving actions he can take in his own operations.

The next recommendation is that the Secretary of Energy review the various lighting guidelines and standards that are currently in existence and develop national lighting guidelines and standards that can be easily understood and consistently applied in commercial, public, and industrial buildings.

GSA will act as a major contributor to the 10-year Federal Building Energy Conservation Plan required by section 381 of the Energy Policy and Conservation Act, P.L. 94-163. This plan is being coordinated by DOE and will contain several components, including the development of lighting standards for energy conservation in Federal buildings.

This area of energy saving activity will be expanded by GSA in both the design of new buildings and retrofit of existing buildings. We have already moved to the concept of watts per square foot when considering the amount of lighting required in a Federal building. This method of lighting determination is being designed into new buildings and will be applied to an energy conservation retrofit project when that project includes lighting modification as part of the energy retrofit. In addition, we achieve, as close as possible, watt/square foot guidelines by delamping all GSA buildings owned and operated.

Mr. MILLER. How practical would such action be government-wide and what benefits would accrue to the Government and to the public?

Mr. SHEA. We believe that these recommendations will be practical Government-wide as long as there is built-in flexibility to be responsive to changing needs. The benefits to Government as well as the public sector will be the dissemination of energy management programs and the stimulation of energy conservation measures. However, the recommendation concerning the monitoring of contractors may impose undue hardships and/or paperwork on the public.

GAO REPORT ON LEASING

Mr. MILLER. GAO also recommended in a report dated January 9, 1978, that GSA adopt a more flexible approach on lease delegation and that GSA assume a more active and supporting role in monitoring of agency lease practices. How does GSA view these recommendations by GAO and does GSA plan to adopt these recommendations in part or in full?

Mr. SHEA. GSA believes that its record on delegations of leasing authority demonstrates, without exception, an effort to evaluate every request in an unbiased manner, and decide each on the basis of the best interests of the Government. Further fragmentation of the Government's leasing program would be a step in the wrong direction for two major reasons. First, Congress or any oversight body will have difficulty in assuring that such a program is conducted in an efficient and economic manner. Secondly, there will be a certain loss of professionalism and competence because the procuring agencies will not have sufficient capability or objectivity to deal effectively in the marketplace.

Regarding monitoring delegations of lease authority, the substance of the report is essentially correct and the recommendation will be adopted. Performance standards and guidelines will be issued to agencies and a system will be installed whereby agencies will report information to GSA on their leasing programs.

OBJECT CLASSIFICATION

Mr. MILLER. On Page RP-10 of your Justification you show "movement of household goods" under the designation Transportation of Things. Will you explain this for us?

Mr. SHEA. The costs incurred for movement of household goods are a reimbursement to Government personnel for the authorized shipment of their household effects.

Mr. MILLER. On this same page you show \$61,182,000 for "indentures of dual systems" and "package Projects." Will you explain this please?

Mr. SHEA. The amount of \$61,182,000 is required to pay the interest as part of the periodic payments we make for facilities constructed by the purchase contract method. The terms "package" and "dual" systems refer to two different financing mechanisms used in the purchase contract method of construction. With your permission, I will enter into the record at this point a full explanation of the two systems.

Mr. MILLER. That will be fine.

[The information follows:]

PURCHASE CONTRACT METHOD OF CONSTRUCTION

The purchase contract method of construction has utilized two systems of financing—the package system and the dual system.

Under the package system of financing, the successful bidder was required to finance and construct the facility and upon completion, transfer the improvements to the Government for the "purchase price". This purchase price is amortized either (1) over a twenty-five year term through quarterly payments (Purchase Contract Act of 1954), or (2) over a thirty year term through semi-annual payments (Public Buildings Amendments of 1972) by the Government including interest at the contractor's bid rate. This system was used for all of the projects constructed under the Purchase Contract Act of 1954 and for twenty-three of the smaller projects constructed under the Public Buildings Amendments of 1972.

Payments of principal, interest and taxes are not required on package system projects until construction is substantially completed and the purchase contract is consummated (the date of purchase contract). The Government assumes tax liability from the date of the purchase contract. The first payment of principal and interest is made six months after the purchase contract is executed and thereafter, semi-annual installments are made for a total of thirty years.

The dual system of financing involves separate contracting for construction and financing. Construction contracting is done in the same way as under direct Federal construction; however, to secure the necessary financing a trust was established. Pursuant to an indenture between GSA and the trustee, certificates were competitively bid for and sold to securities underwriters. In order to achieve favorable market acceptance, several projects were grouped under each indenture and payments of principal and interest are made on each group of projects over a thirty year term. Certificates have been sold to security underwriters to finance the construction of twenty-nine buildings.

A variation of the dual system has been incorporated in our financing with the Federal Financing Bank which provides for an additional sixteen buildings. Under this variation, a commitment is made by the Federal Financing Bank at the initial date of the purchase contract. This commitment is drawn down monthly as funds are required for each project. This procedure eliminates carrying costs associated with investing unused funds and thus reduces the total cost of purchase contract financing.

On dual system projects, the date of the purchase contract is the date of the initial financing or commitment and the term is thirty years. Under this system, taxes are paid from the Federal Buildings Fund from the beginning of the construction period over the entire term of the purchase contract. However, interest and administrative expenses during the construction period are paid directly from the proceeds of the sale of participation certificates. At a predetermined date, the purchase price for each group of projects (which includes all projects' costs plus

capitalized interest) is amortized over the remaining life of the purchased contract according to an established sinking fund.

Mr. MILLER. Mr. Chairman, I would like to present some questions to the Administrator, and then you can answer them for the record. I have already taken too much time. If you would, thank you.

Mr. SOLOMON. Thank you.

[The information referred to follows:]

QUESTIONS FOR THE RECORD FROM CONGRESSMAN MILLER

QUESTION. The GAO issued a report dated October 6, 1977, entitled "General Services Administration's Use of New Construction Concept for Federal Buildings not yet Successful." What is the status of GSA's "innovative building concept" in light of past experiences and applications for the future?

ANSWER.

The SSA project in Baltimore, Maryland is comprised of two sites. Metro West in downtown Baltimore for headquarters expansion is over 30 percent complete with an Estimated Cost of Construction (ECC) of approximately \$80 million. The other site, being constructed under the same "Systems" contract, is a computer center located in suburban Woodlawn near the Baltimore beltway. It also is over 30 percent complete. The ECC of the Woodlawn project is approximately \$60 million. Both sites are scheduled for completion in late 1979.

The Norfolk Federal Office Building and Parking Facility is 35 percent complete with ECC of approximately \$10 million and scheduled for completion in late 1978.

There are no other "Systems" projects currently scheduled. Until additional review and analysis is made on the above mentioned projects, as well as the program centers, it is unlikely that a decision will be made for or against future "Systems" projects.

QUESTION. What were some of the problems, as GSA saw them, in the construction of the Social Security Administration Program Centers?

ANSWER. Other than problems peculiar to all construction projects with or without "Systems" concept, problems unique to this project resulted from

1. General lack of understanding of the Systems concept.
2. Lack of organizations having all of the capabilities required for System development.
3. Creation of joint ventures for bid response.
4. Cost of proposal preparation.
5. Cost to owner of evaluation process.
6. Lack of control over aesthetics.
7. Difficulty in identifying valid performance criteria directly related to users needs.
8. Problems with acceptance of operational and maintenance procedures for new techniques and systems.

QUESTION. Would you comment on GAO's charges that the project failed to meet completion schedules, or life-cycle objectives (energy, conservation and reduced cost of maintenance and operation) or to stimulate the use of the systems concept in private industry.

ANSWER. Taking the questions in order:

- (1) Completion Schedules. We concur in the audit team's findings that the SSA Program Centers project was not completed on schedule. The Richmond and Philadelphia buildings were completed in approximately 4 years instead of 3, and the Chicago building experienced a delay of approximately 2 years. On analysis, however, we find that the one year delay on the Richmond and Philadelphia buildings was primarily due to one key critical path project process activity -- Congressional authorization of the project prospectus, on which approval action was not completed until February 1973. This key activity had a controlling ripple effect on GSA's ability to obtain purchase contract financing with which to complete the out-of-system design, award a systems contract, proceed with the acquisition of the selected sites, and award phased out-of-system construction contracts.

Hence, in this instance, we find that the use of building systems, even though the schedule for preparation and submission of technical proposals was extended from four (4) months to almost a year because of the uncertainty of site conditions and the need to amend and clarify the Performance Specifications, was not a controlling factor contributing to the one-year delay in the completion of the two buildings.

The key factors contributing to the two-year delay in the completion of the Chicago project was the aforementioned prospectus action and the slope failure and foundation damage during the project construction phase.

It must be admitted, however, that had Congressional approval action on the project prospectus been completed sooner, then the system offerors' technical proposal preparation, evaluation and qualification process actions would have contributed to some degree of delay in the completion of the buildings. As noted in the draft audit report it was necessary to make numerous amendments to the Performance Specifications for the seven sub-system elements, many of which resulted from feedback information furnished by potential systems offerors. By contrast, under GSA's current prototype building systems qualification program, the time frame for award of a systems contract for the Norfolk building systems project was completed in six (6) months.

We believe that the project schedule slippage time on the three buildings would have been greater but for the Project Manager's decision to reduce the planned 25 weeks allocated for evaluation of technical proposals to only 12 weeks. Though this action may have limited the final competition because two other offerors might have qualified if given additional time to modify their technical proposals, it expedited the award of the systems contract and permitted the successful bidder to initiate design of the system components. We have since been advised that at least one of the two offerors was not interested in doing any further work on his proposal regardless of the amount of time available to make corrections to the technical proposal.

(2) Life-Cycle Objectives. The building system procurement was the first time GSA has ever considered estimated energy consumption as one of the factors in the award of a construction contract. This procurement occurred prior to the increased emphasis on energy conservation. Accordingly, the building system was designed to provide a level of performance based on the comfort of the buildings occupants and not energy conservation as practiced today.

The audit team reports, and we agree, that it is impossible to take certain energy conservation measures in the system buildings that have been taken in other Federal buildings. On the other hand, some of our energy conservation measures can be implemented by modifying the building systems' contract requirements to revised levels of performance. Some changes have already been made and additional changes are contemplated. Specifically, in the Philadelphia building, switching of the lighting from the building's central control panel in lieu of individual panels on each floor has been provided and similar changes are planned for the Richmond and Chicago buildings. In addition, it is planned that the lighting levels will be reduced in all three buildings through the removal of at least one fluorescent lamp from each lighting fixture. (As described above, the performance of the building system was based on the comfort of the building's occupants and not the conservation of energy. Accordingly, the required lighting level was 100 foot-candles. Removal of one lamp from each fixture will reduce the level to approximately 70 foot-candles which is more consistent with the lighting level required in order to conserve energy). The foregoing measures should reduce the raw source energy consumption of the Philadelphia and the Richmond buildings by approximately 100,000 BTU/sq. ft./yr., or to approximately 460,000 and 320,000 BTU/sq. ft./yr., respectively. In addition, the possibility of modifying the in-system and out-of-system mechanical systems in the Program Centers to function in greater harmony is also being considered. Any such changes should further reduce the energy consumption of the buildings.

The HVAC subsystem performance is based on three operating parameters. Two of these, dry bulb temperature and relative humidity, are easily measured with high accuracy and are usually the only ones specified in a performance contract such as the leased building in Birmingham, Alabama. The third requirement of air motion is difficult to measure at the low levels specified (20-50 feet per minute). This is the first time that we are aware that a minimum air motion has ever been specified in building construction. Because of the system procurement, GSA is able to obtain this (and all other) performance requirements over the 9-year life of the system maintenance option, whereas in conventional construction all guarantee requirements are satisfied 1 year after building acceptance. GSA is continuing to develop a methodology whereby this aspect of performance can be accurately and repetitively measured.

Since the completion of the audit study, the mechanical maintenance costs for the Philadelphia Program Center have been reduced from \$0.85 psf to \$0.64 psf. This was accomplished by reducing some of the man hour requirements for staffing the out-of-systems central control panel and obtaining competitive bids on the out-of-systems maintenance requirements in lieu of negotiating with the systems contractor. Additional savings were realized for the cleaning maintenance using these procedures.

The building system maintenance option is a nine-year warranty which we consider to be advantageous over the conventional one-year warranty guarantee. For example, if a piece of equipment requires major repairs or replacement, the cost is borne by the systems contractor in lieu of the Government.

(3) The Systems Concept. We have found that the initial three building systems projects did not stimulate widespread industry commitment to the total system concept. On the other hand, selected sub-systems such as HVAC, finished ceiling, luminaires, and space dividers, all of which are commonly referred to as Integrated Ceiling and Sound Background System has gained widespread acceptance in the private sector. Therefore, it can be concluded that the continued use of the building systems concept, modified to correct noted deficiencies, may generate greater industry interest as was initially envisioned.

QUESTIONS FOR THE RECORD FROM MR. ROYBAL

Mr. STEED. We also have questions that will be submitted by Mr. Roybal that you can also answer for the record.

Mr. SOLOMON. Okay.

[The information referred to follows:]

Question. What percentage of GSA contracts were awarded to minority firms in general and Hispanic firms in particular during each of the last two fiscal years (1976 and 1977)?

Answer. In fiscal year 1976 GSA awarded 271 of which 53 were Hispanic and in fiscal year 1977 we awarded 305 contracts to minority businesses of which 62 were Hispanic.

Question. For each of these same two fiscal years, what percentage of GSA contract money went to minority firms generally, and Hispanic firms particularly.

Answer. The value of GSA contracts to minority businesses in fiscal year 1976 was \$32.3 million with \$7.9 million to Hispanics and for fiscal year 1977, \$52.1 million with \$6.6 million to Hispanics.

FEDERAL BUILDINGS FUND

Mr. STEED. Mr. Patten.

Mr. PATTEN. In 1975, we left you fellows in charge of rents. Is it working out?

Mr. SHEA. Yes. What we had, briefly, was the situation where the Congress, OMB, individual agencies and departments did not know what their total cost was, because they never took the cost for space into consideration. Also, they didn't care how much space they had, because they did not have to pay for it.

Under the Federal Buildings Fund we have a regular tenant/landlord relationship with the agencies.

Mr. PATTEN. You like that?

Mr. SHEA. Yes, sir, because each agency has to justify, not only to himself, but to his boss, to the Congress and OMB his need for the space.

Mr. PATTEN. What is the cost, 10 cents on the dollar? It has to cost us something.

Mr. SHEA. You mean the cost of administering it?

Mr. PATTEN. Yes.

Mr. SHEA. The administrative cost runs about 4.7 percent of the total.

Mr. PATTEN. You got that right off the top of your head.

Mr. SHEA. It is 4.7 percent.

Mr. PATTEN. That is really wonderful.

Mr. SHEA. It is lower than the commercial market.

PROPERTY INVENTORY

Mr. PATTEN. Do you make a fair inventory of all the land you own that is not used?

Up in my area you have a lot of acreage. We own a lot of land, the Government does, in old Camp Kilmer. Lovely land; we want to put a road paralleling the park. If we could only take a little of that land that GSA owns there, on Camp Kilmer, the road would touch Edison and come into River Road.

Everybody says they are for it, the county planning board, the engineers, but nothing ever happens.

Mr. SHEA. Can I get back to you? I remember Camp Kilmer.

FEDERAL LAND

Mr. PATTEN. Does anyone have an idea of how much land we have that we are not using that people would love to have? Does anyone have a guess? I hear the Federal Government owns one-third of all the land in the 50 States. That is what someone told me.

Mr. SOLOMON. Mr. Patten, we have a whole section in PBS that is doing a complete survey of all the Federal land not being put to use, and you know that all the land that you may see out there is not under the control of GSA. It may be under the control of the Defense Department, HUD, HEW, VA, and other people.

As we find unused land, and we are very diligent at this, we go in and try to declare it surplus. I said try. We don't have the authority nor the clout to do it on our own. We must go to OMB and get permission to do it, and we have to go through a lengthy process, but there are pieces of land all over this country I have earmarked myself that I think ought to be declared surplus, and we could then sell it or dispose of it in some other way.

We had two large buildings in the New York area that we just sold for a tremendous profit. They had been sitting there for three or four years; they had been there a long time before I came to the government, and we put them on the market and sold them.

And sometimes we can't do it, but we are very much aware of it, and it is very much an ongoing program. We turned \$50 million over to the Treasury for the sale of land last year.

Mr. PATTEN. A drop in the bucket.

Mr. SOLOMON. We don't have a large staff doing it.

Mr. SHEA. The thing is, we can only sell those things which are declared excess by the owning agencies.

Mr. SOLOMON. The \$50 million is from sales only. There is a lot of surplus land that goes to States, institutions, schools, parks, etc., for which they have priority right.

Mr. PATTEN. If you want to make that speech, let me take you around Kilmer. If you want to make a story or turning an old Army base over to private use, you can't write a better chapter.

Mr. SOLOMON. It shall be written.

Mr. PATTEN. It is good to see you, and good luck to you. You have a lot of work to do.

Mr. SOLOMON. Thank you, Mr. Patten.

DISPOSAL OF SURPLUS REAL AND RELATED PERSONAL PROPERTY,
OPERATING EXPENSES

Mr. STEED. We will now take up the 1979 budget request for Operating Expenses, Disposal of Surplus Real and Related Personal Property. The appropriation to date is \$7,935,000. The budget estimate for 1979 is \$7,549,000, a decrease of \$386,000 from 1978.

We will insert the opening statement in the record at this point and ask that you briefly summarize it.

[The information follows:]

Opening Statement

This appropriation of proceeds from real property dispositions provides for the programs and activities relating to the promotion of maximum utilization by Federal agencies and the transfer among Federal agencies of excess real property. It provides for the disposal of surplus real property by sale, exchange, lease, permit, or transfer to authorized organizations as well as the care and handling of excess and surplus property pending its disposition. It also provides for the staff appraisal services for excess and surplus property, for the appraisal of public buildings leases, sites and other building related programs for Government-owned and leased buildings, as well as for the establishment of specifications, standards, and methods governing such appraisals. This appropriation also provides for real property surveys conducted to determine which properties could be put to better Federal use or disposed of as surplus to the Government.

In 1979 it is estimated that the sale of 185 properties originally costing \$200 million will return to the Government \$50 million in sales. Utilization transfers should total 130 properties with an acquisition value of \$110 million. Utilization transfers cover transfers of excess real property among other Federal agencies thus reducing requirements for new procurement. Other disposal actions are expected to total 275 properties with an acquisition value of \$200 million. Such actions cover disposal of real property to public bodies at discounts of up to 100% for health, education, welfare, outdoor recreation, airports, wildlife conservation, public highways, historic monuments, low income housing, etc.

Property utilization surveys are conducted under Executive Order 11724, to identify holdings of executive agencies which are not utilized, under utilized or not put to optimum use. The number of surveys to be conducted by GSA are estimated at 120 in 1979.

Appraisals are made by staff and contract appraisers to establish values for excess and surplus real and related personal property, including the appraisal of heavy machinery and equipment in defense industrial plants, in order to obtain maximum benefit to the Government through effective utilization or disposal. Furthermore, the workload of this activity includes reviewing and analyzing those contract appraisals of surplus property which are financed through the Expenses, Disposal of Surplus Real and Related Personal Property account. This activity also provides for the appraisal of excess and surplus property, for the appraisal of public buildings leases, sites, and other related building programs for Government-owned and leased buildings as well as for the establishment of specifications, standards, and methods governing such appraisals. It also provides for supervision and review of appraisals used as the basis for the Standard Level User Charge.

During FY 1977, the Office of Real Property expended \$960,000 to protect and maintain selected excess and surplus real properties which was the maximum amount we were able to reimburse the holding agencies. Even though the FPMR requires GSA to assume the responsibility for financing protection and maintenance (P&M) costs within 15 months after the date the report of excess is accepted, during FY 76 and FY 77 we had defaults in the amounts of \$897,926 and \$964,499 respectively for which we could not reimburse holding agencies for actual costs expended by them in our behalf. As a result of being unable to provide the minimal amount of P&M, we were not able to adequately protect and maintain properties in a manner which would prevent public health and safety hazards, major deterioration, vandalism, fire, etc. Thus the market price and the return to the Government were reduced.

Mr. SHEA. This appropriation provides for the programs and activities relating to the promotion of maximum utilization by Federal agencies and the transfer among agencies of excess real property. In 1979 it is estimated that the sale of 185 properties, originally costing \$200 million will return to the Government \$50 million in proceeds, of which \$30.1 million will be deposited to GSA's account with the balance associated with credit sales and sales for other agencies. Utilization transfers should total 130 properties with an acquisition value of \$110 million, and other disposal actions are expected to total 275 properties with an acquisition value of \$200 million. The number of surveys to identify underutilized properties to be conducted by GSA are estimated at 120 in 1979. An estimated \$40 thousand in reimbursements will be realized in 1978 and 1979 for expenses of the sale of properties not in the GSA inventory.

The total number of appraisals estimated for 1979 is 2,400 and it is estimated that protection and maintenance costs will reach \$1,400 thousand.

That concludes my summary, Mr. Chairman. I will be pleased to answer any questions the Committee may have.

Mr. STEED. Has the increase from \$960,000 to \$1,400,000 in the protection and maintenance areas resulted in lower economic loss to the Government?

Mr. SHEA. No, sir. The increase did not increase the level of protection and maintenance, it merely increased the amount we were able to reimburse the holding agencies.

Mr. STEED. How much was saved

Mr. SHEA. None.

Mr. STEED. Is the current level adequate?

Mr. SHEA. No, sir; it is not.

Mr. STEED. What is the cause of the \$750,000 reduction in funds for Environmental Impact Statements?

Mr. SHEA. This reduction reflects a decision by the administration not to budget for Environmental Impact Statements in this account for 1979.

Mr. STEED. Mr. Administrator, this should wind up this part of the hearing.

We will come back in the morning at 10:00 and begin with some of our other work. We appreciate your being here all day long as we know you are a busy man. We would be delighted to have you here for the whole hearing, but we want you to know, if pressure requires you somewhere else, we will understand.

Mr. SOLOMON. Thank you, sir. I appreciate the opportunity to appear before you, Mr. Chairman.

Mr. STEED. We will leave it up to you, and, in the meantime, I want to thank you and your colleagues for being here today and the information you have given us. We appreciate it and hope we have done a good day's work for everyone. We will insert the 1979 Justifications for the Public Buildings Service in the record at this point.

[The information follows:]

Public Buildings Service, Federal Buildings Fund
(Basic Program)

GENERAL SERVICES ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(dollars in thousands)

	Perm. Pos.	Man-Years	Amount
1978 Obligational Authority Enacted by Congress (Public Law 95-81).....	14,215	14,271	\$ 1,332,789
Adjustments: Supplemental Appropriation required for classified Pay Act Increases.....	-	-	6,937
Supplemental Appropriation required for Wage Board Increases Effected During FY 1978.....	-	-	6,900
Total Proposed New Obligational Authority for FY 1978.....	14,215	14,271	\$ 1,346,626
Unobligated Balance Carried forward from FY 1977.....	-	-	165,869
Appropriation rescinded (Public Law 95-186).....	-	-	-75,000
Total Proposed Obligational Authority for FY 1978.....	-	-	\$ 1,437,495
Unobligated Balance Carried forward to FY 1979.....	-	-	-20,794
Estimated Obligational Level for FY 1978.....	14,215	14,271	\$ 1,416,701
Proposed New Obligational Authority for 1979.....	-	-	\$ 1,366,961
Unobligated Balance Carried forward from FY 1978.....	-	-	20,794
Proposed Total Obligational Authority for FY 1979.....	14,030	14,171	\$ 1,387,755
Unobligated Balance Carried forward to FY 1980.....	-	-	- 4,018
Estimated Obligational Level for FY 1979.....	14,030	14,171	\$ 1,383,737
Change in New Obligational Authority from 1978 to 1979.....	-185	-100	\$ 20,335
Change in Obligational Level from 1978 to 1979.....	-185	-100	\$ -32,964

Public Buildings Service, Federal Buildings Fund
(Basic Program)

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FY 1979
(dollars in thousands)

ACTIVITIES	O B L I G A T I O N S				I N C R E A S E O R D E C R E A S E				O T H E R C H A N G E S			
	FY 77 Actual		FY 78 (Est.)		FY 79 (Est.)		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount
1. Construction and Acquisition of Facilities	-	\$14,517	-	\$64,005	-	\$27,406	-	-\$36,587	-	-	-	-
2. Alterations & Major Repairs...	-	110,140	-	235,551	-	200,000	-	- 35,551	-	-	-	-
3. Purchase Contract Payments...	-	82,366	-	98,000	-	100,473	-	2,473	-	-	-	\$ 2,473
4. Rental of Space...	-	462,413	-	480,000	-	513,137	-	33,137	-	7,437	-	25,700
5. Real Property Operations.....	5,975	136,041	5,737	149,151	5,737	158,283	-	9,132	-	-865	-	9,997
a) Cleaning.....	-	126,123	-	154,563	-	152,800	-	- 1,763	-	-13,243	-	11,480
b) Utilities.....	2,622	81,016	2,656	84,671	2,616	83,154	-40	- 1,517	-40	- 5,498	-	3,981
c) Maintenance & Repairs.....	2,115	40,562	2,208	45,280	2,208	45,319	-	39	-	- 1,353	-	1,392
d) Projecting.....	1,557	56,822	1,610	39,139	1,610	33,318	-	- 5,821	-	- 6,950	-	1,129
e) Other Bldg. Services.....	12,269	\$420,564	12,211	\$472,804	12,171	\$472,874	-40	\$ 70	-40	-\$27,909	-	\$27,979
Sub-total, Real Property Operations.....												
6. Program Direction.....	177	5,555	188	6,027	182	5,811	-6	- 216	-6	-166	-	-50
a) Construction...	83	2,140	83	2,160	83	2,177	-	17	-	-	-	17
b) Alterations & Major Repairs..	259	5,217	284	6,554	277	6,378	-7	- 176	-7	-176	-	-
c) Rental of Space.....	867	21,115	980	23,006	958	22,457	-22	- 549	-22	-549	-	-
d) Real Property Operations.....	17,660	17,660	18,777	18,777	-	20,559	-	1,782	-	-	-	1,782
e) Centralized Services.....	485	10,226	525	11,819	500	12,465	-25	646	-25	-450	-	1,096
f) Overall Direction.....	1,871	\$ 62,611	2,060	\$ 68,343	2,000	\$ 69,847	-60	\$ 1,504	-60	\$ -1,341	-	\$ 2,845
Sub-total, Program Direction Total.....	14,140	\$1,152,611	14,271	\$ 1,416,701	14,171	\$1,383,737	-100	-\$32,964	-100	\$ -91,961	-	\$88,997
Total Direct.....	14,064	-	14,215	-	14,030	-	-	-	-	-	-	-
Permanent Positions Established (Total).....							-185	-	-185	-	-	-

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND
(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1978 TO FY 1979
(Dollars in Thousands)

Program Changes:	Construction		Alteration & Repairs		Purchase Contracts		Rental		Real Property Operations		Program Direction		Total FY 1979 Amount
	Fy. 1978 Amount	Activity 1	Fy. 1978 Amount	Activity 2	Fy. 1978 Amount	Activity 3	Fy. 1978 Amount	Activity 4	Fy. 1978 Amount	Activity 5	Fy. 1978 Amount	Activity 6	
Increase:													
1. Increase in workload													
a. Obligation of construction funds for new projects proposed for direct Federal construction		\$15,011											\$ 15,011
b. Obligation of funds for new Alteration & Major Repair Projects				\$200,000									200,000
c. Obligations for part-year cost of leased space acquired in FY 1978								\$8,937					8,937
d. Increase in Real Property Operations related to new workload									130 104	\$15,021			130 104 15,021
Sub-total, Program Increases.....		\$15,011		\$200,000				\$8,937	130 104	\$15,021			130 104 \$38,969
Reductions:													
1. Decrease in cost for FY 1978 Alteration & Major Repair Projects				(\$233,551)									(\$233,551)
2. Release of Government-owned and commercial leased space								(\$1,500)		(48) (31)	(\$2,283)		(48) (31) (4,083)
3. Decrease in one-time minor repair work accomplished in FY 1978											(5,793)		(5,793)
4. Decrease to reflect a more masters level in the other building service activity											(6,278)		(6,278)
5. Decrease to maintain funding at FY 1978 level										(167)(113)	(28,276)		(167)(113) (28,276)
6. Net decrease in obligations for prior year projects		(\$51,668)											
7. Decrease in personal services, related benefits and other support costs													
Sub-total, Program Decreases.....		(\$51,668)		(\$233,551)				(\$1,500)		(48) (31)	(\$2,283)		(48) (31) (4,083)
Total Program Changes.....		(\$36,657)		(\$33,551)				\$7,437	(85) (40)	(\$27,509)	(100) (60)		(\$1,341) (100) (60) (\$30,930)
													(\$1,341) (100) (60) (\$30,930)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
(Basic Program)

	Construction Activity 1		Alteration & Repairs Activity 2		Purchase Contracts Activity 3		Rental Activity 4		Real Property Operations Activity 5		Program Direction Activity 6		Total	
	Ex.	Mf's Amount	Ex.	Mf's Amount	Ex.	Mf's Amount	Ex.	Mf's Amount	Ex.	Mf's Amount	Ex.	Mf's Amount	Ex.	Mf's Amount
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(\$1,900)	-	-	-	-	-	-	(\$1,900)
	-	-	-	-	-	-	(\$1,600)	-	-	-	-	-	-	(\$1,600)
	-	-	-	-	-	-	(\$3,500)	-	-	-	-	-	-	(\$3,500)
	-	-	-	-	-	\$2,473	\$2,700	\$27,979	-	\$2,895	-	-	-	\$58,997
	-	(\$36,997)	-	(\$33,551)	-	\$2,473	\$33,137	(85) (40) \$ 79	(100) (60) \$1,504	(185) (100) (\$32,964)	-	-	-	(\$32,964)

Reductions:

1. Decrease in services and utilities to be provided by the lesor
 2. Release of leased space in FY 1978
- Sub-total, Other Reductions
- Total, Other Changes
- Total, Increases or Decreases 1979 compared with 1978 Obligations

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
(Basic Program)

SUMMARY OF NEW OBLIGATIONAL AUTHORITY
FY 1978-1979

<u>ACTIVITY</u>	<u>1978</u>	<u>1979</u>	<u>INCREASE OR DECREASE (-)</u>
Construction and Acquisition of Facilities	\$ 20,479,000	\$ 17,650,000	\$ - 2,849,000
Alterations and Major Repairs	200,000,000	200,000,000	-
Purchase Contract Payments	98,000,000	100,473,000	2,473,000
Rental of Space	487,000,000	506,137,000	19,137,000
Real Property Operations	472,804,000	472,874,000	70,000
Program Direction	<u>68,343,000</u>	<u>69,847,000</u>	<u>1,504,000</u>
Total New Obligational Authority	<u>\$1,346,626,000</u>	<u>\$1,366,961,000</u>	<u>\$ 20,335,000</u>

Public Buildings Service, Federal Buildings Fund
(Basic Program)

Summary of New Obligational Authority (Continued)
FY 1978 - 1979

- Net increase of \$20,335,000 and a decrease of 100 average positions of employment from the proposed FY 1978 obligational authority, (FY 1978 enacted by Congress, \$1,332,789,000; plus supplemental appropriations for classified pay increases \$6,937,000 and wage board increases \$6,900,000).
- Decrease of \$2,849,000 in new obligational authority for the Construction activity. The only proposed new construction project for FY 1979 is the Little Rock, Arkansas, Post Office Courthouse Extension; ten excess USPS properties will be acquired.
 - No net change in new obligational authority in the Alterations and Major Repairs activity. Decreases in Basic Work to correct Deteriorations and Malfunctions \$31,406,000; Improvements to Space to promote Utilization \$6,209,000; and a decrease of \$29,000 for Special Environmental Protection Measures are offset by increases in Special Fire Prevention Life Safety and Property Protection \$9,502,000; Special Aids for the Handicapped \$16,141,000; and an increase of \$12,001,000 for Special Energy Conservation measures.
 - Increase of \$2,473,000 in the Purchase Contract Payments activity. This increase provides \$2,416,157 for increased payments of principal and interest and \$56,843 for increased taxes.
 - Net increase in new obligational authority of \$19,137,000 for the Rental of Space activity. It is anticipated there will be a net increase of \$33,137,000 in the FY 1979 obligational level over the FY 1978 obligational level after the proposed reprogramming of \$7,000,000 from FY 1978 to FY 1979. This increase provides \$36,637,000 for the increased costs of commercially leased space and an increase of \$1,500,000 for payment to the U.S. Postal Service for space occupied in USPS buildings by agencies for which USA must provide space. The increase totalling \$38,137,000 is offset by a decrease of \$5,000,000 consisting of \$3,000,000 for leased space no longer required resulting from agencies' moves to new Federal buildings and to consolidated locations; and a \$1,900,000 decrease for services to be provided for by the Government rather than the lessor.
 - Net increase of \$70,000 and a decrease of 40 average positions in the Real Property Operations activity. This increase provides \$15,021,000 for operations in newly acquired GSA operated space; \$6,900,000 for wage board increases; \$11,480,000 for the increased cost of utilities and fuel; \$9,529,000 for escalated costs of supplies and materials and building service contracts; and \$70,000 for additional cost of the October 1977, classified pay increase. These increases totalling \$43,000,000 are offset by decreases totalling \$42,930,000 consisting of \$2,583,000 for costs related to GSA operated space scheduled to be released in FY 1979; \$5,793,000 for reduction in Minor Repair work requirements; a \$6,278,000 decrease as a result of the decision to provide a more austere level of service in other buildings services program; and \$28,276,000 to sustain all other building operations at approximately FY 1978 funding levels.
 - Net increase of \$1,504,000 and a decrease of 60 average positions in the Program Direction activity. This provides for an increase of \$2,845,000 consisting of \$800,000 for payments to the Department of Labor for Employee Accident Compensation Fund; \$884,000 for FTS Intercity Charges, Postage and Fees, Local Telephone and Depreciation of Administrative Equipment; \$300,000 for General Use Printing; \$800,000 for consultant contracts; \$61,000 for annualization of pay act effective October 1977, offset by a decrease of \$1,341,000 in salaries and related benefits and other support related to the general reduction in the overall program management activity.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND
(Basic and Reimbursable Programs)

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

- 11 Personnel Compensation and Staffing - \$289,200,000 for positions and man-years distributed as follows:
- | | 1978 |
|-----------------|---------------|
| Central Office | 18,113 |
| Field Offices | 17,490 |
| | <u>35,603</u> |
| Total Positions | 18,129 |
| Man-years | 17,944 |
| | <u>18,067</u> |
- 12 Personnel Benefits - \$32,000,000 - Includes \$19,206,000 for direct contribution to the retirement fund; \$7,857,000 for health benefits; \$1,527,000 for group insurance; \$325,000 for FICA; and 3,260,000 for payment to the Department of Labor for Employees Compensation Fund.
- 13 Benefits for Former Personnel - \$60,000 - For severance pay and unemployment compensation.
- 21 Travel and Transportation of Persons - \$5,720,000 - Includes \$3,045,000 for approximately 52,000 days of travel and \$75,000 for local transportation for the Direct Program; \$1,100,000 for all aspects of the real property Reimbursable Program; and \$1,500,000 for motor pool services.
- 22 Transportation of Things - \$4,100,000 - Includes transportation for movement of household goods, and supplies and materials related to Public Buildings Service programs and projects.
- 23 Rents, Communications and Utilities - \$688,210,000 - Includes \$486,837,000 for the rental of office or other space from commercial sources and \$26,300,000 for payments to the U.S. Postal Service for mail delivery by the USPS, including by air mail. Includes \$1,800,000 for the rental of office space; \$152,800,000 for utility services for Government-owned and leased buildings; \$1,800,000 for the purchase of administrative furniture and equipment; \$4,575,000 for telephone and teletype services; and \$450,000 for postage and fees; \$15,478,000 for overtime building operations and other similar reimbursable services not subject to Standard Level User Charges.
- 24 Printing and Reproduction - \$2,450,000 - Includes printing of administrative and program material such as blueprints, invitations to bid, drawings and specifications and floor plans for use in space assignment and utilization surveys, space layouts and tenant alterations.
- 25 Other Services - \$582,588,000 - Includes \$667,538,000 for payments to commercial contractors for architect-engineering services, contract cleaning and protection, and maintenance services in connection with construction; other commercial contracts; \$11,255,000 for payments to the Automatic Data Processing Administration for health services, training and security investigations; \$285,000 for payments to the Federal Telecommunications Fund for relocation costs and \$938,000 for payments to the Working Capital Fund for photocopying and similar processing.
- 26 Supplies and Materials - \$105,700,000 - Provides for office supplies and for operating supplies for the real property program.
- 31 Equipment - \$6,200,000 - For purchase of operating equipment necessary to maintain and operate real property.
- 32 Land and Structures - \$31,650,000 - Includes \$1,464,000 for capital improvements to buildings and equipment; \$15,518,000 for costs incident to the new construction program, and \$14,688,000 for payments of principal under the purchase contract program.
- 41 Grants, Subsidies, and Contributions - \$24,567,000 - Provides for payments of taxes and assessments relating to the purchase contract program.
- 42 Insurance Claims and Indemnities - \$100,000 - Provides for payment of tort claims and other losses.
- 43 Interest and Dividends - \$61,182,000 - Payment of interest for purchase contract projects as follows: \$53,406,000 for the first, second, third, and fourth indentures of dual system projects and \$7,776,000 for the 28 package projects.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND
(Basic Program)

SUMMARY OF EMPLOYMENT
(Number Average Positions)

<u>PRINCIPAL CATEGORIES</u>	<u>ACTUAL 1977</u>	<u>ESTIMATED 1979</u>		<u>CHANGES FOR 1979</u>	
		<u>1978</u>	<u>1979</u>	<u>TOTAL</u>	<u>PROGRAM INCREASES</u>
Managerial and Administrative	558	570	544	-26	-
Engineers and Architects	91	97	90	-7	-
Realty Officers and Specialists	290	340	330	-10	-
Clerical and Technical	2,139	2,295	2,278	-17	-
Elevator Operators	223	223	223	-	-
Cleaners	5,793	5,577	5,577	-	-
Mechanics	2,548	2,573	2,533	-40	-
Guards, Protective Officers and Firefighters	<u>2,101</u>	<u>2,196</u>	<u>2,196</u>	-	-
Subtotal	13,743	13,871	13,771	-100	-
Part-time and Temporary Average Positions	<u>397</u>	<u>400</u>	<u>400</u>	-	-
Total Average Positions	<u>14,140</u>	<u>14,271</u>	<u>14,171</u>	<u>-100</u>	<u>-</u>

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

	1977 ACTUAL	SELECTED WORKLOAD DATA		1979 ESTIMATE	PERCENT OF CHANGE 1978 vs. 1979
		1978 PROGRAM IN			
		1978 BUDGET	1979 BUDGET		
1. Construction					
a. New Starts (Direct Federal Funding)	1	5	10	4	-60.0
b. New Starts (Purchase Contract Funding)	2				
c. Direct Federal Construction (On-going Projects)	15	16	24	25	4.2
2. Alterations and Major Repairs					
a. Square Footage under GSA Respon- sibility (Million Sq. Ft.) 1/	226.4	231.6	227.0	227.8	0.4
b. Total Obligations (\$ Millions)	110.1	204.7	235.6	200.0	-14.4
3. Purchase Contract Payments					
a. Number of Projects	57	69	66	73	10.6
b. Total Contract Payments	6,252,401	12,970,904	12,970,904	14,647,912	12.9
c. Total Interest Payments	58,474,249	59,442,872	60,442,872	61,182,021	1.2
d. Total Tax Payments	17,581,549	25,970,224	24,465,224	24,520,067	0.6
e. Total Administrative Expense	57,711	123,000	123,000	123,000	0.0
f. Total Payments	82,365,910	98,307,000	98,000,000	100,443,000	2.5
4. Rental of Space					
a. Total Number of Leases	6,869	7,100	6,900	7,000	1.4
b. Net Occupant Space (Million Sq. Ft.)	88.9	91.6	91.3	92.9	1.8
c. Total Obligations (\$ Millions)	462.4	489.0	480.0	513.1	6.9
5. Real Property Operations					
a. Average Occupiable Square Feet (000)					
Cleaning	177,061	180,183	180,183	183,274	1.7
Utilities and Fuel	277,286	270,631	210,631	213,529	1.4
Maintenance and Minor Repairs	179,281	181,451	181,451	183,550	1.1
Prosecution	199,777	191,792	206,199	208,761	1.2
Other Building Services	277,873	285,377	279,000	279,800	0.3
b. Unit Cost per Square Foot					
Cleaning	\$0.77	\$0.82	\$0.83	\$0.86	3.6
Utilities and Fuel	0.61	0.79	0.73	0.72	-1.4
Maintenance and Minor Repairs	0.45	0.40	0.47	0.45	-4.3
Protection	0.20	0.23	0.22	0.22	
Other Building Services	0.13	0.14	0.14	0.12	-14.5
6. Program Direction					
a. Total Space Inventory (Million Sq. Ft.) 1/	226.4	231.6	227.0	227.8	0.4
Government-owned	137.5	140.0	135.7	134.9	-0.6
Leased	88.9	91.6	91.3	92.9	1.8
b. Personnel Housed	845,797	844,700	851,500	863,000	1.4
c. Number of Leases	6,869	7,100	6,900	7,000	1.4

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND

LIMITATIONS ON AVAILABILITY OF REVENUE

The revenues and collections deposited into a fund pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490 (F)), shall be available for necessary expenses of real property management and related activities not otherwise provided for, including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving Government agencies (including space adjustments) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings and moving; repair and alteration of federally owned buildings, including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, taxes, and any other obligations for public buildings acquired by purchase contract; in the aggregate amount of \$1,332,789,000, of which (1) not to exceed \$20,479,000 shall remain available until expended for construction of additional projects as authorized by law at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

New Construction:

(Alaska: Alaska Highway, Border Station (Additional Facilities), \$903,000

California: West Los Angeles, Federal Bureau of Investigation, Federal Parking and Maintenance Facility, \$7,487,000

Maine: Fort Kent, Border Station, \$2,130,000

Michigan: Detroit, Ambassador Bridge Border Station (Acquisition and Improvements), \$2,559,000 and Acquisition and Improvements of United States Postal Service Properties (\$7,400,000);

Provided, That the immediately foregoing limits of costs may be exceeded to the extent that savings are effected in other such projects, but not to exceed 10 per centum; (2) not to exceed \$200,000,000 which shall remain available until expended for alterations and major

\$1,366,961,000
\$17,630,000

Arkansas: Little Rock, Post Office and Courthouse (Extension), \$2,794,000
\$14,836,000

repairs; (3) not to exceed [\$98,000,000] for payment on purchase contracts entered into prior to July 1, 1975; (4) not to exceed [\$487,000,000] for real property operations; and (6) not to exceed [\$65,000,000] for program direction and centralized services: Provided further, That for the purposes of this authorization, buildings constructed pursuant to the Public Buildings Purchase Contract Act of 1954 (40 U.S.C. 356), the Public Buildings Amendments of 1972 (40 U.S.C. 490), and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from buildings then, or thereafter to be, under the control of General Services Administration shall be considered to be federally owned buildings: Provided further, That amounts necessary to provide reimbursable special services to other agencies under Section 210(f) (6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f) (6)) and amounts to provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056, as amended, shall be available from such revenues and collections:

Provided further, That any revenues and collections and any other sums accruing to this fund during fiscal year [1978], excluding reimbursements under section 210(f) (6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f) (6)), in excess of [\$1,352,789,000] shall be deposited in miscellaneous receipts of the Treasury of the United States.

\$100,473,000

\$506,137,000

\$472,874,000

\$69,847,000

1979

\$1,432,700,000

(Independent Agencies Appropriations Act, 1978)

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES
(Dollars in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
-	\$14,517	-	\$64,003	-	\$27,406	-	\$-36,597	-	\$-36,597	-	-

BACKGROUND

The proposed FY 1979 Construction program was developed in accordance with the concept originally established for construction of Federal facilities under the Federal Buildings Fund; namely, full project funding. Full project funding provides the total obligational authority necessary to perform all phases of the project, from site acquisition through project design to construction completion, in a continuous coordinated effort without incurring interruptions in the process, which would result in leaving projects partially completed while awaiting incremental funding.

JUSTIFICATION

The FY 1979 Construction program proposes new obligational authority of \$17,630,000 and contemplates an obligational level of \$27,406,000. The new project is an extension to the Little Rock, Arkansas, Post Office and Courthouse. Other amounts are for the acquisitions of ten excess U.S. Postal Service properties which house the U.S. Courts and other Federal agencies.

Additional information regarding the construction program is arranged in the following order:

- (1) Project Listing for FY 1979
- (2) Project Description - FY 1979 New Projects
- (3) Analysis of Construction Obligational Authority and Obligational Level -
- (4) Explanation of changes in obligational level, FY 1978 vs. FY 1979 and workload factors.

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES PROJECT LISTING
(dollars in thousands)

Projects	Site	ESTIMATED TOTAL PROJECT COSTS (OBLIGATIONAL AUTHORITY REQUESTED)				Prospectus Status 12/1/77
		Arch. Plans & Specifications	Management Inspection	Construction	Total	
New Construction						
ARKANSAS						
Little Rock, Post Office and Courthouse (Extension)	\$ 6/0	\$ 175	\$ 167	\$ 2,452	\$ 2,794	To be submitted to P.M.C.'s in March 1978
Subtotal, New Construction	-	175	167	2,452	2,794	
Acquisition of Excess U.S. Postal Service Properties						
ALABAMA						
Huntsville, Post Office and Courthouse	\$ 511	-	-	-	\$ 511	None Required
CONNECTICUT						
Hartford, Federal Building and Post Office	6,730	-	-	-	6,730	None Required
GEORGIA						
Albany, Post Office and Courthouse	375	-	-	-	375	None Required
KANSAS						
Wichita, Post Office and Courthouse	2,000	-	-	-	2,000	None Required
NEW YORK						
Utica, Post Office and Courthouse	1,000	-	-	-	1,000	None Required
TEXAS						
Laredo, Post Office and Courthouse	855	-	-	-	855	None Required
San Angelo, Post Office and Courthouse	110	-	-	-	110	None Required
San Antonio, Post Office and Courthouse	1,600	-	-	-	1,600	None Required
VIRGINIA						
Alexandria, Post Office and Courthouse	1,200	-	-	-	1,200	None Required
WASHINGTON						
Yakima, Post Office and Courthouse	455	-	-	-	455	None Required
Subtotal, Acquisition of Excess U.S. Postal Service Properties	\$14,836	-	-	-	\$14,836	
Total	\$14,836	\$ 175	\$ 167	\$ 2,452	\$17,630	

CONSTRUCTION AND ACQUISITION OF FACILITIES
PROJECT DESCRIPTIONS FY 1979 NEW PROJECTS

NEW CONSTRUCTION

Little Rock, Arkansas - Post Office-Courthouse Extension

It is proposed to construct an extension to the Little Rock Post Office-Courthouse at an estimated cost of \$4,794,000. The U.S. Postal Service has vacated an additional 100,000 square feet of space and this space need cannot be adequately satisfied in the existing Post Office-Courthouse. However, the Post Office-Courthouse site is of sufficient size to allow for the construction of an extension to the building large enough to satisfy Court needs. In that consolidated U.S. Courts facilities are essential to court operations and housing Courts in existing lease space is not practicable, construction of this Post Office-Courthouse extension has been authorized by the President and beneficial alternative to satisfying the needs of the U.S. Courts.

TRANSFER OF EXCESS U.S. POSTAL SERVICE BUILDINGS

The General Services Administration has studied the Federal space situation in 10 communities throughout the Nation and it has determined that the best interests of the Government and the Federal taxpayer would be served by transferring certain excess U.S. Postal Service properties excess to the needs of the U.S. Postal Service. The acquisition of these properties will ensure uninterrupted housing for agencies including the U.S. Courts, and will result in total annual rental savings of more than \$1,000,000. A description of each project follows:

Huntsville, Alabama

It is proposed to transfer the U.S. Post Office-Courthouse in Huntsville, Alabama, to the General Services Administration for an estimated cost of \$511,000. The U.S. Postal Service plans to vacate all but 2,000 of the 23,122 square feet it currently occupies in the facility in November 1978 and to declare the building excess to its needs. The U.S. Courts and related activities are also housed in the facility occupying approximately 5,700 square feet of space. Because it is economically feasible to assume custody and control of the building, it is proposed to transfer the building to the U.S. Courts and related activities and to relocate other agencies in Huntsville into the facility which are now housed in 17,451 square feet of leased space. The annual rental savings to result from the release of the leased space will total approximately \$52,000. Needed alteration and major repairs funds in the amount of \$475,000 are being requested concurrently for this project for FY 1979.

Hartford, Connecticut

It is proposed to transfer the Federal Building-U.S. Post Office in Hartford, Connecticut, to the General Services Administration for an estimated cost of \$6,750,000. The Postal Service has declared it excess to its needs and has completely vacated the building which contains about 113,000 square feet of space. Federal agencies currently housed in the building under the assignment of GSA occupy approximately

27,000 square feet of space. Because it is economically feasible to acquire the facility and adapt it to provide for general use by the Postal Service, it is proposed to transfer the building into the facility after the building is acquired and altered. The annual rental savings to result from the release of 85,000 square feet of leased space will amount to approximately \$438,000. Needed alteration and major repairs funds in the amount of \$1.45 million have been previously approved.

Albany, Georgia

It is proposed to transfer the U.S. Post Office-Courthouse in Albany, Georgia, to the General Services Administration for an estimated cost of \$375,000. The Albany Post Office-Courthouse provides a total of about 17,700 square feet of agency space. The U.S. Postal Service has declared the building excess to its needs and is vacating the building except for a small Post Office Station requiring about 3,600 square feet of space for U.S. Courts, the building's primary tenant. The U.S. Postal Service has advised GSA of a need for expansion space which could be adequately satisfied through the acquisition and alteration of the facility. In addition to providing for the expansion needs of the U.S. Courts and related activities, the acquisition and alteration of the facility will also provide continued housing for the Departments of Justice and Agriculture. A termination study on repairs to the building in the amount of \$275,000 are being requested concurrently for this project for FY 1979.

Michita, Kansas

It is proposed to transfer the U.S. Post Office-Courthouse in Wichita, Kansas, to the General Services Administration for an estimated cost of \$2,700,000. The Postal Service has declared the building excess to its needs although it occupies approximately 35,000 square feet in the building for a Postal Station which it plans to retain and possibly expand should GSA accept transfer of the facility. The U.S. Courts and other Federal activities currently occupy about 38,800 square feet of space in the building which also contains about 28,500 square feet of basement space considered untenable. Due to the complexity of the building, it is proposed that the U.S. Courts have been determined to be in the best interest of the Government to acquire and alter the facility to satisfy the immediate needs of the Courts and, in so doing, retain an existing Government-owned facility which will be available for Federal agencies in future years should the Postal Service determine to completely vacate the building. Needed repair and alteration funds in the amount of \$450,000 are being requested concurrently for this project for FY 1979.

CONSTRUCTION AND ACQUISITION OF FACILITIES
PROJECT DESCRIPTIONS FY 1979 NEW PROJECTS

Public Buildings Service, Federal Buildings Fund

TRANSFER OF EXCESS U.S. POSTAL SERVICE BUILDINGS (Cont'd)

Utica, New York

It is proposed to transfer the U.S. Post Office-Courthouse in Utica, New York, to the General Services Administration for an estimated cost of \$1,000,000. The Post Office-Courthouse provides a total of 64,000 square feet of agency space of which the Postal Service currently occupies approximately 49,000 square feet, the balance being occupied by other Federal agencies under the assignment control of the General Services Administration. The primary non-Postal tenant is the U.S. Postal Service and housing for the Postal Service in Utica. The Postal Service has announced its intent to vacate the building because it excess to its needs in early 1979. Because it is economically feasible to assume custody and control of the facility to house Federal agencies, it is proposed to acquire and alter it to ensure continued housing for the U.S. Courts and to consolidate other Federal agencies now housed in 18,500 square feet of leased space. The annual rental savings to result from the release of the leased space will total approximately \$100,000. The balance of the unleased space will be reserved for future housing for the Postal Service. Needed alteration to the Public Buildings Cooperative Use Act of 1976. Needed alteration and major repairs funds in the amount of \$245,000 are being requested concurrently for this project for FY 1979.

Laredo, Texas

It is proposed to transfer the U.S. Post Office-Courthouse in Laredo, Texas, to the General Services Administration for an estimated cost of \$855,000. The Laredo Post Office-Courthouse contains about 40,600 square feet of space of which 10,000 square feet is in the basement and is considered untenantable. The Postal Service has declared the facility excess to its needs although it plans to retain a Postal Station in the building requiring about 8,000 square feet. The U.S. Courts and other Federal agencies are also housed in the facility presently occupying about 16,000 square feet of space. Because it is economically feasible to assume custody and control of the facility to house Federal agencies, it is proposed to acquire and alter the building to ensure continued housing for the U.S. Courts and other Federal agency tenants and to relocate other agencies in Laredo into the facility which are now housed in 4,114 square feet of leased space. The balance of the available space will be reserved for future expansion. The annual rental savings to result from the release of the leased space will total approximately \$80,600. Needed alteration and major repair funds in the amount of \$32,000 are being requested concurrently for this project for FY 1979.

San Angelo, Texas

It is proposed to transfer the U.S. Post Office-Courthouse in San Angelo, Texas, to the General Services Administration for an estimated cost of \$110,000. The U.S. Postal Service has declared the building excess to its needs and will completely vacate the building in July 1978. The Post Office-Courthouse can provide about 14,100

square feet of agency space; the U.S. Courts and other Federal agencies currently occupy about 8,000 square feet of space in the building. Because it is economically feasible to assume custody and control of the facility to house Federal agencies, it is proposed to acquire and alter the building to satisfy the continuing space needs of the U.S. Courts and other agency occupants and to relocate other Federal agencies now housed in leased space in Laredo into the facility which are now housed in leased space in San Angelo. The space to be released will total about 6,000 square feet and result in an annual rental savings of about \$20,500. Needed alteration and major repairs in the amount of \$495,000 are being requested concurrently for this project for FY 1979.

San Antonio, Texas

It is proposed to transfer the Post Office-Courthouse in San Antonio, Texas, to the General Services Administration for an estimated cost of \$1,600,000. The San Antonio Post Office-Courthouse can provide approximately 159,600 square feet of space. Non-Postal Service tenants now occupy about 44,000 square feet of space in the building and the Postal Service has advised GSA that in September 1978, it will vacate all but 18,085 square feet in the building. Because it is economically feasible to assume custody and control of the facility to house Federal agencies, it is proposed to acquire and alter the building to ensure continued housing for the current occupants, particularly the U.S. Courts, and to relocate agencies now housed in leased space in San Antonio into the space to be vacated by the Postal Service. The amount of leased space to be released will total about 85,500 square feet and result in annual rental savings of about \$5,000. About 5,000 square feet of space will be reserved for future housing for the Postal Service. Needed alteration and major repairs funds in the amount of \$450,000 are being requested concurrently for this project for FY 1979.

Alexandria, Virginia

It is proposed to transfer the U.S. Post Office-Courthouse in Alexandria, Virginia, to the General Services Administration for an estimated cost of \$2,200,000. The U.S. Postal Service has declared the building, located in a National Historic District, excess to its needs although it currently maintains a finance station in the facility requiring 5,300 square feet of space. In addition to the Postal Service finance station, the building provides 26,692 square feet of space assigned to the U.S. Courts and related activities. The U.S. Courts are in need of about 3,300 square feet of expansion space which could readily be provided by the Postal Service. The Postal Service has agreed to relocate its finance station upon transfer of the facility to GSA. The balance of the space vacated by the Postal Service will be reserved for future expansion. Thus, the acquisition and alteration of the facility will satisfy the current and long range needs of the U.S. Courts. Needed alteration and major repairs funds in the amount of \$1,200,000 million are being programmed concurrently for this project for FY 1979.

CONSTRUCTION AND ACQUISITION OF FACILITIES
PROJECT DESCRIPTIONS FY 1979 NEW PROJECTS

Public Buildings Service, Federal Buildings Fund

TRANSFER OF EXCESS U.S. POSTAL SERVICE BUILDINGS (Cont'd)

Yakima, Washington

It is proposed to transfer the U.S. Post Office-Courthouse in Yakima, Washington, to the General Services Administration for an estimated cost of \$4,575,000. The U.S. Postal Service plans to declare the Yakima Post Office-Courthouse excess to its needs and vacate the entire building in May 1979. The facility can be altered to provide about 25,400 square feet of space; non-Postal agencies currently housed in the building occupy about 8,000 square feet of space. Because it is economically feasible to assume custody and control of the facility to house Federal agencies, it is proposed to acquire and alter the building to satisfy the continuing space needs of its present occupants and to relocate other Federal agencies now housed in leased space in Yakima into the facility after it is vacated by the Postal Service. The amount of leased space to be released will total about 1,535,555 square feet and result in annual rental savings of about \$69,300. Need alterations and major repairs funds in the amount of \$2.25 million are being requested for this project in FY 1980.

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES (Cont'd)

ANALYSIS OF OBLIGATIONAL AUTHORITY
AND OBLIGATIONAL LEVEL
(in Thousands of Dollars)

	1977 Actual	1978 Estimate	1979 Estimate	Future Years
Projects Authorized Prior to FY 1977				\$ -
FY 1977 Construction Program	\$ 4,896	\$ 35,273	\$ 865	
FY 1978 Construction Program	9,621	13,061	9,181	938
FY 1979 Construction Program	-	17,669	2,349	461
			15,011	2,619
Total Obligational Level	\$14,517	\$64,003	\$27,406	\$4,018
Unobligated balance available, start of year	-39,034	-57,318	-13,794	
Unobligated balance available, end of year	57,318	13,794	4,018	
New Obligational Authority	\$22,801	\$20,479	\$17,630	

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES (Cont'd)

Explanation of Changes in Obligational Level FY 1978 vs. FY 1979

1. Program Changes, decrease of \$36,597

a. An increase of \$15,011 thousand in obligational level is attributable to the proposed FY 1979 construction program.

Need for increase. This increase will provide for site acquisitions of the excess U.S. Postal Service buildings and award of a design contract for the project authorized in FY 1979.

b. A decrease of \$1,608 thousand represents a net decrease in obligational level for the projects prior to FY 1977 and the construction programs for FY 1977 and FY 1978.

Workload Factors
(Dollars in Thousands)

Number and Value of Design Contracts:	1977 Actual		1978 Estimate		1979 Estimate		Percent Change	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
In effect at beginning of period	7	\$1,323	2	\$ 517	7	\$1,095	250	112
Awarded during the period	-	-	9	1,195	1	138	-89	-88
Completed during the period	5	806	4	617	7	1,095	75	77
Number and Value of Construction Contracts:								
In effect at beginning of period	7	17,578	4	10,631	11	46,817	175	340
Awarded during the period	1	530	10	42,452	4	7,919	-60	-81
Completed during the period	4	7,477	3	6,266	7	21,969	133	251

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS
(Dollars and Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
-	\$110,140	-	\$233,551	-	\$200,000	-	\$-33,551	-	\$-33,551

BACKGROUND

Under this activity, the General Services Administration executes its responsibility for the repair and alterations of both Government-owned and leased facilities under the control of GSA.

The major goal of this activity is to provide commercially equivalent space to tenant agencies. Therefore, the state of repair, appearance, and operating efficiency of facilities is given primary consideration in carrying out the responsibility. The majority of the FY 1979 program is devoted to basic repairs and alterations of buildings in poor condition. Major emphasis is placed on Special Aids for the Handicapped in order to make GSA-controlled Government-owned buildings accessible in all essential respects. In addition, retrofit projects which will result in GSA-controlled Government-owned buildings being more energy efficient are emphasized. Continued emphasis is being placed on the recycling of vacant and underutilized Government-owned space for occupancy. Accomplishing this program work in this area will avoid annual rental costs of \$5,500,000.

Since 1962, the Alterations and Major Repairs workload inventory has grown more than 200% from \$370.7 million to \$1,144.3 million as of the end of FY 1977. The reasons for this increase are the increase in the inventory of space from 195.0 million square feet to 226.4 million square feet (approximately 16%) and the severe impact of inflation in the construction industry of 16% which has occurred since 1961.

Alterations and major repairs workload requirements originate with scheduled on-site inspections of buildings by qualified regional engineers and Buildings Managers. The work identified through these inspections is programmed and prioritized into the Repair and Alteration Computer Oriented System.

on a five-year basis. Programmed work is deleted from the (Alterations and Major Repairs) inventory when obligations are exhausted. Work which is not programmed in this budget of projects remain in the ASMR inventory and add to the backlog of work. The status of the Alterations and Major Repairs backlog is shown in the following table:

Opening Backlog

Fiscal Year

1977	\$1,126.4	New Work Generated (\$ in Millions)	Work Performed	Closing Backlog
1978	1,144.3	128.0	\$110.1	\$1,144.3
1979 (Estimated)	1,050.7	140.0	233.6	1,050.7
		156.0	200.0	1,006.7

JUSTIFICATION

The Alterations and Major Repairs activity is comprised of six major program areas, as follows: (1) Basic work to correct deterioration, malfunction, and obsolescence; (2) Improvement to space to promote utilization and operating efficiency; (3) Special fire prevention, lifesafety and property protection; (4) Special aids for the handicapped; (5) Special environmental protection measures; and (6) Special energy conservation measures.

Funding in the amount of \$92,500 thousand is proposed for the Basic Work to Correct Deterioration, Malfunction, and Obsolescence program in FY 1979. The work items included in this program area will insure operational continuity and protect the Government's investment in its facilities. Typical projects include repairs to the building structure, mechanical, electrical and air conditioning systems, and the repair or replacement of defective masonry.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

JUSTIFICATION

In FY 1979 \$20,217 thousand is proposed for work related to the Improvement to Space to Promote Utilization program which is a part of the total cost to provide vacant space for occupancy and use of this space. This program includes the cost for alterations which are incident to the relocation of agencies affected by expiration of leases, space consolidations, and realignments. Also, included in the program are \$670 thousand for Art-in-Architecture.

Funding of the Special Fire Prevention, Lifesafety and Property Protection program is proposed to be \$25,181 thousand in FY 1979. This category includes primarily work essential for the protection of life such as the installation of fire and smoke detection and sprinkler systems in high rise buildings, elevator capture systems, and the enclosing of exposed stairwells.

Approximately \$17,148 thousand is proposed for the Special Aids for the Handicapped program in FY 1979. The work will insure accessibility in all essential respects to all GSA-controlled, Government-owned buildings for the use of the physically handicapped. Examples of such work are: repositioned public telephones and modified toilet facilities are examples of such work.

The Special Environmental Protection program provides for environmental control projects to eliminate all the water pollution, air pollution and upgrading of sewage treatment facilities are examples of work included in this category. Proposed funding for this program area is \$1,264 thousand for FY 1979.

The Special Energy Conservation program consists of alterations and repairs to existing Government buildings for the purpose of reducing the use and loss of energy in GSA controlled space. The retrofit budget for fiscal year 1979 is a continuation of GSA's ten-year plan for energy conservation for buildings owned or leased by GSA. This program is consistent with Section 381 (a)(2) of the Energy Policy and Conservation Act, which requires that the Secretary and, to the extent authorized by this authority under other law, implement a ten-year plan for energy conservation with respect to buildings owned or leased by an agency of the United States. Such plan shall include mandatory lighting efficiency standards, mandatory thermal efficiency standards and insulation equipment standards, and plans for upgrading or retrofitting to meet such standards. The proposed funding for this program area in FY 1979 is \$24,188 thousand.

ALTERATIONS AND MAJOR REPAIRS
(Dollars in thousands)

The above six major program areas amount to \$180,188,000.

The table below presents the proposed program by function area for FY 1979.

Construction	\$180,498,000
Design, and Management and Inspection	\$200,000,000
Total	\$380,498,000

The Alterations and Major Repairs program is presented by project in the Exhibit reflecting amount, project description and program area. Listed in the exhibit are projects incurred in FY 1979, proposed in FY 1979, and FY 1979 projects. The amounts shown for these projects represent the construction costs only and do not include the cost of design, and Management and Inspection. The exhibit also reflects the individual FY 1979 projects for which the construction cost is estimated to be over \$100,000 and the total program area for which the construction cost is estimated to be over \$100,000. The Design, and Management and Inspection estimates are provided as a single line entry at the end of the listing to reflect the total alterations and major repairs program cost.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

EXPLANATION OF FUND AVAILABILITY
ALTERATIONS AND REPAIRS FUNDS
(Dollars in thousands)

Since the funding for the Alterations and Major Repairs activity is no-year in nature, there are unobligated balances carried forward from year to year which add to the new amounts authorized in any one year. The amounts to become available each year are derived as shown in the following table:

	FY 1977	FY 1978	FY 1979
New obligational authority or budget authority	\$110,700	\$200,000	\$200,000
Plus unobligated balances brought forward from the past fiscal year or the transition quarter			
(1) the regular program	32,991	728	-
(2) the FY 1977 supplemental appropriation	-	72,823	-
Total available for obligation	\$143,691	\$233,551	\$200,000
Less: Obligations	\$110,140	\$233,551	\$200,000
Unobligated balance to be carried forward to next fiscal year	\$ 33,551		

Explanation of Changes FY 1978 vs. FY 1979 - A net decrease of \$33,551 thousand is proposed as follows:

1. Program changes

- a. An increase of \$200,000 thousand for projects included in the FY 1979 Alterations and Major Repairs Program.
- Need for Increase - This will provide for essential projects needed to keep Federal facilities in a tenable condition.
- b. A decrease of \$33,551 thousand for obligations in connection with the FY 1978 Alterations and Major Repairs Program.

Explanation of Decrease - FY 1978 authority provided for projects in the FY 1978 Alterations and Major Repairs Program.

	1977 Actual	1978 Estimate	1979 Estimate	Percent Increase (FY 79 vs. FY 78)
Square footage under GSA responsibility (million sq. ft.)	226.4	227.0	227.8	0.4
Workload Factor				

ALTERATIONS AND MAJOR REPAIRS

ABBREVIATIONS USED IN FOLLOWING EXHIBIT:

Short Form

AS
CO
CT
DU
FE
FC
GS
GSA
HWA
HWAC
PO
RO
H
S

Long Form or Explanation

Appraisers Stores
Central Office
Courthouse
Customhouse
Federal Building
Federal Center
Geological Survey
General Services Administration
Health, Education, and Welfare
Housing, Rent, Sanitation, and Airconditioning
Post Office
Regional Office
Approved, House Public Works and Transportation Committee
Approved, Senate Environment and Public Works Committee

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1970 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 71	PROGRAMED FY 70	PROGRAMED FY 70	BASIC WORK TO CORRECT DEFICIEN- CY AND MALFUNCTIONS	IMPROVE- MENTS TO STRUCTURE & PROPERTY PROTECTION	SPECIAL FIRE PRE- VENTION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	STATUS RE- LATING TO PROPOSED FY 79 DESIGNATION OF WORK TO BE PERFORMED IN FY 79	
											PROSPECTIVE PROGRAM
ARIZONA Phoenix, FB CT	-	-	\$ 828,000	\$ 337,000	\$ 474,000	\$ 17,000	-	-	-	H-7/77 S-6/77	Repair airconditioning; interior painting; replace ceiling tiles; provide tenant alterations and install fire sprinklers.
CALIFORNIA San Diego, FB 2400 Avila Road	-	\$ 548,000	703,000	143,000	560,000	-	-	-	-	SHUNTED TO CONGRESS 11/76	Paint and seal exterior concrete; and Phase II of tenant alterations.
Los Angeles, CT 312 N. Spring Street	-	-	1,984,000	-	-	1,984,000	-	-	-	H-6/71 S-7/70	Install sprinkler system.
San Francisco, FB CT 450 Golden Gate	-	569,000	1,150,000	203,000	626,000	280,000	\$ 41,000	-	-	H-11/75 S-12/74	Entrance modifications, pro- vide ramps, and install fire sprinklers below grade; and provide handicapped facilities.
OREGON Denver, FC Buildings 25, 40 and 48	\$3,461,000	2,814,000	823,000	-	514,000	-	92,000	-	\$ 217,000	H-10/72 S-10/73	Upgrade office space by installing new ceilings and floor coverings, im- proving toilet rooms, and providing partitions with free standing parti- tions; install central air- conditioning in place of window units for energy conservation; modify elevator for use by physically handicapped.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area				PROSPECTS RELATING TO PROPOSED PROGRAM		
				BASIC WORK DEFERRED AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	LIFE-SAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPED		SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES
DISTRICT OF COLUMBIA Agriculture Administration Building	-	-	\$ 920,000	\$ 920,000	-	-	-	-	H-5/74 S-5/72	Upgrade electrical system and elevators; and in- stall fire alarm system for induction units.
Agriculture South Building	-	\$ 717,000	1,348,000	1,064,000	-	\$ 284,000	-	-	S-9/77	Replace stairwell exit doors, provide fire exits in subbasement; and convert elevators to automatic.
Central Heating Plant	\$12,015,000	-	787,000	497,000	-	180,000	-	\$ 90,000	H-6/76 S-9/76	Install reserve feed water tank, oil unloading facility, inspection platform; upgrade rail- road communications in steam tunnels.
Commerce Building	-	679,000	1,385,000	979,000	-	-	-	\$ 406,000	H-11/73 S-10/71	Install steam pump; replace boiler; and provide conservation; and conver- sion of elevators - Phase II.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUALS FY 77	PROPOSED FY 78	FY 1978 Estimate by Program Area				TOTAL FY 78	PROSPECTUS STATUS RE- VISIONS PROPOSED FY 79 PROGRAM
			BASIC WORK TO CORRECT DEFICIEN- CY AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED		
DISTRICT OF COLUMBIA (CONT'D)								
Federal Building 1100 Pennsylvania Ave. (New Post Office)	-	\$ 722,000	-	-	-	-	-	H-5/74, S-12/73
Federal Building #8	-	2,444,000	-	-	-	\$ 144,000	-	TO BE SUBMITTED
Federal Trade Commission Building	-	825,000	-	-	-	-	-	S-9/76
James Forrestal Building	-	4,890,000	\$ 66,000	\$ 3,478,000	\$ 160,000	-	\$ 920,000	TO BE SUBMITTED
GAO Building	-	1,477,000	-	144,000	-	-	-	H-10/77 S-12/74

Convert manual elevators to automatic; and convert section of cafeteria to snack bar.

Replace laboratory exhaust pipe, steam traps, bearings on airhandlers and supply ductwork; replace air supply ductwork; replace incinerator air scrubber.

Convert manual freight elevator to automatic; renovate passenger elevators, and upgrade HVAC

Repair electrical system; install sprinklers, elevator capture system, and emergency generator; upgrade and tune HVAC system for energy conservation; provide art-in-architecture; and facilities for the handicapped.

Install emergency generator; upgrade cafeteria; and repair elevators and roof.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	BASIC WORK TO CORRECT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL VENTILA- TION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROSPECTIVE STATUS RE- LATING TO PROPOSED FY 79 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79
DISTRICT OF COLUMBIA (CONT'D)											
HM (North) Building	\$ 786,000	\$ 699,000	\$3,078,000	\$1,708,000	-	\$ 794,000	-	-	\$ 576,000	S-6/77	Repair floors, ceiling and install task lighting; replace electrical wiring; replace electrical central system; replace switchgear, low voltage system and condensate return system; replace boiler; replace and repair air filters; and modify HVAC to permit operation without using central system for energy conservation.
Interior Building	-	-	1,172,000	1,071,000	-	101,000	-	-	-	R-11/73 S-10/71	Convert manual elevators to automatic; install emergency power for elevators; install fire extinguishers; and replace steam coils.
Liberty Loan Building	-	-	1,670,000	1,633,000	-	-	-	-	37,000	TO BE SUBMITTED	Refinish building exterior and replace windows and HVAC systems and perform energy analysis.
Mary Switzer Memorial PB	-	1,151,000	1,632,000	1,515,000	-	67,000	-	-	50,000	S-6/77	Repair elevators; replace boiler; replace windows II; replace expansion joints in tunnel; and replace ceilings and install task lighting. Plans for energy conservation.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	BASIC WORK REPAIRS, RENOVATION AND MALFUNCTIONS	IMPROVEMENTS TO SPACE	FIRE PREVENTION & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDICAPPED	SPECIAL ENVIRONMENTAL CONTROL MEASURES	SPECIAL ENERGY CONSERVATION MEASURES	PROSPECTIVE STATUS RE- LATING TO PROPOSED PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79
DISTRICT OF COLUMBIA (CONT'D) Navy Yard Annex #159	-	-	\$2,140,000	\$1,984,000	-	\$ 125,000	-	-	\$ 31,000	H-3/76 S-5/76	Replace windows; repair electrical wiring in floor; repair restrooms, plumbing, and electrical system; install fire alarms; and perform energy analysis.
U.S. International Trade Commission Building	-	\$ 812,000	3,905,000	3,686,000	\$ 153,000	36,000	-	-	31,000	H-5/74 S-6/74	Phased restoration and rehabilitation of historical building; installation of central air conditioning; elevator capture controls; and perform energy analysis.
FLORIDA Miami, PO CT	-	-	2,408,000	1,184,000	925,000	195,000	\$ 30,000	-	68,000	TO BE SUBMITTED	Install air conditioning rehabilitate space including ceiling, lighting, ceiling, and floor covering; analysis of buildings heating and cooling system; provide facilities for handicapped; install fire alarm system; system including sprinklers, standpipes, fire doors, and automatic cutoff valves for air-handling units.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	BASIC WORK TO CORRECT DEFERLORA- TION AND DEFICIENCIES	IMPROVE- MENTS TO STRUCTURE SHELL	FINE PRS- VENTION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDICAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROSPECTUS STATUS RE- LATING TO PROPOSED PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79
FLORIDA (CONT'D) Tallahassee, PO CT	-	-	\$ 877,000	\$ 775,000	-	\$ 66,000	\$ 23,000	-	\$ 13,000	SUBMITTED TO CONGRESS 8/77	Rehabilitation and modernization of space including task lighting, elevator and aircon- ditioning systems; building repairs; instal- lation of an emergency generator and fire ext;, installation of solar panels; energy consumption; and handicapped modifications.
ILLINOIS Springfield, PB 236 South Clark Street	-	-	1,350,000	443,000	\$ 379,000	94,000	432,000	-	-	R-3/76 S-5/76	Repair elevators and convert manual elevators to automatic; provide smoke detectors; install fire extinguishers; repair doors and lobbies; provide emergency power; and provide facilities for the handicapped.
CHICAGO Everett M. Dickson, PB 219 South Dearborn Street	-	-	2,100,000	332,000	1,364,000	150,000	104,000	-	153,000	R-11/75 S-9/76	Repair HVAC system; in- stall boiler and cross connect chilled water system; install smoke- alarms; provide tenant alter- ations; and provide facilities for the handicapped.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area				TOTAL ESTIMATE	PROSPECTIVE STATUS RE- LATING TO PROPOSED PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79
				BASIC WORK TO CORRECT DETRIORA- TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	FIRE PRE- VENTION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED			
KENTUCKY Lexington, PO CT	-	-	\$1,354,000	\$ 451,000	\$ 632,000	\$ 180,000	\$ 91,000	-	SUBMITTED TO CONGRESS 10/77	Rehabilitation and con- vert court space to portal space; install elevator capture controls; and provide facilities for the handicapped.
Louisville, PO CT CU	-	-	902,000	271,000	379,000	-	72,000	\$ 180,000	S-6/61 H-6/61	Convert portal space to court space; install facilities for the handi- capped; alter HVAC system controls; and provide for energy conservation.
MARYLAND Baltimore, AS	-	-	2,165,000	1,895,000	-	180,000	90,000	-	H-4/69 S-4/69	Upgrade elevators; repair HVAC system; additional fire exits; and facilities for the handicapped.
Baltimore, CU	-	-	2,706,000	2,399,000	-	232,000	35,000	-	TO BE SUBMITTED	Repair electrical and HVAC systems; upgrade elevators; install task lighting; provide for energy conservation; handicap restrooms; handicap fire exits; and install fire exits, fire doors and sprinklers.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROPOSED FY 78	BASIC WORK TO CORRECT DEFICIENCIES OR MAINTAIN FUNCTIONS	FY 1978 Estimate by Program Area				SPECIAL ENERGY CONSERVATION MEASURES	PROJECTS STATUS RE- LATING TO FEDERAL FY 78 PROGRAM
				DOWN- SPACE	ENVIRON- MENTAL PROTECTION	SPECIAL ALSO MANI- CATED	ENVIRON- MENTAL PROTECTION		
MAITLAND (CONT'D) Main Building AA	-	\$1,777,000	\$1,146,000	-	\$ 631,000	-	-	-	Replace elevators; install fire alarm subscriptions and under- ground distribution system; install fire station and condensate pumps; install standpipes and fire resistant walls.
Seiland, FS #3	-	1,394,000	925,000	-	131,000	-	\$ 338,000	K-9/77 S-10/77	Upgrade lighting including replacement of incandescent fixtures; convert manual alarms to automatic; install standpipes; install water cooling tower with air condenser; replace microprocessor control unit with microprocessor controller.
Seiland, Ocean- ographic	-	1,385,000	1,565,000	-	-	-	-	K-1/78 S-1/78	Upgrade lighting and task lighting; convert manual alarms to automatic; install standpipes; install air conditioning distribution system; and provide panic alarm in restrooms and elevators.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL		PROPOSED		BASIC WORK TO CORRECT DEFICIENCIES AND MALFUNCTIONS	SPECIAL				SPECIAL STATUS BE-CAUSE OF DEFICIENCIES TO BE PERFORMED IN FY 79 PROGRAM	
	FY 77	FY 78	FY 79	FY 79		IMPROVEMENTS TO SPACE	FIRE PREVENTION AND PROTECTION	ACCESSIBILITY AND HANDICAPPED	ENVIRONMENTAL PROTECTION		SPECIAL CONSERVATION MEASURES
MASSACHUSETTS Boston, AS	-	-	\$2,042,000	-	\$1,666,000	-	\$ 248,000	\$ 71,000	-	\$ 57,000	Rehabilitate space including task lighting, ceilings, partitions, and floors; repair and repainting; install fire protection equipment including alarm system, sprinklers, fire stop, doors, and exit doors; install central air conditioning; upgrade electrical system; repair and upgrade mechanical capped facilities; and insulate outside walls for energy conservation.
Boston, John W. McCormack, PO CT	-	\$ 650,000	1,274,000	-	1,093,000	-	181,000	-	-	-	Install ceilings, task lighting, and sprinkler system.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area				SPECIAL CONSER- VATION MEASURES	PROSPECTUS STATUS RE- COMMEN- DED FY 79 PROGRAM	
				BASIC WORK TO CORRECT DEFICIEN- CY AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL FIRE PRE- VENTION FOR THE HANDI- CAPPED			SPECIAL SECTION MEASURES
MICHIGAN Detroit, MI CT	\$ 566,000	-	\$2,603,000	\$ 540,000	\$ 627,000	\$1,264,000	\$ 73,000	\$ 99,000	<p>Repair exterior masonry; install fire protecting equipment including fire alarm system; provide additional stair- well, and fire subdivision; provide facilities for the handicapped; provide hours operation for energy conservation; and tenant alterations for the U.S. Courts.</p>	TO BE SUBMITTED
Lansing, MI	-	-	1,291,000	330,000	814,000	102,000	39,000	6,000	<p>Convert postal space to courtrooms, judge chambers, and office space; convert 25,000 sq. ft. of the trucking area to a motor pool garage; install timers sprinklers; install timers for energy conservation; provide facilities for the handicapped.</p>	TO BE SUBMITTED

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	FY 1979 Estimate by Program Area				PROSPECTIVE STATUS REPORT TO PROPOSED PROGRAM
	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	BASIC WORK TO CORRECT DEFICIENCIES AND MALFUNCTIONS	
MISSOURI St. Louis, FC #105 4300 Goodfellow	-	\$3,318,000	\$1,498,000	\$ 932,000	Install fire alarm system and construct fire walls; repair restrooms; upgrade electrical system; install sprinkler system.
St. Louis, FC #104 4300 Goodfellow	-	-	2,904,000	1,358,000	Replace lighting for energy conservation; replace floors; install transformers and upgrade electrical vaults; install fire alarm system; remove abandoned pipe, conduit and brackets; install sprinklers, fire walls and fire alarm facilities for the handicapped.

FY 1979 Estimate by Program Area				SPECIAL MEASURES	TOTAL TO BE SUBMITTED
SPECIAL LIFE PREVENTION & PROTECTIVE MEASURES	SPECIAL HANDICAPPED	SPECIAL MENTAL PROTECTION	SPECIAL CONSERVATION		
\$ 366,000	-	-	-	-	H-10/77 S-6/77
963,000	\$ 63,000	-	\$ 520,000		

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area				PROSPECTUS DATE OF LATING TO PROPOSED FY 79 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79	
				BASIC WORK DEFERRED TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL VENTIL- ATION & PROPERTY PROTECTION	SPECIAL AIDS HANDI- CAPPED			SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES
MISSOURI (CONT'D) Kansas City, MO 911 Main St	-	-	\$ 719,000	\$ 80,000	-	\$ 639,000	-	-	R-7/77 S-6/77	Construct new interior stairway and upgrade freight elevator.
Kansas City, MO 601 East 12th Street	-	\$ 568,000	753,000	-	-	753,000	-	-	R-3/76 S-12/75	Modify elevators to provide automatic captur- and emergency service,
KANSAS Omaha, MO CT	-	-	2,081,000	1,405,000	-	613,000	-	-	TO BE SUBMITTED	Replace ceilings and in- stall track lighting; re- place and install sprink- lers; and install solar film on windows for energy conservation.
NEVADA Las Vegas, MO CT	-	-	943,000	932,000	-	-	-	\$ 11,000	TO BE SUBMITTED	Point and caulk exterior surfaces; repair roof; replace aluminum siding and window sills to correct water discharge.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FY 9

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMMED FY 78	PROCESSSED FY 79	FY 1979 Estimate by Program Area				RESPECTIVE FUNDING LAWING TO FY 79 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79	
				BASIC WORK TO CORRECT DEFERRED MAINTENANCE MALFUNCTIONS	IMPROVE- MENTS TO STAGE	FIRE PRE- VENTION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED			SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES
NEW JERSEY County Job 20 Washington Place	-	-	\$ 862,000	\$ 62,000	\$ 400,000	-	-	-	S-6/77	Repair elevators; in- stall sprinklers and smoke detectors; re- place and repair upgrade entrances and lobbies; and provide for art-in-architecture.
Trenton, PO CT	-	-	1,120,000	-	610,000	470,000	\$ 40,000	-	H-7/77 S-6/77	Extend elevator service to 5th floor; install sprinklers and a security system; con- struct stairs for emergency egress; repair plumbing and restrooms; and provide facilities for the handicapped.
NEW YORK New York, 02 Paley Square	-	-	4,743,000	533,000	3,220,000	990,000	-	-	H-7/77 S-6/77	Install airconditioning - Phase II; install fire alarms; install fire in- cluding an emergency in- communication system; ele- vator capture controls; install fire doors; convert three elevators to automatic operation and install four additional elevators; install additional court space; and provide for art-in-architecture.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area				TOTAL FY 79	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79
				BASIC WORK TO CORRECT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	LIFESAFETY & PROPERTY PROTECTION	SPECIAL VENTION, AIDS FOR THE HANDI- CAPED		
NORTH CAROLINA Charlotte, Nc	-	-	\$2,203,000	\$406,000	\$1,184,000	\$271,000	\$162,000	\$180,000	REPAIR HVAC system and alter to reduce energy costs. Install new fire alarm system, sprinklers and fire exit; provide facilities for handicapped and convert wasted postal space to courtroom.
OHIO Cincinnati, PO CT	-	-	3,725,000	1,993,000	859,000	879,000	-	-	Upgrade space including ceiling and task lighting; provide emergency power; provide emergency power; and install sprinklers.

TO BE
SUBMITTED

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 77	PROGRAMMED FY 78	PROPOSED FY 79	BASIC WORK TO CORRECT DEFERORA- TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL AIDS FOR THE HANDI- CAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROJECTS STATUS RE- LATING TO PROPOSED FY 79 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 79	TO BE SUBMITTED
VIRGINIA Alexandria, PO CT	-	-	\$ 1,353,000	\$1,220,000	-	\$ 107,000	\$ 26,000	-	-	Modify HVAC system controls; upgrade electrical system; convert manual elevator to automatic; paint interior and repair exterior masonry; provide fire alarm system and additional egress; and provide facilities for the handicapped.	
Arlington, PB #2	-	\$1,446,000	1,421,000	1,421,000	-	-	-	-	SUBMITTED TO CONGRESS 10/77	Replace ceilings; install task lighting; replace elec- trical equipment - Phase II; replace preheat coils in airhandler system; provide additional feeder line; up- grade building cross-bridges and resurface road.	
Arlington, Pentagon	-	2,706,000	1,015,000	767,000	-	248,000	-	-	S-4/77	Repair floor drain system and floors, piping and ductwork in loading dock area. Production areas: provide additional basement exits and replace floor tile - Phase II.	
Arlington, Heating Plant	\$1,725,000	-	722,000	542,000	-	-	-	\$ 180,000	H-3/77 S-4/77	Replace freight elevator; provide mobile crane in refrigeration space; install additional airhandlers on roof; and install package economizer on boiler no. 1 for energy conservation.	

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

ALTERATIONS AND MAJOR REPAIRS

FY 1979 Estimate by Program Area

BUILDING LOCATION	ACTUAL FY 77	PROGRAMMED FY 78	PROPOSED FY 79	FY 1979 Estimate by Program Area			SPECIAL ENERGY CONSER- VATION MEASURES	PROSPECTUS STATUS RE- LATING TO PROPOSED FY 1979 PROGRAM
				BASIC WORK TO CORRECT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL FIRE PRE- VENTION LIFESAFETY & PROPERTY PROTECTION CAPPED		
VIRGINIA (Cont'd) Franconia, GSA Depot Building A	-	-	\$ 572,000	\$ 230,000	-	\$ 342,000	-	H-7/77 S-6/77 Repair primary electrical system; replace conveyor switches; provide new 200,000 gallon water tank; and install exit signs and an emergency generator.
McLean, CIA Facility	-	-	1,788,000	1,608,000	-	180,000	-	H-3/77 S-4/77 Repair HVAC system; repair roof; replace heating line to power plant; install fire apparatus; repair II; construct cooling tower in heating plant; and replace condenser pumps and motors.

Public Buildings Service, Federal Buildings Fund

PURCHASE CONTRACT PAYMENTS
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
-	\$82,366	-	\$98,000	-	\$100,473	-	\$2,473	-	-	-	\$2,473

BACKGROUND

Both the Public Buildings Purchase Contract Act of 1954 and the Public Buildings Amendments of 1972 enabled GSA to enter into contractual arrangements for the construction of a backlog of approved but unfunded projects. These purchase contracts require the Government to make periodic payments to the contractor to enable the Government to make periodic payments to the contractor. This activity provides for the payment of principal, interest, taxes and other required obligations related to facilities acquired or to be acquired pursuant to both the Public Buildings Purchase Contract Act of 1954 (40 U.S.C. 356) and the Public Buildings Amendments of 1972 (40 U.S.C. 602a).

JUSTIFICATION

A. HIGHLIGHTS - The purchase contract method of construction has utilized two systems of financing - the package system and the dual system.

Under the package system of financing, the successful bidder is required to finance and construct the facility and upon completion transfer the improvements to the Government for the "purchase price". This purchase price is amortized either (1) over a twenty-five year term through quarterly payments (Purchase Contract Act of 1954), or (2) over a thirty year term through semi-annual payments (Public Buildings Amendments of 1972) by the Government including interest at the contractor's bid rate. This system was used for all of the projects constructed under the purchase contract Act of 1954 and for twenty-three of the smaller projects constructed under the Public Buildings Amendments of 1972.

Payments of principal, interest and taxes are not required on package system projects until construction is substantially completed and the purchase contract is consummated (the date of purchase contract). The Government assumes tax liability from the date of the purchase contract. The first payment of principal and interest is made six months after the purchase contract is executed and thereafter, semi-annual installments are made for a total of thirty years.

The dual system of financing involves separate contracting for construction and financing. Construction contracting is done in the same way as under direct Federal construction; however,

to secure the necessary financing a trust was established. Pursuant to an indenture between GSA and the trustee, certificates were competitively bid to achieve favorable market acceptance. Several projects were grouped under each indenture and payments of principal and interest are made on each group of projects over a thirty year term. Certificates have been sold to security underwriters to finance the construction of twenty-nine buildings.

A variation of the dual system has been incorporated in our financing with the Federal Financing Bank which provides for an additional sixteen buildings. Under this system, at the contractor's option, the Federal Financing Bank at the time it makes the purchase contract. This commitment is drawn down monthly as funds are required for each project. This procedure eliminates carrying costs associated with investing unused funds and thus reduces the total cost of purchase contract financing.

On dual system projects, the date of the purchase contract is the date of the initial financing or commitment and the term is thirty years. Under this system, taxes are paid from the Federal Buildings Fund from the date of the construction period through the term of the purchase contract. Interest and administrative expenses during the construction period are paid directly from the proceeds of the sale of participation certificates. At a predetermined date, the purchase price for each group of projects (which includes all projects' costs plus capitalized interest) is amortized over the remaining life of the purchase contract according to an established sinking fund.

For FY 1979 \$100,473 thousand is requested for this activity. This is an increase of \$2,473 thousand over the FY 1978 program. The resources will be devoted to:

1. Payment of principal, interest and taxes (\$2,477 thousand) on five purchase contracts authorized by the Public Buildings Purchase Contract Act of 1954 (Exhibit A; Section I).

Public Buildings Service, Federal Buildings Fund

PURCHASE CONTRACT PAYMENTS

2. Payment of principal, interest and taxes (\$12,735 thousand) on twenty-three package system purchase contracts authorized by the Public Buildings Amendments of 1972 (Exhibit A; Section I).
3. Payment of principal and interest (\$64,568 thousand) on five Public Buildings Purchase Contract and Trust Indentures authorized by the Public Buildings Amendments of 1972 (Exhibit A; Section II).
4. Payment of trustee fees and other administrative expenses (\$123 thousand) related to seven Public Buildings Purchase Contract and Trust Indentures authorized by the Public Buildings Amendments of 1972 (Exhibit A; Section II).
5. Payment of taxes only, (\$20,570 thousand) on dual system projects included under Public Buildings Purchase Contract and Trust Indentures (Exhibit A; Section II).

1. Other Changes
 - a. An increase of \$2,416 thousand for increased payment of principal and interest.
Need for increase - Provides for increased principal payments on five Public Buildings Purchase Contract and Trust Indentures (\$1,677 thousand) and increased interest (\$739 thousand) due to first time payment on 6th purchase contract and trust Indenture.
 - b. An increase of \$57 thousand for taxes.
Need for increase - Provides for net increased taxes on 45 dual system projects (\$62 thousand), offset by a net reduction of \$5 thousand on 28 package system projects. This reduction reflects actual experience with tax rates and assessments.

	WORKLOAD FACTORS (\$ in millions)			% Change FY78 - FY79
	FY 1977 Actual	FY 1978 Program	FY 1979 Estimated	
a. Number of projects for which construction commenced.....			0	-100.0
b. Estimated total project costs of projects for which construction commenced.....	\$24	\$5.2	0	-100.0
c. Project completions.....	11	6	7	+16.7
d. Estimated total project costs of projects completed.....	\$202.1	\$83.5	\$371.5	+344.9

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

	Date of Purchase Contract	Amount of Purchase Contract	FY 1977 ACTUAL				Admin. Expenses	Total
			Principal	Interest	Taxes			
<u>Package System</u>								
Projects under Purchase Contract Authorized by the Public Buildings Purchase Contract Act of 1954								
<u>Georgia</u>								
Atlanta, CDC	6-27-60	10,150,939	454,889	233,002	137,798	-0-	825,689	
<u>Kansas</u>								
Kansas City, PO CT	1-11-60	1,983,892	69,959	45,766	68,320	-0-	184,045	
<u>Nebraska</u>								
Omaha, PO CT	8-17-60	7,597,691	364,382	168,211	268,639	-0-	801,232	
<u>New Mexico</u>								
Albuquerque, FOB	4-1-60	4,441,693	203,278	94,798	86,161	-0-	384,237	
<u>West Virginia</u>								
Huntington, FOB	2-15-60	2,819,850	<u>129,229</u>	<u>60,844</u>	<u>39,626</u>	<u>-0-</u>	<u>229,699</u>	
Subtotal - 5 Projects			1,221,737	602,621	600,544	-0-	2,424,902	
Projects under Purchase Contract Authorized by the Public Buildings Amendments of 1972								
<u>Arizona</u>								
Tucson, FB	3-30-74	6,051,061	68,571	441,251	129,545	-0-	639,367	
<u>Arkansas</u>								
Batesville, PO CT FOB	6-14-74	2,382,401	24,936	180,711	15,691	-0-	221,338	
<u>California</u>								
Santa Ana, FB	4-1-75	12,908,500	130,984	956,600	291,411	-0-	1,378,995	
Van Nuys, FOB	8-1-74	7,678,000	83,965	563,726	133,790	-0-	781,481	
<u>Delaware</u>								
Dover, FOB	1-19-74	1,878,382	23,102	127,501	18,712	-0-	169,315	
<u>Georgia</u>								
Athens, FOB	3-30-74	2,551,279	28,911	186,042	37,378	-0-	252,331	
Rome, PO CT	2-16-74	3,448,736	36,731	264,601	56,300	-0-	357,632	
<u>Idaho</u>								
Moscow, FB PO CT	10-23-73	2,799,483	29,198	218,311	52,810	-0-	300,319	
Sandpoint, FB	8-6-74	2,366,366	25,173	174,270	39,429	-0-	238,872	
<u>Illinois</u>								
Chicago, GSA FARC	11-7-73	5,363,452	58,364	404,999	280,035	-0-	743,398	
Mt. Vernon, Kenneth J. Gray FB	4-27-74	1,244,942	14,185	88,156	-0-	-0-	102,341	
<u>Iowa</u>								
Iowa City, PO FOB	6-21-74	3,970,605	41,560	301,180	107,425	-0-	450,165	
<u>Massachusetts</u>								
Fitchburg, Philip J. Philbin, FB PO	8-22-74	5,413,488	59,128	396,976	155,520	-0-	611,624	

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

<u>FY 1978 PROGRAM</u>					<u>FY 1979 ESTIMATED</u>				
<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>
477,923	209,970	141,200	-0-	829,093	502,121	185,771	154,000	-0-	841,893
97,403	41,072	67,000	-0-	205,475	102,335	36,140	72,000	-0-	210,475
357,868	151,976	300,000	-0-	809,844	374,877	134,969	285,000	-0-	794,845
213,086	84,990	91,800	-0-	389,876	223,367	74,709	92,000	-0-	390,076
<u>135,515</u>	<u>54,558</u>	<u>40,000</u>	<u>-0-</u>	<u>230,073</u>	<u>142,107</u>	<u>47,967</u>	<u>49,100</u>	<u>-0-</u>	<u>239,174</u>
1,281,795	542,566	640,000	-0-	2,464,361	1,344,807	479,556	652,100	-0-	2,476,463
73,810	436,012	111,200	-0-	621,022	79,450	430,373	140,100	-0-	649,923
26,907	178,741	16,000	-0-	221,648	29,032	176,615	17,000	-0-	222,647
140,993	946,592	274,100	-0-	1,361,685	151,766	935,819	315,200	-0-	1,402,785
90,381	557,311	534,000	-0-	1,181,692	97,287	550,405	535,000	-0-	1,182,692
24,748	125,856	20,000	-0-	170,604	26,510	124,093	20,800	-0-	171,403
31,120	183,834	35,700	-0-	250,654	33,498	181,456	40,000	-0-	254,954
39,681	261,652	58,800	-0-	360,133	42,868	258,466	61,000	-0-	362,334
31,581	215,929	62,339	-0-	309,849	34,158	213,352	56,100	-0-	303,610
27,123	172,321	39,325	-0-	238,769	29,224	170,220	41,900	-0-	241,344
62,975	400,389	302,000	-0-	765,364	67,951	395,413	312,000	-0-	775,364
15,232	87,109	15,000	-0-	117,341	16,357	85,985	-0-	-0-	102,342
44,844	297,897	74,700	-0-	417,441	48,387	294,354	121,000	-0-	463,741
63,647	392,458	180,000	-0-	636,105	68,509	387,595	151,000	-0-	607,104

EXHIBIT A

<u>Net Change</u>	<u>Remarks</u>
12,799	Tax increase
5,000	Tax increase
-15,000	Adjustment reflecting actual experience with tax rate and assessment
200	Tax increase
<u>9,101</u>	Tax increase
12,102	
28,901	Tax increase
999	Tax increase
41,100	Tax increase
1,000	Tax increase; back taxes
799	Tax increase
4,300	Tax increase
2,201	Tax increase
-6,239	Adjustment reflecting actual experience with tax rates and assessments.
2,575	Tax increase
10,000	Tax increase
-14,999	Tax exemption obtained
46,300	Tax increase
-29,001	Adjustment reflecting actual experience with tax rate and assessment

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

	Date of Purchase Contract	Amount of Purchase Contract	FY 1977 ACTUAL					Total
			Principal	Interest	Taxes	Admin. Expenses		
<u>Mississippi</u> Hattiesburg, William M. Colmer FB CT	9-17-74	3,653,850	38,245	277,153	63,146	-0-	378,544	
<u>New Mexico</u> Las Cruces, CT FOB	3-12-74	3,535,349	37,004	268,165	50,642	-0-	395,811	
<u>New York</u> Albany, L.W. O'Brien FB	1-7-75	12,682,703	473,575	60,705	604,453	-0-	1,138,733	
<u>South Dakota</u> Aberdeen, FOB	3-19-74	6,438,660	72,994	469,716	212,179	-0-	754,889	
Rapid City, CT FOB	5-18-74	3,640,213	38,137	276,371	98,628	-0-	413,136	
<u>Tennessee</u> Nashville, FB CT; Garage/Tunnel	7-8-74	13,804,809	144,495	1,047,129	246,120	-0-	1,437,744	
<u>Texas</u> Ft. Worth, FOB PF	3-25-74	3,801,558	39,978	294,503	89,714	-0-	424,195	
Pearsall, PO FOB	8-20-73	448,868	5,714	30,274	5,068	-0-	41,056	
<u>Vermont</u> Essex Junction, Winston Prouty FB PO	6-4-73	550,234	6,214	41,281	9,262	-0-	56,757	
<u>Washington</u> Wenatchee, FB PO	10-22-73	4,159,686	<u>49,132</u>	<u>302,963</u>	<u>51,666</u>	-0-	<u>403,761</u>	
Subtotal - 23 projects			1,530,296	7,372,584	2,748,924	-0-	11,651,804	
<u>Dual System</u> Projects under Purchase Contract Authorized by the Public Buildings Amendment of 1972								
<u>1st Indenture</u>	11-6-72		1,255,000	13,944,598	-0-	14,290	15,213,888	
<u>California</u> San Diego, FB			-0-	-0-	849,147	-0-	849,147	
<u>Indiana</u> Indianapolis, FOB			-0-	-0-	498,360	-0-	498,360	
<u>Louisiana</u> New Orleans, Hale Boggs FB CT			-0-	-0-	377,400	-0-	377,400	
<u>Michigan</u> Detroit, Patrick V. McNamara FOB			-0-	-0-	1,699,999	-0-	1,699,999	
<u>Nebraska</u> Lincoln, CT FOB & PF			-0-	-0-	407,256	-0-	407,256	
<u>2nd Indenture</u>	12-18-72		670,368	13,743,551	-0-	13,090	14,427,009	
<u>Hawaii</u> Honolulu, Prince J.K. Kalaniana'ole FB CT			-0-	-0-	251,000	-0-	251,000	

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
Estimated Payments by Projects

<u>FY 1978 PROGRAM</u>					<u>FY 1979 ESTIMATED</u>				
<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	
41,267	274,132	65,700	-0-	381,099	44,527	270,872	82,000	-0-	
39,928	265,242	52,000	-0-	357,170	43,083	262,089	54,000	-0-	
143,721	924,840	743,000	-0-	1 811,561	913,858	154,702	595,000	-0-	
78,572	464,140	220,000	-0-	762,712	84,575	458,136	220,000	-0-	
41,150	273,358	104,000	-0-	418,508	44,401	270,107	107,000	-0-	
155,911	1,035,714	246,100	-0-	1,437,725	168,229	1,023,396	261,000	-0-	
43,220	291,262	89,900	-0-	424,382	46,724	287,757	95,000	-0-	
6,121	29,868	5,100	-0-	41,089	6,557	29,432	8,000	-0-	
40,790	6,705	11,000	-0-	58,495	7,235	40,260	10,000	-0-	
<u>52,887</u>	<u>299,210</u>	<u>55,050</u>	<u>-0-</u>	<u>407,147</u>	<u>56,928</u>	<u>295,169</u>	<u>54,900</u>	<u>-0-</u>	
1,316,609	8,120,572	3,315,014	-0-	12,752,195	2,141,114	7,296,066	3,298,000	-0-	
2,947,500	13,791,233	-0-	30,400	16,769,133	2,950,000	13,574,600	-0-	30,400	
-0-	-0-	974,100	-0-	974,100	-0-	-0-	1,035,900	-0-	
-0-	-0-	600,000	-0-	600,000	-0-	-0-	556,000	-0-	
-0-	-0-	320,500	-0-	320,500	-0-	-0-	425,000	-0-	
-0-	-0-	1,751,000	-0-	1,751,000	-0-	-0-	1,934,000	-0-	
-0-	-0-	423,500	-0-	423,500	-0-	-0-	432,000	-0-	
3,000,000	14,014,000	-0-	18,900	17,032,900	3,000,000	13,242,900	-0-	18,900	
-0-	-0-	229,700	-0-	229,700	-0-	-0-	-0-	-0-	

EXHIBIT A (cont'd)

<u>Total</u>	<u>Net Change</u>	<u>Remarks</u>
397,399	16,300	Tax increase
359,172	2,002	Tax increase
1,663,560	-148,001	Adjustment reflecting actual experience with tax rate and assessment
762,712	3,000	Tax increase
421,508		
1,452,625	14,900	Tax increase
429,481	5,099	Tax increase
43,989	2,900	Tax increase
57,495	-1,000	Adjustment reflecting actual experience with tax rate and assessment
<u>406,997</u>	<u>-150</u>	Adjustment reflecting actual experience with tax rate and assessment
12,735,180	-17,015	
16,555,000	-214,133	Less interest payment due to prior reduction of principal.
1,035,900	61,800	Tax increase
556,000	-44,000	Reduced tax assessment
425,000	104,500	Tax increase
1,934,000	183,000	Tax increase
432,000	8,500	Tax increase
16,261,800	-771,100	Less interest payment due to prior reduction of principal
	-229,700	Exemption granted by State
-0-		

PURCHASE CONTRACT PAYMENTS CURRENTLY UNRECORDED
Estimated Payments by Projects

	Date of Purchase Contract	FY 1977 ACTUAL				
		Principal	Interest	Taxes	Admin. Expenses	Total
<u>New York</u>						
New York, CU CT FOB Annex		-0-	-0-	1,968,997	-0-	1,968,997
Syracuse, CT FOB		-0-	-0-	783,790	-0-	783,790
<u>Oregon</u>						
Portland, FB		-0-	-0-	501,804	-0-	501,804
<u>Puerto Rico</u>						
San Juan, CT FOB		-0-	-0-	526,800	-0-	526,800
<u>Ohio</u>						
Akron, FB CT		-0-	-0-	-0-	-0-	-0-
<u>3rd Indenture</u>	3-21-73	1,575,000	8,637,375	-0-	4,720	10,217,095
<u>California</u>						
Richmond, SSA Western Program Center		-0-	-0-	992,329	-0-	992,329
<u>Illinois</u>						
Chicago, SSA Great Lakes Program Center		-0-	-0-	2,474,700	-0-	2,474,700
<u>Pennsylvania</u>						
Philadelphia, SSA Mid- Atlantic Program Center		-0-	-0-	613,419	-0-	613,419
<u>4th Indenture</u>	8-1-73	-0-	14,173,520	-0-	20,411	14,193,931
<u>California</u>						
Santa Rosa, FB		-0-	-0-	141,271	-0-	141,271
<u>Florida</u>						
Orlando, CT FOB		-0-	-0-	159,524	-0-	159,524
<u>Maryland</u>						
Baltimore, Edward A. Gramatz FB CT		-0-	-0-	665,249	-0-	665,249
<u>Massachusetts</u>						
New Bedford, Hastings Keith FB		-0-	-0-	-0-	-0-	-0-
<u>Michigan</u>						
Ann Arbor, FOB		-0-	-0-	105,400	-0-	105,400
<u>New Hampshire</u>						
Manchester, Norris Cotton Bldg.		-0-	-0-	206,048	-0-	206,048
<u>North Carolina</u>						
Winston-Salem, CT FOB		-0-	-0-	225,000	-0-	225,000
<u>Ohio</u>						
Columbus, FOB PF		-0-	-0-	-0-	-0-	-0-
Dayton, FB CT		-0-	-0-	-0-	-0-	-0-

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

<u>FY 1978 Program</u>					<u>FY 1979 Estimated</u>			
<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>
-0-	-0-	2,398,000	-0-	2,398,000	-0-	-0-	2,309,000	-0-
-0-	-0-	825,300	-0-	825,300	-0-	-0-	963,000	-0-
-0-	-0-	594,000	-0-	594,000	-0-	-0-	532,400	-0-
-0-	-0-	576,800	-0-	576,800	-0-	-0-	950,000	-0-
-0-	-0-	284,000	-0-	284,000	-0-	-0-	-0-	-0-
1,890,000	9,261,001	-0-	13,700	11,164,701	1,890,000	8,148,000	-0-	13,700
-0-	-0-	1,157,300	-0-	1,157,300	-0-	-0-	1,157,300	-0-
-0-	-0-	2,672,600	-0-	2,672,600	-0-	-0-	2,525,000	-0-
-0-	-0-	625,400	-0-	625,400	-0-	-0-	644,300	-0-
2,535,000	14,713,500	-0-	30,000	17,278,500	2,620,000	13,960,999	-0-	30,000
-0-	-0-	163,000	-0-	163,000	-0-	-0-	130,800	-0-
-0-	-0-	162,286	-0-	162,286	-0-	-0-	169,000	-0-
-0-	-0-	772,500	-0-	772,500	-0-	-0-	725,000	-0-
-0-	-0-	102,000	-0-	102,000	-0-	-0-	93,000	-0-
-0-	-0-	144,400	-0-	144,400	-0-	-0-	160,000	-0-
-0-	-0-	468,000	-0-	468,000	-0-	-0-	433,000	-0-
-0-	-0-	225,000	-0-	225,000	-0-	-0-	109,000	-0-
-0-	-0-	250,000	-0-	250,000	-0-	-0-	-0-	-0-
-0-	-0-	175,000	-0-	175,000	-0-	-0-	-0-	-0-

EXHIBIT A (cont'd)

<u>Total</u>	<u>Net Change</u>	<u>Remarks</u>
2,309,000	-89,000	Adjustment reflecting actual experience with tax rate and assessment
963,000	137,700	Tax increase
532,400	-61,600	Adjustment reflecting actual experience with tax rate and assessment
950,000	373,200	Tax increase
-0-	-284,000	Tax exemption obtained
10,051,700	-1,113,001	Less interest payment due to prior reduction of principal
1,157,300	-	
2,525,000	-147,600	Adjustment reflecting actual experience with tax rate and assessment
644,300	18,900	Tax increase
16,610,899	-667,599	Less interest payment due to prior reduction of principal
130,800	-32,200	Adjustment reflecting actual experience with tax rate and assessment
169,000	6,714	Tax increase
725,000	-47,500	Adjustment reflecting actual experience with tax rate and assessment
93,000	-9,000	Adjustment reflecting actual experience with tax rate and assessment
160,000	15,600	Tax increase
433,000	-35,000	Adjustment reflecting actual experience with tax rate and assessment.
109,000	-116,000	Adjustment reflecting actual experience with tax rate and assessment.
-0-	-250,000	Tax exemption obtained
-0-	-175,000	Tax exemption obtained

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

		<u>FY 1977 ACTUAL</u>				
	<u>Date of Purchase Contract</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>
<u>Oklahoma</u>						
Oklahoma City, CT FOB		-0-	-0-	-0-	-0-	-0-
<u>Oregon</u>						
Eugene, FB CT		-0-	-0-	156,116	-0-	156,116
<u>Pennsylvania</u>						
Williamsport, CT FB		-0-	-0-	99,999	-0-	99,999
<u>South Carolina</u>						
Florence, J.L. McMillan FB CT		-0-	-0-	66,590	-0-	66,590
<u>Virginia</u>						
Roanoke, Richard H. Poff FB CT		-0-	-0-	213,200	-0-	213,200
<u>Virgin Islands</u>						
Charlotte Amalie, CT FOB		-0-	-0-	51,400	-0-	51,400
<u>5th Indenture</u>	6-27-75	-0-	-0-	-0-	200	200
<u>Alaska</u>						
Anchorage, CT FOB PF		-0-	-0-	11,037	-0-	11,037
Fairbanks, FB PF		-0-	-0-	-0-	-0-	-0-
<u>Illinois</u>						
Carbondale, FB		-0-	-0-	-0-	-0-	-0-
<u>Kansas</u>						
Topeka, FOB CT PF		-0-	-0-	-0-	-0-	-0-
<u>6th Indenture</u>	11-15-74	-0-	-0-	-0-	3,090	3,090
<u>Connecticut</u>						
New Haven, FB		-0-	-0-	9,006	-0-	9,006
<u>Florida</u>						
Ft. Lauderdale, FB CT PF		-0-	-0-	-0-	-0-	-0-
<u>Massachusetts</u>						
Pittsfield, FB		-0-	-0-	-0-	-0-	-0-
<u>Michigan</u>						
Saginaw, FB		-0-	-0-	109,999	-0-	109,999
<u>Mississippi</u>						
Jackson, FB		-0-	-0-	-0-	-0-	-0-
<u>South Carolina</u>						
Columbia, FB CT		-0-	-0-	-0-	-0-	-0-
<u>South Dakota</u>						
Huron, FB		-0-	-0-	-0-	-0-	-0-
<u>Texas</u>						
Marfa, BP Sector HQ		-0-	-0-	-0-	-0-	-0-

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

<u>FY 1978 PROGRAM</u>					<u>FY 1979 ESTIMATED</u>			
<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>
-0-	-0-	256,844	-0-	256,844	-0-	-0-	272,000	-0-
-0-	-0-	176,000	-0-	176,000	-0-	-0-	165,700	-0-
-0-	-0-	100,000	-0-	100,000	-0-	-0-	82,500	-0-
-0-	-0-	37,400	-0-	37,400	-0-	-0-	55,000	-0-
-0-	-0-	186,300	-0-	186,300	-0-	-0-	226,200	-0-
-0-	-0-	54,000	-0-	54,000	-0-	-0-	64,000	-0-
-0-	-0-	-0-	10,000	10,000	-0-	-0-	-0-	10,000
-0-	-0-	480,000	-0-	480,000	-0-	-0-	901,400	-0-
-0-	-0-	291,080	-0-	291,080	-0-	-0-	215,000	-0-
-0-	-0-	40,000	-0-	40,000	-0-	-0-	-0-	-0-
-0-	-0-	80,000	-0-	80,000	-0-	-0-	438,000	-0-
-0-	-0-	-0-	10,000	10,000	701,991	4,480,000	-0-	10,000
-0-	-0-	176,000	-0-	176,000	-0-	-0-	181,000	-0-
-0-	-0-	378,900	-0-	378,900	-0-	-0-	339,000	-0-
-0-	-0-	100,000	-0-	100,000	-0-	-0-	43,000	-0-
-0-	-0-	133,000	-0-	133,000	-0-	-0-	39,000	-0-
-0-	-0-	472,200	-0-	472,200	-0-	-0-	-0-	-0-
-0-	-0-	224,300	-0-	224,300	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	63,000	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000	-0-

EXHIBIT A (cont'd)

<u>Total</u>	<u>Net Changes</u>	<u>Remarks</u>
272,000	15,156	Tax increase
165,700	-10,300	Adjustment reflecting actual experience with tax rate and assessment
82,500	-17,500	Adjustment reflecting actual experience with tax rate and assessment
55,000	17,600	Tax increase
226,200	39,900	Tax increase
64,000	10,000	Tax increase
10,000	-	
901,400	421,400	Tax increase
215,000	-76,080	Adjustment reflecting actual experience with tax rate and assessment
-0-	-40,000	Tax exemption obtained
438,000	358,000	First full year taxes
5,191,991	5,181,991	First principal and interest payments
181,000	5,000	Tax increase
339,000	-39,900	Adjustment reflecting actual experience with tax rate and assessment
43,000	-57,000	Adjustment reflecting actual experience with tax rate and assessment
39,000	-94,000	Adjustment reflecting actual experience with tax rate and assessment
-0-	-472,200	Taxes due later than estimated
-0-	-224,300	Taxes due later than estimated
63,000	63,000	First taxes due
9,000	9,000	First taxes due

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

	Date of Purchase Contract	FY 1977 ACTUAL				
		Principal	Interest	Taxes	Admin. Expenses	Total
<u>7th Indenture</u>	6-26-75	-0-	-0-	-0-	1,910	1,910
<u>Georgia</u>						
Atlanta, R.E. Russell FB CT		-0-	-0-	67,241	-0-	67,241
<u>Maryland</u>						
Baltimore, SSA Metro-West Bldg.		-0-	-0-	-0-	-0-	-0-
Baltimore, SSA Computer Center Bldg.		-0-	-0-	-0-	-0-	-0-
<u>Virginia</u>						
Norfolk, FB		-0-	-0-	-0-	-0-	-0-
Subtotals - 45 projects		3,500,368	50,499,044	14,232,081	57,711	68,289,204
5 - Projects		1,221,737	602,621	600,544	-0-	2,424,902
23 - Projects		1,530,296	7,372,584	2,748,924	-0-	11,651,804
45 - Dual System		<u>3,500,368</u>	<u>50,499,044</u>	<u>14,232,081</u>	<u>57,711</u>	<u>68,289,204</u>
TOTALS - 73 PROJECTS		<u>6,252,401</u>	<u>58,474,249</u>	<u>17,581,549</u>	<u>57,711</u>	<u>82,365,910</u>

PURCHASE CONTRACT PAYMENTS CURRENTLY UNDERWAY
ESTIMATED PAYMENTS BY PROJECTS

<u>FY 1978 PROGRAM</u>					<u>FY 1979 ESTIMATED</u>			
<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Taxes</u>	<u>Admin. Expenses</u>
-0-	-0-	-0-	10,000	10,000	-0-	-0-	-0-	10,000
-0-	-0-	1,256,800	-0-	1,256,800	-0-	-0-	1,256,800	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	785,667	-0-
-0-	-0-	<u>171,000</u>	-0-	<u>171,000</u>	-0-	-0-	<u>150,000</u>	-0-
10,372,500	51,779,734	20,508,210	123,000	82,783,444	11,161,991	53,406,399	20,569,967	123,000
1,281,795	542,566	640,000	-0-	2,464,361	1,344,807	479,556	652,100	-0-
1,316,609	8,120,572	3,315,014	-0-	12,752,195	2,141,114	7,296,066	3,298,000	-0-
<u>10,372,500</u>	<u>51,779,734</u>	<u>20,508,210</u>	<u>123,000</u>	<u>82,783,444</u>	<u>11,161,991</u>	<u>53,406,399</u>	<u>20,569,967</u>	<u>123,000</u>
<u>12,970,904</u>	<u>60,442,872</u>	<u>24,463,224</u>	<u>123,000</u>	<u>98,000,000</u>	<u>14,647,912</u>	<u>61,182,021</u>	<u>24,520,067</u>	<u>123,000</u>

EXHIBIT A (cont'd)

<u>Total</u>	<u>Net Change</u>	<u>Remarks</u>
10,000	-	
1,256,800	-	
-0-	-	
785,667	785,667	First taxes due
<u>150,000</u>	<u>-21,000</u>	Adjustment reflecting actual experience with tax rate and assessment
85,261,357	2,477,913	
2,476,463	12,102	
12,735,180	-17,015	
<u>85,261,357</u>	<u>2,477,913</u>	
<u>100,473,000</u>	<u>2,473,000</u>	

Public Buildings Service, Federal Buildings Fund

Purchase Contract Payments
Explanation of Changes, FY 1978 vs. FY 1979

	FY 1978	FY 1979	Total Change
1. OTHER CHANGES			
A.			
1. Increased payments of principal-Dual System due to the 6th Indenture,	\$10,372,500	\$11,161,991	\$ 789,491
2. Increased payment of principal-package system	2,598,404	3,485,921	887,517
Subtotal - Principal	12,970,904	14,647,912	1,677,008
B.			
1. Changes in payment of Interest-Dual System Increase due to first payment of interest on 6th Indenture	51,779,734	53,406,400	1,626,666
2. Decreased payment of interest-package System	8,663,138	7,775,621	-887,517
Subtotal - Interest	60,442,872	61,182,021	739,149
C. Increase in Tax payments - Package System	2,588,625	2,798,100	209,475
D. Decrease in Tax payments - Package System	1,366,389	1,152,000	-214,389
Subtotal - Package System Taxes	3,955,014	3,950,100	-4,914
E. Increase in Tax payments - Dual System	10,163,130	12,336,567	2,173,437
F. Decrease in Tax payments - Dual System	10,345,080	8,233,400	-2,111,680
Subtotal - Dual System Taxes	20,508,210	20,569,967	61,757
Subtotal - Taxes	24,463,224	24,520,067	56,843
G. Administrative expense	123,000	123,000	-0-
TOTALS	\$98,000,000	\$100,473,000	\$2,473,000

Summary of Changes

Other Changes:	
Total Section 1 (A) increased payment of principal.....	\$1,677,008
Total Section 1 (B) increased payment of interest.....	739,149
Total Section 1 (C,D,E,F) increased payment of taxes.....	56,843
Total Changes	\$2,473,000

RENTAL OF SPACE
(Dollars in thousands)

Public Buildings Service, Federal Buildings Fund

FY 1977		FY 1978		FY 1979		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount
-	\$462,413	-	\$480,000	-	\$513,137	-	\$35,137	-	\$7,437	-	\$25,700

BACKGROUND

The General Services Administration is responsible for all functions of leasing general purpose space and land incident thereto for Federal agencies, except for cases in more geographical areas where GSA has no jurisdiction. In certain areas, the Department of Agriculture, Commerce and Defense may lease their own space. GSA's basic policy is to lease privately owned buildings and land only when Federal space needs cannot be otherwise accommodated satisfactorily in existing Government-owned or leased space; when leasing proves to be more efficient than the construction or alteration of a Federal Building; when construction or alteration is not warranted because requirements in the community are insufficient or are indefinite in scope or duration; or when completion of a new Federal Building within a reasonable time cannot be assured.

The primary purpose of the Federal Buildings Fund is to make agencies responsible for the costs of the space which they occupy, and thus, cognizant of the need for significant economies in space use. To encourage such awareness, GSA has intensified its efforts to improve space utilization through issuance of guidelines for establishment of agency managed utilization programs, through the development of new space allocation standards for each agency, and through the establishment of the space planning program to assist the agencies in their space assignment planning.

During Fiscal Year 1977 the reduction of vacant space available for assignment continued to be a major concern. Through disposal, reassignment, and lease terminations, our vacant space was reduced from 20.6 million to 15.3 million. This exceeded our goal of reducing the level to 15.5 million by the end of the year. Since the beginning of FY 1976, we have reduced the total vacant space by almost 10 million square feet. Specifically, during FY 1977 unneeded storage (warehouse) was reduced by 3.2 million square feet. The total amount of vacant office space at the end of FY 1977 was 6.0 million square feet or only 4.4 percent of the office space

inventory. This compares favorably with a private sector vacancy rate of 12.5 percent as measured by the Building Owners and Managers Association International in September 1977. The goal for FY 1978 is to reduce the total vacant space by adding 1.5 million square feet to the 14.0 million square feet. By the end of Fiscal Year 1979 the vacant space level is planned to be further reduced to 13.0 million square feet.

JUSTIFICATION

A. HIGHLIGHT - This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated in FY 1979, and lease terminations. Estimated to occur in FY 1979, the amount requested is \$7,437,000. This amount is included in the terms of the lease agreements, including lease alterations performed by the lessor in the leased space and which are to be paid for over the life of the lease. In addition, this activity includes payments to the United States Postal Service for space occupied in USPS buildings by Federal agencies for which GSA is responsible for providing space. The amount requested will allow primary consideration to be given to the efficient and effective performance of the missions and the programs of Federal agencies, with due regard for the convenience of the public service, and the maintenance and improvement of the Federal Government's space inventory. The amount requested for FY 1979 reflects a 1.88 percent increase in the space inventory at the end of FY 1978 (92.9 million square feet) compared to the FY 1978 figure (91.3 million square feet). The program for FY 1979 includes reprogramming of \$7.0 million from FY 1978 funds.

The table below reflects actual costs for FY 1977, the program for FY 1978, and the estimate for FY 1979.

	FY 1977 Actual	FY 1978 Program	FY 1979 Estimate
Rental of leased space and related services	\$440,646	\$455,200	\$486,837*
Payment to USPS	21,767	24,800	26,300
Total	\$462,413	\$480,000	\$513,137

*This amount includes reprogramming of \$7.0 Million from FY 1978 funding.

Public Buildings Service, Federal Buildings Fund

RENTAL OF SPACE (Cont'd)

B. Explanation of Changes, FY 1978 vs. FY 1979. A net increase of \$33,137 thousand is required for Rental of Space in FY 1979, in order to provide for the following:

1. Program Changes: \$7,437 thousand.
 - a. An increase of \$8,937 thousand for an estimated 2.3 million square feet of agency expansion space to be leased in FY 1979.

Need for Increase - This increase represents the estimated FY 1979 part-year cost of space to be acquired from October 1, 1978, through September 30, 1979.
 - b. A decrease of \$1,500 thousand for the release of an estimated .7 million square feet of leased space in FY 1979.

Need for Decrease - This leased space is no longer required due to completions of new Federal Buildings.
2. Other Changes: \$25,700 thousand.
 - a. An increase of \$13,000 thousand for the costs of agency expansion space which was acquired in FY 1978 (3.4 million square feet).

Need for Increase - This increase provides for the annualized cost in FY 1979 of agency expansion space which was leased in FY 1978.
 - b. An increase of \$14,700 thousand for commercial rental rate increases.

Need for Increase - Current leases, which are expiring by their own terms, must be renewed, extended or the lease replaced when no other alternative exists for housing employees of agencies presently occupying this leased space. This amount represents only the annualization of the rate increases which occurred in FY 1978 (for 22.2 million square feet, \$6.8 million) and the part-year costs of such mandatory lease actions which will occur in FY 1979 (for 18.0 million square feet, \$7.9 million).

c. An increase of \$1,500 thousand in the payment to the USFS for a projected increase in the USFS rental rate.

Need for Increase - This increase represents the FY 1979 cost associated with continued agency occupancy of 4.1 million square feet of space in USFS facilities.

d. A decrease of \$1,900 thousand for services to be provided by the Government.

Need for Decrease - This decrease reflects a decrease in services and utilities to be provided by the lessor in 1.8 million square feet of leased space, released in FY 1978.

Need for Decrease - This decrease results from the annualization of savings in leased costs due to the release of approximately .9 million square feet of space in FY 1978 resulting from agencies' moves to new Federal Buildings and to consolidated locations.

Public Buildings Service, Federal Buildings Fund

CHANGES IN THE RENTAL OF SPACE PROGRAM
 FY 1978 - FY 1979
 (In Millions)

	<u>SO. FT.</u>	<u>COST</u>
	<u>91.3</u>	<u>\$480.0</u>
FY 1978 Program		
1. Part-year cost of Expansion Space to be acquired in FY 1979.	2.3	8.9
2. Part-year Savings due to cancellation of leases occurring in FY 1979.	-.7	-1.5
3. Amount needed in FY 1979 to annualize cost of Expansion Space occurring in FY 1978.	(3.4)	13.0
4. Amount needed in FY 1979 to annualize cost of rental rate increases occurring in FY 1978.	(22.2)	6.8
5. Part-year cost for rental rate increases occurring in FY 1979.	(18.0)	7.9
6. Reduction in payments to lessors for services now to be provided by the Government.	(1.8)	-1.9
7. Increased cost for space in USFS facilities.	-0-	1.5
8. Adjustments need in FY 1979 to annualize savings due to cancellation of leases in FY 1978.	<u>(-.9)</u>	<u>-1.6</u>
FY 1979 Program	<u>92.9</u>	<u>\$513.1*</u>

Square footage amounts in () are non-add because they relate to annualizations or rental rate increases for space already in inventory.

*This amount includes reprogramming of \$7.0 Million from FY 1978 funding.

Public Buildings Service, Federal Buildings Fund

Workload Factors	RENTAL OF SPACE				FY 1979 Estimate	FY 78 vs FY 79 Change	FY 78 vs FY 79 % Change
	FY 1977 Actual	FY 1978 Program	FY 1978 Program	FY 1979 Estimate			
Total Space in Inventory* (Million Sq. Ft.)	226.4	227.0	227.0	227.8	0.8	0.4	
Total Assigned	211.1	213.0	213.0	214.8	1.8	0.8	
Total Vacant	15.3	14.0	14.0	13.0	-1.0	-7.1	
Government-owned	137.5	135.7	135.7	134.9	-0.8	-0.6	
Total Assigned	124.0	123.2	123.2	123.2	0.	0.	
Total Vacant	13.5	12.5	12.5	11.7	-0.8	-6.4	
Leased Space**	88.9	91.3	91.3	92.9	1.6	1.8	
Total Assigned	87.1	89.8	89.8	91.6	1.8	2.0	
Total Vacant	1.8	1.5	1.5	1.3	-0.2	-13.3	
Total Personnel Housed	843,797	851,500	851,500	863,000	11,500	1.4	
Number of Leases	6,869	6,900	6,900	7,000	100	1.4	

*Does not include outside parking.

**Includes space occupied in USFS facilities.

LIST OF LEASES BY LOCATION WITH NET ANNUAL RENTAL OF \$500,000 OR MORE
REQUIRING PROSPECTUS APPROVAL IN FY 1979

Public Buildings Service, Federal Buildings Fund

Location	Present Net Annual Rental	Expiration	Continued Occupancy Planned	Estimated Net Annual Rental	Estimated Date To Be Initiated By PBC
<u>ALABAMA</u> Huntsville, 106 Myra Drive	\$ 662,565	12/31/78	yes	\$ 1,515,000	07/01/78
<u>COLORADO</u> Boulder, 3100 Marine Street	443,264	05/31/79	yes	600,000	01/01/79
<u>DISTRICT OF COLUMBIA</u> 1020-11th Street, NW.	1,195,620	05/31/80	yes	1,557,000	09/30/79
521-12th Street, NW.	397,134	02/11/80	yes	580,900	08/01/79
1111-20th Street, NW.	789,994	11/03/79	yes	794,300	05/01/79
1825 Connecticut Avenue, NW.	562,689	01/16/80	yes	840,200	07/01/79
1875 Connecticut Avenue, NW.	872,033	11/14/79	yes	1,256,200	05/01/79
1750 Pennsylvania Avenue, NW.	556,564	01/31/80	yes	752,900	09/01/79
<u>GEORGIA</u> Atlanta, 1720 Peachtree Street	644,676	06/30/80	yes	1,054,620	09/30/79
<u>MARYLAND</u> Baltimore, Meadows East, 6900 Security Blvd.	483,770	05/25/80	yes	505,000	09/30/79
Baltimore, Security Investment Building 1500 Woodlawn Drive	1,128,000	02/29/80	yes	1,371,000	08/01/79
Baltimore, Washington International Airport Building #3	710,783	05/31/79	yes	900,789	01/01/79
Rockville, Washington Science Center 601 Executive Blvd.	571,737	11/14/79	yes	872,900	05/01/79
<u>MASSACHUSETTS</u> Boston, 150 Causeway Street	962,062	04/30/79	yes	1,649,879	11/01/78
<u>NEW YORK</u> New York, 666 Fifth Avenue	400,625	04/19/79	yes	500,000	11/01/78
Jamaica, JFK International Airport	289,302	06/30/79	yes	500,000	01/01/79
<u>PENNSYLVANIA</u> Philadelphia, Curtis Building, 625 Walnut St.	942,428	06/30/79	yes	1,293,800	01/01/79
2 Penn Center Plaza	391,426	06/30/79	yes	641,100	01/01/79
TOTAL (18 Locations)				\$17,185,568	

Public Buildings Service, Federal Buildings Fund

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
12,269	\$420,564	12,211	\$472,304	12,171	\$472,874	-40	\$ 70	-40	\$-27,909	-	\$27,979

BACKGROUND

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish such services.

Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, and day-to-day servicing of tenants' needs. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of the Standard Level User Charge, just as in the private sector tenants pay rent for space and services provided by lessors.

JUSTIFICATION

A. HIGHLIGHT. -The Public Buildings Service is responsible for furnishing building services in GSA-operated facilities including cleaning, protection, elevator operations, mechanical and electrical operation and maintenance, heating and air conditioning, and servicing of structural components and grounds maintenance. Other related supporting services include the moving of Federal agencies as

a result of space alterations in order to provide better space utilization in existing buildings; moving agencies into newly acquired space; evaluation of new materials and equipment related to the operation, maintenance, protection and servicing of space; and on-site supervision of buildings services and operations. For FY 1979 \$472,874 thousand is programmed for this activity, an increase of \$70 thousand over the FY 1978 program, to provide for services in existing space under GSA's control and in new space coming into the inventory through Direct Federal Construction, Purchase Contract, transfer of existing facilities from the USPS, and new leased space or the renewal of leases which do not require these services of the lessor.

The amount which GSA pays just to maintain building services and operations at the commercial level has increased dramatically in the past several years as costs in all sectors of the economy have risen. This is reflected in the cost of contractual services as contractors raise prices to cover their increased costs for labor, materials and supplies, and in the cost of those items which GSA itself purchases. As the cost of living has escalated, so too have GSA salary costs which are increased automatically as the result of wage surveys conducted by law in each locality and by the annual increases in General Schedule salaries.

In attempting to hold down costs and conserve energy, GSA has played a leading role in the Government's energy conservation efforts over the past four years resulting in improved management and less costly operation of Federal Real Property. During FY 1977, we maintained the reduced level of energy consumption achieved in FY 1976. This resulted in a cost avoidance of approximately

Public Building Service, Federal Buildings Fund

REAL PROPERTY OPERATIONS (Continued)

\$46.0 million in FY 1977. In addition, a further one percent is programmed in FY 1979 through continuation of the same energy conservation methods utilized in previous years.

As in previous fiscal years, the FY 1979 estimate for this activity has been developed using engineered work standards. Productivity and work measurement standards are used in the operation and protection of buildings with square feet as a unit measure. This unit measure is applied to areas operated, cleaned, maintained and protected, and building services measurements have been developed to be comparable to those used by business and industry. These standards are continuously monitored and revised where appropriate to reflect productivity gains realized through the application of new methods and systems, the investment in capital assets such as new types of installed building equipment, and the use of new equipment, tools and movable machinery.

B. Explanation of Changes, FY 1978 vs. FY 1979. A net increase of \$70 thousand is requested in order to provide for the following:

1. Program Changes: (-\$7,909) thousand.

a. An increase of \$15,021 thousand to provide for operations in newly acquired GSA-operated space, both Government-owned and leased.

Need for Increase. - This increase will provide for cleaning (\$4,699 thousand), utilities and fuel (\$5,690 thousand), protection (\$354 thousand), maintenance and minor repairs (\$2,988 thousand) and other building services (\$1,290 thousand), for the new square footage workload in the GSA space inventory. This space consists of 2,737,220 average square feet in direct Federally constructed buildings; 1,638,280 average square feet in Purchase Contract buildings; 55,550 average square feet in Lease-Purchase buildings; and 1,757,006 average square feet in new leased space or related to renegotiated leases which do not require all services of the lessor. Though GSA's policy is to lease space fully serviced, some lessors are unwilling to assume the risk of providing such services as cleaning, maintenance and utilities in light of rapidly rising costs in these areas.

b. A \$34,554 thousand reduction reflects the decision to provide a more austere level of service in the other buildings services and to sustain all other building operations, utilities and fuels at approximately FY 1978 funding levels.

Need for Decrease. - The decreases in cleaning (\$4,555 thousand), utilities and fuel (\$18,013 thousand) maintenance and minor repair (\$2,129 thousand), Protection (\$1,637 thousand) and other building services (\$1,962) thousand are necessary to provide building services during FY 1979 at approximate FY 1978 funding level and (\$6,278) thousand related to a more austere level in Other Building Services. These decreases will entail service modification in the other building services area and the adjustment of building temperature ranges from FY 1978 levels of 65°/68°F heating and 78°/80°F cooling to FY 1979 levels of 65°F and 85°F cooling.

c. A \$5,793 thousand reduction reflects a reduction in minor repair work requirements.

Need for Decrease. - One-time minor repair work accomplished during FY 1978 will not be required during FY 1979.

d. A decrease of \$2,983 thousand due to discontinuance of operation and services in GSA-operated space which is scheduled to be released in FY 1979.

Need for Decrease. - The release of space will have the effect of offsetting costs in cleaning (\$1,029 thousand), utilities and fuel (\$920 thousand), protection (\$70 thousand) and maintenance and minor repair (\$564 thousand). The space estimated to be released consists of 2,975,000 average square feet of Government-owned space, of which approximately 2,172,000 is warehouse space; and 338,000 average square feet of leased space where GSA provides building services.

2. Other Changes: \$71,079 thousand.

a. An increase of \$6,900 thousand for wage board pay increases.

Need for Increase. - This increase provides \$6,900 thousand to annualize the cost of wage board pay increases which become effective in FY 1978. Such an amount is necessary to fund the cost of pay increases for wage board personnel in Government-owned space and leased locations where GSA provides services in the following functional areas: (1) cleaning (\$4,283 thousand), (2) maintenance and minor repairs (\$2,394 thousand), and (3) other building services (\$223 thousand).

b. An increase for utilities and fuel of \$11,480 thousand to provide for the increased cost of utility rates and fuel adjustment charges.

To the extent that actual inflation exceeds these estimates or if other factors take place (e.g. decontrol of natural gas and oil prices, insti- tution of time-of-day electrical rates, flattening of block rates, insti- tutions by the oil cartel, etc.) services will have to be reduced signifi- cantly.

c. An increase of \$9,529 thousand for escalated costs of supplies materials and service contracts.

Need for Increase. - This increase will provide for the escalated cost of supplies, materials and contracts related to cleaning (\$5,714 thousand), maintenance and minor repairs (\$1,587 thousand), protection (\$1,353 thousand), and other buildings services (\$875 thousand). The Federal Supply Service estimates a 6 percent increase in cost over FY 1978 for mechanical maintenance and cleaning supplies. This increase will be reflected in the costs of these supplies purchased at FSS self- service stores as well as those purchased through the FSS catalog service. An examination of our contractual costs over the past year shows an in- crease of approximately 6-10 percent. This cost increase is a result of the rising labor and materials cost which our contractors must pay. Items such as toilet paper, hand towels, soaps, waxes and various cleaning agents are included in this category of supplies and materials. Rising labor costs for contract guarding and cost escalation in maintenance con- tracts and protective systems account for the majority of the increase in the protection area.

d. An increase of \$70 thousand for the annualized cost of the general schedule pay increases effective in FY 1978.

Need for Increase. - This increase will provide for the annualized cost of the FY 1978 pay increase effective October 1977 for general schedule employees.

Need for Increase. - Discussions held with various utility companies in different parts of the country, with the Edison Electric Institute, with the Bureau of Labor Statistics, and with the Bureau of Mines indicate that the potential, minimum annual increase in utility and fuel costs will be approximately 8% in FY 1979. In the case of electricity, national rates vary considerably depending on the amount of fuel adjustment charges which are contained in most utility contracts. The potential rate increase and fuel adjustment increase for electricity in Washington, D.C. is anticipated to be between 10% and 15%. The potential increase in electricity for most large cities such as New York, Kansas City, Boston, St. Louis, and Dallas/Ft. Worth, will probably approximate 15%. The smallest increase of 8% is anticipated in Atlanta, Georgia. The range of increases estimated in various locations for electricity is from a low of 8% to a high of 53%. In the case of fuel, the price of coal is projected to increase between 10% to 15%. The increase in price of all fuels will vary from a low of 1% to a high of 15%. The escalation for electricity and fuel does not include price increases from possible decontrol of oil and gas or potential significant price increases of oil by the international oil cartel. Water and sewage costs will closely parallel the projected cost of living increase but with additional costs for water pollution control, the total increase will be approximately 10%. Overall, in certain specific locations, utility costs are still expected to rise by a magnitude of 1% to 20%; however, if recent indications from international sources materialize, significant reductions in escalation for most cities are likely.

Taking these anticipated increases into consideration along with savings to be realized from on-site tuning of our building operating procedures, as well as net workload increases, the \$152.8 million requested for FY 1979 will enable us to provide heating and cooling levels not to exceed 65°F in the winter and 89°F in the summer as compared to the 65° to 68°F in the winter and 76° to 80° in the summer which we are presently providing.

Public Buildings Services, Federal Buildings Fund

PROGRAM AND OTHER CHANGES IN REAL PROPERTY OPERATIONS 1978 - 1979
(Dollars in Thousands)

	CLEANING	UTILITIES & FUEL	MAINTENANCE & MINOR REPAIRS	PROTECTION	OTHER BUILDING SERVICES	TOTAL
Estimated FY 1978 Level:	\$149,151	\$154,563	\$84,671	\$45,280	\$ 39,139	\$472,804
Changes:						
1. Provision of building services in newly acquired space	4,699	5,690	2,988	354	1,290	15,021
2. Release of GSA-operated space	-1,029	-920	-564	-70		-2,583
3. Annualization of FY 1978 Wage Board Increases	4,285		2,394		223	6,900
4. Increased utility rates and fuel costs		11,480				11,480
5. Increased cost of supplies and materials, including service contracts	5,714		1,587	1,353	875	9,529
6. Annualization of FY 1978 classified Pay Act				39	31	70
7. One-time minor repair work accomplished during FY 1978			-5,793			-5,793
8. Provide a more austere level in Other Building Services					-6,278	- 6,278
9. Decrease reflects decision to hold funding at FY 1978 level	-4,535	-18,013	-2,129	-1,637	-1,962	-28,276
Estimated FY 1979 Level	\$158,285	\$152,800	\$83,154	\$45,319	\$ 33,318	\$472,874
RECAP:						
Total Increases	\$ 14,696	\$ 17,170	\$ 6,969	\$ 1,746	\$ 2,419	\$ 43,000
Total Decreases	-5,564	-18,933	-8,486	-1,707	-8,240	-42,930
Net Increase/Decrease	\$ 9,132	\$ -1,763	\$ -1,517	\$ 39	\$ -5,821	\$ 70

REAL PROPERTY OPERATIONS (Continued)

Key Workload Items
(Dollars in Thousands)

	FY 1977		FY 1978		FY 1979	
	Obligations	Average Occupiable Square Feet Unit Cost	Obligations	Average Occupiable Square Feet Unit Cost	Obligations	Average Occupiable Square Feet Unit Cost
Cleaning	\$136,041	177,061 \$0.77	\$149,151	180,183 \$0.83	\$158,283	183,274 \$0.86
Utilities and Fuel	126,123	207,027 0.61	154,563	210,631 0.73	152,800	213,529 0.72
Maintenance and Minor Repairs	81,016	179,281 0.45	84,671	181,451 0.47	83,154	183,530 0.45
Protection	40,562	199,777 0.20	45,280	206,199 0.22	45,319	208,761 0.22
Other Building Services	36,322	277,873 0.13	39,139	279,000 0.14	33,318	279,800 0.12
Total Obligations	\$420,564		\$472,804		\$472,874	

PROGRAM DIRECTION
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
1.871	62,611	2,060	\$68,343	2,000	\$69,847	-60	\$1,504	-60	\$-1,341	-	\$2,845

BACKGROUND

This activity provides for the overall general management, long and short-range planning, and administration of all programs which are the responsibility of the Public Buildings Service. In addition, this activity finances the costs of management and administration of each of the individual activities of the Federal Buildings Fund including Construction, Alterations and Major Repairs, Purchase Contract Payments, Rental of Space and Real Property Operations. It further provides for the costs of essential supporting services for these activities which are funded on a centralized basis.

JUSTIFICATION

A. Highlight. - The Fiscal Year 1979 program level of \$69,847 thousand for this activity includes \$46,639 thousand to finance personnel related costs of 2,000 man-years of employment associated with the management, administration, supervision and operation of the Federal Buildings Fund program. Other costs which total \$23,208 thousand include travel, supplies and materials and contractual services as well as ADP services, communications and other costs which support all aspects of Federal Buildings Fund programs. This activity supports all Public Building Service personnel-related costs incident to the direct Federal Buildings Fund programs, with the exception of those costs incurred by employees engaged in the day-to-day operation, maintenance and protection of facilities, which are reflected in the Real Property Operations activity. Program reaction activity finances personnel and other related support costs incident to the construction of new buildings, alterations and the Alteration and Major Repairs and Construction activities (2) acquisition of leased space, and assignment and utilization of space in support of the Real Property Operations and Rental of Space activities; and (3) long and short-range planning and general overall management supervision for all activities of the Federal Buildings Fund.

B. Explanation of Changes FY 1978 vs. FY 1979. - For FY 1979, \$69,847 thousand is requested for this activity, a 10 percent increase over the \$1,504 thousand over the comparable FY 1978 program. Program Direction costs represent only approximately 5% of the total FY 1979 proposed requirement of the Federal Buildings Fund program.

1. Program Changes: \$-1,341 thousand
A decrease of \$-1,341 thousand and 60 man-years of employment.
Need for Decrease: This decrease is for the cost of personnel services, related benefits and other support related to the general reduction in the overall and program management activity.

2. Other Changes: \$2,845 thousand
a. Increase of \$2,784 thousand for support services and other miscellaneous items.
Need for Increase: \$800 thousand for payment to the Department of Labor for Employee Accident Compensation Fund; \$884 thousand for Federal Telecommunications Service Interchange; \$100 thousand for Federal Printing and Graphics; \$300 thousand for Administrative Equipment; \$300 thousand for General Use Printing; \$800 thousand for consultant contracts.
b. Increase of \$61 thousand for personnel services and related benefits.
Need for Increase: To provide for annualization of pay act effective October 1977.

Public Buildings Service, Federal Buildings Fund

PROGRAM DIRECTION (Continued)
(Dollars in Thousands)

The following table reflects the total support financed in the Program Direction activity for each functional area, and also relates the average man-years financed by this activity to each functional area.

Subactivity	FY 1977		FY 1978		FY 1979	
	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
a) Construction	177	\$ 5,553	188	\$ 6,027	182	\$ 5,811
b) Alterations and Major Repairs	83	2,140	83	2,160	83	2,177
c) Rental of Space	259	5,217	284	6,554	277	6,378
d) Real Property Operations	867	21,115	980	23,006	958	22,457
e) Centralized Services	-	17,660	-	18,777	-	20,559
f) Overall Direction	485	10,926	525	11,819	500	12,465
Total	1,871	\$62,611	2,060	\$68,343	2,000	\$69,847

Public Buildings Service, Federal Buildings Fund

GENERAL SERVICES ADMINISTRATION
 ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
 REIMBURSABLE PROGRAM
 (Dollars in Thousands)

1978 Level of Reimbursable Services.....	Permanent Positions	Man-Years	Amount
Estimates, 1979.....	3,914	3,896	\$550,000
Changes from 1978 to 1979.....	—	—	—

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

	REIMBURSABLE OBLIGATIONS						Increases of Decreases (-) For 1979					
	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
1. Alterations & Major Repairs	2,066	\$ 45,777	1,941	\$178,000	1,941	\$178,000	-	-	-	-	-	-
2. Real Property Operations	1,693	158,381	1,915	372,000	1,955	372,000	-	-	-	-	-	-
a. Cleaning	439	10,587	436	33,000	436	33,000	-	-	-	-	-	-
b. Protection	1,197	42,648	1,442	90,000	1,442	90,000	-	-	-	-	-	-
c. Other Bldg. Services	57	105,146	77	249,000	77	249,000	-	-	-	-	-	-
3. Disposal of Surplus Real and Related Personal Property	214	6,374	-	-	-	-	-	-	-	-	-	-
Total	3,973	\$210,532	3,896	\$550,000	3,896	\$550,000	-	-	-	-	-	-
Permanent Positions Established	3,931		3,914		3,914		-	-	-	-	-	-

Public Buildings Service, Federal Buildings Fund
(Reimbursable Services, Cont'd.)

SUMMARY JUSTIFICATION OF FY 1979 ESTIMATE

As requested by Federal agencies, the Public Buildings Service provides various real property services which are above the commercially equivalent level of service and which are in excess of those provided for under the standard levels of service. Such services include:

(a) Installation, removal, and relocation of partitions, relocation of electric and telephone outlets, and the moving of furniture and office equipment; (b) Security guarding and protection of classified records and property; (c) Installation, operation, maintenance, and repair of burglar alarms and other automatic protective devices and systems for security protection due to the special nature of an agency's activities; (d) Utilities for heating, air-conditioning, and specialized equipment such as printing machines and computers over and above the standard levels; (e) Construction, installation, operation, maintenance, and repair of special equipment and the space adjustments required in buildings as a result of such installations; (f) Construction, installation, and maintenance of exhibits; (g) Alteration of space in buildings as a result of such installations, and alterations for scientific, laboratory, or other specialized purposes, including installation and repair of special ventilating, temperature, and humidity control equipment; (h) Janitorial, heating, air-conditioning, and other services that are required by agencies over and above the standard levels of service; (i) Interior design and graphic services related to other agency projects and programs.

Public Buildings Service, Federal Buildings Fund

REIMBURSABLE SERVICES
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
3,973	\$210,532	3,896	\$550,000	3,896	\$550,000						

BACKGROUND

When requested by Federal agencies, the Public Buildings Service provides on a reimbursable basis, various buildings services which are above those commercially equivalent levels of services which GSA furnishes its tenant agencies in return for payment of the Standard Level User Charge. Such reimbursable services include: space adjustments; tenant alterations and repairs; moving of partitions, furniture and equipment; security guarding and protection; utilities needed for above-standard levels of operations; janitorial and other services provided over the standard level; professional architect/engineer services related to other agency construction programs; and interior design and graphic work requested by other agencies.

JUSTIFICATION

A. HIGHLIGHT

In addition to the commercially equivalent level of real property operations and services which GSA provides to agencies for return of payment of the Standard Level User Charge, GSA also furnishes the same type of services to agencies on a reimbursable basis. These services are requested by agencies whenever they develop a need for a level or frequency of service which is above the commercially equivalent standard. These requirements occur when agencies require overtime operation of facilities because of cyclical work or when certain activities of an agency must be operational on a continuing basis for other than a normal one-shift operation. In the private real estate sector, such services are furnished by entrepreneurs to clients only upon payment for such services in addition to the standard rental paid for space and normal services. The concept of the Federal Buildings Fund is that GSA will furnish agencies with space and services in accordance with approximate commercial standards in return for payment of the standard level user charge. Any real property operations and services which are furnished above standard levels, can only be provided by GSA on a wholly reimbursable basis since GSA has no other source of funds

with which to offset these costs. This concept also extends one of the principles on which the Federal Buildings Fund was established, that of associating the cost of space and services with the program and agency receiving the space and service.

The FY 1979 Reimbursable program is estimated at the same funding level as the FY 1978 program.

Public Buildings Service, Federal Buildings Fund
(Reimbursable Services, Cont'd.)

SUMMARY OF EMPLOYMENT
(Number Average Positions)

Principal Categories	1977 Actual	1978 Estimated	1979 Estimated	Changes For 1979	
				Total	Other
Managerial and Administrative Direction	57	28	28	-	-
Realty Officers Specialists	72	-	-	-	-
Appraisers	46	-	-	-	-
Clerical and Technical	81	16	16	-	-
Cleaners	381	403	403	-	-
Mechanics	2,032	1,907	1,907	-	-
Guards - Protective Officers and Firefighters	1,197	1,442	1,442	-	-
Subtotal	3,866	3,796	3,796	-	-
Part-time and Temporary Average Positions	107	100	100	-	-
Total Average Positions	3,973	3,896	3,896	-	-

Operating Expenses, Disposal of Surplus Real and
Related Personal Property

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

This appropriation of proceeds from real property dispositions provides for the programs and activities relating to the promotion of maximum utilization by Federal agencies and the transfer among Federal agencies of excess real property. It provides for the disposal of surplus real property by sale, exchange, lease, permit, or transfer to authorized organizations as well as the care and handling of excess and surplus property pending its disposition. It also provides for the staff appraisal services for excess and surplus property, for the appraisal of public buildings leases, sites and other building related programs for Government-owned and leased buildings, as well as for the establishment of specifications, standards, and methods governing such appraisals. This appropriation also provides for real property surveys conducted to determine which properties could be put to better Federal use or disposed of as surplus to the Government.

Under the appropriation language for FY 1977, this appropriation was available for expenses incurred in the Federal Buildings Fund. The appropriation language for FY 1978 was changed to provide that these expenses be incurred directly in this account rather than through the Federal Buildings Fund; therefore for illustrative purposes only, man-years and obligations for FY 1977 are presented on a basis comparable to FY 1978 and FY 1979.

Operating Expenses, Disposal of Surplus Real and Related Personal Property
 SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1979
 (Dollars in Thousands)

PROGRAM CHANGES:	Utilization & Disposal ACTIVITY 1		Appraisal ACTIVITY 2		Protection & Maintenance ACTIVITY 3		TOTAL Pos. NY's Amount
	Pos. NY's	Amount	Pos. NY's	Amount	Pos. NY's	Amount	
<u>Decrease:</u>							
Decrease of \$393,000 represents the net of a \$750,000 decrease in funds budgeted for Environmental Impact Statements and an increase in personnel services costs of \$357,000 for the 1978 Classified Pay Act increase.	-	-\$ 393	-	-	-	-	-\$ 393
	-	-\$ 393	-	-	-	-	-\$ 393
TOTAL, Program Changes	-	-\$ 393	-	-	-	-	-\$ 393
<u>OTHER CHANGES</u>							
<u>Increase</u>							
Annualization of FY 1978 Pay Act Increases	-	5	-	2	-	-	7
TOTAL, Other Changes	-	\$ 5	-	\$ 2	-	-	\$ 7
Total, Increases or Decreases 1979 compared to 1978 Appropriation	-	-\$ 388	-	\$ 2	-	-	-\$ 386

Operating Expenses, Disposal of Surplus Real and Related Personal Property

UTILIZATION AND DISPOSAL
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
135.3	\$3,355	140.5	\$4,278	140.5	\$3,890	-	-\$388	-	-\$595	-	\$5

BACKGROUND

The utilization function of this activity provides for the program relating to the promotion of maximum utilization by Federal agencies of Federally owned property, including utilization surveys conducted to identify properties, or portions thereof, which could be put to better Federal use or disposed of as surplus to the Government. The disposal function of this activity provides for the disposition of surplus real property in the manner most advantageous to the Government including sale, exchange, lease, permit or donation to authorized organizations.

utilized or not put to optimum use. The number of surveys to be conducted by GSA are estimated at 120 in 1979.

B. Explanation of changes, FY 1978 vs. FY 1979
 Program Changes. Decrease of \$393,000 represents the net of a \$750,000 decrease in funds budgeted for Environmental Impact Statements and an increase in personnel services costs of \$357,000 for the 1978 Classified Pay Act increase.

Other Changes. An increase of \$5,000 is requested for annualization of the FY 1978 pay increase.

WORKLOAD FACTORS (Acquisition Cost \$ in Millions)

	1977 Actual	1978		1979		Change
		Est.	Est.	Est.	Est.	
1. Utilization Transfers	\$ 44	\$ 110	\$ 110	\$ 110	\$ 110	-
2. Sales	217	200	200	200	200	-
3. Other (Donations, etc.)	133	200	200	200	200	-
Total	\$394	\$510	\$510	\$510	\$510	-

JUSTIFICATION

A. Highlight. - In 1979 it is estimated that the sale of 185 properties originally costing \$200 million will return to the Government \$50 million in sales. Utilization transfers should total 130 properties with an acquisition value of \$110 million. Utilization transfers cover transfers of excess real property among other Federal agencies cover reducing requirements for new procurement. Other disposal actions are expected to total 275 properties with an acquisition value of \$700 million. Such actions cover disposal of real property to public bodies at discounts of up to 100% for health, education, welfare, outdoor recreation, airports, wildlife conservation, public highways, historic monuments, low income housing, etc.

Property utilization surveys are conducted under Executive Order 11724, to identify holdings of executive agencies which are not utilized, under

Operating Expenses, Disposal of Surplus Real and Related Personal Property

UTILIZATION AND DISPOSAL
EXPLANATION OF DISTRIBUTION BY OBJECTS

Personnel Compensation and Staffing. - \$3,110,000 for 143 positions and 140.5 man-years distributed as follows:

	1977	1978	1979
Central Office	39	39	39
Field Offices	104	104	104
Total Positions	143	143	143
Man-Years	135.3	140.5	140.5

Personnel Benefits - \$305,000. - Includes \$218,000 for direct contribution to Retirement Fund; \$66,800 for health benefits, and \$20,200 for group insurance.

Travel and Transportation of Persons. - \$178,000. Includes \$170,000 for travel based on 2,833 days and \$8,000 motor pool services in connection with inspection of real properties, formulation of utilization and disposal plans, providing for further Federal use of excess property, conduct of sales and other disposal actions, and review of regional operations.

Transportation of Things. - \$4,000. For movement of household goods in the transfer of personnel to new posts of duty.

Rents, Communication, and Utilities. - \$180,000. \$90,000 for postage and fees; \$80,000 for telephone and teletype services \$5,000 for payments to GSF for depreciation of administrative

furniture and equipment, and \$5,000 for commercial utilities and equipment rental.

Printing and Reproduction. - \$22,000. For printing and reproduction of procedural and regulatory information, updating GSA handbooks, orders, forms and other recurring printing requirements.

Other Services. - \$78,000. Includes \$13,000 for repair of office machines and equipment reimbursable to the General Supply Fund; \$40,000 for payment to the Working Capital Fund for photocopying and similar processing; and \$25,000 for health room charges, security investigations and miscellaneous expenses.

Supplies and Materials. - \$13,000. For supplies and materials used in normal administrative operations.

Operating Expenses, Disposal of Surplus Real and Related Personal Property

APPRAISAL
(Dollars in Thousands)

FY 1977	FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
78.7	\$2,059	79.5	\$2,257	79.5	\$2,259	--	\$2	--	--	\$2

BACKGROUND

This activity provides for the appraisal of excess and surplus property, for the appraisal of public building leases, sites, and other building related programs for Government-owned and leased buildings, as well as for the establishment of specifications, standards, and methods governing such appraisals.

B. Explanation of Changes, FY 1978 vs. FY 1979.

Program Changes. None

Other Changes. An increase of \$2,000 is requested for annualization of the FY 1978 pay increase.

JUSTIFICATION

A. Highlight. - Appraisals are made by staff and contract appraisers to establish values for excess and surplus real and related personal property, including the appraisal of heavy machinery and equipment in defense industrial plants, in order to obtain maximum benefit to the Government through effective utilization or disposal. Furthermore, the appraisals activity includes reviewing and analyzing those contract appraisals of surplus real and related personal property which are financed through the Expenses, Disposal of Surplus Real and Related Personal Property account. This activity also provides for the appraisal of excess and surplus property, for the appraisal of public buildings leases, sites, and other related building programs for Government-owned and leased buildings as well as for the establishment of specifications, standards, and methods governing such appraisals. It also provides for supervision and review of appraisals used as the basis for the Standard Level User Charge.

Workload Factors	1977 Actual	(Number of Appraisals)		% Change
		1978 Estimated	1979 Estimated	
Staff Appraisals	2,073	2,100	2,100	-
Contract Appraisals	262	300	300	-
Total	2,335	2,400	2,400	-

Operating Expenses, Disposal of Surplus Real and Related Personal Property

APPRAISAL

EXPLANATION OF DISTRIBUTION BY OBJECTS

furniture and equipment, and \$4,000 for commercial utilities and equipment rental.

Printing and Reproduction. - \$5,000. For printing and reproduction of procedural and regulatory information, updating GSA handbooks, orders, forms and other recurring printing requirements.

Other Services. - \$38,000. Includes \$3,000 for repair of office machines and equipment reimbursable to the General Supply Fund; \$10,000 for payment to the Working Capital Fund for photocopying and similar processing; \$40,000 for contractual services connected with lease appraisals; and \$5,000 for health room charges, security investigations and miscellaneous expense.

Supplies and Materials. - \$12,000. For supplies and materials used in normal administrative operations.

Personnel Compensation and Staffing - \$1,857,000 for 80 positions and 79.5 man-years distributed as follows:

	1977	1978	1979
Central Office	7	7	7
Field Offices	73	73	73
Total Positions	80	80	80
Man-years	78.7	79.5	79.5

Personnel Benefits - \$181,000. - Includes \$127,000 for direct contribution to Retirement Fund; \$39,800 for health benefits, and \$14,200 for group insurance.

Travel and Transportation of Persons. - \$112,000. Includes \$100,000 for travel based on 1,667 days and \$12,000 for motor pool services in connection with inspections and investigations for appraisal purposes, and review of regional operations.

Transportation of Things. - \$1,000. For movement of household goods in the transfer of personnel to new posts of duty.

Rents, Communications, and Utilities. - \$35,000. \$10,000 for postage and fees; \$20,000 for telephone and teletype services, \$1,000 for payment to GSA for depreciation of administrative

Operating Expenses, Disposal of Surplus Real and Related Personal Property

PROTECTION AND MAINTENANCE
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
-	\$ 960	-	\$1,400	-	\$1,400	-	-	-	-	-	-

BACKGROUND

This activity provides for protection and maintenance (P&M) of the Government's economic interest in excess and surplus property pending final disposition under the Federal Property Management Regulations (41 CFR 101-11.6) (FPMR) which requires that this account assume the responsibility for protecting protection and maintenance within 15 months after the date the holding agencies report excess. This is accomplished by: (1) the holding agencies reporting to P&M costs with GSA reimbursing them, or; (2) GSA funding the P&M costs directly.

JUSTIFICATION

Highlight. During FY 1977, this activity expended \$960,000 to protect and maintain selected excess and surplus properties in the GSA inventory. The GSA regional offices estimated that approximately \$2,500,000 would have been required. This situation is likely to recur both in FY 1978 and FY 1979 at these funding levels. Because this activity did not receive adequate funding, we could not assure that holding agencies would be reimbursed for the minimum P&M expenditures for some properties subsequent to the 15 month period following the excess reporting date. In other cases, we could not assure that holding agencies would be reimbursed for P&M activities of approximately \$.9 million. As a result of only providing minimum P&M properties may be subject to economic loss through deterioration. This, in turn, causes the market price and hence the return to the Government to be lower than it might otherwise have been.

EXPLANATION OF DISTRIBUTION BY OBJECTS

25 Other Services: \$1,400,000. Includes \$950,000 for reimbursement to holding agencies for costs of protection and maintenance of excess and surplus property pending disposal, \$400,000 for protection and maintenance charges reimbursed by the Federal Buildings Fund, and \$50,000 for contractual services connected with protection and maintenance of properties.

GENERAL SERVICES ADMINISTRATION

DISPOSAL OF SURPLUS REAL AND RELATED PERSONAL
PROPERTY, OPERATING EXPENSES\$7,549,000

Not to exceed \$7,935,000 of any proceeds received by the General Services Administration during the current fiscal year from transfers of excess property and the disposal of surplus real and related personal property shall be deposited to this appropriation, and shall be available for necessary expenses in carrying out surplus property functions, pursuant to the Land and Water Conservation Act of 1965, as amended (16 U.S.C. 460 1-5).

“(Independent Agencies
Appropriations Act, 1978)”

Operating Expenses, Disposal of Surplus Real and
Related Personal Property

SUMMARY OF EMPLOYMENT
(Number Average Positions)

Principal Categories	Actual 1977	Estimated		Total	Increases for 1979	
		1978	1979		Program Increases	Other
Managerial and Administrative Direction	29.0	29.0	29.0	-	-	-
Realty Officers - Specialists	72.0	74.0	74.0	-	-	-
Appraisers	46.0	48.0	48.0	-	-	-
Clerical and Technical	65.6	69.0	69.0	-	-	-
Subtotal	212.6	220.0	220.0	-	-	-
Part-Time and temporary	1.4	-	-	-	-	-
Total Average Positions	214.0	220.0	220.0	-	-	-

Operating Expenses, Disposal of Surplus Real and
Related Personal Property

SELECTED WORKLOAD DATA

Activity and Principal Workload Factors	1977 Actual		1978 Budget		1978 Program		1979 Budget		1979 Estimate		Percent of Decrease vs. 1978 No. Prop. Acq. Cost (\$ in Millions)
	No. Prop.	Acq. Cost (\$ in Millions)	No. Prop.	Acq. Cost (\$ in Millions)	No. Prop.	Acq. Cost (\$ in Millions)	No. Prop.	Acq. Cost (\$ in Millions)	No. Prop.	Acq. Cost (\$ in Millions)	
1. Utilization and Disposal:											
a. Utilization Transfers	136	\$ 44	130	\$110	130	\$110	130	\$110	130	\$110	-
b. Sales	179	217	185	200	185	200	185	200	185	200	-
c. Other (Donations, etc.)	215	133	275	200	275	200	275	200	275	200	-
Total	530	\$394	590	\$510	590	\$510	590	\$510	590	\$510	-
2. Appraisal: (No. of Appraisals)											
a. Staff	2,075			1,675		2,100		2,100		2,100	
b. Contract	262			325		300		300		500	
TOTAL	2,335			2,000		2,400		2,400		2,400	

Expenses, Disposal of Surplus Real and
Related Personal Property

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

Funds made available under this heading finances contractual services of appraisers, auctioneers, and brokers familiar with local markets to supplement the regular staff of GSA financed through the "Disposal of Surplus Real and Related Personal Property, Operating Expenses" appropriation, to accelerate the sale of surplus real property. Funds are made available by apportionments approved by the Director, Office of Management and Budget from receipts from sales of surplus property, subject to a limitation of 12 percent of the proceeds of all disposals within each year, and are available for obligation during only the year in which they are approved.

1. Appraisers Fees. The activity provides for payments to contract appraisers for appraisals of surplus properties.
2. Auctioneers and Brokers Fees and Surveying. This activity provides for payments to auctioneers and brokers by contract and for contract surveying of surplus properties.
3. Advertising. For advertising necessary in the disposal of surplus properties.

As funds provided for this program are under a permanent legislative authorization (subsection (b), section 204 of the Federal Property and Administrative Services Act of 1949), which requires only the approval of the Director, Office of Management and Budget under the normal apportionment process, no annual appropriation action by Congress is required.

CONSOLIDATED WORKING FUND
REAL PROPERTY ACTIVITIES
(Dollars in thousands)

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Total Obligations	\$ 18,941	\$ 26,293	\$ 27,000
Net Outlays	\$ -1,054	\$ -1,000	- 400

SUMMARY JUSTIFICATION

This fund primarily reflects construction performed by the General Services Administration in behalf of the University of the District of Columbia.

Construction Services Fund, Public Building Service

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
(dollars in thousands)

	<u>Permanent Positions</u>	<u>Man-Years</u>	<u>Amount</u>
<u>Other Changes:</u>			
<u>Increases:</u>			
Amount to annualize FY 1978 Pay Act costs	—	—	<u>\$ 26</u>
Total increase 1979 compared with 1978 Proposed Program	—	—	<u>\$ 26</u>

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11 Personnel Compensation - \$19,800,000 for 846 man-years
distributed as follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Central Office	—	—	—
Field Offices	<u>859</u>	<u>826</u>	<u>826</u>
Total Positions	859	826	826
Man-Years	874	846	846

12 Personnel Benefits - \$1,962,000 - Includes \$1,413,400 for direct contribution for the retirement fund.
\$392,400 for health benefits, \$117,000 for group insurance and \$9,200 for FICA.

Construction Services Fund, Public Buildings Service

Program and Performance

Construction services activities consisting of preparation of drawings and specifications for the construction or alteration of public buildings; management and inspection of construction and alteration activities; and surveys and test borings performed in connection with the acquisition of Federal building sites and other related services are financed by this fund on a reimbursable basis from funds authorized, transferred, or advanced to the General Services Administration (40 U. S. C. 296).

Technical Services

Initial financing of this fund provides for salaries and related benefits of all personnel engaged in architectural and engineering services in connection with building design and construction. Estimates cover the GSA public building construction program, including projects privately financed by purchase contract under the Public Building Amendments of 1972, the alteration and major repair program, and additional workload in connection with projects assigned to GSA by other Federal agencies.

Construction Services Fund, Public Buildings Service

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

<u>Principal Categories</u>	<u>1977</u> <u>Actual</u>	<u>1978</u>		<u>1979</u>		<u>CHANGES FOR 1979</u>	
		<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Program Increase</u>	<u>Other</u>	
Managerial and Administrative Direction	34	33	33	-	-	-	-
Engineers and Architects	561	570	570	-	-	-	-
Clerical and Technical	259	223	223	-	-	-	-
Subtotal	854	826	826	-	-	-	-
Part-time and Temporary Average Positions	20	20	20	-	-	-	-
Total Average Positions	874	846	846	-	-	-	-

WEDNESDAY, FEBRUARY 15, 1978.

GENERAL SERVICES ADMINISTRATION

WITNESSES

AGENCYWIDE MATTERS

JAY SOLOMON, ADMINISTRATOR
JANICE K. MENDENHALL, DIRECTOR OF ADMINISTRATION
**RAYMOND A. FONTAINE, DIRECTOR OF BUDGET AND MANAGE-
MENT SYSTEMS**
**EDWARD J. DUIGNAN, ASSISTANT GENERAL COUNSEL, PRO-
CUREMENT DIVISION**

FEDERAL SUPPLY SERVICE

ROBERT P. GRAHAM, COMMISSIONER
LESTER L. MITCHELL, EXECUTIVE DIRECTOR
**FREDERICK B. BUNKE, ASSISTANT COMMISSIONER FOR PRO-
CUREMENT**
**CIRO P. FARINA, ASSISTANT COMMISSIONER FOR TRANSPORTA-
TION AND PUBLIC UTILITIES**
**PAUL R. FLYNN, DEPUTY ASSISTANT COMMISSIONER FOR PER-
SONAL PROPERTY DISPOSAL**
**ROGER F. CARROLL, JR., ASSISTANT COMMISSIONER FOR
STANDARDS AND QUALITY CONTROL**

Mr. STEED. The committee will be in order.

The committee is in session today for further consideration of the 1979 budget request of the General Service Administration, and today we will take up the Federal Supply Service.

Operating expenses for 1978 were \$160,000,000 with a pay supplemental of \$7,080,000 and a transfer of \$1,064,000, bringing the 1978 total to \$168,144,000.

The budget request for 1979 is \$167,468,000, a decrease of \$676,000 from 1978.

We are very pleased to have with us today the Deputy Administrator, Mr. Griffin. With him is the Commissioner of the Federal Supply Service, Mr. Graham. Mr. Administrator, if you would like to introduce your associates for us, we will make your statement a part of the record.

[The information referred to follows:]

STATEMENT OF ROBERT P. GRAHAM
COMMISSIONER OF FEDERAL SUPPLY SERVICE

I am pleased to appear before you and the other distinguished members of this committee to report on Federal Supply Service activities and to present our annual appropriation request.

I am accompanied today by Mr. Fred Bunke, the Assistant Commissioner for Procurement, Mr. Ciro Farina, the Assistant Commissioner for Transportation and Public Utilities, Mr. Roger Carroll, the Assistant Commissioner for Standards and Quality Control, Mr. Paul R. Flynn, Deputy Assistant Commissioner for Personal Property Disposal and Mr. Les Mitchell, the Executive Director for the Federal Supply Service.

These gentlemen will assist me in responding to any questions you may have concerning the budget or related matters.

The Federal Supply Service Operating Expense budget for fiscal year 1979 totals \$167,468,000 in funds and 5,468 man-years. This represents a net decrease of \$676,000 from the current anticipated level of \$168,144,000 for fiscal 1978.

This net decrease results from a reduction of \$5,807,000 because of space savings and operating productivity efficiencies partly offset by a requested increase of \$5,131,000 to support operational needs.

The fiscal year 1979 budget reductions reflect the Federal Supply Service policy to continue to pursue depot consolidations wherever feasible. During fiscal year 1979, FSS intends to close 4 of the 20 existing depots, which are Clearfield, Utah; Albuquerque, New Mexico, and two other locations being considered in the Midwest and East. A timetable for implementation of these closures and plans for future closures and/or consolidations are currently under study and will result in a \$4 million reduction.

A concerted effort in streamlining FSS overhead and improving operational productivity will generate the additional \$1,807,000 savings indicated.

Requested are funds necessary to support the following:

- \$3,000,000 for the purchase of data entry equipment representing replacement of communications equipment for the FSS Supply System
- \$1,311,000 for the anticipated increase in the level of activity in the National Stockpile Program;
- \$784,000 for the additional cost of salary and wage increases which will be effective for a portion of fiscal year 1978 and all of fiscal year 1979; and
- \$36,000 annualized cost in support of the donation program transferred from the Department of Health Education & Welfare in fiscal year 1978.

We are continuing to seek improvements in all aspects of our operations to better serve the needs of our customer agencies in our areas of responsibility by achieving the maximum return on investment and the lowest total cost to the Government.

To this end and to insure the most efficient and economic customer support, the Federal Supply Service has been working on the development of an economic model which will provide GSA management with a more sophisticated mechanism for making "method of supply" determinations. The first segment of the economic model, dealing with stock inventory ("stores") is scheduled for completion in 1978.

Also, when all funds are converted to the National Electronic Accounting Reporting (NEAR) System, our capability to operate a Full Cost Disclosure System will be greatly enhanced.

As a part of its operation, the Federal Supply Service manages the General Supply Fund which finances on a reimbursable basis the depot supply system, the direct delivery program, and the Interagency Motor Pool System. In fiscal year 1979, the total sales volume of this fund for all programs is estimated to be in excess of \$1.6 billion, an increase of 5.1 percent over the fiscal year 1978 level.

The Budget calls for FSS to submit authorizing legislation to allow the General Supply Fund to modify its motor vehicle financing methods such that (1) lease charges to customer agencies are based on vehicle replacement costs, and (2) a specified amount of surplus can be retained to make additional vehicle purchases. Legislation for these proposals is due to be submitted to the Congress shortly.

The Federal Supply Service is responsible for:

- the efficient management of supply and property management practices throughout the Federal Government;
- the operation of a world-wide supply system;
- the operation of the interagency motor pool system;
- improving transportation and public utilities practices by appearing before regulatory bodies;
- auditing transportation documents to protect the interests of the Government;
- maintaining the national and supplemental stockpile of critical materials;
- the disposal of surplus personal property; and
- the utilization of excess property and rehabilitation of repairable property.

To accomplish these functions, the Federal Supply Service is organized into eight program offices. Seven of these program offices are concerned with specific operating programs while the eighth, Service Direction, provides management and policy direction.

The Office of Supply Distribution through a system of 20 depot facilities manages and operates the wholesale supply system which receives, stores and issues 22,000 common use, high demand items requisitioned by Federal Agencies. Depot sales for fiscal year 1979 are estimated to be \$784 million.

During fiscal year 1979, the Office of Procurement will perform all buying functions for procurements amounting to \$3.5 billion, and perform inventory management and control functions for a depot inventory valued at \$233 million. Procurement functions performed by Federal Supply Service support Government agencies through the full range of methods of supply -- depot stocks, direct delivery and the schedules program.

The Office of Standards and Quality Control maintains specifications and performs the quality inspections necessary to support the procurement volumes. During fiscal year 1979, there will be 2,470 specification actions and quality control will be performed on 15,227 contracts.

The Office of Customer Service and Support provides for the cataloging functions, liaison with the customer agencies, order processing and control and operates the seventy five Self-Service Stores that provide supply items to customer agencies in small quantities at the same price advantages available through the depot stock system. During fiscal year 1979, Self Service Store Sales are expected to be \$89 million. Approximately 7.5 million customer requisitions will be processed.

The Office of Transportation and Public Utilities provides transportation management services to other agencies, represents the Government agencies before rate setting authorities and performs audits of all charges made to the Government for transportation of goods. In addition, this office operates over 85,000 vehicles in the Interagency Motor Pool System which consists of 100 motor pools located throughout the country. During fiscal year 1979, the audit function alone is expected to save the Government an estimated \$9.7 million in excessive transportation charges.

The Office of Property Management manages the Government's inventories of strategic and critical materials and is responsible for the procurement, receipt, storage, and shipment of these commodities as required by the national interest. The materials in the stockpile are valued over \$9 billion.

The Office of Personal Property Disposal operates programs for the utilization, donation, rehabilitation, exchange/sale, and sale of personal property. During fiscal year 1979, utilization and donation operations will transfer material with an original acquisition cost of \$1.6 billion, property valued at \$815 million will be rehabilitated, and exchange/sale and sales will generate proceeds of \$32 million.

Service Direction provides for the overall management of the Federal Supply Service. This activity also finances the costs for payments for space rental, postage, and communications.

The General Supply Fund finances on a reimbursable basis;

- the supply depot system;
- the direct delivery program -- a system of ordering supplies for direct delivery to customer agencies;
- the Interagency Motor Pool Operations;
- the rehabilitation and repair of furniture and equipment; and
- the redistribution of material returned from overseas and the rental of administrative equipment to other elements of GSA.

The Advances and Reimbursements appropriation finances on a reimbursable basis the packing and packaging of items for shipment to overseas destinations, the interagency training program and specialized agency supply support.

The Working Capital Fund finances on a reimbursable basis centralized blueprinting, photostating, duplicating and distribution services for Federal agencies.

The Sale of Rare Silver Dollars appropriation finances the sale of rare coins discovered during a 1964 Treasury audit. Approximately one million coins still remain to be sold. Legislation has been introduced to allow revision to the method of sale to facilitate disposal.

INTRODUCTIONS

Mr. GRIFFIN. I know you met Robert Graham, who joined GSA seven months ago from City Bank in New York and is Commissioner of our Federal Supply Service. He will be summarizing his comments. I believe that you will have already put his prepared statement in the record.

Mr. STEED. Yes.

Mr. GRIFFIN. With Mr. Graham are several of his associates: Roger Carroll, the Assistant Commissioner for Standards and Quality Control; Paul Flynn, Deputy Assistant Commissioner for Personal Property Disposal; Ciro Farina, Transportation and Public Utilities; Fred Bunke, who is Assistant Commissioner for Procurement; Ed Duignan, who is the Assistant General Counsel, servicing the Federal Supply Service; and Les Mitchell, the Executive Director for the Federal Supply Service.

NEW POSITIONS

Mr. STEED. Mr. Graham, why don't you start off by giving us comments on your request for 48 new positions and then any other remarks you would like to make.

Mr. GRAHAM. When you talk of new positions this actually represents a net decrease in terms of our employment. This is reflected again in a total net reduction with relation to the budget versus 1978, and that comes about largely through operating efficiencies and productivity. That will really be the principal basis upon which there will be a net decrease in total employment.

Mr. STEED. Is there any impact in this area caused by the increase in the amount of purchasing power you have without competitive bid from \$2,500 to \$10,000? Has that been a manpower saving?

Mr. GRAHAM. Yes, it has. It has been very effective.

Mr. STEED. Since we happened to originate this, we would appreciate any favorable comments you could make on the fact that the idea was adopted.

Mr. GRAHAM. We have a sheet which I can put in the record indicating a total savings for 1977 of \$2,183,327, which, I think, is reflective of the reduction in manpower time, principally because of the reduced documentation.

Mr. STEED. We will make that a part of the record at this point. [The information referred to follows:]

FY 1977 Savings
Expansion of Small Purchase Authority
P.L. 93-356 7/25/74

- ° 88,769 contracts under \$2500
- ° 3807 contracts \$2500 - \$10,000
- ° 15,728 contracts over \$10,000

Cost per small purchase contract	\$ 40.84
Cost per large purchase contract	\$ 543.62
Manpower Savings (\$2500 - \$10,000) per document	\$ 502.78
Total Manpower Saving	\$1,914,093
Printing costs per small purchase	\$.197
Printing costs per large purchase	\$ 59.10
Printing Savings (\$2500 - \$10,000)	\$ 224,244
Total Savings	\$2,183,327

SMALL BUSINESS CONSTRAINTS

1. Written solicitation is required on all procurements estimated to exceed \$5,000.
2. Procurements in excess of \$5,000 must be synopsisized in the Commerce Business Daily.
3. The appropriate clauses covering the following must be included or incorporated in procurements in excess of \$2,500 and/or \$5,000.
 - (a) Buy American Act
 - (b) Davis-Bacon Act
 - (c) Miller Act
 - (d) Copeland Act
 - (e) Services Contract Act of 1965
 - (f) Contract Work Hours and Safety Standards Act

GENERAL STATEMENT

Mr. STEED. Could you give us an overall summary of the Federal Supply Service, in terms of how many outlets you operate, how many employees you have, how many dollars' worth of merchandise you dispense a year and what the participation of your customer Government agencies is at this time?

Mr. GRAHAM. Let me give you a brief synopsis.

As a generalization, Federal Supply may be characterized as a multi-service conglomerate, with the following primary functions: Operating a worldwide supply system providing common-use, commercial-type items for Federal agencies; the efficient management of supply and property management practices throughout the Federal Government; improving transportation traffic and public utility programs of GSA; auditing all Federal transportation documents and providing procurement assistance, rates routing and related transportation services to Federal agencies; operating the Interagency Motor Pool program; maintaining the national and supplemental stockpile of strategic and critical materials and contracting for the acquisition of additional materials; providing for the maximum utilization of excess personal property through transfers among Federal Agencies, donation of all surplus property and repair and rehabilitation of Government-owned personal property to extend its useful life.

Estimated business volumes consisting of sales to agencies for 1979 are projected to be \$3.508 billion, comprising stock or warehouse sales of \$899 million, nonstock sales of \$547 million, competitive bid schedule sales of \$287 million, and multiple award schedule sales of \$1.775 billion.

Total employment complement in 1979 is estimated at 7,949 man-years.

FSS ORGANIZATION

To accomplish its responsibilities, the Federal Supply Service operates in ten regions across the country, organized into seven offices concerned with specific operating programs. The eighth, which is Service Direction, provides management and policy direction for all Federal supply programs.

Very briefly, our operating program offices are Supply Distribution, which maintains 20 warehouse facilities in ten regions. It receives stocks and issues on a worldwide basis commercial-product-type commodities requisitioned by the Federal agencies.

The highlights anticipated for 1979 estimate the handling of approximately 1.3 million tons involving 1,443 man-years.

Procurement, which is the organization responsible for purchasing, contracting and inventory management will, in the course of 1979 include negotiating and awarding approximately 22,000 contracts over \$10,000 in amount; maintaining depot inventory at an estimated level of \$233 million, with a fill rate of 90 percent and a stock turnover of 3.2. These activities involve 1,169 man-years.

Policy direction is also provided by the Procurement Office for the three commodity centers, which are the Furniture Center with projected sales of \$234 million in 1979; the Automotive Center with projected sales of \$290 million in 1979; and the Tool Center with projected sales of \$100 million in 1979.

Standards and Quality Control, another office, is responsible for contract administration and quality control, also handling Federal specifications and standards which are promulgated to reflect the qualitative requirement for stock, nonstock and competitive schedule procurements.

1979 highlights anticipate 2,470 actions relating to specification and standardization and inspection of some 15,227 contracts. Man-years accountable for this function total 643.

Transportation and Public Utilities provides assistance to Federal agencies for improving transportation practices in passenger and travel management, is involved in audits in relation to bills that are submitted to the Government, develops Governmentwide policies and procedures in relation to the overall efficiencies of cargo and passenger transportation. It operates the Interagency Motor Pool in 100 locations, with 89,000 vehicles.

Highlights for 1979 anticipate transportation auditing of something like five million invoices and a saving of \$10 million to the Government.

There will be 34 appearances involving public utility rate cases, at an estimated saving of \$20 million. The above activities involve 1,954 man-years.

Customer Service and Support provides liaison functions with other agencies to assure effective supply support, conducts customer research, Logistics Data activities, and is responsible for the operation of the retail stores.

Highlights for 1979 include the responsibility for maintaining and operating 75 retail stores located across the ten regions, with sales of \$89 million, the processing of 7.4 million requisitions and 194,000 supply management actions that will involve 760 man-years.

Property Management maintains the Government's inventories of strategic and critical materials; it also is responsible for the acquisition of materials as needed.

The 1979 highlights anticipate the management of 115 stockpile locations, involving storage and maintenance of 30.5 million tons, requiring 250 man-years.

Personal Property Disposal is the office that provides for maximum utilization of excess personal property through transfers among Federal agencies, donations of all surplus personal property to States, including state agencies and hospitals, the sale of surplus and exchange properties and also the contracting for rehabilitation of personal property and equipment belonging to the Federal Government.

Highlights for 1979 anticipate the screening of \$4 billion in terms of original acquisition cost of merchandise, with transfers of \$1.6 billion and sales receipts from the exchange/sale of surplus property of \$32 million.

Also there will be involved replacement cost avoidance as a result of repair and rehabilitation of personal property valued at \$815 million. The above activities are anticipated to require 500 man-years.

Service Direction provides management and policy direction, both departmental and field, for all operations of Federal Supply. This element includes the Office of the Commissioner, Federal Procurement Regulations, Socio-economic Policy Program, the

Office of the Executive Director, the Office of Management, Planning and Program Analysis.

In addition, the servicewide cost of space, postage and other centralized services are funded under this activity.

That gives you a general background.

GENERAL SUPPLY FUND

Mr. STEED. As a matter of further information and emphasis, could you give us a statement about the current condition of the General Supply Fund and how it interrelates with the Federal Supply Service?

Mr. GRAHAM. The General Supply Fund is capitalized with an appropriation of \$282.750 million. Its function is to provide the financing for inventory and the turnover in relation to sales and also the financing of the capital requirements for the Interagency Motor Pool fleet and all the operations related thereto. The GSF is also responsible for financing the export activities. Those are the principal functions that are funded by the General Supply Fund.

Mr. STEED. In dealing with your customers, are you faced with an unfair or unnecessary timelag between the time you buy and deliver merchandise and when you are reimbursed for it?

Mr. GRAHAM. No, we have not experienced that as far as it goes. I think that the Office of the Executive Director maintains a very close control over cash flow. Because of the experience that occurred a couple of years back, there were imposed various controls and provisions that would monitor the General Supply Fund, and part of that was, of course, to follow up closely in relation to outstanding receivables to make sure that they were fully paid well within the time limit, so we don't experience that as a problem.

OVERSUPPLY AND TURNOVER OF MERCHANDISE

Mr. STEED. A few years ago, when Mr. Eckerd became Administrator, he was testifying to his concern about the Federal Supply Service in terms of oversupply of slow-moving items and the failure to bring on board the fast-moving items so customers could be accommodated without undue delay; he was also concerned about merchandise kept too long on the shelf, that it deteriorated in its value and so forth; and he was very pleased with some of the progress they had made in correcting these problems.

What is your condition today? Do you think you have your turnover in good control?

Mr. GRAHAM. As a matter of fact, we have increased the turnover. The average annual inventory turnover is at the rate of 3.2 and it is on an increasing scale. As a further indication we had approximately 30,000 items in stock a year ago. As a result of reviewing the demand relationship to a number of the items, we have reduced approximately 8,000 slow moving items from stock in the last 12 to 15 months; and this is a constant, on-going exercise. This action accomplishes a couple of things: One, it reduces our need to finance that inventory; and, two, it simply means that the more rapidly turning inventory can receive prompter attention.

Mr. GRIFFIN. Item purification in the system is a big effort, Mr. Chairman, and item entry into the system is something we are constantly monitoring. New items, receive very careful examination before they are allowed into the system.

Also, control of the number of items as well as reduction of the number of depots is a big activity and effort in the Federal Supply Service.

The Office of Federal Procurement Policy, Defense and GSA are engaged in a joint activity to maintain close supervision and rely as much as possible on the private distribution system and control, as Mr. Graham mentioned. The reduction of the number of items, particularly those which don't belong in the system, are the ones to which Mr. Eckerd was testifying.

Mr. STEED. I remember one item they called our attention to. There were about 38 different ballpoint pens available at that time. Obviously, carrying all those in stock would be a losing proposition, so they finally decided on maybe one or two or three that would be the standard type they would carry; and this is the way you keep an inventory in control, as I understand it. They used that to illustrate why you had to have some decision on what you would stock and what it wasn't good business to stock.

Mr. GRIFFIN. Of course, there are various pressures by small business people constantly visiting GSA to introduce new items, and we make sure they go out and develop a market and prove that it really belongs in the system. The more you reduce, the less participation you possibly can have from small business minority firms.

AUDITING

Mr. STEED. Now, then, what about auditing? Does the GAO check you out on a periodic basis?

Mr. GRIFFIN. GAO regularly audits; they have resident auditors in GSA. They select the areas to audit; they respond to congressional requests; they make their own determinations. We provide them housing and all the support information. Then we get their draft reports and have an opportunity to comment.

We have a constant relationship with GAO. In fact, we have so many GAO people in there we sometimes wonder if anybody else is being looked at; but it is an ongoing thing.

Mr. STEED. Does this work out as a disadvantage or are there any advantages to it?

Mr. GRIFFIN. Properly attended to, I think that we probably make very good use of GAO audits as an additional management tool to help us keep balance in our programs. I generally believe that they give us objective criticisms with which we can live. Sometimes we disagree with them totally; they accept it and we work it out in the comments. But, speaking personally, I would prefer to have them there than not.

Mr. GRAHAM. I think, in general, their observations and activities are constructive. They do represent an independent overview.

NEW ITEM PROCUREMENT

Mr. STEED. I know that the time comes when a customer will have a need for something you don't carry in stock and they ask you to procure it for them. Does this ever involve your determining the specifications for them, or do they bring those to you? How much of your activity is in an area like this?

Mr. GRAHAM. It depends a lot on the item itself in relation to specifications, of course. To begin with, we do price economies with

regard to the justification for a specification, so before a new specification is put into being there is an analysis made of the anticipated quantity that might be bought in relation to that spec. In other words, if somebody was interested in buying a very small quantity of something, it wouldn't be economically productive to develop a spec; however, it depends upon the item itself, the volume that is required and therefore on that basis it can be cost justified to produce a spec.

Today we are being particularly critical of a new specification in any event because, as Mr. Griffin has indicated, the commercial products policy is receiving close attention and we have underway a specification modernization program which has been ongoing for about 15 months now. This will continue, the purpose being to remove and cancel specs, to make them much more performance or function related, so that it will simplify the acquisition of commercial-type, off-the-shelf items.

Mr. STEED. Suppose I invent a new mousetrap and I would like to do business with you. From the time I present my material and my mousetrap for your inspection, how much time on an average will it be before you would be able to tell me that you were in the market for this new trap or you were not?

Mr. GRAHAM. If it is a new item, it goes through a procedure called the new item entry system. We would take the item; but it is up to the individual who is representing the item to be responsible for marketing in the Government. We qualify the item for inclusion from the standpoint of acquisition by the agencies and give it a testing period of about a year to see whether there is an activity demand for the item or not.

Mr. GRIFFIN. This has been a very successful program and private business people have found it quite rewarding. We have what we call a new-item schedule. It is a formal schedule and it is put on that schedule, as Mr. Graham indicates, but if the Government, GSA, cannot prove that that item has a market among Federal agencies, we expect the private business people to make their contacts. It has eligibility on the schedule and has acceptance by GSA if the agencies can use it. A year's period is allowed to determine some experience as to whether or not it really belongs in the stock or the schedule system.

The new item procedure has proven very, very helpful, particularly to new businesses and small businesses.

TECHNOLOGICAL ADVANCES

Mr. STEED. Common knowledge would tell you that they are always bringing out new electrical appliances and making improvements in old electrical appliances. I imagine the electric iron today is a far cry from what the first one was.

Are you able to keep pace with this sort of evolution in the areas—

Mr. GRAHAM. Advancing technology?

Mr. STEED. Yes.

Mr. GRAHAM. That is the area that relates most closely to what are called the multiple-award schedules. Because of the speed with which technology advances, it isn't productive to try to maintain specifications; so, therefore, if it is in a field of advancing technology, as a general rule those items are placed in what are called

"multiple-award schedules." Therefore, the major corporations or others who are producing this kind of an item will compete for the business by being on a multiple-award schedule. The agencies have an opportunity to make a selection among, say, a half dozen manufacturers of such items as toasters or certain kinds of office machine equipment, and typewriters, that are in a situation where there is constant improvement ongoing.

SMALL PURCHASE AUTHORITY

Mr. PATTEN. May I ask a question?

You are talking about a one-year study. Suppose you have a car in New Hampshire which needs a new steering wheel?

Mr. GRIFFIN. I am not speaking of a brand-new item.

Mr. PATTEN. For purchases under \$10,000, couldn't your depot personnel acquire such an item?

Mr. GRIFFIN. Yes, sir; that is the item the Chairman addressed in his first question, Mr. Patten.

A year ago, with the sponsorship and support of members of this committee, including the Chairman, legislation was enacted increasing the small purchase authority from \$2,500 to \$10,000; so agencies have that authority.

Mr. PATTEN. Is this working well?

Mr. GRAHAM. Yes, it is very cost effective.

Mr. PATTEN. It doesn't cause any trouble?

Mr. GRAHAM. I think that item I submitted for the record indicates that in the course of the year 1977, as a result of having raised the amount from \$2,500 to \$10,000, it saved us in manpower and expenses in excess of \$2 million in operations.

CENTRALIZED PROCUREMENT

Mr. STEED. I think before the law was changed they made a study and for all the items bought in the price range between \$2,500 and \$10,000, if you had taken the high bid on each one, you would have still spent less money than it cost you to take the bids. That was one of the justifications for increasing this amount, because it cost more to take all these bids on all those items up to \$10,000 than you were saving by taking them.

So it has been of some interest to us to find out what the actual experience was turning out to be after the law was changed.

According to your testimony then, everybody's expectation of what would happen has proved out.

Have you ever had any studies made, or can you give us any estimates as to what the difference in the ultimate cost of all these office supplies would be if they were obtained directly by the departments, as opposed to the program you carry on by being a central procurer and distributor for them?

Mr. GRAHAM. We have been gradually perfecting what is called an economic model. This is a computer model which has been developed over the last two or three years and, incidentally, it has been submitted to GAO and OMB for their consideration as to its effectiveness.

The purpose is to determine what is the best method of supply, and also through checking comparative economies, what is the

amount that we save as a result of consolidated purchasing. We have made ongoing calculations whereby we can attest to the amount that is saved, and there are specific estimates made, that in the aggregate, indicate that with regard to stock items, there is a net savings of somewhere in the area of 22 percent. That was the result of the 1975 testing that was done.

Mr. GRIFFIN. Those are price economies only, though. I think the Chairman also would want to know if we had any opinions as to the administrative overhead costs involved with everybody having their separate procurement departments, which is what the Hoover Commission addressed back in 1949.

Mr. GRAHAM. In the calculation of the price economies, we take into consideration what would be input to be imputed cost that other agencies would undergo in acquiring the item if they were to buy it in that quantity in the open market, versus using our consolidated pricing as a result of the aggregate buys accomplished by GSA.

Mr. STEED. In other words, it goes without saying that all the evidence available overwhelmingly commends the program here, rather than going back to the "every man for himself" sort of idea, plus the fact the application we should be interested in is whatever can be done to improve the efficiency of what you are doing?

Mr. GRAHAM. I think this is an area that we are—and I am, particularly coming in as a newcomer, most interested in knowing what really are our true, overall costs of supplying and delivering items. Therefore I think the exercise and the effort to try to ascertain on the most accurate cost accounting basis what it really costs us to do business is something we are continuing to probe and to advance in relation to accuracy. The actual analysis that we perform indicates, that in relation to the aggregates that we purchased, somewhere in the neighborhood of \$3 billion in sales and underlying purchases, that approximately \$400 million to \$500 million was saved.

I would say, conservatively, that probably \$300 million should at least be a reliable figure. Even though our calculations show us that our savings on net would be somewhere in the neighborhood of \$400 million to \$500 million, I think you can safely say that we save \$300 million for the Government.

Mr. GRIFFIN. This is one of the subjects, as Mr. Solomon mentioned yesterday, that the Reorganization Task Force is looking at quite comprehensively, Mr. Chairman. Duplication of activity among agencies, development of a national supply system, whether agencies are getting the proper administrative services from GSA, how much duplication in buying there is between Defense, VA, Post Office, GSA and so forth, just as they are looking at duplication of construction activities which we went into extensively yesterday, as well as ADP procurement and so forth. We are expecting and looking forward to a pretty good analysis by the Reorganization Task Force, particularly toward defining a national supply system.

YEAR-END BUYING

Mr. STEED. I want to ask you a question that we will permit you to answer on or off the record, and I think you can tell by the nature of the question why I give you that choice:

We have here on the Appropriations Committee a feeling that many Government agencies in the last month of the fiscal year try to make sure they have no funds left over.

In your activities, do you see any evidence of the fact that a lot of last minute buying has been done in the last month of the fiscal year?

Mr. GRAHAM. For the sake of confidentiality, I will go off the record.

Mr. GRIFFIN. I would stay right on the record.

Mr. STEED. I know you have a relationship with your customers.

Mr. GRIFFIN. I think it happens in every agency. I think it happens in GSA. While we cannot study them, or the mentality of it, there is a great deal more purchasing normally in the last month of the year.

Mr. STEED. If that is true, does this pose any particular problems to you?

Mr. GRAHAM. I think we tend to anticipate, because we haven't actually encountered any great difficulty in maintaining the fill rate, even though at the end of the year there has been an increase in purchasing and our sales.

Mr. PATTEN. And you get the opposite, too. I have seen men make a hit by turning back funds at the end of the year.

When you show you have a little money left over, it is good; so there are two sides to the coin.

Mr. GRAHAM. I think one of the other sides, of course, is in the interest of maintaining the economic growth and activity in the country. I think there was an indication that it was desirable to continue to buy in order to provide work and employment throughout the country because of the high level of unemployment. So agencies were not discouraged from using their appropriations toward the end of the year.

Mr. GRIFFIN. I think I should qualify the remarks I made.

I think it is more than just a rush to obligate funds; I think some of it is poor planning throughout the year by some agencies and by some of our own people. There is a need for the equipment but it may be difficult for them to properly plan it.

In GSA we are now having monthly meetings with the Administrator so that each of our various offices in GSA will be addressing its pace of budget spending on a monthly basis rather than waiting for the last quarter, which is what happens frequently.

DEFENSE LOGISTICS INTERFACE

Mr. STEED. What is your interface, if any, with the Defense Supply Service?

Mr. GRAHAM. You are referencing, no doubt, DLA, and that is what Mr. Griffin had mentioned. There is a desire to define what is called the National Supply System, which would be an arrangement that entails one manager for one item. The DLA and ourselves both supply common-use items. We feel that properly ana-

lyzed, the Federal Supply Service should be and could be a more cost-effective supplier of all common-use items to all Federal agencies.

Mr. STEED. In other words, they operate entirely independent of you, even though there are areas in which there is definite duplication?

Mr. GRAHAM. There are a number of items which are in conflict and at various times over the last four or five years, and even before that, efforts have been made to try to cull out duplication. It has been modest in terms of, the results that could follow if the determination was made to have one common-use supply system or one item, one manager, and therefore limited to one particular organization.

BULK BUYING

Mr. STEED. Let me tell you about the experience that I have had with the supply business, which is what we call the Stationery Room of the House of Representatives. We use this setup to buy our office supplies and we are given an allowance from which we can draw to cover the cost, and, of course, that gives this operation a fairly large backlog of money with which to do their stocking and replacing of merchandise all year long. They are required to sell that to us at cost. Of course, there is always some breakage and some loss and you would have to have some margin above cost or else your revolving fund would soon start running in the red.

They have one item that is in huge demand, and that is American flags flown over the Capitol. By buying those in bulk and by giving the manufacturer advance orders and funding they get a two percent cash discount for these flags. That volume is so large—of course, they don't pass that two percent discount on to the Members; they still pay the list—that that little margin there makes enough only to cover all the losses of the operation.

The reason I cite this is, in your buying—do you have any opportunities for a management judgment whereby knowing and using all the trade techniques of buying merchandise, you can get savings of this kind?

Mr. GRAHAM. We are very alert to all possibilities, and this actually is an area that Mr. Mitchell, the Executive Director, can speak because he is responsible for controlling and making sure that we do take advantage of all discount opportunities. We may miss a few now and again but on average I think we are certainly unfailling in taking advantage of all discounts.

Maybe you can mention a number, Les?

Mr. MITCHELL. Last year our experience with discounts taken in proper payment totaled \$6 million. Our aggregate performance was less than one percent in terms of discount lost; so we are taking advantage of every opportunity to take discounts.

NEW ITEM CLASSIFICATION

Mr. STEED. I have a very unusual thing I would like to take up. I have in my district an individual who makes a gadget that he has found people in the military and the Government would like to have, but he has never been able to get it listed in either the

military or the General Services Administration because nobody has been able to figure out what the nomenclature of it is. I have seen this thing demonstrated and it actually works. It is a power plant. It is a light plant. It is a battery charger and it is a welder.

The man sawed a log of wood, welded some metal and lit up the parking lot, all off the generator of an automobile with this gadget attached. All he did was have it installed and flipped a switch. He put that on a jeep and you and the military, wherever you are, have a power plant, welding plant or whatever you need.

I don't know why he has never been able to get it accepted. They don't know whether it is an electrical appliance or what it is. He calls it Auto Pod. I will let you have the data on this.

Mr. GRIFFIN. Has he discussed it with GSA?

Mr. STEED. Oh, yes. I see him all the time.

Mr. GRIFFIN. Has he had sales to any Federal agencies at all?

Mr. STEED. No. Here is his problem: He has a small plant and he makes money. He can sell all of them he can make commercially; but he thinks it such a money-saving thing that he would like the Government to have it. He thinks it would eliminate a very expensive motor vehicle generating plant. Vehicles, because you can put it on vehicles you already have and do a whole lot of the emergency-type thing, but he wouldn't want to go into production and incur the cost of enlarging his plant unless he had something definite with the Government. He won't increase his production the way it is now because he doesn't want to owe anybody any money. So he thought if he could get anything going with the Government, it would justify this new source of sales; it would justify his enlarging his plant.

As it is he does very well making and selling this product. In fact, he has about a three-month delay on filling orders already. I have seen the thing demonstrated. It is produced in my district, and he is satisfied with the way things are.

Mr. GRAHAM. Did you say, Mr. Chairman, that he had approached GSA? Let's take a look at it.

Mr. STEED. I think they threw up their hands. They couldn't figure what to call it.

Mr. GRAHAM. It is a challenge.

Mr. GRIFFIN. Why don't we contact him and have our people discuss it?

Mr. STEED. They don't know whether to call it an electrical appliance or what.

Mr. GRIFFIN. Is it all right if we contact him directly?

Mr. STEED. Oh, yes. He went down to Ft. Sill and provided a couple of them to the military. They used them on the firing ranges there, and they fell in love with them and said, "Of course; where can we buy them?" He couldn't get the military to give it a specification or even to put it in the catalog. They don't know where to put it in a catalog.

Mr. GRIFFIN. In addition to the military, there is the Forest Service, Agricultural Department.

Mr. STEED. Nobody can figure where it belongs, but he has loaned it out to different places, anybody with a large motor pool. Commercially he has no end of business. He just thinks that since the Government buys so many trucks that have generators on

them that this would eliminate the need for a lot of those because it is for all these emergency things.

You put it on your car and if you need it you throw a switch and use it. If you don't, it doesn't bother you. I have seen it demonstrated.

Mr. GRAHAM. And it works?

Mr. STEED. It absolutely does. He said he invented this thing because he knew there was an enormous amount of energy in an average automobile generator that was never used. He was figuring out a way to capitalize this unused power in an auto generator, and this is what he came up with. He makes enough energy to weld a metal rod, run a saw, and have a floodlight light up the whole parking lot at the same time.

Mr. GRAHAM. We will be happy to see what we can work out.

Mr. STEED. It is used on an ordinary station wagon or car; so you have to believe it when you see it. I don't know whether it is worth any effort, but I thought that it might intrigue your fellows to try to figure out what it is.

Mr. GRAHAM. It sounds like a challenge to see if we can identify it.

Mr. STEED. He never has been able to get anybody to say how they would list it—What is an Auto Pod? And they say, well, it is not only an electrical appliance, it is something else as well. There just doesn't seem to be any catalog classification that this thing fits.

If you are interested, it would be no problem at all to get him to provide you with a demonstration.

Mr. GRIFFIN. Very good, sir.

Mr. STEED. I would appreciate it if you could give it some attention.

Mr. GRAHAM. You are throwing a challenge at us. We will see if we can't respond.

Mr. STEED. If you get a name for it besides "thingamajig"—

Mr. GRAHAM. We can run a contest.

Mr. STEED. I guess it is a problem. I think it is the only one I have heard of where nobody can say which category you put it in.

Mr. GRAHAM. Yes.

PROPERTY REHABILITATION

Mr. STEED. You get involved in the property rehabilitation activity in one way or another, don't you? To what extent is this a problem in your part of the operation?

Mr. GRAHAM. Rehabilitation?

Mr. STEED. Yes.

Mr. GRAHAM. I know you mentioned yesterday, or there was mentioned yesterday at the hearings, some concern about the repair of major machinery. I think it appeared in a GAO report, and that is a military item. Mostly it is heavy equipment coming back from overseas.

There we have had concern with regard to the total capability to properly supervise the activities, and I think that is among the reasons why there was an indication of a need for additional auditors. That is one area that we have been concerned about, as to whether or not we actually have an adequate complement of per-

sonnel to effectively monitor that type of repair activity. It is a time and material type of contract. There have been some past experiences, or at least the concern was evidenced by GAO, that it was the kind of thing that could probably lead to the government not actually getting full value for its dollar.

Mr. GRIFFIN. Bob, could we tell what kind of property we are actually rehabilitating, and amounts, categories and so forth? I think the committee would be interested in that.

Mr. STEED. You can supply that for the record if you would like, and expand on it.

Mr. GRIFFIN. We will supply some data for the record and Mr. Flynn will give us some examples.

[The information follows:]

PERSONAL PROPERTY REHABILITATION PROGRAM

SUMMARY OF PROGRAM OPERATIONS, FY 1977

REPLACEMENT VALUE OF EQUIPMENT\$	815,008,931
INCREASE OVER PREVIOUS YEAR.\$	94,663,176
	or	+ 13%
PAYMENTS MADE TO CONTRACTORS\$	56,200,822
DECREASE FROM PREVIOUS YEAR.\$	-2,549,100
		-4.5%
UNIT COST PER \$100 OF REPLACEMENT VALUE.\$.27
DECREASE FROM PREVIOUS YEAR.\$.01
TOTAL NUMBER OF COMMERCIAL CONTRACTS AWARDED		2,561
NUMBER OF SMALL BUSINESS CONTRACTS AWARDED		2,458
ESTIMATED % OF PAYMENTS TO CONTRACTORS		92%
NUMBER OF LARGE BUSINESS CONTRACTS AWARDED		103
ESTIMATED % OF PAYMENTS TO CONTRACTORS		8%
NUMBER OF MINORITY COMPETITIVE CONTRACTS AWARDED		125
ESTIMATED % OF PAYMENTS TO CONTRACTORS		2.5%
NUMBER OF 8(a) MINORITY CONTRACTS AWARDED.		27
ESTIMATED % OF PAYMENTS TO CONTRACTORS		1.2%

FEDERAL REPAIR FACILITIES

<u>LOCATION</u>	<u>TYPE OF SERVICE</u>	<u>UNITS PROCESSED</u>	<u>VOLUME</u>
<u>Region 3</u>			
Industries Division Department of Corrections, DC Lorton, VA	Furniture Rehabilitation	13,204	\$ 336,644
Federal Reformatory Petersburg, VA	Tire Retreading	19,411	423,766
Office Machine Repair Shop Washington, DC	Repair and Over- haul of Office Machines	11,219	547,025
<u>Region 5</u>			
Federal Correctional Inst. Milan, MI	Vehicle Repair	49	1,371
<u>Region 7</u>			
Federal Correctional Inst. LaTuna, TX	Furniture Rehabilitation	13,793	342,953
Federal Correctional Inst. Seagoville, TX	Furniture Rehabilitation	8,657	271,071
<u>Region 9</u>			
Federal Correctional Inst. LaTuna, TX	Furniture Rehabilitation	3,480	98,372
<u>Region 10</u>			
U.S. Penitentiary McNeil Island, WA	Furniture Rehabilitation	223	<u>7,066</u>
	TOTAL		\$2,028,268

WORKSHOPS OPERATED BY ORGANIZATIONS
EMPLOYING THE SEVERELY HANDICAPPED

<u>REGION</u>	<u>TYPE OF SERVICE</u>	<u>UNITS PROCESSED</u>	<u>VOLUME</u>
2	Office Machine Repair	3,855	\$ 65,630
	Mattresses	53	1,346
3	Mattresses	2,202	67,490
4	Mattresses	13,681	345,317
5	Office Machine Repair	1,259	24,225
	Furniture	137	23,855
	Mattresses	2,283	84,344
6	Mattresses	5,940	156,055
7	Furniture Rehabilitation	568	36,557
	Mattresses	4,187	111,381
9	Furniture Rehabilitation	3,700	134,909
10	Furniture Rehabilitation	<u>2,135</u>	<u>109,443</u>
TOTAL		41,134	\$1,162,379

FY 76-77 PROGRAM SUMMARY BY COMMODITIES
 REPLACEMENT VALUE VERSUS AGENCY PAYMENTS
 (In Millions)

COMMODITY	REPLACEMENT VALUE		AGENCY PAYMENTS	
	FY 76	FY 77	FY 76	FY 77
	\$	\$	\$	\$
APPLIANCES	8.695	14.847	1.241	1.833
CARPETING	33.959	40.955	3.080	3.361
COMPRESSORS	.923	1.201	.292	.300
ELECTRIC MOTORS	8.735	10.889	1.629	1.944
ENGINES & GENERATORS	6.783	6.220	1.353	1.398
FIRE EXTINGUISHERS	3.635	2.341	.849	.819
FURNITURE (ALL TYPES)	12.022	17.738	3.344	4.173
FURNITURE (ELECTROSTATIC)	32.670	38.896	4.976	5.136
HEAVY CONSTRUCTION	133.198	142.798	17.992	10.143
LAWNMOWERS	2.504	2.605	.317	.335
MATTRESSES	4.929	4.404	1.966	1.590
MOTOR VEHICLES	173.634	232.992	3.661	6.362
OFFICE MACHINES	254.574	251.403	10.037	9.760
PRECISION INSTRUMENTS	6.407	6.946	.543	1.008
TIRES	16.761	16.118	4.875	5.578
TV & RADIO	2.010	2.623	.207	.263
VENETIAN BLINDS	.494	.994	.253	.295
WATCHES & CLOCKS	.899	.566	.062	.042
MISCELLANEOUS	<u>17.066</u>	<u>20.473</u>	<u>1.995</u>	<u>1.860</u>
TOTALS:	\$720.346	\$815.009	\$58.750	\$56.200

LIST OF SERVICES AVAILABLE IN EACH REGION

The following is a listing of the majority of services offered and the GSA regions in which the services are provided.

- | | |
|--|---|
| 1. <u>Adding Machines & Calculators</u>
All Regions | 18. <u>Lawnmowers & Air-Cooled Engines</u>
Regions 2, 4, 6, 7, 9, 10 |
| 2. <u>Aircraft Instruments & Accessories</u>
Regions 9, 10 | 19. <u>Manual Typewriters</u>
All Regions |
| 3. <u>Automotive Repair & Maintenance</u>
All Regions | 20. <u>Material Handling Equipment</u>
<u>Repair</u>
Regions 2, 9, 10 |
| 4. <u>Compressors</u>
Regions 4, 6, 7 | 21. <u>Mattress Rehabilitation</u>
Regions 2, 3, 4, 5, 6, 7, 9, 10 |
| 5. <u>Computer Ribbon Re-inking</u>
Regions 5, 6, 7 | 22. <u>Photographic Equipment</u>
Region 4 |
| 6. <u>Copying Machines Repair</u>
Regions 5, 6 | 23. <u>Pool Tables</u>
Regions 4, 6, 7 |
| 7. <u>Drapery Cleaning</u>
Regions 1, 3, 5, 6, 7, 9, 10 | 24. <u>Precision Instruments</u>
Regions 1, 5 |
| 8. <u>Drill Bits</u>
Region 7 | 25. <u>Refinishing Metal Furniture -</u>
<u>Electrostatic Process</u>
All Regions |
| 9. <u>Dry Cleaning & Repair of Sleeping</u>
<u>Bags and Military Arctic & Flying</u>
<u>Clothes</u>
Region 10 | 26. <u>Restoration of Engine Castings</u>
<u>by Fusion</u>
Region 10 |
| 10. <u>Electric Typewriters</u>
All Regions | 27. <u>Rug Cleaning, Repairing &</u>
<u>Installation</u>
All Regions |
| 11. <u>Electrical Equipment-Motors,</u>
<u>Generators, and Generator Sets</u>
<u>All Regions</u> | 28. <u>Rustproofing of Vehicles</u>
Regions 1, 3, 5, 7, 9 |
| 12. <u>Engines & Related Equipment</u>
All Regions | 29. <u>Scales and Commissary Equipment</u>
Region 10 |
| 13. <u>Fire Extinguishers</u>
Regions 2, 3, 4, 5, 6, 7, 8, 9, 10 | 30. <u>Tire Retreading</u>
All Regions |
| 14. <u>Floor Polishers & Floor Scrubbers</u>
Regions 4, 6 | 31. <u>TV & Radio</u>
Regions 1, 4, 5, 6, 7, 8, 9 |
| 15. <u>Furniture</u>
All Regions | 32. <u>Typewriter Platens</u>
Regions 3, 4 |
| 16. <u>Heavy Construction</u>
All Regions | 33. <u>Venetian Blinds</u>
Regions 2, 3, 5, 6, 9 |
| 17. <u>Household Appliances</u>
Regions 2, 4, 5, 6, 7, 8, 10 | 34. <u>Video-Tape Headwheel Assembly</u>
Region 4 |
| | 35. <u>Watches & Clocks</u>
Regions 1, 6, 9, 10 |

Mr. FLYNN. We repair and rehabilitate many different types of property—typewriters, office machines, vehicles, heavy equipment, mattresses, furniture. Most of this is done through small private business firms at the local level. We do use the Federal prisons for certain types of repairs of furniture and we do use rehabilitation organizations, such as the National Institute for the Blind, Goodwill, and so forth. Overall, last year, approximately \$800 million worth of property—that would be the replacement cost—was repaired or rehabilitated through that program. We have about 2,700 contracts.

Mr. GRIFFIN. This is one program where we have been very successful in attracting and utilizing minority contractors just getting into business, both from the small business angle as well as the minority representation.

Mr. STEED. The C-5A airplane came off the assembly line with a wing deficiency. They found that it had an 8,000-hour life expectancy. Then they figured out how to spend about \$1.2 million per plane and, in effect, put a new, strengthened wing on it. That investment increases the life expectancy to 31,000-hours.

On this type of measurement, what do you think you get in terms of additional use out of this equipment versus the amount of money you spend on it? Is it a profitable investment?

Mr. FLYNN. I think it is, indeed, sir. I think on major items of equipment—take a front end loader or a grader or a refueler—for a reasonable cost, a small percentage of the price of a new one, you can repair that equipment to last possibly as long as the new equipment would last. It is a very economical operation to rehabilitate major items of equipment, as well as typewriters, furniture and smaller items.

VEHICLE REPLACEMENT

Mr. STEED. I know you used to have, and I guess you still have, a rule of thumb about replacement of vehicles—so many miles or so many years of age.

Mr. GRAHAM. Yes.

Mr. GRIFFIN. Six years, 60,000 miles.

Mr. STEED. Do you have also some measuring point?

Mr. FLYNN. On vehicles, office machines and typewriters, sir. On other items it is very difficult to set a replacement standard. Furniture, for instance, wooden furniture, can be rehabilitated and last indefinitely.

Mr. GRAHAM. One thing might be useful, Paul, in relation to this. You mentioned about \$800 million worth of property at replacement cost. What would be the expense in relation to rehabilitating that amount of equipment, which would give some indication of return on investment?

Mr. FLYNN. Last year, sir, the Federal agencies paid the contractors approximately \$56 million to have this repair and rehabilitation work done.

Mr. GRIFFIN. As compared to the \$800 million replacement value.

Mr. FLYNN. If it wasn't repaired it might otherwise be disposed of.

Mr. GRAHAM. That gives you an indication of the return on investment or the value aspect.

Mr. STEED. It probably has another factor too that won't show in your figures, and that is that since you have already had the transportation cost from factory to the place of use, and since the repair is done in the local community, you don't have the additional freight handling cost that would be involved when you got new equipment. That would be a side saving.

Mr. FLYNN. Generally, the small business firm performing the repairs is close to where the equipment is located.

Mr. STEED. Yes. I imagine you could identify several advantages or savings that come up requiring this type of service.

Mr. GRAHAM. Yes. I think the rehabilitation program is a very cost effective program.

REORGANIZATION AND CONSOLIDATION

Mr. STEED. What is your impression of where we stand today in terms of this idea that we can improve our program in your field by going ahead with some of this reorganization and consolidation and cutting out some of this duplication? Is that receiving serious study right now?

Mr. GRIFFIN. There have been two studies going on, one in the Office of Federal Procurement Policy in OMB, and, at the same time, the Reorganization Task Force was addressing the whole field of administrative services. The administrator, I and others, insisted that OFPP postpone their study and have the President's Reorganization Task Force look at the whole subject of duplication.

We are trying to get to a single manager. We are in an endless series of discussions now as to who will handle roundhead screws and who will handle flathead screws. You have days on end interchanging items to eliminate duplication. Until they address the problem of a national supply system and properly identifying it, duplication is going to continue, and the administrator has insisted that this probably may be one of the most substantial recommendations the reorganization group is considering.

Mr. STEED. Since you have to supply the nonmilitary part of the government with all these items and services which the military couldn't, and since the military has some items that only they can handle, which you are not in position to do either—

Mr. GRIFFIN. No.

Mr. STEED. Then many of their items, since you have to handle the rest of the government, you could handle it for them without any less motion because they are the same items.

Now if you divided all the things they do that are also common to the civilian part of their program, and left those things for them that are purely military and that involve no other part of the government, would that be a sensible way to divide this?

Mr. GRIFFIN. That is certainly the principal goal of the study, to see if we can determine the common use items of government, and who should manage them. There are other considerations, such as hospital supplies, food stuffs, which the VA is so heavily into, and so forth. The way the situation is today, we are supplying some things for the military and the military is supplying some things to civilian agencies. It is a very confusing situation as to where the basic responsibility should rest.

Mr. STEED. These situations develop as a natural evolutionary thing over the years. I think there comes a time when you have to stop and take another look and regroup, so to speak, to keep yourself from getting into an unnecessary and unjustified duplicative cost of doing business.

Mr. GRIFFIN. That is right, sir.

Mr. STEED. That is one of the reasons why I thought going along with some of this government reorganization was valid, because you know that when I came here 30 years ago things were not exactly the way they are today, in more ways than one. I think that this part of your program would be a very major forward step.

Mr. GRAHAM. We place a lot of emphasis on the President's reorganization project, as to what will be the recommendations that will emanate from it, in addition to what Mr. Griffin has indicated with regard to the elimination of duplication in handling certain types of items.

There is also, conjunctive with that, the consolidation that might very well develop between the substantial number of warehouses that exist; the military may have somewhere between 70 and 80 warehouses, and we have 20 depots. There is probably the VA with another series of depots, and I guess the FAA may maintain them as well, so that could result in very considerable consolidation, if it could actually be implemented. There is a study going on that is related to the national supply system study and that study will look to the possibility of consolidating the warehousing operations. If there are 100 warehouses around the country I am sure that they could handle the task, on a consolidated basis with a substantially reduced number of warehouses, if it was possible to work out a consolidation arrangement.

Mr. STEED. Mr. Patten, you look like a gentleman who has some comment or questions you would like to propound at this point.

LEGAL RAMIFICATIONS

Mr. PATTEN. I haven't any, Mr. Chairman, however I would like to ask what the lawyers do in this department? Do they keep you busy?

Ms. LATIMER. Yes, very much so.

Mr. GRIFFIN. We have a pretty good cross section of lawsuits between freedom of information, environmental impact, challenges, awards. We have a lot of business in the Court of Claims and so forth.

Mr. PATTEN. How many counsels are there?

Ms. LATIMER. In the office of General Counsel, we have 117 nationwide.

SURPLUS DISPOSAL

Mr. PATTEN. We get a lot of questions about people wanting to buy bleachers for a high school or other surplus materials. From time to time we have had a little pamphlet that is helpful to us.

Do you have anything currently on surplus material?

Mr. FLYNN. I will be happy to send you some of our sales pamphlets.

Mr. PATTEN. Would you? It might be helpful for us to know to whom we can write. We always had someone at the State level who cooperated fully with the Federal agencies. I was surprised to hear you say that you only made \$32 million worth of sales.

Mr. GRIFFIN. That is principally exchange sales, when property is being replaced. That is a very limited part of the program.

Mr. PATTEN. The military surplus transactions seem to be quite high.

Mr. FLYNN. Of course, they sell a lot more property. We sell GSA property and civil agency property only.

Mr. PATTEN. You have furniture, chairs. You can't go into any basement without seeing a lot of extra furniture.

Mr. GRIFFIN. As you know, Mr. Patten, before it goes to sale, there is very heavy activity in the donation program, through the State office you just mentioned.

Mr. PATTEN. Yes.

Mr. GRIFFIN. For all sorts of purposes—public health, educational, and so forth. The main emphasis in our sales program is property which doesn't become purely surplus.

COPPER STOCKPILE

Mr. PATTEN. On the question of stockpiling, take, for instance, an item like copper. I understand we have no copper in the stockpile. Is that within your province?

Mr. GRAHAM. No.

Mr. GRIFFIN. I can address that.

The stockpile objectives for certain commodities have changed drastically in many periods since the end of World War II. At one time we had a very high objective for copper, and then greater domestic capacity was developed. We financed, through the assistance of this committee, a very big copper mine out in Arizona. The domestic capability for producing copper increased considerably, and the objective was reduced to zero.

Now, starting with President Ford and continuing under President Carter, the objectives for all materials has been conducted, and we are in the position now of requesting \$174 million for acquisition of new commodities. I think there are 20 commodities involved. We cannot discuss the individual items in open session and I don't know what the new copper objective is. But there has been a totally new look at the whole stockpile picture, and the items for disposal of course would go to the Armed Services Committee for authorization. But we do have money in this budget request, in another part of the budget, for the acquisition of 20 different commodities in varying amounts.

IMPACT OF REORGANIZATION

Mr. PATTEN. I heard that the President is going to send something up on reorganization.

Are you people going to feel it much?

Mr. GRIFFIN. The plan he is about to send up would affect us in the Federal Preparedness Agency. The President has not accepted any report yet, but that would be the first one coming up which would affect our agency as a whole.

FOREIGN-MADE GOODS

Mr. PATTEN. You handle billions of dollars in procurement.

Is the importation of foreign-made goods a problem for you?

Mr. GRAHAM. Foreign-made goods?

Mr. PATTEN. Yes. In some stores every pair of shoes is imported, their clothes, suits; none are made in the United States.

Mr. GRAHAM. Under the Buy American Act, we are obliged to impose additional penalties in relation to a foreign producer who may want to compete on a certain type of product. That ranges between 6 and 12 percent.

There are certain other limitations that apply to certain items, such as handtools and also flatware.

The Defense Department has a provision that restricts them totally from buying anything except domestic flatware.

Mr. GRIFFIN. Mr. Patten, just to put this in perspective, could I have Mr. Bunke give you the percentage of our totals?

Mr. BUNKE. It is only 2.9 percent of our total procurement.

Mr. PATTEN. Which is negligible.

Mr. BUNKE. That is right.

Mr. PATTEN. I just believe that there should be some common sense. I am for world trade. I think one out of every three jobs in my district is based on imports and exports.

QUALITY AND STANDARDS

Tell me this: On quality and standards, is there duplication with what we are doing in the Bureau of Standards?

Mr. CARROLL. No duplication. They help us in many cases. Recently on the controversial area of insulation specifications they came up with a fire retardancy test which I think is going to be very helpful. We utilize their values, and there is no duplication between us and the Bureau of Standards.

PURCHASING

Mr. PATTEN. My last question is this:

Could you and the military get together on janitorial supply such as toilet paper or paper towels? Would anything be saved?

Mr. GRAHAM. That is a class that is assigned to us, and therefore the military receives their requirements from us, as well as the civilian agencies. So that is an item that we have the responsibility for.

Mr. PATTEN. My last question is this: At the State level, city and county level, the job of the purchasing agent was always a point of criticism. What help do you give the 50 States, their purchasing agents, if any? What help do you give the counties and municipalities? Do you educate them out of your experience?

Mr. GRAHAM. Our experience, of course, is that they utilize to a great extent the specifications that we have developed in relation to the Federal procurement. There are different associations in which we are both members and we meet from time to time and discuss common or mutual problems. So I think in general my experience is that there is a considerable degree of assistance that we do provide to the State purchasing and procurement agencies.

Mr. BUNKE. They also use our training course.

Mr. GRIFFIN. They take advantage of the training.

Mr. PATTEN. Looking at this statement, the way it is done, the fiscal year 1979 budget reductions reflect this, and in the last sentence you say that that decrease of 6 million and some thousand dollars is partly offset by a requested increase of \$5 million. Whoever wrote this has had a little training.

EMPLOYMENT

Mr. PATTEN. I am most concerned about employment. We are paying a terrible price when we have make-believe projects to make jobs costing billions of dollars here in the Federal Government. You aren't much of a factor here, talking about 101 new jobs, but there is one item there where you are going to have \$818,000 less in your working fund, your capital fund.

Is that good?

Mr. GRIFFIN. \$818,000.

WORKING CAPITAL FUND

Mr. PATTEN. On page PP-33, it says "Working Capital Fund." Your totals, 1979 compared to 1978 is minus 818. Would you explain that figure, please?

Mr. GRIFFIN. This comes about, Mr. Patten, as a result of very severe restrictions by the Joint Committee on Printing, as well as the Government Printing Office. In restricting the types and amounts of printing being done by the individual agency printing plants we have eliminated competition with private printing sources. We have been forced to take a much stricter look. There are no reductions in force contemplated as a result of that. Mindful of the comments you have made, with which we are certainly supportive, there are many minorities involved in this particular printing operation, and we will succeed in achieving this through attrition, normal retirements, normal job changes, and so forth, rather than facing a reduction in force. There is no individual job loss involved.

Mr. PATTEN. You are a fine administrator and you have a fine agency.

Mr. STEED. Can I send some of my mail over to your office? Are you all finished?

Mr. PATTEN. Yes, thank you.

Mr. STEED. Mr. Roybal?

EEO RESPONSIBILITY

Mr. ROYBAL. Has GSA ever terminated a contract because a contractor has failed to fulfill his EEO responsibility?

Mr. GRAHAM. No. However, it is not unusual for us to withhold an award until a firm is in compliance with the Equal Opportunity requirements of the contract.

SURPLUS PROPERTY PROGRAM

Mr. ROYBAL. I recently received a letter, asking whether it would be possible for a border town in Mexico to obtain surplus equip-

ment from the United States, such as sanitation and medical equipment, dump trucks, skip loaders, motor graders, bulldozers, police patrol cars, and other allied and kindred equipment. Does GSA donate equipment such as this to foreign countries?

Mr. GRAHAM. No. The surplus personal property donation program is limited to domestic assistance by the Federal Property and Administrative Services Act of 1949, as amended, which includes the Continental United States, District of Columbia, Puerto Rico, Virgin Islands, Guam, American Samoa. However, foreign countries can obtain excess personal property through the Agency for International Development under the Foreign Assistance Act of 1961, as amended.

Mr. ROYBAL. How would a foreign country go about obtaining U.S. surplus equipment?

Mr. GRAHAM. There are no priorities or preferences given in the sale of surplus personal property. Such property is sold on a competitive bid basis to all interested parties. Sales are conducted through each of GSA's regional offices.

Foreign countries may obtain mailing list applications by writing to: General Services Administration, Office of Personal Property Disposal, Washington, D.C. 20406.

It is significant to stress that should a foreign country be the successful bidder on any personal property, clearances for export of such property may be required from either the Department of Commerce or the Department of State, or both.

MINORITY AND HISPANIC FIRM CONTRACTS

Mr. ROYBAL. Of all the contracts over \$10,000 that are awarded by the FSS, how many were awarded to minority firms in general and to Hispanic firms in particular?

Mr. GRAHAM. FSS awarded 95 8(a) contracts during fiscal year 1977. Of these, 20 were awarded to Hispanic firms. In addition, 102 minority competitive awards were made during fiscal year 1977; however, ethnic categories are not identifiable.

Mr. ROYBAL. What percentage of FSS contract money was awarded to minority firms in general, and to Hispanic firms in particular?

Mr. GRAHAM. 1.74 percent of the FSS contract dollar was awarded to minority firms and .280 percent was awarded to Hispanic firms via 8(a) contracts. We will submit the dollar figures for the record.

Mr. ROYBAL. Fine.

[The information follows:]

Minority firms contract dollars

	<i>Thousands</i>
Total FSS contract value	\$1,261,374
Total 8(a)	21,959
Total Hispanic 8(a)	1 ¹ 3,537

¹ Rounded from \$3,536,840.

Mr. ROYBAL. What percentage of all purchase orders regarding contracts under \$10,000 were awarded by FSS to minority firms?

Mr. GRAHAM. The percentage of purchase orders awarded to minority firms was 0.001 percent based on what we could manually retrieve. However, we do not think this percentage is meaningful. Purchase orders are not coded to denote the race of the contractor, so it was not possible to identify from our data base the total number of purchase orders issued to minority firms. Three of our reporting offices did make a manual record and from that we identified 13 purchase orders from minority firms with no indication that any of these were Hispanic. We believe this figure is extremely conservative.

Thirteen were issued to minority firms.

Mr. ROYBAL. What percentage of FSS contract money was spent for these purchase orders that were awarded to minority firms in general, and to Hispanic firms in particular?

Mr. GRAHAM. We do not have a percentage figure in response to this question. If calculated it would be meaningless. Purchase orders are not coded to denote the race of the contractor, so it was not possible to identify from our data base the total number of purchase orders issued to minority firms. However, three of our reporting offices did make a manual record and from that we identified 13 purchase orders valued at \$8,060 from minority firms with no indication that any of these were Hispanic. We believe this figure is extremely conservative.

MINORITY BUSINESS OUTREACH PROGRAM

Mr. ROYBAL. Does FSS have an outreach program specifically tailored to inform minority firms of the activities of the FSS and how they might qualify for contracts? If so, can you provide the details of the program?

Mr. GRAHAM. The GSA minority business outreach program is conducted in several areas. The primary effort involves the 13 Business Service Center operations. The BSC function is to counsel businesses and provide information on Federal procurement opportunities. For example, from 1969 through 1973, BSC's arranged and paid for over 80 federally sponsored minority business seminars held in key cities nationwide. This Federal seminar program was concluded in 1974. Currently, BSC personnel participate in locally sponsored minority trade fairs, conventions, and seminars.

The FSS socio-economic policy staff is responsible for development and implementation of the overall GSA minority enterprise assistance program. In this capacity, liaison is maintained with a majority of national minority business organizations, including: Latin America Manufacturers Association (LAMA); National Economic Development Association (NEDA); National Association of Minority Contractors (NAMC); and many local entities. A predominant number of these institutions in the Western States are Hispanic-oriented.

Mr. STEED. Mr. Miller?

SUPPLIES AND SERVICES MARK-UP

Mr. MILLER. Thank you, Mr. Chairman. Mr. Graham, we note the comment that supplies and services are sold at cost to the District of Columbia. Do such sales completely cover the cost of this

service to the District of Columbia, or does this actually cost Federal taxpayers something?

Mr. GRAHAM. A percentage markup is added to the purchase cost of supplies to arrive at the established selling price. This markup is designed to compensate the General Supply Fund for transportation and other miscellaneous costs incurred and to maintain the equity of the fund. Related operating expenses are provided for under the appropriation operating expenses, Federal Supply Service.

REPAIR AND REHABILITATION

Mr. MILLER. On the repair and rehabilitation of furniture and equipment, you note that services are provided through contracts and GSA personnel. What percent of this work is contract and what percent is done by GSA personnel?

Mr. GRAHAM. During fiscal year 1977 Federal property valued at \$815 million was repaired or maintained under the property rehabilitation program at a cost to Federal agencies of \$56 million. GSA repair shops located in Washington, D.C. and Denver, Colo., repaired office machines valued at \$5.9 million at a cost of \$447,000. More than 99 percent of all repair and rehabilitation services are provided by private contractors, the majority of which are small business firms.

PERSONAL PROPERTY DISPOSAL

Mr. MILLER. Under Personal Property Disposal, you mention that some materials are returned from overseas for redistribution. Does this prove to be cost effective? What type of material is this and would it be economical to dispose of these materials overseas? Are any of these materials disposed of here after being returned from overseas?

Mr. GRAHAM. This program, to return foreign excess property to the United States for further Federal use or for transfer to the States for donation to public agencies and nonprofit health and educational activities, has been highly successful and cost effective. The program is funded under the General Supply Fund with the intent to return property on a break-even basis, with the recipients of the property paying the return costs.

Property valued at \$158 million in original acquisition cost has been returned to the United States since the inception of this program in 1969-70. Of that amount, \$46 million has been transferred for use by Federal agencies, \$89 million has been donated to the States and \$23 million has been sold. All types of personal property have been returned from Europe and the Far East including very valuable heavy equipment, vehicle, aircraft, medical supplies and other equipment and supplies used by the military overseas. The benefits to Federal agencies and State and local governments in acquiring this property outweighs the limited economic benefits and sales proceeds to be obtained if the property were to be disposed of overseas. Because of the economic benefits in returning this property to the United States the Department of Defense, which is the major supplier of the property, has strongly supported and assisted GSA in carrying out this program.

Since the program began, General Supply Fund expenses have been approximately \$5.6 million with reimbursements to the GSF of approximately \$6.4 million, a gain from operations of approximately \$800,000. For fiscal year 1977 the program ran at a loss of \$113,986 due primarily to increasing transportation and warehousing rental costs. In order to return to an annual break-even level certain management actions are being taken which we expect will cover program costs. These include space reductions, increase in reimbursement rates and recovery of shipping costs by insuring full container loads of usable property.

Congress under Public Law 94-519, which became effective on October 17, 1977, gave GSA increased authority to return property from overseas locations. Under this authority we plan to reinforce our overseas staff by adding a GSA screener in Europe and seek a higher priority level to maximize the return of usable property. We expect therefore, that the overseas program will continue in the next several years on a cost effective basis with resultant benefits to Federal and State agencies.

Mr. STEED. Ladies and gentlemen, on behalf of the subcommittee, I want to express our appreciation for your being here, for your cooperation, and the information you have given us. You have made not only a very informative but a very interesting morning for us and we are grateful to you.

Mr. GRIFFIN. Thank you.

VEHICLE STATUTORY PRICE LIMITATIONS

Mr. GRAHAM. Can I add one item that I wanted to introduce? I hope it is not overlooked.

We have a problem for which we are proposing to introduce legislation to repeal the statutory price limitation on automobiles we buy. We had originally proposed this as a legislative item. However, we are running into a problem because the prices now in relation to sedans and station wagons are reaching the point where we are not able to get competition at the levels that the statutory limit imposes. Therefore, what I would like to respectfully request is that the statutory limits be elevated through a modification in the Appropriation Act itself, and increase the limit in relation to passenger cars by \$500, and also station wagons by a similar amount.

Mr. GRIFFIN. May we submit a paper on this?

Mr. STEED. Yes, I think you should.

Mr. GRIFFIN. Let's submit a comprehensive paper and present this, because it is an important item.

Mr. GRAHAM. We just wanted to indicate that this is something that we had originally intended to propose as a legislative change, but I think time is running out on us because of the problems we are now encountering, and we have a major program to acquire something like \$100 million worth of vehicles this year.

Mr. STEED. We may not be able to help you in the current fiscal year because I don't know whether we can get a supplemental that would be capable of doing that. For the next fiscal year we can give you relief for 1 year, and that is all that our consideration does. I think eventually it is going to be mandatory that you get legisla-

tion and solve this problem once and for all. Being realistic, I shouldn't think you would have difficulty getting that done.

Mr. GRAHAM. You are talking about an additional appropriation? Is that what you are suggesting?

Mr. GRIFFIN. No, what he has said is that if he doesn't get a supplemental before him, he cannot give us the language to help us in 1978. We will provide you a paper for the record so you will be able to understand our problem, and it is a problem.

Mr. STEED. Our ability to help you is very limited. It isn't a matter of willingness but there is just so much we can do. That is why the best solution is to get the basic law changed so you don't have this problem.

Mr. GRIFFIN. I think we should do that. I think that is a good suggestion, Mr. Chairman. We are also encountering situations in places like Denver, where the pollution controls in the high altitude areas require the additional equipment that has to go on the cars, and it makes it almost impossible for us to buy and service those areas. We should address it legislatively.

Mr. STEED. You get into several different complications, and it is very hard for us. About all we can do is establish a dollar limitation. The minute we mention anything besides dollars, they will knock us down on a point of order because it is legislation. But we will insert your paper in the record at this point.

[The information follows:]

STATUTORY PRICE LIMITATION ON VEHICLES

Currently, GSA has been unable to obtain bids on the following categories of passenger sedans and station wagons because of the current price limitation:

1. Basic vehicles - units of any class requiring only basic equipment (standard transmission, standard brakes and steering, 4 or 6 cylinder engine, etc.).
2. Standard size sedans and station wagons.
3. Vehicles proprietary to General Motors - units in this category are primarily for the State Department, USIA, and some DOD requirements. All are for export to areas that have standardized on the use of GM products.

A comparison of the current price limitation on sedans (\$2700) and the actual "dealer invoice" price (i.e., the price that the vehicle is sold to the dealer) shows the following:

1. Sub-compact - dealer invoice exceeds limitation by 7%.
2. Compact - dealer invoice exceeds limitation by 15%.
3. Mid-size - dealer invoice exceeds limitation by 24%.
4. Standard size - dealer invoice exceeds limitation by 34%.

As the Government discounts from the dealer invoice normally runs from 3 percent on sub-compacts to 20 percent on standard sizes, it is evident that to bid on Government requirements, the manufacturers must reduce their prices an additional 4 percent to 14 percent. It is obvious by the lack of bids (as indicated above) that they have declined to make these reductions.

GSA will require an approximate 15 percent increase in the current limits in order to satisfy all the agencies requirements for 78 model vehicles. For FY 1979, we will need an additional 5 percent increase to offset the normal yearly automotive price increase.

Suggested Price Limitation:

Balance of FY 1978	- Sedans	\$3200
	- Station Wagons	\$3600
FY 1979	- Sedans	\$3400
	- Station Wagons	\$3800

In any event, continuing developments in the energy conservation, safety, and environmental fields and the requirement for Government leadership in these fields, along with generally rising prices, will make any specific limitation eventually unworkable and in some cases counterproductive. Full consideration is being given to the submission of a legislative proposal to repeal the limitation. It has become evident that the statutory price limitation on passenger Motor Vehicles should be repealed for two reasons:

1. The limitation stifles competition on Government passenger vehicle procurements, and
2. the ceiling is no longer required as a control to ensure the purchase of passenger vehicles at the lowest possible prices.

Mr. GRIFFIN. Thank you very much.

Mr. STEED. We can give you that kind of temporary relief. It is so obvious that the old limits no longer apply; it ought to be obvious that you can get the law changed.

Again let me say that it is very informative having you here and we appreciate your cooperation.

Mr. GRAHAM. I want to say on my own behalf and on behalf of my people here that we appreciate the courteous consideration and the opportunity to meet together. I thoroughly enjoyed it.

Mr. STEED. We look forward every year to this agency because it has so many ramifications that can intrigue the curiosity of our members.

Mr. GRAHAM. It is exciting.

Mr. STEED. We will insert the Justifications in the record at this point

[The Justifications follow:]

Operating Expenses, FSS
(Direct Only)

ANALYSIS OF AUTHORIZED FOR FISCAL YEAR 1979
(Dollars in thousands)

	Perm. Pos.	Man-Years	Amount
1978 Appropriation Enacted by Congress.....	5,402	5,544	\$160,000
Adjustments:			
Increase of Donation Program from HEW.....	52	41	1,064
Proposed Supplemental for Pay Increases.....	-	-	7,080
Authorized Level for FY 1978.....	5,454	5,585	\$168,144
Estimates, FY 1979.....	5,406	5,468	\$167,468

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

ACTIVITIES	APPROPRIATION						TOTAL CHANGES		INCREASE OR DECREASE (-) FOR 1979	
	FY 1977		FY 1978		FY 1979		Man Years		Other Changes	
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
1. Supply Distribution.....	1,453	25,779	1,498	28,105	1,443	28,196	-55	91	-	-55
2. Procurement.....	1,180	23,245	1,179	24,962	1,169	24,706	-10	-256	-	-10
3. Standards and Quality.....	548	13,377	643	15,739	643	15,758	-	19	-	19
a. Quality Control.....	358	8,260	378	8,721	378	8,745	-	12	-	12
b. Standardization.....	190	4,647	265	6,266	265	6,273	-	7	-	7
4. Transportation & Public Util....	537	11,103	525	11,745	507	11,386	-18	-359	-	-18
5. Customer Service and Support...	775	14,662	779	16,075	760	16,025	-19	-50	-	-19
6. Property Management.....	234	8,408	242	9,513	250	10,835	8	1,322	8	1,311
7. Personal Property Disposal....	447	9,731	500	11,767	500	11,817	-	50	-	50
a. Utilization & Donation....	218	4,574	211	4,707	211	4,711	-	45	-	45
b. Sales.....	130	2,919	130	3,212	130	3,215	-	3	-	3
c. Property Rehabilitation	99	2,238	99	2,462	99	2,484	-	2	-	2
8. Service Direction.....	240	50,667	219	50,238	196	48,745	-23	-1,493	-	-23
a. Program Direction.....	240	37,201	219	37,298	196	37,985	-23	-2,507	-	-23
b. Postage and Fees.....	-	1,929	-	1,746	-	1,760	-	-	-	-
c. Federal Buildings Fund.	-	37,524	-	37,400	-	33,400	-	-4,000	-	-4,000
Total.....	5,414	156,932	5,585	168,144	5,468	167,468	-117	-676	8	4,311
Permanent Positions Established.....	(5,310)	(5,464)	(5,406)	(5,464)	(5,406)	(5,406)	(-18)	(10)	(-58)	(-58)

Operating Expenses, FSS
(Direct Only)

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

Direct obligational authority for 1979 is estimated at \$167,468,000, a decrease of \$676,000 from the appropriation for 1978. The adjusted funding requirements from 1978 consist of increases of: \$784,000 for the additional cost of the 1977 classified pay raise and wage board increases; \$3,000,000 for the purchase of data entry equipment for use in conjunction with computer systems; \$1,311,000 for expanded operations in the National Stockpile Program; and \$36,000 for Personal Property Disposal to maintain current operational levels. These increases are offset by decreases of: \$4,000,000 for standard level user charge payments to the Federal Buildings Fund; and a \$1,807,000 reduction in funding requirements while maintaining the current level of operations as a result of the zero base review of current methods of operation.

Operating Expenses, FSS
(Direct Only)

SUPPLY DISTRIBUTION
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
1,453	\$25,779	1,498	\$28,105	1,443	\$28,196	-55	\$91	-	-	-55	\$91

BACKGROUND

This activity manages and operates a national supply distribution system of wholesale distribution facilities through which commercial type commodities are received, stored and issued on a worldwide basis to Federal agencies. Supplies are shipped by the wholesale operation to customer agencies from GSA Supply Distribution Facilities located in each of the 10 GSA regions. The wholesale sales estimate for 1979 is \$784 million, an increase of \$11.0 million over the 1978 level.

It is projected that 65 percent will be shipped to the military and 35 percent to civilian agencies.

- B. Explanation of Changes, FY 1978 vs. FY 1979
1. Other Changes: a reduction of 55 man-years and \$557,000 associated with depot closings and consolidations; and an increase of \$648,000 for additional cost of 1977 classified and wage board pay increases.

WORKLOAD FACTORS

Distribution Operations

	1977	1978	1979	% Change
Wholesale Level				
Distribution				
Sales (\$M)	\$725.8	\$773.0	\$784.0	1.4
Unit Cost per \$100	3.55	3.64	3.60	(1.1)
Performance Cost	\$25,779	\$28,105	\$28,196	0.3

(000)

JUSTIFICATION

- A. Highlight - The wholesale distribution operation reflects the volume of stores sales shipped from GSA Supply Distribution Facilities located throughout the country and also the Fuel Yard, located in Washington, D. C. Sales totaling \$784 million are estimated to be shipped in 1979.

Operating Expenses, FSS
(Direct Only)

SUPPLY DISTRIBUTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

	1977	1978	1979	
11 Personnel Compensation and Staffing - \$23,018,000 for 1,443 man-years distributed as follows:				
Central Office	68	69	67	
Field Offices	1,289	1,304	1,271	
Total Positions	1,357	1,373	1,338	
Man-Years	1,453	1,498	1,443	
12 Personnel Benefits, \$2,436,000 - \$1,361,000 for direct contribution to Retirement Fund; \$560,000 for health benefits; \$101,000 for group insurance; \$60,000 for FICA; \$328,000 for payments to the Department of Labor Compensation Fund; and \$26,000 for moving allowances.				
21 Travel and Transportation of Persons, \$128,000 - \$105,000 for 1,400 days travel and \$23,000 for motor pool services.				
22 Transportation of Things, \$50,000 - \$27,000 for miscellaneous transportation charges and \$23,000 for motor pool truckage.				
23 Rents, Communications, and Utilities, \$1,010,000 - \$40,000 for rental of equipment, \$145,000 for local telephone; \$8,000 for long-distance telephone; \$3,000 for teletype and telegraph services; \$36,000 for administrative equipment payable to the General Supply Fund; and \$778,000 for amortization of operating equipment payable to the General Supply Fund.				
24 Printing and Reproduction, \$33,000 - for general printing.				
25 Other Services, \$621,000 - \$85,000 to other Government agencies; \$41,000 to the General Supply Fund; \$36,000 to the Federal Telecommunications Fund; \$25,000 to the Working Capital Fund; and \$471,000 payments to commercial contractors.				
26 Supplies and materials, \$900,000 - \$54,000 for office supplies; \$830,000 for operating supplies; and \$16,000 for other supplies.				

Operating Expenses, FSS
(Direct Only)

PROCUREMENT
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
1,180	\$23,245	1,179	\$24,962	1,169	\$24,706	-10	\$-256	-	-	-10	\$-256

BACKGROUND

Procurement - This activity has the contracting responsibility for commercial-type items required by Federal agencies and other authorized users of the Federal Supply System. In addition to contracting and purchasing, the Procurement activity selects commodities for inclusion in the Stores, Nonstores, and Federal Supply Schedules Programs, and determines the methods of supply that are most economical and effective. Total procurement volume in 1977 was \$3.0 billion, and is estimated to increase to \$3.5 billion in 1978 and 1979. Inventory levels available for issue to customer agencies are projected at \$233 million for 1979, reflecting a consistent sales level at a stock turn of 3.2.

JUSTIFICATION

A. Highlight - The Office of Procurement is responsible for:
a. Procurement activities covering the purchasing and contracting functions of the agency.

In 1979, the number of contracts are estimated at 21,414, an increase of 378 over 1978. In 1979, purchase orders are estimated at 223,733 an increase of 3,221 over 1978. This increased workload is to be accomplished through gains in productivity.

b. Inventory management entails the planning and control of inventory levels and the development of systems and procedures relative to the management of inventories. At the end of FY 1977, the available-for-issue inventory was valued at \$186.0 million, a decrease of \$60.0 million over the previous year. In 1978 and 1979, inventory available-for-issue is estimated at \$233 million. The stockturn in 1979 is projected at 3.2.

B. Explanation of Changes, FY 1978 vs. FY 1979

1. Other Changes \$285,000 and 10 man-years reduced from the 1978 operating level and an increase of \$29,000 for the additional cost of the 1977 classified pay raise increases.

Operating Expenses, FSS
(Direct Only)

STANDARDS AND QUALITY CONTROL
(Dollars in Thousands)

	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
Quality Control Operations	548	\$13,337	643	\$15,739	613	\$15,738	-	\$ 19	-	-	-	\$ 19
Supply Standardization	358	\$ 8,690	378	\$ 9,473	378	\$ 9,485	-	\$ 12	-	-	-	\$ 12
	190	\$ 4,647	265	\$ 6,266	265	\$ 6,273	-	\$ 7	-	-	-	\$ 7

BACKGROUND

Timely delivery of commodities of specified quality is assured by inspection and surveillance at contractors' plants or GSA supply facilities, by laboratory tests and analyses prior to acceptance, and by contract administration assistance. Qualitative requirements of Federal agencies for commodities are reflected in Federal specifications and Federal standards which are mandatory for use in procurement.

JUSTIFICATION

A. Highlight - Quality Control Operations - This program provides a system of quality control and field contract administration for personal property procured, stored, and used by Federal agencies. Prior to award of contracts, engineering evaluations are made of bidders' capabilities to determine their ability to comply with the quality control and delivery terms of the contract. Assistance is given to contractors in establishing adequate quality control systems, and planning and scheduling production, as well as maintaining a continuing liaison with them to ensure that their quality control systems remain effective. Assistance to contractors is of particular importance to small enterprises that might otherwise be unable to participate in Government business. Special attention is given to minority suppliers that come under Section 8(a) of the Small Business Act.

The Quality Approved Manufacturers' Program allows manufacturers, with approved quality control systems to ship materials to agencies without government inspection.

Supply Standardization - The Specifications and Standards program assures the broadest possible competition in procurement of items required by Federal agencies. Federal specifications prescribe the characteristics and quality of items to be purchased.

Increasing use of the metric system in the United States has a considerable impact on the specification program. A Metric Task Force has been established to plan and coordinate an appropriate metrification plan in cooperation with the National Metric Council and technical societies.

B. Explanation of Changes, FY 1978 vs FY 1979

1. Other Changes \$19,000 for additional cost of 1976 classified pay increases.

WORKLOAD FACTORS

	1977	1978	1979	% Change
Quality Control Operations	6,692	6,692	6,824	2.0
Open Contracts	14,895	14,895	15,227	2.2
Total Contracts				
Unit Cost per Contract	\$ 580	\$ 664	\$ 650	-2.1
Performance Cost (000)	\$ 8,690	\$ 9,473	\$ 9,485	.1
Supply Standardization Actions Completed	1,722	2,420	2,470	2.1
Unit Cost per Action	\$ 2,699	\$ 2,589	\$ 2,540	-1.9
Performance Cost (000)	\$ 4,647	\$ 6,266	\$ 6,273	.1

Operating Expenses, FSS
(Direct Only)

STANDARDS AND QUALITY CONTROL
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$12,953,000 for 643 man-years distributed as follows:

	1977	1978	1979
Central Office	250	287	287
Field Offices	306	351	351
Total Positions	556	638	638
Man-Years	548	643	643

12 Personnel Benefits, \$1,292,000 - \$904,000 for direct contribution to Retirement Fund; \$287,000 for health benefits; \$65,000 for group insurance; and \$1,000 for FICA; \$35,000 for other benefits.

21 Travel and Transportation of Persons, \$558,000 - \$300,000 for approximately 4,000 days of travel and \$258,000 for motor pool services.

22 Transportation of Things, \$70,000 - \$70,000 for general transportation charges for shipment of samples to laboratories for testing.

23 Rents, Communications, and Utilities, \$414,000 - \$58,000 to the General Supply Fund for rental of administrative equipment; \$177,000 to the General Supply Fund for operating equipment; \$56,000 for equipment rental from commercial sources; \$100,000 for local telephone services; \$20,000 for long-distance tolls; and \$3,000 for telegraph and teletype charges.

24 Printing and Reproduction, \$82,000 - \$27,000 for general printing and \$55,000 for printing Federal specifications and standards.

25 Other Services, \$259,000 - \$94,000 for payments to commercial contractors; \$60,000 for payments to other Government agencies for health room charges, security investigations, etc; \$70,000 for payment to the Working Capital Fund; \$30,000 for payment to the Federal Telecommunications Fund; and \$5,000 for other GSA funds.

26 Supplies and Materials, \$130,000 - \$30,000 for office supplies; \$70,000 for operating supplies; \$30,000 for operating forms and technical publications.

Operating Expenses, FSS
(Direct Only)

TRANSPORTATION AND PUBLIC UTILITIES
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
537	\$11,103	525	\$11,745	507	\$11,386	-18	\$-359	-	-	-18	\$-359

BACKGROUND

This activity is responsible for the transportation, traffic, and public utilities programs of GSA; auditing all Federal transportation documents; and providing procurement assistance, rates, routing and related transportation services to Federal agencies.

JUSTIFICATION

A. Highlight - The Office of Transportation and Public Utilities is responsible for improving management of motor vehicles, passenger travel, transportation, and public utilities in all civilian agencies, and for providing specialized services to civilian agencies in each of these fields. This activity consists of five sub-activities:

a. Transportation Services - Provides management assistance to civil executive agencies in the implementation of Government-wide transportation and traffic management policies and regulations. This includes assisting in the establishment of effective traffic management practices; management of a nationwide Household Goods Program, performing special studies, seminars; and traffic management surveys.

Provides transportation services for those civilian agencies where economies can be achieved under a centralized support concept. This includes representation before ratemaking and regulatory bodies; development of technical data; negotiation of rates, classifications, routes and services; contracting for specialized transportation services; consolidation of shipments; and preparation of transportation documents when necessary.

b. Federal Travel Management - Provides passenger travel and household goods transportation management assistance, prescribes policy on civilian employee transportation, travel and relocation allowances; prepares and conducts seminars; and performs passenger traffic management surveys.

c. Transportation Audits - Transportation Audits is responsible for performing a centralized postaudit of rates charged by common and contract carriers for transportation services furnished for the account of the United States on over 5 million transactions annually. In addition, it reviews, evaluates, and reports on the transportation activities of Government agencies.

d. Federal Fleet Management - Provides assistance to agencies in improving the operating efficiency and reducing the overall cost of operating the Government-wide fleet of over 425,000 motor vehicles. Functions include cross-servicing assistance at maintenance facilities; training of mechanics in new engineering features; and dissemination of information on maintenance and operation of vehicles with respect to emission controls and fuel conservation. Additionally, administrators those portions of the Energy Policy and Conservation Act requiring Federal Government achievement of fuel efficient vehicle acquisition.

e. Public Utilities Management - Furnishes expert witnesses and technical support for rate cases; publishes regulations and procedures governing the procurement and management of public utilities services; conducts negotiations with public utility companies for service needs and rates; reviews utility bills to insure the most economical rate schedule provisions; maintains continuous surveillance of utility rates and tariff filings; and provides expert technical help to executive agencies in public utility procurement, utilization, and conservation problems.

B. Explanation of Changes, FY 1978, vs. FY 1979

1. Other Changes - A reduction of \$377,000 in the cost of operating at the 1978 operating level overall and an increase of \$18,000 for additional cost of 1977 classified pay raise increases.

Operating Expenses, FSS
(Direct Only)

TRANSPORTATION AND PUBLIC UTILITIES
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$9,006,000 for 507 man-years distributed as follows:

	1977	1978	1979
Central Office	430	416	410
Field Offices	114	110	109
Total Positions	544	526	519
Man-Years	537	525	507

12 Personnel Benefits, \$882,000 - Includes \$631,000 for contribution to the retirement fund, \$197,000 for health benefits, \$45,000 for group life insurance, \$1,000 for FICA; and \$8,000 for other benefits.

21 Travel and Transportation of Persons, \$125,000 - \$125,000 for 1,400 days of travel and motor pool.

23 Rents, Communications, and Utilities Services, \$210,000 - \$15,000 for administrative equipment rental from the General Supply Fund, \$75,000 for local telephone, \$5,000 for teletype and telegraph services and \$115,000 for commercial equipment rental.

24 Printing and Reproduction, \$110,000 - \$100,000 for general printing and \$10,000 for invitations to bid.

25 Other Services, \$923,000 - \$202,000 for contractual support, \$30,000 for payment to the Working Capital Fund, \$650,000 for payments to other Government agencies; \$30,000 for the Federal Telecommunications Fund and \$11,000 for other CSA funds.

26 Supplies and Materials, \$130,000 - \$58,000 for office supplies, \$7,000 for operating supplies, \$65,000 for newspapers, periodicals, and technical publications.

Operating Expenses, FSS
(Direct Only)

CUSTOMER SERVICE AND SUPPORT
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
775	\$1,662	779	\$1,675	760	\$1,025	-19	\$-50	-	-	-19	\$-50

BACKGROUND

The Customer Service and Support activity directs and coordinates the development and implementation of logistics program for Federal agencies so as to eliminate overlap and duplication in the procurement and supply programs within the Federal Government. This activity is responsible for supply relationships with the Department of Defense and civilian agencies, in the furtherance of the National Supply System objectives, in the furtherance agreements and cross-servicing arrangements. Also, the activity FSS supply effectiveness and responsiveness to Federal agency requirements, and through liaison with agencies provides a channel for early identification of customer agency problems and unusual supply requirements. Continued emphasis will be placed on the customer liaison and customer market research program to increase the effectiveness of supply and procurement support rendered by Federal Supply Service to other Federal agencies. This activity also manages and operates programs for processing and control of agency requisitions, commodity management, and logistics data systems.

A variety of commonly used administrative and office supplies, and maintenance supplies, are provided to Federal agencies through self-service retail facilities located wherever there is a concentration of Federal activities.

JUSTIFICATION

A. Highlight - One of the major functions of the Office of Customer Service and Support is the direction of a program of intensive customer market research to identify products used on a repetitive basis and the development of cost effective sources of supply for use by all Federal agencies. This activity extensively promoted, use of the Federal Catalog system which has been promoted, value analysis techniques will be employed together with analytical studies using the latest logistics engineering methods available. A program of marketing FSS support systems and services to the Federal agencies is being developed and aggressively pursued to reduce Federal agency outlays and maximize cost effectiveness through use of FSS programs.

a. Interagency Liaison - A program of education is coordinated regarding availability of FSS supply and services, and channels for early identification of customer problems and unusual supply requirements is provided. Pursuant to the Federal Property and Administrative Services Act of 1949, studies and surveys are performed of other agencies' property management practices.

b. Logistics Data Management - Identification and maintenance of all items in the 69 Federal Supply Classifications for which GSA is the integrated materiel manager is performed. This responsibility also includes naming, classifying, and providing stock numbers for the Federal Catalog System for all items of supply used by civil agencies and those items managed by GSA for the Department of Defense.

c. Order Processing and Control - Regional order processing and control activities process all agency orders, prepare necessary documentation for shipment from stock or for production, monitor orders through all elements of the supply cycle action, agencies on the status of their orders, perform order adjustments, and process billing documents to the accounting activity.

d. Retail Stores - Retail operations reflect the dollar value of sales by self-service stores. A wide variety of commonly used administrative and office supplies, maintenance supplies, and standard forms. These self-service stores are located in Federal office buildings wherever there is a concentration of Federal activities. Sales from self-service stores are estimated to be \$89.0 million in 1979.

B. Explanation of Changes, FY 1978 vs 1979

1. Other Changes - A reduction of \$88,000 in cost of operating at the 1978 level offset by productivity increases and an increase of \$30,000 for additional cost of 1977 classified pay raise increases.

Workload Factors

	FY 77	FY 78	FY 79	Change
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Logistics Data Mgmt.

Actions	183,200	187,000	194,000	3-7
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Retail Sales

Sales (\$M)	73.9	79.0	89.0	-12.7
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Operating Expenses, FSS
(Direct Only)

CUSTOMER SERVICE AND SUPPORT
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$12,610,000 for 760 man-years distributed as follows:	1977	1978	1979	
Central Office	217	221	222	
Field Offices	506	517	517	
Total Positions	723	738	739	
Man-Years	775	779	760	
12 Personnel Benefits \$1,267,000 - \$850,000 for direct contribution to Retirement Fund; \$285,000 for health benefits; \$57,000 for group insurance; \$27,000 for FICA; and \$48,000 for quarters allowance overseas.				
21 Travel and Transportation of Persons, \$201,000 - \$177,000 for 2,107 days travel and \$24,000 for motor pool services.				
22 Transportation of Things, \$20,000 - \$20,000 for miscellaneous transportation charges.				
23 Rent, Communications, and Utilities, \$950,000 - \$40,000 for rental of equipment; \$130,000 for amortization of equipment; and \$230,000 for local telephone services, long-distance toll charges, teletype and telegraph services; and \$550,000 for data transmissions costs.				
24 Printing and Reproduction, \$452,000 - \$220,000 for general printing and \$232,000 for catalog printing.				
25 Other Services \$415,000 - \$223,000 for commercial contracts; \$2,000 to other GSA funds; \$40,000 to other Government agencies; \$40,000 to the Federal Telecommunications Fund; \$100,000 to the Working Capital Fund; and \$10,000 to Federal Buildings Fund.				
26 Supplies and Materials, \$110,000 - \$50,000 for office supplies; \$55,000 for operating supplies; and \$5,000 for newspaper, and periodicals.				

Operating Expenses, FSS
(Direct Only)

PROPERTY MANAGEMENT
(Dollars in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
234	\$8,408	242	\$9,513	250	\$10,835	8	\$1,322	0	\$1,311	-	\$11

BACKGROUND

This activity manages the National and supplemental stockpile of strategic and critical materials required to keep the nation's Mobilization Base viable. This activity includes costs of receiving, storing, inspecting, and maintaining the material in storage locations. Its responsibilities include shipment of material solo when a determination is made that it is no longer critical to the Mobilization Base.

JUSTIFICATION

A. Highlight - The Office of Property Management is divided into four subactivities: storage and handling of materials, inspection, stockpile management, and direct operation. This submission reflects the increase of funds requested to support the new stockpile goals proposed by the Federal Preparedness Agency.

a. Storage and handling of materials - provides for acquisition of new materials, upgrading and rotation of present materials in inventory, depot storage operations and other facility costs such as inspection and stockpile management services relative to maintaining the national and supplemental stockpiles. These materials were stored in 115 locations. The program estimate also provides for operating CSK depots and reimbursement to the Department of Defense for stockpile operations at military facilities, protective coverings for ore piles and repackaging

of materials in long term containers to preserve the value of materials in stockpile, as well as projects for relocating materials to effect long-term savings in storage costs. The estimate also includes other related storage costs of inspection, stockpile management, and contract operations.

b. The Inspection Staff - is responsible for qualitative maintenance of materials in storage, inventory verification, and inspection of materials prior to procurement under the disposal program. It assures that the qualitative contract provisions are met against services-by-agreement. The US assure proper application of protective coverings to critical materials processing of materials, and determines that quality assurance controls are exercised.

c. The Stockpile Management Staff - plans, directs, and coordinates all activities relating to storage, handling, maintenance, protection, and distribution of strategic materials.

d. The Contract Operation Staff - contracts for the procurement of services and contracting supplies required for the stockpile operation, as well as for procurement, rotation, upgrading, processing, and refining of strategic critical materials as directed. Administration of these contracts is also provided.

B. Explanation of Changes, FY 1978 vs. FY 1979

1. Program Increase - \$1,311,000 for the expansion of the stockpile Program.
2. Other Changes - \$5,000 for additional cost of 1977 classified pay raise increases and \$6,000 for the additional cost of wage board pay increases.

	1977	1978	Change
Tons Shipped	1,558,699	1,200,000	223.5
Tons Acquired	-	16,130	12.4
Inspections	6,338	6,781	-

Operating Expenses, FSS
(Direct Only)

PROPERTY MANAGEMENT
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$4,733,000 for 250 man-years distributed as follows:				
	1977	1978	1979	
Central Office	38	38	40	22 Transportation of Things, \$50,000 - For relocation of materials from temporary or indefinite to more permanent storage facilities; consolidation of inventories due to evacuation of depots; and miscellaneous transportation costs.
Field Offices	195	201	209	23 Rents, Communications, and Utilities, \$130,000 - \$56,000 for utilities, machine rental and rental of equipment required by warehousing, inspection; and \$74,000 for communication service.
Total Positions	237	239	249	24 Printing and Reproduction, \$15,000 - For general printing.
Man-years	234	242	250	25 Other Services \$4,973,000 - \$2,569,000 for payments to commercial contractors; \$2,224,000 to other government agencies; \$10,000 payment to the GSF; \$20,000 payments to the FFF; \$30,000 to the Working Capital Fund; and \$120,000 to the Federal Buildings Fund.
12 Personnel Benefits, \$492,000 - Includes \$325,000 for direct contribution to Retirement Fund; \$122,000 for health benefits; \$23,000 for group insurance; \$2,000 for FICA, \$5,000 for moving allowance, and \$15,000 for workman compensation.				26 Supplies and Materials, \$190,000 - Includes \$20,000 for normal administrative supplies and \$170,000 for operating supplies.
21 Travel and Transportation of Persons, \$252,000 - \$192,000 for 2,300 days travel in connection with strategic and critical materials activities; and \$60,000 for motor pool services.				

PERSONAL PROPERTY DISPOSAL
(Dollars in thousands)

Operating Expenses, FSS
(Direct Only)

	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
Utilization and Donation	417	\$9,731	500	\$11,767	500	\$11,817	-	\$50	-	-	-	\$ 50
Sales	218	\$4,574	271	\$6,073	271	\$6,118	-	\$ 45	-	-	-	\$ 45
Property Rehabilitation	130	\$2,919	130	\$3,212	130	\$3,215	-	\$ 3	-	-	-	\$ 3
	99	\$2,238	99	\$2,482	99	\$2,484	-	\$ 2	-	-	-	\$ 2

BACKGROUND

This activity manages and operates a Government-wide excess Federal personal property program including the utilization, donation, rehabilitation, and sale of property. This program embraces the personal property of all Government agencies and provides for utilization of excess property; donation of all surplus personal property for public benefit purposes; sale of surplus and exchange/sale of personal property (except DOD property); and rehabilitation of personal property owned by the Government to extend its useful life.

In FY 1976, the personal property donation programs previously performed by the Department of Health Education and Welfare were transferred to the General Services Administration by Public Law 94-519.

JUSTIFICATION

A. Highlight - The Office of Personal Property Disposal is comprised of three programs: Utilization and Donation, Sales, and Property Rehabilitation.

a. Utilization and Donation - The GSA function is to fill the requirements of domestic Federal agencies from available domestic excesses to the maximum extent economically feasible and to allocate the remaining surplus personal property among the States for donation to public agencies and non-profit public health and education organizations.

The transfer of good, usable excess and surplus items will aid materially in keeping down the cost of numerous Federal and eligible public programs in areas such as economic development, which includes manpower training, economic assistance, ecology, energy conservation, and research and development. Transfers of excess and surplus personal property are expected to be \$1.6 billion in FY 1979.

b. Sales - Proceeds from sale of surplus and exchange/sales programs are expected to be at a \$32.0 million level in FY 1979. Sales are conducted by GSA for practically all executive agencies except the Department of Defense.

c. Property Rehabilitation - The replacement cost of property rehabilitation is expected to reach \$780.0 million in FY 1979. Included in this area is the function of promoting and coordinating the Government-wide program for recovery of precious metals from salvage and scrap materials. This function also provides a solid-waste recycling program that will help to insure that collected wastes are disposed of in a manner not detrimental to the environment.

B. Explanation of Changes, FY 1978 vs. FY 1979

1. Other Changes - Increase of \$36,000 to support annualized operations transferred from DHEW to GSA at the FY 1978 level and \$14,000 for additional cost of 1977 classified pay raises.

WORKLOAD FACTORS

	FY 1977	FY 1978	FY 1979	% Change
	Utilization and Donation Transfers and Donations (M)	\$1,498	\$1,500	\$1,600
Performance Cost (000)	4,574	6,073	6,118	.7
Sales				
Total Proceeds (M)	29.9	32.0	32.0	-
Performance Cost (000)	2,919	3,212	3,215	-
Property Rehabilitation Replacement Cost (M)	815.0	815.0	815.0	-
Performance Cost (000)	2,238	2,482	2,484	-
TOTAL PERFORMANCE COST (000)	\$9,731	\$11,767	\$11,817	.4

Operating Expenses, FSS
(Direct Only)

PERSONAL PROPERTY DISPOSAL
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$9,477,000 for 500 man-years distributed as follows:			
	<u>1977</u>	<u>1978</u>	<u>1979</u>
Central Office	59	66	66
Field Offices	392	445	445
Total Positions	451	511	511
Man-Years	447	500	500
12 Personnel Benefits, \$944,000 - \$635,000 for direct contribution to the Retirement Fund; \$210,000 for health benefits; \$46,000 for Group Insurance; \$4,000 for FICA; \$49,000 for living allowance outside the U.S..			
21 Travel and Transportation of Persons, \$355,000 - \$285,000 for 3,400 days travel and \$70,000 for motor pool services.			
22 Transportation of Things, \$13,000 - \$13,000 for miscellaneous transportation charges.			
23 Rents, Communications, and Utilities, \$210,000 - \$20,000 for rental of commercial equipment; \$48,000 for payment to the General Supply Fund for amortization of office equipment; and \$142,000 for telephone and teletype services.			
24 Printing and Reproduction, \$478,000 - \$120,000 for general printing; \$346,000 for printing of schedules; and \$10,000 for printing invitations.			
25 Other Services, \$280,000 - \$80,000 for payment to commercial contractors; \$17,000 for payment to the General Supply Fund; \$20,000 for payment to the Federal Telecommunications Fund; \$30,000 for payment to the other Government agencies; and \$117,000 for payment to the Working Capital Fund; and \$2,000 for Federal Buildings Fund.			
26 Supplies and Materials, \$60,000 - \$50,000 for office supplies; \$4,000 for operating supplies; \$6,000 for technical publications.			

Operating Expenses, FSS
(Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount	Man Yrs	Amount
240	\$50,667	219	\$50,238	196	\$48,745	-23	\$-1,493	-	\$3,000	-23	\$-4,493

BACKGROUND

This activity provides for the management and direction, both Departmental and in the Field, of all Federal Supply Service Programs. This activity also finances, on a centralized basis, all costs for postage, intercity telephone calls, and payments to the Federal Buildings Fund.

JUSTIFICATION

A. Highlight - The overall program management and direction of the Federal Supply Service is provided through the Commissioner in the Central Office and the Regional Commissioners in the field.

	1977	1978	1979
Program Direction	9,840	8,779	11,286
Postage and Fees	1,929	2,380	2,380
Intercity	1,374	1,679	1,679
Federal Buildings Fund	37,524	37,400	33,400
Total	50,667	50,238	48,745

B. Explanation of Changes: FY 1978 vs. FY 1979
 1. Other Changes: Increase of \$7,000 for the increased cost of the 1977 classified pay raise and an increase of \$3,000,000 for purchase of data entry equipment.
 Reductions of \$4,000,000 for payments to the Federal Buildings Fund as a result of Depot closures and improved space utilization service wide and \$500,000 and 23 man years due to zero base review of staff support needs.

Operating Expenses, FSS
(Direct Only)

SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$4,464,000 for 196 man-years distributed as follows:			
	<u>1977</u>	<u>1978</u>	<u>1979</u>
Central Office	195	174	162
Field Offices	87	78	73
Total Positions	<u>282</u>	<u>252</u>	<u>235</u>
Man-Years	240	219	196
12 Personnel Benefits, \$420,000 - \$300,000 direct contribution to Retirement Fund; \$74,000 for health benefits; \$19,000 for group insurance; \$2,000 for FICA; and \$25,000 for other benefits.			
21 Travel and Transportation of Persons, \$153,000 - \$129,000 for 1,536 days travel and \$24,000 for motor pool services.			
22 Transportation of Things, \$12,000 - \$12,000 for miscellaneous transportation charges.			
23 Rents, Communications, and Utilities, \$37,729,000 - \$90,000 for rental of equipment; \$17,000 for payment to the General Supply Fund for amortization of office equipment; \$2,380,000 for postage and fees; \$1,679,000 for intercity costs; \$90,000 for local telephone; \$13,000 for long-distance telephone; \$10,000 for teletype and telegraph services; \$50,000 for data transmission and \$33,400,000 for payment to the Federal Buildings Fund for space rental.			
24 Printing and Reproduction, \$112,000 - \$112,000 for general printing.			
25 Other Services, \$2,565,000 - \$1,000,000 for commercial contracts; \$320,000 to other GSA funds; \$70,000 to other Government agencies; \$5,000 to the General Supply Fund; \$10,000 to the Federal Telecommunications Fund; \$60,000 to the Working Capital Fund; and \$1,100,000 for payments for space related services.			
26 Supplies and Materials, \$290,000 - \$35,000 for office supplies; \$155,000 for operating supplies; \$100,000 for technical publications, newspapers and periodicals.			
31 Equipment, \$3,000,000 - for the acquisition of data entry devices, for use in connection with management information systems.			

Operating Expenses, FSS
(Direct)

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE

OPERATING EXPENSES

For expenses, not otherwise provided, necessary for supply distribution (including contractual services incident to receiving, handling and shipping supply items), procurement, inspection, standardization, and supply management activities as authorized by law, transportation, public utilities, the utilization of excess property, the disposal of surplus property, the rehabilitation of personal property, the national stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h), the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607), and the inventory maintained under the Defense Production Act of 1950, as amended (50 U.S.C. 2061-2166), including services as authorized by 5 U.S.C. 3109, ~~\$160,000,000~~ *Provided*, That during the current fiscal year the General Services Administration is authorized to acquire leasehold interests in property, for periods not in excess of twenty years, for the storage, security, and maintenance of strategic, critical, and other materials in the national and supplemental stockpiles, provided said leasehold interests are at nominal cost to the Government: *Provided further*, That during the current fiscal year there shall be no limitation on the value of surplus strategic and critical materials which, in accordance with section 6 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98e), may be transferred without reimbursement to the national stockpile: *Provided further*, That during the current fiscal year materials in the inventory maintained under the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166), and excess materials in the national stockpile and supplemental stockpile, the disposition of which is authorized by law, shall be available, without reimbursement, for transfer at fair market value to contractors as payment for expenses (including transportation and other accessorial expenses) of acquisition of materials, or of refining, processing, or otherwise benefiting materials, or of rotating materials, pursuant to section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b), and of processing and refining materials pursuant to section 303(d) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093(d)).

\$167,468,000

(Independent Agencies Appropriations Act, 1978)

Operating Expenses, FSS
(Direct, Only)

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

<u>PRINCIPAL CATEGORIES</u>	1977 Actual	1978 Estimate	1979 Estimate	CHANGE FOR 1979		
				Total	Program Increases	Other
Managerial and Administrative Officers	155	162	159	-3	-	-3
Admin Officers/Assistant/Budget Analyst	124	130	127	-3	-	-3
Procurement/Contract/Purchasing Program	546	569	556	-13	-	-13
Engineers	67	70	69	-1	-	-1
Quality Assurance Specialists	270	282	276	-6	-	-6
Chemists/Physicists/Technicians	119	125	122	-3	-	-3
Property	249	260	254	-6	-	-6
Laborers/Warehouseman	1,057	1,099	1,076	-23	+8	-31
Mechanics	36	38	37	-1	-	-1
Typists/Steno/Sect/Clerical	1,520	1,581	1,547	-34	-	-34
Catalogers and Editorial Asst.	119	125	122	-3	-	-3
Motor Operations	124	130	127	-3	-	-3
Trans., Freight, Supply	820	845	827	-18	-	-18
Sub-Total	5,206	5,416	5,299	-117	+8	-125
Part-time and Temporary	208	169	169	-	-	-
Total Average Positions	5,414	5,585	5,468	-117	8	-125

Operating Expenses, FSS
(Direct Only)

SELECTED WORKLOAD DATA

Activity and Principal Workload Factors	1977 Actual	1978 PROGRAM IN		1979 Budget	PERCENT OF INCREASE OVER 1978
		1978 Budget	1979 Budget		
1. Supply Distribution		\$ 725.8	\$ 773.0	\$ 784.0	1.4
a. Wholesale Sales - (in M)					
2. Procurement		15,728	21,036	21,414	1.8
a. Contracts $\frac{1}{2}$		271,549	220,512	223,733	1.5
b. Purchases $\frac{1}{2}$					
3. Standards and Quality Control		14,895	14,895	15,227	2.2
a. Quality Control Operations - Total contracts $\frac{1}{2}$		1,722	2,420	2,470	2.1
b. Supply Standardization - Actions completed $\frac{1}{2}$					
4. Customer Service and Support		183,200	192,600	194,000	3.7
a. Logistics Data Actions		\$73.9	\$79.0	\$89.0	12.7
b. Retail Sales (in M)					
5. Property Management		1,559	1,200	1,200	-
a. Stockpile Operations - Tons shipped (000) $\frac{1}{2}$		-	16	52	223.5
Tons acquired (000) $\frac{1}{2}$		6,338	6,032	6,781	12.4
Inspections					
6. Personal Property Disposal		\$1,497.5	\$1,554.6	\$1,600.0	6.7
a. Value of Personal Property Transfers and Donations (in M)		\$ 29.9	\$ 26.0	\$ 32.0	-
b. Proceeds from Sale of Personal Property (in M)		\$ 815.0	\$ 741.9	\$ 815.0	-
c. Replacement cost of Personal Property Rehabilitated (in M)					

$\frac{1}{2}$ Workload factors were revised during FY 1977; all figures are shown comparable.

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE
 ADVANCES AND REIMBURSEMENTS (Thousands of Dollars)
 ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979

	Permanent Positions	Man Years	Amount
1978 Level of reimbursable services.....	578	607	\$18,208
1979 Level of reimbursable services.....	578	607	\$18,208

Reimbursements				Increases or Decrease (-) for 1979						
Reimbursable Programs Permanent Positions	FY 1977		FY 1978		FY 1979		Total Changes		Other Changes	
	Ave Pos	Amount	Ave Pos	Amount	Ave Pos	Amount	Ave Pos	Amount	Ave Pos	Amount
586	\$16,608	607	\$18,208	607	\$18,208	-	-	-	-	-
(536)	-	(578)	-	(578)	-	-	-	-	-	-

SUMMARY JUSTIFICATION OF FY 1979 ESTIMATE

Various services are provided by the Federal Supply Service to other Government agencies on a fully reimbursable basis. The primary services provided involves packing and packaging of items for shipment to overseas destinations. GSA force account personnel engaged in the packing activity are funded through this account. Reimbursement is obtained from the General Supply Fund which levies a surcharge on the items requiring special packing and packaging. Other minor reimbursable services account for only a small portion of the total FSS reimbursable program.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

Operating Expenses, FSS
(Advances & Reimbursements)

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

PRINCIPAL CATEGORIES	SUMMARY OF EMPLOYMENT (Number of Average Positions)			CHANGE FOR 1979		
	1977 Actual	1978 Estimate	1979 Estimate	Total	Program Increases	Other
Transportation Mgmt/Specialists	13	13	13	-	-	-
Supply Representatives	2	2	2	-	-	-
Engineers	1	1	1	-	-	-
Laborers/Warehouseman	288	292	292	-	-	-
Mechanics	13	14	14	-	-	-
Motor Operations	14	14	14	-	-	-
Supply Technicians	25	26	26	-	-	-
Typists/Steno/Sect/Clerical	190	193	193	-	-	-
Sub-Total	546	555	555	-	-	-
Part-time and Temporary	40	52	52	-	-	-
Total Average Positions	586	607	607	-	-	-

GENERAL SUPPLY FUND

JUSTIFICATION OF FY 1979 BUDGET ESTIMATEBACKGROUND

The General Supply Fund finances, on a reimbursable basis, a national supply depot system and a system of ordering supplies for direct delivery to agencies. Supplies or services are sold from the fund at cost to other agencies and the District of Columbia. Related operating expenses are provided for under the appropriation Operating Expenses, Federal Supply Service. Also financed by the fund and reimbursed by using agencies are the operations of the motor pools, the rehabilitation and repair of furniture and equipment, the redistribution of materials no longer needed overseas, and the rental of administrative equipment to GSA activities. FY 1979 income, cost and capital outlay estimates are predicated on the assumption that proposed legislative changes authorizing the retention of surplus and replacement cost pricing of motor vehicles will be enacted.

ACTIVITY JUSTIFICATION

1. Supply Operations - Supply operations financed through this fund are segmented into the following subactivities:
 - a. Stores, Stock - Includes commodities which are of such common use by agencies as to warrant keeping them available for distribution from stores depots. These items are purchased in volume to maintain inventories at reasonable levels to support issues upon receipt of requisitions. In FY 1979, stores stock sales are estimated to be \$873.0 million. This represents an increase of \$21.0 million over FY 1978 estimated sales of \$852.0 million.
 - b. Stores, direct delivery - Includes stores items which are ordered for direct delivery from suppliers to the requisitioning agency. Direct delivery is used where the quantity of an item requisitioned is sufficiently large, or where direct delivery is otherwise advantageous to save depot handling cost. In FY 1979, stores, direct delivery sales are estimated to be \$50.0 million.
 - c. Nonstores, direct delivery - Includes commodities which are not of sufficiently common use or which otherwise do not warrant economical stocking in depots. These items are requisitioned by agencies to fill large definite quantity requirements and are purchased for direct delivery to using agencies. In FY 1979, nonstores, direct delivery sales are estimated to be \$479.0 million.

GENERAL SUPPLY FUND

2. **Export Operations** - Includes special packaging and packing of stores and nonstores items for shipment to overseas destinations, primarily in conjunction with DOD and AID programs. In FY 1979, revenue from export operations is estimated to be \$19.0 million.
3. **Personal Property Disposal** - Includes the repair and rehabilitation of Government-owned furniture and equipment. Services are provided through commercial contracts, when feasible and economical, and also by GSA personnel. The magnitude of this program is estimated to be \$0.5 million in FY 1979. This activity also includes a program whereby materials no longer needed overseas are returned for redistribution. Reimbursement for this service is obtained from recipients of the material and is estimated to be \$0.5 million in FY 1979.
4. **Motor Pools** - Motor pool vehicle services are provided to Government agencies through a system of interagency motor pools. Services are provided on both an assigned and dispatched vehicle basis. At the end of FY 1977, there were 100 interagency motor pools in operation with an active fleet of 81,700 vehicles. In FY 1979, motor pool sales are estimated to be \$206.0 million with an anticipated active fleet of 89,400 vehicles and 102 interagency motor pools.
5. **Administrative Equipment** - Administrative equipment is purchased through this fund for GSA using activities. Rental charges equivalent to depreciation are assessed to the various equipment user accounts. Administrative equipment includes furniture, office machines, filing cabinets and program equipment. In FY 1979, reimbursement to the fund is estimated to be \$3.6 million.

GENERAL SUPPLY FUND

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

PRINCIPAL CATEGORIES	1977 Actual	1978 Estimate	1979 Estimate	CHANGE FOR 1979		
				Total	Program Increases	Other
Management & Admin/Analysts Program.....	48	48	48	-	-	-
Property Officers/Specialists.....	4	4	4	-	-	-
Laborers/Serviceemen, Drivers.....	85	91	219	128	128	-
Mechanics.....	581	584	609	25	25	-
Operation Specialists.....	223	223	223	-	-	-
Typists, Steno, Secretaries/Clerical....	262	262	262	-	-	-
Sub-Total.....	1,203	1,212	1,365	153	153	-
Part-time and Temporary.....	167	187	135	-52	-52	-
Total Average Positions.....	1,370	1,399	1,500	101	101	-

GENERAL SUPPLY FUND

SELECTED WORKLOAD DATA
(DOLLARS IN MILLIONS)

ACTIVITY AND PRINCIPAL WORKLOAD FACTORS	1977 ACTUAL	1978 PROGRAM IN		1979 BUDGET	PERCENT OF INCREASE OVER 1978
		1978 BUDGET	1979 BUDGET		
<u>SALES LEVELS</u>					
(1) Supply Operations					
a. Stores, Stock	\$ 801.1	\$ 852.0	\$ 852.0	\$ 873.0	2.5
b. Stores, Direct Delivery	34.0	50.0	50.0	50.0	-
c. Nonstores, Direct Delivery	466.4	479.0	479.0	479.0	-
d. Export Operations	24.3	17.8	17.8	19.0	6.7
(2) Interagency Motor Pools	125.0	149.5	149.5	206.0	37.8
(3) Personal Property Disposal	.9	1.6	1.6	1.0	-37.5
(4) Administrative Equipment	2.1	2.8	3.4	3.6	28.6
Total	\$1,453.8	\$1,552.7	\$1,553.3	\$1,631.6	5.1

Working Capital Fund
(dollars in thousands)

	1977 Actual	1978 Program	1979 Estimate
Income/Cost Comparison - Summary			
Sales-In-Plant	\$13,461	\$13,137	\$12,319
Outside Procurement	532		
Cost of Sales - Adjustments	14,096	13,137	12,319
Gain or (Loss)	-103		
Net Outlays	-248	-170	

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES

	Funded Costs						Increase or Decrease (-) for 1979					
	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
1. Centralized Printing and Duplicating operations	444	\$13,864	402	\$12,837	374	\$12,019	-28	\$-818	-28	\$-1,180	-	\$-362
2. Capital Outlay	-	19	-	\$ 300	-	\$ 300	-	-	-	-	-	-
Total Program Cost Funded	444	\$13,883	402	\$13,137	374	\$12,319	-28	\$-818	-28	\$-1,180	-	\$-362
Permanent Positions Established		(417)		(364)		(364)						

Summary Justification of FY 1979 Budget Estimates

Central blueprinting, photostating, duplicating, and distribution services are financed by a Working Capital Fund pending reimbursements (40 U.S.C. 293). The Joint Committee on Printing, U.S. Congress, has authorized GSA to establish and operate 12 printing plants to meet the needs of GSA and other government agencies. In addition, GSA operated 13 duplicating plants at the end of FY 1977 and anticipates operating 14 in FY 1978 and FY 1979.

Working Capital Fund

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979

(in thousands of dollars)

	<u>Total</u>		
	<u>Positions</u>	<u>Man-Years</u>	<u>Amount</u>
<u>Program Change:</u>			
1. Change in level of centralized printing and duplicating services provided--eliminates in-house printing of commercially procurable large jobs as directed by the Joint Committee on Printing.	-	-28	-1180
<u>Other Changes:</u>			
Decrease in payment to FBF	-	-	-167
Full year cost 1977 pay raise and wageboard increases	-	-	529
Subtotal, Other Changes	-	-	362
<u>Total, Decrease 1979 compared to 1978</u>	-	-	-818

WORKING CAPITAL FUND

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

<u>PRINCIPAL CATEGORIES</u>	<u>1977 Actual</u>	<u>1978 Estimate</u>	<u>1979 Estimate</u>	<u>Increase or Decrease for 1979</u>		
				<u>Total</u>	<u>Program</u>	<u>Other</u>
Professional	38	32	32	-	-	-
Clerical	40	34	34	-	-	-
Duplicating and Crafts/Laborers	<u>356</u>	<u>298</u>	<u>298</u>	-	-	-
Sub-Total	434	364	364	-	-	-
Temporary and Part-time	<u>10</u>	<u>38</u>	<u>10</u>	<u>-28</u>	<u>-28</u>	-
Total	444	402	374	-28	-28	-

Sale of Rare Silver Dollars

General Services Administration
 Analysis of Authorized Level for 1979
 (dollars in thousands)

	Permanent Positions	Man Years	Amount
1978 Program estimates	2	57	2,108
Estimate, 1979	-	-	-
Changes from 1978 to 1979	-2	-57	-2,108

DIGEST OF BUDGET ESTIMATE BY ACTIVITIES, FISCAL YEAR 1979

	Appropriation						Increase or Decrease (-) FY 1979	
	FY 1977		FY 1978		FY 1979			Total Change
	Man Years	Amount	Man Years	Amount	Man Years	Amount		Man Years
1. Sale of Rare Silver Dollars								
Total.....	-	\$89	57	\$2,108	-	-	-\$2,108	
Permanent Positions Established ...	(2)		(2)		-	(-)	(-)	

Funds were appropriated in FY 1973 and the unobligated balance finances the activities.

SUMMARY JUSTIFICATION

This program provides for the sale of rare silver dollars authorized by Section 205 of the Bank Holding Company Act Amendments of 1970. The coins are part of the U.S. Government's last holdings of 90 percent silver dollars discovered during a 1964 Treasury audit. Of the nearly 2.9 million coins discovered, most were coined at the former Carson City, Nevada mint during the years 1878 to 1891. To date, USA has conducted five sales and sold approximately 1.92 million coins with net receipts of \$55.3 million. The remaining one million coins are broken into six categories, each of which has been offered to the public at least twice during previous sales. Past sales have been subject to restrictions on customer eligibility, quantity of sale, method of sale, etc. It is economically unfeasible to offer these coins again under the existing conditions as the anticipated revenue would not justify the administrative cost.

Legislation has been introduced which will allow revision of current sales methods. It is anticipated that this legislation will be passed in 1978 in time to allow for completion of sales activity in 1978. This would conclude the rare silver dollar program with no further activity in 1979 or future years.

WEDNESDAY, FEBRUARY 15, 1978

NATIONAL ARCHIVES AND RECORDS SERVICE

WITNESSES

DR. JAMES B. RHOADS, ARCHIVIST
DR. JAMES E. O'NEILL, DEPUTY ARCHIVIST
JOHN J. LANDERS, EXECUTIVE DIRECTOR
MRS. VIRGINIA BANISTER, DIRECTOR, BUDGET AND FINANCE
DIVISION

Mr. STEED. The committee will be in order.

The committee will now take up the 1979 budget request for the National Archives and Records Service operating expenses for fiscal year 1978 of \$67,134,000, with a supplemental pay increase of \$2,340,000, bringing the 1978 total to \$69,474,000. The 1979 request is for \$73,093,000, an increase over 1978 of \$3,619,000.

At the conclusion of this item, we will go into the 1979 budget request for the National Archives and Records Service declassification program. The budget for 1978 was \$1,470,000, with a supplemental pay increase of \$95,000, bringing the 1978 total to \$1,565,000, and that is the amount of the 1979 request.

We are very pleased to welcome again our friend, Dr. Rhoads.

Doctor, if you would like to identify your colleagues for the record, we will then be glad to have Deputy Administrator Griffin and you make whatever comments you wish about your budget.

Dr. RHOADS. Thank you very much, Mr. Chairman.

It is always a pleasure to appear before you and your committee.

The gentleman on my right, Dr. O'Neill, is the Deputy Archivist of the United States. The gentleman immediately behind me, Mr. John Landers, is the Executive Director of the National Archives and Records Services, and also with him is Mrs. Virginia Banister who is the Director of our Budget and Finance Division.

As you know, the National Archives and Records Service performs a variety of functions relating to the preservation, use, and disposition of Federal records.

The increases that we are requesting and the short answer for the reasons we are requesting these increases are as follows:

In the National Archives proper, which has responsibility for the permanently valuable records of the Federal Government, we are requesting an additional \$250,000 to deal with a very rapidly increasing reference service workload. We are also asking for an additional \$1 million to increase the preservation activity on permanently valuable records. We have a tremendous backlog of materials that are of permanent value and that need attention. Otherwise, they will disintegrate and be lost.

In the Federal Records Centers we are asking for \$500,000 and 35 additional positions, again to take care of a substantial increase in reference workload, primarily to government agencies. \$30,000 and 2 positions are requested to expand the activities in the Federal Register, leading towards helping agencies make their regulations clearer, and more understandable; as President Carter said: in English for a change.

Mr. PATTEN. Quite a trick.

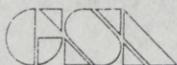
Dr. RHOADS. Yes, it is. It is a lot of work.

Those are program increases.

We are also requesting \$920,000 for increased payments to the Federal Building Fund, and \$853,000 for recurring reimbursable payments for the Federal Buildings Fund. In addition, there is an item of \$66,000 for associated pay costs.

We would be happy to respond to your questions.

[The prepared statement of James B. Rhoads follows:]



General Services Administration National Archives and Records Service Washington, DC 20408

STATEMENT OF DR. JAMES B. RHOADS, ARCHIVIST OF THE UNITED STATES

Mr. Chairman and Members of the Committee

The National Archives and Records Service (NARS) performs a variety of functions relating to the preservation, use, and disposition of Federal records. In the National Archives Building and regional branches, NARS preserves and makes available for private research and for further Government use the Nation's records of enduring value. In the National Archives we also review for declassification those permanently valuable records that are security classified. We administer the Presidential Library System where the papers and historical materials of Presidents Hoover through Johnson and President Ford and the papers of their associates are preserved for research and historical materials are displayed for public viewing. We make grants for historical publications and records projects as recommended by the National Historical Publications and Records Commission. We manage a system of 15 Federal Records Centers where non-current Federal records can be economically stored until they can be disposed of and operate a Government-wide records management program to assist agencies to keep the cost of current records systems as low as possible. Finally, we publish administrative regulations, the laws, and presidential documents in the Federal Register system.

The budget request for NARS Operating Expenses in FY 1979 includes increases of \$250,000 for additional reference service and \$1,000,000 to increase the preservation of permanently valuable records in the National Archives; \$500,000 and 35 positions to provide additional reference service in the Federal Records Centers; \$30,000 and 2 positions to expand the Federal Register's program to assist agencies make their regulations clearer and more understandable; \$920,000 for SLUC payments and \$853,000 for recurring reimbursable payments to the Federal Buildings Fund; and \$66,000 for associated Pay Act costs.

National Archives

The workload of the National Archives is largely determined by the volume of requests received for information related to the records from the public and Government agencies.

Requests for information from archival records increased by nearly one million between FY 1976 and FY 1977. The trend continued during the first quarter of FY 78 and is expected to continue through FY 79. The requested \$250,000 will enable us to continue to respond to requests from scholars, researchers, and the general public.

\$1,000,000 is requested to restore or reproduce permanently valuable records whose condition has reached the critical point where postponement of essential preservation measures will result in the irreplaceable loss of the records and the information they contain. Many of the records involved--still and motion pictures--are hazardous and deteriorating rapidly, inviting fire and explosion. Others are records whose continued preservation is required for legal as well as historical purposes. The funds requested, will provide for the preservation of 8,350,000 additional units and ensure the maintenance of a program designed to preserve deteriorating records within their expected life span.

Federal Records Centers

Requests from Federal agencies for information from their records housed in our records centers increased by more than 3 million between FY 1976 and FY 1977. The trend continues into FY 1978 and is expected to continue into FY 79. The requested \$500,000 will enable us to continue to respond to agency requests which will enable them to perform their missions.

Federal Register

\$30,000 is requested to increase slightly the Federal Register's program to assist agencies with the preparation of their

regulations in accordance with the President's instructions to make them clearer and more easily understood.

Other

Additional amounts requested provide for payment to the Federal Buildings Fund of \$920,000 for increased rental costs and \$853,000 for payment for recurring reimbursable costs--e.g. temperature control and security services required to protect our permanently valuable records, and \$66,000 for Pay Act costs.

Thank you for this opportunity to make this brief statement, Mr. Chairman, I will be pleased to respond to your questions.

Mr. GRIFFIN. Could I make just one comment, Mr. Chairman?

We haven't mentioned this at all, but as you know, the President ordered all agencies to have a zero based budget, a very serious project. Janice Mendenhall and Ray Fontaine conducted a very extensive zero based budgeting exercise in GSA in which we were finally called upon to rank all of our various activities.

In that exercise, in connection with this budget request, the only items with clear increases that were justified as a result of the 22B was the urgent need for sufficient financing to take care of the preservation of our historical records, to alleviate, eliminate any possible further deterioration, and to take care of and to fulfill the ever increasing request by the public for record references and archival references.

These relatively small increases reached the administration as being those which were the most important to address in our committee presentation.

I just wanted to give you that background.

Mr. STEED. I have always considered archives another type of a library. It is essentially a place where man's knowledge and some of his actions are stored. I also have the idea that if you had a collection of material that was not usable, you just had a warehouse full of a collection of something, that it was not an institution at all. In that light, of course you would preserve some priceless originals, but also the contents of those items plus all these other records you keep would be more or less a waste of money if you did not have a system that would constantly make this available to those who were interested in them, or in other words, to the public.

Dr. RHOADS. You are absolutely right.

IMPACT OF "ROOTS"

Mr. STEED. You have made reference to the increase in certain public demands for what you have collected. There is another phase that I would like you to comment on. There has been an enormous interest in family trees generated by the book "Roots." Have you noticed any impact?

Dr. RHOADS. We really have, Mr. Chairman. As you noted, there has always been a good deal of interest in this sort of thing.

Mr. GRIFFIN. I think he planned it that way.

Dr. RHOADS. No. There has always been a good deal of interest in using our holdings for this kind of purpose, but with the publication of "Roots," and more particularly after the television version of last January, the demand placed on us absolutely soared. The number of increases in reference requests at the National Archives in that year as against the previous one increased from about 1.5 million to about 2.5 million. The rate of increase since then has not been quite as sharp, but it is continuing to climb to the point where in the current fiscal year we anticipate that there will be approximately 2.7 million reference requests that have to be handled, and in fiscal 1979 we are estimating 2.9 million which we think is a conservative estimate, based on recent history.

This has had a rather profound effect on what we have been able to do. We feel an obligation to meet the needs of the people who come to us. These are, after all, their records that we hold in trust

for them, but in order to meet that very substantial workload increase, we have had to defer other kinds of necessary work, such as an arrangement and description of records, which have as their purpose making our service to the public more efficient, and we have had to—and this is perhaps even more serious over the long run—defer some essential preservation work. One reason for the request of \$1 million in that area is to try to get us back up to a minimal level of preserving things before they disintegrate.

AVAILABILITY OF MATERIALS

Mr. STEED. I have not had much experience with genealogy but I have a relative who has. He apparently has traced our family tree back far enough to assure me there are no horse thieves in my ancestry, so I feel comfortable about that. It also opened my eyes to the fact of how important it is that somebody somewhere kept a record about something. What progress have you made in expanding the collections that are made available or that can be made available in enriching this source?

Dr. RHOADS. We are continually bringing in new materials, in recent years in smaller quantities than we really should be, because of the space shortage that Mr. Solomon referred to yesterday morning. A lot of material is being retained in our records centers and in government agency files that is of permanent value and should come to us, and we do have this space problem.

In terms of making more widely available the materials that we have, one major advance in the past year has been the removal of all restrictions on the 1900 census schedules. Over the period of the previous two or three years they have been open only under certain restrictions in our own facilities, because of the opposition of the Bureau of the Census to opening them more widely. We are now making the schedules and indexes freely available in our research rooms and we are now in a position to begin to make copies of the microfilm and sell them to the general public. That will certainly expand our ability to be of service.

We have also been following the practice of devoting a very limited amount of our resources to making copies of existing microfilm publications in the National Archives available to our regional archives branches in 11 locations around the country, and the demand for services there, which is subsumed within the total National Archives reference workload that I referred to earlier, has grown more rapidly than it has in Washington.

This is an initiative on our part to provide for wider dissemination of information in response to increasing requests.

PRESERVATION OF FILM

Mr. STEED. Back in the 1930's when the National Archives was created by Congress, I happened to be around here then and am familiar with some of the original activities. I got involved with a man who was placed in charge of the preservation of film. In my spare time I helped do the research on a film called "Message to Garcia," which was turned down because it was not historically significant. It gave me a knowledge that you began a long time ago saving historical film. Later on I ended up being associated with

the budget of the Library of Congress, and we had an enormous amount of film that was in a very bad state, along with other items. So during the years I handled that budget we put a lot of money into recopying these films on a more permanent type of film.

We were hard pressed just to keep ahead of the film that did not have but about another year of life left in it. It was astonishing to me that we waited so long before anybody got around to trying to cope, and what a great risk we ran of thus losing forever some virtually priceless material.

Have you had any of these problems with the film you are collecting? Is original film highly flammable and subject to deterioration?

Dr. RHOADS. Yes, indeed.

Mr. STEED. I assume you are having some problems too?

Dr. RHOADS. We are having the same kinds of problems as you described the Library of Congress as having. In fact, we had one traumatic experience this past year. There are film vaults out in Suitland Federal Center area that we occupy in part and the Library of Congress occupies in part. These are film vaults that are specially designed to house this nitrate-based film, a very inflammable, unstable medium.

We do have a copying program to put it on safety-base film, but we have not been able to finance it at a level that quite keeps up with the expected rate of deterioration, and part of this \$1 million that we are asking for will go to get us back up to that level.

Now, the traumatic experience that I referred to is the fact that there was some spontaneous combustion in one of our film vaults a few months ago. The thing blew up with tremendous force. The vaults are so designed that there are blow-out panels to the exterior, and within just a matter of minutes the entire contents of that vault were gone and sprayed out for 75 feet across the countryside.

It is a very eloquent illustration of the problem. Fortunately, the vaults turned out to be well enough designed that the conflagration did not spread to any of the other vaults in the building, but it certainly points up the seriousness of the situation and the hazards involved.

Mr. STEED. Are you entirely sure that this coming year will give you enough additional activity to catch up, so that you will be ahead of the danger point?

Dr. RHOADS. I think that this will enable us to get ahead of the disintegration point. It will not by any means comprehensively solve our preservation problems.

VOLUME OF MATERIALS

Mr. STEED. What is the total volume of materials that we are going to have to preserve?

Mr. LANDERS. We can furnish that.

Mr. STEED. We will insert it in the record at this point.

[The information follows:]

Preservation

[Items preserved in millions]

Estimate of records to be preserved include:	
Textual records (cubic feet).....	1,300,000
Motion pictures (feet).....	81,000,000
Photographs.....	5,000,000
Maps.....	1,600,000
Sound recordings.....	72,000
Aerial photo.....	300,000
Reels ADP tapes.....	1,500

PRESERVATION

Dr. RHOADS. We are talking about more than motion picture film and other nontextual materials. During the last year I set up a task force to take a comprehensive look at our entire preservation problem, to determine what the full and accurate dimensions were, and to develop some estimates as to what it would cost to start dealing with it in a meaningful but long-term way. We think just in the nontextual materials, motion picture films, still photographs, sound recordings, maps, and magnetic tape records, and that type of thing, that is probably \$30 million worth of repair or copying that needs to be done. If we did that over a 10-year period, we are talking about \$3 million a year, and that is not touching in any meaningful way the textual records.

We are hopeful that some kind of a research and development effort can be launched to discover some new ways, more cost efficient ways, to deal with the textual record, because it probably costs us about 12 cents per unit to repair a sheet of paper. You multiply that by several hundred million pieces of paper that are going to need repair over the next 5 to 10 years, and we are talking about a substantial amount of money, so we are looking at some kind of mass production technique.

We have some examples here of disintegrating documents. This is a Civil War muster roll, and even though that is good quality 19th century paper, the document obviously is in poor condition.

Here is another example. These are letters received by the Collector of Customs in New Orleans back in the early 1800s.

Mr. GRIFFIN. Dr. Rhoads, this \$1 million will just make a start on the film?

Dr. RHOADS. It will certainly be primarily on the film.

Mr. STEED. Tex says this piece of paper is older than he is.

Dr. RHOADS. I think it is but there are rolls of deteriorated nitrate motion-picture films that are probably not as old as Tex is.

Mr. STEED. I have a piece of paper like that that I framed. It was a license that was issued to a ship by Customs, and it has a scalloped top. It is supposed to be one of the three existing documents that has both the signature of Thomas Jefferson and James Madison as Secretary of State. It was given to me and I have saved it. I do not know if it is an authentic document but it looks very much like it may be.

Dr. RHOADS. If it is, it certainly has a good deal of intrinsic value.

Mr. STEED. I may bring it around and have your experts look at it to see if it is authentic or just a replica.

Dr. RHOADS. We will be happy to look at it.

Mr. STEED. It is of interest to me because I did not know that the scalloped top of the license was a means of identification for Customs.

Dr. RHOADS. I do not recall that, but I know that the President and the Secretary of State used to sign a class of documents that a clerk would probably sign today.

Mr. STEED. If my memory serves me right, a further interesting thing about this was that the name of the ship was Hamilton.

Dr. RHOADS. Is that right? It sounds like an interesting document.

Mr. STEED. It was a common name back in those days.

PRESIDENTIAL LIBRARIES

You have the Presidential libraries. What state are they in? Will they have a deterioration problem as time goes by?

Dr. RHOADS. As time goes by they will. You know we already do have some preservation money in the budget, again mainly for a lower level of activity.

Mr. STEED. Do you anticipate letting that program go so long that you will have a problem?

Dr. RHOADS. No, we have begun to address that in the Presidential libraries, and small amounts of money for that in the last five or six years have been going to the older libraries, Hoover, Roosevelt, Truman, to try to nip that sort of problem in the bud as much as we can.

NEW PRESERVATION TECHNIQUES

Mr. STEED. Have you developed any new techniques in the last few years to aid in the preservation of sulphate paper or nitrate film?

Dr. RHOADS. As far as nitrate film is concerned, we really don't try to preserve that. We simply copy it and get rid of the nitrate film as fast as we can because of its hazardous quality.

Mr. STEED. Will any of the materials you lost in this explosion be replaceable from the files or from any of the library films of companies?

Dr. RHOADS. Most in that vault were news films.

Mr. GRIFFIN. Wasn't it "March of Time"?

Dr. RHOADS. Yes, "March of Time." This was film that was edited and not put into production. One could perhaps reason that this was less important material, but I don't think you can carry that analogy too far.

Mr. GRIFFIN. It was donated.

Dr. RHOADS. Yes, they donated that to the government with the understanding that we would take good care of it.

NIXON TAPES AND PAPERS

Mr. STEED. What is the current status of the Nixon tapes and papers? Has that been finalized to a position where you can proceed with it?

Dr. RHOADS. In the middle of January, we began processing the Nixon papers with a view towards eventual public access. We have only about 10 or 11 staff members available to do that work, and

they have at the same time been faced with some requests from the courts for special searches dealing with cases in the court. So we haven't been able to make a lot of progress.

We do anticipate that there will be a supplemental request coming along one of these days, requesting sufficient funds and staff to enable us to complete the processing of the Watergate-related materials within a 3-year period.

FREEDOM OF INFORMATION ACT

Mr. STEED. Does the Freedom of Information Act cause you any problems with these papers or any other documents you have? Does that impact your activities?

Dr. RHOADS. The Freedom of Information Act probably does not affect us as badly as some agencies because we are in the business of making material available.

Now we have records, of course, that do fall under some of the exemptions in the Freedom of Information Act.

Last year we had about 369 Freedom of Information Act requests for materials in the holdings of the National Archives. That figure reflected a marked increase over the previous year. If that kind of progression continues for very long, we will be having problems.

We encourage people not to use the Freedom of Information Act on National Archives holdings because it gives an unfair disadvantage to people who do not choose to use it, who choose to use normal procedures, because of the time limitation.

RECORDS DECLASSIFICATION

Mr. STEED. How are you doing with the Records Declassification program?

Dr. RHOADS. It is proceeding well. Last fiscal year we declassified 40 million pages and we anticipate almost the same this year.

Mr. STEED. Are you keeping ahead of research?

Dr. RHOADS. Just barely. You may be aware, Mr. Chairman, that probably within the month the President may issue a new Executive Order to replace the Nixon Executive Order on security classification, and in all likelihood it will reduce the number of years after which we must review the material from 30 years to 20 years, with probably a 10-year transition period. This also is going to require us to seek a supplemental.

HISTORICAL PUBLICATIONS GRANT PROGRAM

Mr. STEED. You might comment on the activity and present status of the grants for historical publications. What do you see in the future for this?

Dr. RHOADS. In the approximately 2 years that the historical records grant program has been in existence, a great deal of interest has developed throughout the country. The National Historical Publications and Records Commission is taking its responsibilities very seriously. There are State advisory committees appointed by the governor in 47 of the States plus Guam, Puerto Rico, the Virgin Islands, and D.C. and they are performing a very useful role in establishing State priorities and prescreening the applications and so on.

The dollar value of the applications for grants has always exceeded the amount of money that we had available. I think you are aware of the dilemma that we have found ourselves in. We have a good program that we believe in, but funds for the last 2 years have been moved from the program activities of the National Archives and Records Service into the grants program, and this is part of the reason why we have been having some serious internal problems in keeping up with the increased reference, preservation demands, and so on.

The request in the President's budget is for \$3,500,000 this year, the same as last, and if there is another move of funds from our program activities into the grants program, we will again have some serious internal problems.

Mr. STEED. I notice that not only there but in your records declassification program, you are asking for the same amount of money for 1979 as you had this year.

Dr. RHOADS. That is right.

Mr. STEED. Are these funds subject to any inflationary impact? If so, why are you not going to be able to do as much with the same dollars next year as you were able to do this year?

Dr. RHOADS. They are both subject to inflationary factors.

Mr. STEED. You are going to have a reduced activity.

Dr. RHOADS. That is true.

Mr. GRIFFIN. We are also asking for something which is not part of our statement, Mr. Chairman. When this commission activity started, it was a separate appropriation item; now it is combined with the NARS operating expenses appropriation. If, in fact, a move is afoot among the various States to encourage the committee to put more funds into this program, we would really appreciate it if the committee would consider treating the National Historical and Publications Records Commission as a separate appropriation instead of it being an activity of the overall NARS budget as it is now we would like to get separate consideration of this program.

Mr. STEED. It might alleviate some of the complaints of your outside fans to know this was a separate appropriation item.

Mr. GRIFFIN. I would like to make this request in the name of the administrator. We would appreciate this program being considered as a separate appropriation.

Mr. STEED. We get an input from these supporters.

Dr. RHOADS. I am sure you do.

Mr. STEED. I am sure they are very sincere people.

Mr. GRIFFIN. And they do good work. If it requires more money, we would just like to have it considered separately.

DECLASSIFICATION STATUS

Mr. STEED. Do you have a measurable progress report on your declassification program? Do you have a handle on the total program?

Dr. RHOADS. In theory, if we can divorce ourselves for a moment from what we think is coming down the pike in the new Executive Order, the amount of work that we have to do should sharply decrease 30 years from 1972, which means the year 2002, because of the automatic declassification provisions which were built into the 1972 Executive Order.

I would like to ask Dr. O'Neill, who is very familiar with that, to supplement my remarks.

Dr. O'NEILL. It is very difficult, Mr. Chairman, to make any good estimate of the total volume of materials still to be examined because so much of it is still with the agencies that have created it, and as Dr. Rhoads has indicated, the program that was initially conceived is going on for 30 years, a systematic review each year. We are certainly talking of hundreds of millions of pages. We have already reviewed close to 225 million pages in the last six years, and we will be doing at least four or five times that amount before we are finished.

Mr. STEED. Do your work forces have an increasing capability as they work on these documents or is it pretty much the same one day as the next?

Dr. O'NEILL. We have run into problems in the last year or two, because we have now entered into that post-World War II period, and the nature of the records and the sensitivity of the records immediately changed, because we were dealing not with operational records in Europe or the Pacific, we are dealing more with sensitive, cold war type records. We are also entering into a period, the early 1950's, when such agencies as the Central Intelligence Agency and the National Security Agency came into existence, and that is a new dimension. This whole area of intelligence is a peculiarly difficult one for us to handle.

To answer your question, the people, of course, become much more expert in dealing with this kind of material, and productivity does tend to go up in that sense, but it is offset by this new kind of record with new sensitivities that we now encounter, and by staff turnover.

Dr. RHOADS. It is also offset to some extent by the fact that it does become very tedious work.

Mr. STEED. In mentioning the CIA, do you declassify other records besides the military establishment?

Dr. RHOADS. Yes, sir.

Mr. STEED. Would that involve such things as the National Security Council, the CIA, or those types of activities?

Dr. RHOADS. We have not yet received any significant amount of material from either of those agencies. They are doing some declassifying themselves, but when the time comes that we do receive significant amounts of classified material from them, my assumption is that under agency-developed guidelines we would do the same for them as for the military.

Mr. STEED. Do you anticipate that they will get to the point where their records are no longer of value to them, in terms of their usefulness, and they will then want to send them up to you for permanent storage or retention?

Dr. RHOADS. We think that that is coming. We have done a good deal of work over the last few years with both the CIA and the NSA, and it is our distinct impression that they do feel that the time is coming when they will begin transferring some of their older materials to us.

In the meantime, both agencies are in the process of or have established their own agency archives as a temporary expedient

until the sensitivity drops enough to the point where they feel they can let us have them.

ORIGIN OF ARCHIVES

Mr. STEED. Doctor, I would like to ask you a question that I will probably want taken out of the record. I don't want to put you on the spot but could you give us a description of the origin of the word "archives"?

Dr. RHOADS. It is from a Greek word "ARCHEON."

Dr. O'NEILL. It was, as I recall, originally a kind of local magistrate's office in the city states of Greece in the third and fourth centuries, and from performing certain magistrate functions for citizens, it became natural for certain of the records of transactions to be preserved in that office, including, apparently, records of very private transactions.

Mr. STEED. It is a commonly used word today, but I knew it had to begin someplace and had to have some relationship to somebody at some time in the distant past wanting to preserve records.

That brings me to you, Mr. Patten.

Would you like to ask some questions?

HISTORICAL RESEARCH

Mr. PATTEN. I am going to be very brief, but I want you to appreciate I was county clerk for 15 years.

Dr. RHOADS. You know a lot about records then.

Mr. PATTEN. Had to keep deeds, mortgages and court papers. I was secretary of State for 8 years. You are talking about great care. The secretary of State was also clerk of the court for all the wills. The things you mention here about preservation and the like, I usually found everything down in the basement. They were broken and there was no fire protection at all, against insects or anything else.

PAPERWORK REDUCTIONS

As secretary of State, we had a register and I asked the governor to please abolish it. It was an absolute waste of money.

When you say "To assist agencies, make their regulations clearer, and more understandable," you floored me.

How do you do that?

Dr. RHOADS. There are several things that we have been doing over the last several years.

Mr. PATTEN. What do you mean; you ask lawyers to express themselves more clearly?

Dr. RHOADS. That is one of them.

Mr. PATTEN. How do you do that?

Dr. RHOADS. We have lawyers on the staff of the Federal Register.

Mr. PATTEN. Not that lawyers are the only ones. We don't have a record for simplification, I suppose.

Dr. RHOADS. It is a serious problem.

Mr. PATTEN. Serious? All my time in public life I have just fought everyone who makes up forms.

FEDERAL REGISTER

Mr. PATTEN. Suppose the Patent Office or some other department puts out some new rules and regulations. It must be difficult to get them to change their wording, simplify it, make it legible, or use the right words. You don't get it in the first instance. They don't have to send everything to you, do they, before they put it in the register?

Dr. RHOADS. Everything that goes in the register comes from one or another of the executive agencies around town. We do have some requirements that are about a year and a half old that each item published in the Federal Register has to have a plain language preamble so that a common, ordinary citizen can read one brief paragraph and find out what it is all about, in layman's language. If he still can't understand it, there has to be the name of somebody in the agency that he can call for an explanation.

Mr. PATTEN. Sometimes here, if you look at the title of the bill, it doesn't have a thing to do with the legislation

Mr. GRIFFIN. Wasn't that the recommendation of your Paperwork Commission, to have a legible, understandable preamble?

FEDERAL PAPERWORK

Mr. STEED. I want to verify one other thing you said. The Paperwork Commission found that most of the paperwork in the government was created by Acts of Congress.

Dr. RHOADS. I wasn't going to mention that, but I was thinking of it.

Mr. PATTEN. If you want a price for clarity, brevity, simplicity, you can take our Congressional Record.

Dr. RHOADS. It is about as large as the Federal Register.

[Discussion off the record.]

Mr. PATTEN. When I woke up this morning, I wasn't worried about the National Archives. You sent me two volumes of Herbert Hoover's papers. I can't give them away.

Dr. RHOADS. You don't want to keep them either.

Mr. PATTEN. I want to send them to the Rutgers Library, but they have a storage problem too.

Mr. STEED. We will insert the Justifications in the record at this point.

[The information follows:]

Operating Expenses, National Archives and Records Service (Direct Program)
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(\$ in thousands)

	Ferm. Pos.	Average Employment	Amount
1978 Appropriation Enacted by Congress	2,130	2,370	\$67,134
Adjustments: Unobligated Balance Available	-	-	228
Program Obligations Available	-	-	2,340
Total 1978	2,130	2,370	\$69,702
Estimate 1979	2,160	2,409	\$73,007
Changes from 1978 to 1979	30	39	\$3,305

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

Activity	FY 1977		FY 1978		FY 1979		Total Changes		Increase or Decrease (-) for 1979		Other Changes	
	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
1. Records Mgmt. & Control:												
a. Records Ctrs.	1,332	\$18,376	1,332	\$19,227	1,367	\$19,760	35	\$533	35	\$500	-	\$33
b. Records Mgmt.	122	3,151	122	3,192	122	3,195	3	3	3	500	-	\$36
Total	1,454	\$21,527	1,454	\$22,419	1,489	\$22,955	35	\$536	35	\$500	-	\$36
2. Archives & Related Services:												
a. Natl. Archives	592	\$12,564	592	\$14,116	594	\$13,391	2	\$1,552	2	\$1,250	-	\$25
b. Presidential Libraries	179	4,227	179	4,313	179	4,230	0	86	0	87	-	4
c. Fed. Register	20	1,804	20	1,851	20	1,827	0	47	0	47	-	0
Total	891	\$18,595	891	\$18,301	893	\$19,448	2	\$856	2	\$824	-	\$32
3. Natl. Historical Publications & Records Com.:												
a. Grants	-	\$1,036	-	\$3,661	-	\$3,500	-	\$-141	-	\$-141	-	-
b. Admin. & Ref. Services	19	491	19	450	19	450	0	-	0	-	-	-
Total	19	\$3,527	19	\$4,091	19	\$3,950	0	\$-141	0	\$-141	-	-
4. Service Dir.:												
a. Genl. Servn.	34	\$1,242	34	\$1,032	34	\$1,032	0	-	0	-	-	-
b. Admin. Fed. Buildings	-	17,063	-	20,045	-	20,885	-	\$3,822	-	\$3,822	-	\$890
c. Recurring Exp.	-	2,268	-	2,447	-	3,800	-	1,533	-	1,533	-	893
d. Postage Fees	-	1,144	-	1,148	-	1,148	-	4	-	4	-	-
Total	34	\$21,697	34	\$24,672	34	\$26,665	0	\$1,977	0	\$1,977	-	\$1,773
Total Direct	2,368	\$65,346	2,370	\$69,702	2,407	\$73,093	30	\$8,347	30	\$8,347	-	\$1,839
Total Perm. Pos.	2,130		2,130		2,167		37		37		-	

Operating Expenses, National Archives and Records Service (Direct)

SUMMARY JUSTIFICATION OF 1979 BUDGET ESTIMATE

Direct obligational authority for FY 1979 is estimated at \$73,093 thousand, which represents a net increase of \$3,391 thousand over FY 1978. This figure reflects \$920 thousand for SLUC, \$853 thousand for recurring reimbursable services, \$1,000 thousand for preservation, \$750 thousand for reference services, \$30 thousand for streamlining Federal Register Regulations, and \$66 thousand Pay Act cost. These increases total \$3,619 thousand and are off-set by decreases of \$228 thousand.

Operating Expenses, National Archives and Records Service
(Direct)

RECORDS MANAGEMENT AND CENTERS
(\$ In Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
1,454	\$21,527	1,454	\$22,419	1,489	\$22,955	35	\$536	35	\$500	-	\$36

BACKGROUND

The records center activity provides for the accessioning, storage, reference service, and disposal of the semi-active and non-current records of Federal agencies through a nationwide system of 15 records centers. Significant savings result from use of low cost records storage and the efficient and timely disposal of non-current records. The records management activity provides Government records management assistance in assisting Federal agencies to achieve the economic and efficient creation and use of their records.

JUSTIFICATION

A. Highlights

The component parts of both the records center program and its companion records management program are mutually supportive and designed to result in a cost-effective Federal records program.

1. **Records Centers.** - The Federal records center system reduces Federal recordkeeping costs by accessioning, storing in low cost space, providing reference services, and efficiently disposing of agencies' semi-active and non-current records. The program provides comprehensive government-wide program of records appraisal and disposal, and files maintenance assistance to agencies.

Included in the system is the National Personnel Records Center which provides for the maintenance and reference service on 118 million military and civilian personnel folders.

Responsive reference services is necessary to ensure that agencies can meet their constant demand for service to citizens requiring copies of documents in the Central file, such as tax returns and military and civilian service records, etc. and to conduct their business efficiently.

In 1979, agencies will deposit 1.1 million cubic feet of records in the 14 Regional Records Centers. These Records Centers will store 1.4 million cubic feet of inactive and unusable records. The 14 Regional Centers and the National Personnel Records Center will accumulate holdings of 14.4 million cubic feet of records by the end of FY 1979.

In addition, the Regional Centers and the National Personnel Records Center will provide 22.9 million reference and processing services.

2. **Records Management.** - The records management activity assists agencies in achieving economic and efficient creation, maintenance, and use of their records through the development and promulgation of standards and guidelines for agency use; the training of agency personnel in records management skills and techniques; assisting agencies in the design and implementation of records management programs; conducting agencies records management programs to ensure their competence and effectiveness; and by reviewing interagency reports to eliminate unnecessary reports, and improve and reduce the costs of the remainder.

B. Explanation of Changes, FY 1978 vs. FY 1979

An additional \$500 thousand is requested for 35 positions for additional reference services and reference support activities including refilers and interfiles and the relocation of records necessary to accomplish the reference services in the Records Centers and the National Personnel Records Center and \$36 thousand for pay Act costs.

WORKLOAD FACTORS

	1977 Actual	1978 Program	1979 Estimated	Percent Changes
Regional Records Centers	13,247,287	13,765,000	16,430,000	5.0
Records Administered	16,453,908	16,551,000	16,572,000	0.1
National Personnel Center				
Items Processed	6,083,429	3,900,000	4,070,000	4.4
Reference Services	1,933,040	2,025,000	2,282,000	12.7

Operating Expenses, National Archives and Records Service (Direct)

RECORDS MANAGEMENT & CENTERS

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$18,019,000 for 1,240 permanent positions (1,489 Average Employment) distributed as follows:

	1977		1978		1979	
	C.O.	Field	Total	C.O.	Field	Total
a. Records Centers	111	330	441	111	330	441
b. National Personnel Record Center	-	653	653	-	653	653
c. Records Management	57	54	111	57	54	111
Total Positions	168	1,037	1,205	168	1,037	1,205
Average Employment	350	1,104	1,454	350	1,104	1,454

12 Personnel Benefits - \$1,754,000. Includes \$1,084,000 for direct contribution to retirement fund; \$412,000 health benefits; \$73,000 for group insurance; \$165,000 FICA; and \$20,000 for reimbursement to the Employees Compensation Fund pursuant to P. L. 86-767.

21 Travel and Transportation of Persons. - \$114,000. Provides \$82,000 for approximately 1,025 days travel required for records management surveys and inspection of regional records management and centers operation; and \$32,000 for motor pool services.

22 Transportation of Things. - \$125,000. For commercial transportation of records accessioned and other commercial transportation.

23 Rents, Communications, and Utilities. - \$783,000. Includes \$100,000 equipment rental; \$270,000 equipment depreciation; \$353,000 for communications, including FTS charges; and \$60,000 for non-recurring reimbursement to the Federal Building Fund.

24 Printing and Reproduction. - \$100,000. Includes printing for records centers operation and for reproduction of handbooks, reports and regulations.

25 Other Services. - \$1,560,000. Includes \$200,000 for payment of health room services, personal security clearances; GSC training courses, etc.; \$550,000 for reproduction services, \$150,000 for ADP services; and \$660,000 for other contractual services.

26 Supplies and Materials. - \$300,000. Includes \$155,000 for records centers program supplies, including cardboard containers for records accessioned, and \$145,000 for administrative supplies and materials.

32 Land and Structures. - \$200,000. For records centers shelving.

Operating Expenses, National Archives and Records Service
(Direct)

ARCHIVES AND RELATED SERVICES
(\$ in Thousands)

	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
861	\$18,595	863	\$18,320	865	\$19,543	2	\$1,223	2	\$1,193	2	\$1,193	\$30

BACKGROUND

This activity provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal Government and the historical records of the National Archives and Records Service. It also provides for the publication of the Federal Register and Code of Federal Regulations, the U.S. Statutes at Large, Presidential documents, and for a program to improve the quality of regulations and the public's access to them.

JUSTIFICATION

A. Highlights

1. National Archives - The permanently valuable records of the Federal Government are selected, described, preserved, and made available to the general public. The records are processed and information about the records is furnished through the mail. The reference service workload is determined by the volume of requests received from the public and Federal agencies. Because of the increased interest in genealogy and the history of the United States by researchers, scholars, and the general public, the demand for reference services continues to increase. Reference services workload in FY 1977 and FY 1978 is estimated at 2.7 million and 2.9 million in FY 1979.

The preservation workload is determined by the quantity and condition of the records. Most of the records (some 1.3 million cubic feet of paper records, 81 million feet of motion pictures, 300,000 microfilm records, 1.6 million maps, 72,000 sound recordings, and 1,000,000 photographs and slides) require some treatment if they are to be preserved for future use. Many of the older papers and non-textual records (e.g., movies, sound recordings, and photographs) require immediate duplication or restoration to preserve the information within their expected remaining life span. In FY 1979, 18.4 million units of deteriorating records need to be reproduced or restored. In FY 1977, 17 million units of deteriorating records need to be reproduced or restored. Failure to maintain an adequate program will be irreversible loss of data needed for historical and other scholarly research, for the effective administration of Federal programs, and the protection of the rights of U.S. citizens.

(\$ in Thousands)

National Archives
Performance Costs \$12,564 \$12,116 \$13,391 481,275

Average Employment 592 594 594

2. Presidential Libraries - Manuscripts, books, prints, films, and other historical materials received from former Presidents or acquired from their contemporaries are arranged, described, preserved, and processed for opening. Finding aids are prepared and made available to the public for scholarly research and public information. The libraries are the result of solicitation programs to acquire historical materials relating to the President and the Presidency.

Both the National Archives and the Presidential Libraries have programs of exhibits, publications, scholarly symposia, conferences and related activities based upon their holdings

a. Selected library holdings at the close of FY 1977 are as follows:

Pages of Manuscripts 137,280,772

Volumes 162,235

Other Printed Items 210,508

Still Pictures 933,817

Museum Objects 107,223

There were 1,589,131 visitors to the Presidential Library museums in FY 1977.

Operating Expenses, National Archives and Records Service
(Direct)

b. Costs and average employment of FY 1977 and projected levels of FY 1978 and FY 1979 are as follows:

(\$ In Thousands)	1977		1978		1979		Change from 1978
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
Performance Costs	\$309	\$309	468	468	-	-	
Hoover	468	468	497	497	-	-	
Roosevelt	497	497	514	514	-	-	
Truman	637	637	725	725	-	-	
Eisenhower	111	111	111	111	-	-	
Kennedy	26	26	26	26	-	-	
Johnson	586	587	591	591	44	44	
Nixon Records	352	352*	352	352	-	-	
White House Liaison	2	87	-	-	-87	-87	
Lib. Planning & Dir.							
Ford Pres. Materials							
Environmental Impact							
Total Performance Costs	\$4,227	\$4,313	\$4,230	\$4,230	-\$83	-\$83	
Average Employment	179	179	179	179	-	-	

* Excludes \$90,000 for payment to Federal Buildings Fund reflected in Service Direction activity.

3. Federal Register - This program provides for the editing, compilation, and publication of Federal Regulations in the Federal Register and Code of Federal Regulations, laws in slip form and in the U.S. Statutes at Large, Presidential documents in the Weekly Compilation of Presidential Documents and Public Papers of Presidents, and statements of Federal Agency organization and function in the United States Government Manual. The program also provides leadership and assistance to agencies in regulation drafting and workshops for the public on the regulatory process.

(\$ In Thousands)	1977		1978		1979		Change from 1978
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
a. Performance Costs	\$1,804	\$1,891	\$1,922	\$1,922	4831	4831	
b. Average Employment	90	90	92	92	42	42	
Total Pages (000)	655	662	665	665	43	43	

B. Explanation of Changes, FY 78 vs. FY 79

An increase of \$250,000 is requested to respond to the public demand for information related to the permanently valuable records of the Federal Government. Responses to requests for information were 2,400,000 in FY 1977 and are expected to increase to 2,725,000 in FY 1978 and 2,925,000 in FY 79. In order to respond to this increase in workload from FY 77 to FY 78 a reduction was required in other Archival programs -- e.g., the arrangement of records and preparation of finding aids. However, the increase of \$250,000 for the reference activity in FY 1979 is necessary to continue to respond to anticipated additional reference requests for information from scholars, researchers and the general public.

An increase of \$1,000,000 is requested to preserve permanently valuable non-textual records (e.g., microfiche movies, glass disk sound recordings, and glass nitrate negative photographs) that are rapidly deteriorating and require immediate duplication to prevent the irreftrievable loss of this information. This request will provide for the preservation of 8,350,000 additional units for FY 1979, and ensure the maintenance of a program designed to reproduce or restore deteriorating records within their expected life span.

An increase of \$30,000 for two positions in the Federal Register is requested to expand on its program designed to help agencies write their regulations to ensure that they will be more easily understood by the affected public.

In addition, other changes reflect increases of \$30,000 for Pay Act costs and a reduction of \$87,000 in Presidential Libraries for the Environmental Impact carry forward from FY 1977 to FY 1978.

Operating Expenses, National Archives and Records Service (Direct)

ARCHIVES AND RELATED SERVICES
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing -- \$14,043,000 for 876 permanent positions (865 Average Employment) distributed as follows:

	1977			1978			1979		
	C.O.	Field	Total	C.O.	Field	Total	C.O.	Field	Total
a. National Archives	539	54	593	539	54	593	539	54	593
b. Presidential Libraries	189	-	189	189	-	189	189	-	189
c. Federal Register	92	-	92	92	-	92	94	-	94
Total Positions	820	54	874	820	54	874	822	54	876
Average Employment	508	53	561	810	53	863	812	53	865

12 Personnel Benefits. -- \$1,385,000. Includes \$964,000 for direct contribution to retirement fund; \$309,000 health benefits; \$62,000 group insurance; \$31,000 FICA; and \$20,000 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons. -- \$126,000. Includes \$114,000 for approximately 1,225 days of travel required to conduct activities of the National Archives, Presidential Libraries, and Federal Register; and \$12,000 for motor pool services.

22 Transportation of Things. -- \$52,000. For accessioning and transfer of records, equipment and miscellaneous items by commercial carrier.

23 Rents, Communications, and Utilities. -- \$795,000. Includes \$513,000 for communications services, including FTS charges and \$282,000 for equipment rentals.

24 Printing and Reproduction. -- \$360,000. For document container labels, archival inventories and finding aids, and administrative instructional materials.

25 Other Services. -- \$2,144,000. Includes \$375,000 for microfilm copying and other reproduction services, \$88,000 for health room services, personnel security clearances, CSC training courses, etc.; \$1,600,000 for repair of textual and non-textual records in the National Archives; and \$81,000 for other contractual services.

26 Supplies and Materials. -- \$637,000. For program supplies including cardboard document containers, records repair and lamination supplies, exhibit supplies for the National Archives and Presidential Libraries, and administrative supplies and materials.

WORKLOAD FACTORS

	1977	1978	1979	Change from 1978
	Actual	Program	Estimates	
National Archives				
A. Selected Workload				
Items Arranged	2,345,000	2,000,000	1,500,000	-500,000
Records Preserved	17,770,000	10,000,000	18,350,000	+8,350,000
Finding Aid Entries	88,000	70,000	55,000	-15,000
Reference Services	2,521,000	2,725,000	2,925,000	+200,000
Presidential Libraries				
Written Reference Services	12,223	16,000	17,000	+1,000
Items Furnished to Researchers	160,641	150,000	155,000	+5,000
Reproductions of Manuscripts/Photographs	411,507	435,000	447,000	+12,000
Federal Register				
Publications (Manuscript Pages)				
Federal Register	323,000	329,000	335,000	+6,000
Code of Federal Regulations	133,160	136,000	138,000	+2,000
U.S. Government Organization Manual	1,994	3,000	3,000	-
Slip Laws	5,658	6,000	6,000	-
Presidential Messages and Papers	11,868	20,000	10,000	-10,000
Weekly Compilation of Presidential Documents	28,136	15,000	18,000	+3,000
Manuscript pages reviewed but not promulgated	140,000	142,000	144,000	+2,000
U.S. Statutes at Large	11,163	11,000	11,000	-
Total Manuscript Pages	654,999	662,000	665,000	+3,000

Operating Expenses, National Archives and Records Service
(Direct)

NATIONAL HISTORICAL PUBLICATIONS & RECORDS COMMISSION
(\$ in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
19	\$3,527	19	\$4,091	19	\$3,950	-	-\$141	-	-\$141	-	-

BACKGROUND

This program partially funds a historical publications and records program in order to make available to researchers, scholars--especially historians--and the general public, documentary source materials significant to the history of the United States. The funds necessary to collect, preserve, compile, and publish these historical papers and records are provided from Federal appropriations and from private donations, normally on a matching basis. The National Historical Publications and Records Commission, composed of members appointed by and representing the President, Congress, Supreme Court, executive agencies, and Historical and Archival Societies reviews and recommends project grants to Federal and State governments, and private non-profit institutions, chiefly universities and research libraries.

priorities. Its staff provides assistance to projects by searching for documents in the National Archives and Library of Congress and by maintaining a historical records information system.

Performance Costs are as follows:
(\$ in Thousands)

Grants	1977 Actual	1978 Estimate	1979 Estimate	Change from 1978
Administrative & Ref. Services	\$3,036	\$3,641	\$3,500	-\$141
Total	491	450	450	-
	\$3,527	\$4,091	\$3,950	-\$141

JUSTIFICATION

A. Highlight

Since 1965, the Commission staff has been engaged in administering grant funds to provide financial support for the collection, description, preservation, compilation, and publication of documentary sources of American History.

In 1974, the program was expanded to provide for the funding of essential archival and manuscript programs on a national scale, aimed at assisting State and local, public and private institutions in the preservation, arrangement, and description of historical source materials used by historians, other scholars, genealogists, and the general public. The Commission develops policy for national historical publications and records programs and receives, reviews, and makes recommendations on grant applications in light of national program

B. Explanation of Changes, FY 78 vs. FY 79 Program Changes
A reduction of \$141 thousand for the carry forward balance of no-year funds from FY 77 to FY 78.

RECORDS PROJECTS

The records grant program is a relatively new program and FY 1977 was the first year in which a substantial number of projects was supported. In FY 1977, 60 records grants were recommended, totaling \$1,053,229. The average grant awarded was for \$17,500. Of the 60 grants recommended, 49 were for State projects, 6 were for regional projects, and 5 were for national projects.

The majority of records grants proposals recommended during fiscal year 1977 were multifaceted, and covered the full range of activity authorized including surveys of and guides to historical records (\$350,000); preservation or restoration of historical records including microfilming (\$280,000); basic arrangement and description (\$338,000); planning and development of improved archival and records programs (\$30,000); and, training and related projects (\$55,000). Nearly all of the grants recommended during fiscal year 1977 were for projects of 1-year duration or less. It is likely that a larger number of 2-year projects will be supported during fiscal year 1978.

Coordinators and Advisory Boards have been appointed by the Governors of 47 states plus Puerto Rico and the Virgin Islands to set priorities within the states to outline preferred approaches to major problems and to evaluate grant proposals from the state.

The Commission has issued formal guidelines establishing priorities for the support of records projects. In fiscal year 1977 the records program emphasized the need for institutions to adopt professional standards and procedures for the handling of historical materials, as well as a continuing urgency to rescue endangered records from destruction.

A list of new records grant project applications submitted for FY 1978 (with an indication of those recommended during the first meeting of FY 1978) is provided below. A list of the projects recommended in FY 1977 is also attached.

I. FISCAL YEAR 1977 PROJECTS RECOMMENDED

<u>Institution</u>	<u>Project</u>	<u>Amount</u>
<u>National:</u>		
National Association of State Archives and Records Administrators, Atlanta, GA.	Conference on State-Level Implementation of Automated Survey-Guide Projects	\$8,520
New York State Library, Albany, NY	Guide to Records Relating to New Netherland	24,844
University of Minnesota, Minneapolis, MN	International Institutes Survey and Guide	27,990
Leadership Conference of Women Religious Washington, DC	Workshops in Basic Archival Training	25,000
Cornell University, Ithaca, NY	SPINDEX Users Conference	5,000
<u>Regional:</u>		
Eleutherian Mills-Hagley Foundation, Delaware	Records Survey of Seven Eastern Railroads	8,800
New England Document Conservation Center, N. Andover, MA	Training in Conservation	11,850
New England Document Conservation Center	Regional Conservation Seminars	5,800
Western Washington State College, Bellingham	Pacific Northwest Public Power Records Survey, Phase II	44,580
New England Document Conservation Center	Establishment of New England Archival Microfilm Center	73,745
Foxfire Fund, Inc., Rabun Gap, GA	Preserve, Arrange, and Describe the Foxfire Field Collection	6,870
<u>States:</u>		
<u>Connecticut:</u>		
Mattatuck Historical Society	Mattatuck Historical Society Archives	6,000
Bridgeport Public Library	Business and Labor Historical Records Project	23,431

<u>Connecticut</u> (cont.):		
Connecticut State Library	Study for Processing Early Court Records	\$5,000
<u>Georgia:</u>		
Society of Georgia Archivists	Slide-Tape Presentation on Preservation of Historical Records	9,780
Atlanta Historical Society	Photographic Preservation and Retrieval	14,497
<u>Hawaii:</u>		
Bishop Museum	Hawaii State Cooperative Project to Duplicate Nitrate Film	9,820
<u>Idaho:</u>		
Idaho Historical Society	Preservation and Maintenance of Idaho Documents	5,981
<u>Iowa:</u>		
Iowa State Historical Department	Evaluation of State Archives of Iowa	2,800
Iowa State Historical Department	Pilot Project to Inventory County Records of Iowa	36,650
Iowa State Historical Department	Processing and Inventorying Jonathan Prentiss Dolliver Papers	6,004
<u>Kentucky:</u>		
Berea College	Berea College and Southern Appalachia Archives Project	35,978
<u>Maryland:</u>		
Baltimore Region Institutional Studies Center, University of Baltimore	Survey and Accessioning of Records of Baltimore City Department of Planning	6,698
Maryland Hall of Records	Preparation of Two Prototype Automated Guides to Local Records	22,059

Massachusetts:

Massachusetts Judicial Records Commission

Survey and Report: Historic Records of the
Massachusetts Superior Court and its Predecessors \$7,835

Harvard University

Microfilming of Letter Books of Louis and Alexander
Agassiz 1,705

Massachusetts Archives Advisory Committee

Statewide Historical Records Survey and Preservation
Plan 13,400

Historic Newton, Inc.

Newton Municipal Archives Project 22,400

Radcliffe College

Massachusetts Women and Organizations (processing
records of North Bennet St. Industrial School) 13,665

Massachusetts Institute of Technology

Restoration of Architectural Theses and Drawings 5,640

Archdiocese of Boston

Arrangement and Description of Archives of the
Archdiocese 18,200

Social Law Library

Restoration of Historical Records of Suffolk County
Inferior Court of Common Pleas in Custody of the Library 37,787

Michigan:

Michigan Historical Collections, Bentley Library

Conservation of George Cushing Radio Interview Discs 2,895

City of Kalamazoo

Model Municipal Records Microfilm Project 15,000

Wayne State University

Appraisal of Labor Union Grievance Records 11,799

Minnesota:

Minnesota Historical Society

Minnesota Training Workshops for Small Collecting
Agencies 17,500

Nevada:

Nevada Historical Society

Guide to Territorial Papers of Nevada 17,120

<u>New Hampshire:</u>			
Strawbery Banke	Preservation and Processing of Strawberry Banke Historic Photographic Collections	\$10,884	
New Hampshire Division of Records Management and Archives	Preservation, Arrangement, & Description of Hist. Records of the New Hampshire Division of Records Management and Archives	47,250	
<u>New York:</u>			
New York State Archives	New York State Records: Appraisal and Preservation	18,800	
New York City Municipal Archives and Records Center	Arrangement and Description of Financial Records of the City of New York, 1800-98	59,500	
Maritime College, SUNY	Preservation, Arrangement, and Description of Records of Sailors' Snug Harbor	5,233	
St. Francis College	Arrangement and Description of "Old Town" Records of Kings County, N.Y., 1645-1898	10,000	
<u>North Carolina:</u>			
North Carolina Department of Cultural Resources	Duplication and Preservation of Photographic Negatives in the Albert Barden Collection	15,000	
<u>Ohio:</u>			
Wright State University	Preservation and Processing of Records of O.S. Kelley Co.	15,550	
Bowling Green State University	Multi-County Governmental Microfilm Consortium Project	19,416	
<u>Oklahoma:</u>			
Logan County Historical Society	Cuthrie/Logan County Historical Records Project	23,989	
<u>Pennsylvania:</u>			
Temple University	Philadelphia Historical Records Field Work Project	15,650	

<u>Pennsylvania (cont.)</u>			
Cumberland County Historical Society	Cumberland County Records Project		\$6,750
<u>South Carolina:</u>			
South Carolina Historical Society	Project to Preserve and Make Accessible Manuscripts in the South Carolina Historical Society		11,621
<u>Tennessee:</u>			
Memphis State University	Reproduction and Preservation of Henry Frank Family Photographic Collection		1,352
Memphis State University	Arrangement and Description of Manuscript Collections of West Tennessee Historical Society		3,600
Tusculum College	Completion of Project to Establish a Functioning Archive at Tusculum College		4,975
<u>Texas:</u>			
Rosenberg Library	Rosenberg Library Archives Department Project, Phase I		12,580
Houston Public Library	Processing of Major Archival Collections in Houston Metropolitan Research Center		22,768
<u>Vermont:</u>			
Proctor Free Library	Processing of Proctor Family Papers		2,300
University of Vermont	Photographic Preservation Project		11,196
Vermont Public Records Division	Microfilming Town and County Records		21,490
<u>Virginia:</u>			
University of Virginia	Jefferson Papers Microfilm Project		2,110
<u>Washington:</u>			
Washington State Historical Records Advisory Board	Washington Statewide Historical Records Survey, Guide, and Archival Plan		98,572
	TOTAL		\$1,053,229

II. FISCAL YEAR 1978 APPLICATIONS RECEIVED TO DATE

A. FY 78 Projects Recommended During First Meeting of FY 1978

National:

George Mason University, Fairfax, VA	Survey, Appraise, and Accession Selected Materials Relating to the Federal Theatre Project of the New Deal Period	\$3,621
American Association for State and Local History, Nashville, Tenn.	Preparation and Publication of a Book on Management, Preservation, and Research Uses of Local Government Records	22,675
University of Pittsburgh	Survey and Appropriate Accessioning of District Records of the United Electrical, Radio and Machine Workers of America	10,333

States:Alabama:

Auburn University	Preservation of Nitrate Photo Negatives of J.F. Knox Collection	2,000
Birmingham Public Library	Survey, Inventory, and Accession Official Records of the City	9,000

Georgia:

Atlanta University	Accessioning, Arrangement and Description of Records of the Southern Regional Council	28,804
Emory University	Inventory of Papers of Charles Holmes Herty (1867-1938)	7,494

Michigan:

Detroit Institute of Arts	Processing Records of the Institute	11,014
Michigan State University	Copying Glass Plate Negatives in the Allan Thompson Photo Collection	3,000

New York:

City of Saratoga Springs	Development of City's Archival Program	5,501
City of Buffalo	Microfilming of Buffalo Common Council Minutes, 1832-1900	19,028

<u>New York</u> (cont.)		
Albany Institute of History and Art	Conservation of Archival and Manuscript Collections	\$11,071
Pennsylvania Historical and Museum Commission	Regional Workshops in Archival Techniques	5,950
<u>New Jersey:</u>		
New Jersey State Archives Department	Survey County Records of Historical Value in New Jersey and Develop Improved Local Records Programs	20,500
<u>North Carolina:</u>		
Lutheran Synod of North Carolina	Preservation, Arrangement, Description, and Development of a Future Program for the Synod Archives	17,480
<u>Rhode Island:</u>		
Archives of American Art, Rhode Island Chapter	Microfilming of Records Relating to Rhode Island Art and Artists	7,950
<u>Tennessee:</u>		
Highlander Research Center	Preservation, Arrangement, and Description of Highlander Collections and Related Records	19,850
<u>Texas:</u>		
Rosenberg Library	Processing, Arrangement, and Description of Manuscripts and Archival Materials and Preparation of Guide, Phase II	14,500
<u>Vermont:</u>		
Rokeby Museum	Arrangement, Description, and Microfilming of the Robinson and Clark Stevens Papers	9,927
Sheldon Museum	Archival Control of Manuscripts in the Museum	1,742

Wisconsin:		
University of Wisconsin, Parkside	Records Survey of Manufacturing Firms in Racine and Kenosha	\$30,461
State Historical Society of Wisconsin	Appraise and Develop Procedures and Disposition Schedules for Municipal Records in Wisconsin	<u>53,415</u>
	TOTAL	\$315,316

II.

B. FY 1978 Proposals Received October 1 - December 31, 1977National:

Calvin College, Michigan

Acquisition and Preservation of Netherlands to American
Immigrant Correspondence, 1840-1920

\$15,500

States:Alaska:

Alaska Native Foundation

Alaska Native Claims Records Project

55,693

Colorado:Colorado Historical Records Advisory
Board/University of N. Colorado

Pilot Survey of Public Records in 16 Counties

44,277

Colorado Historical Records Advisory
Board/Colorado Historical Society

Statewide Survey of Private Records

89,698

Delaware:Division of Historical and Cultural
Affairs, Hall of Records

General Guide to Delaware Public Records

16,344

Iowa:

Iowa State Historical Department

Establishment of a Viable State Archives Program

31,342

Kansas:

Nazareth Motherhouse

Preservation of Historical Records Relating to the Motherhouse

10,325

Massachusetts:New England Historic Genealogical
Society

Preservation Microfilming of Hancock Family Collections

42,429

<u>Nebraska:</u>			
Western Heritage Society	Preservation, Arrangement, and Description of Bostwick/ Frohardt Photo Collection		\$24,259
<u>New Mexico:</u>			
Western New Mexico University	Survey of Organized Labor Records in New Mexico		44,110
New Mexico State University	Survey of Agricultural Records in New Mexico		43,608
Museum of Albuquerque	Preservation of Historical Photos of Albuquerque		8,135
<u>New York:</u>			
City of Schenectady	Preservation of City Records		18,230
LaGuardia Community College	Establishing Fiorello LaGuardia Archives		24,348
Cornell University	New York Historical Resources Center Project		73,776
New York Public Library	Preservation Microfilming of 20th Century Manuscript Collections		55,500
<u>North Carolina:</u>			
University of North Carolina at Asheville	Acquisitions Project for Southern Highlands Research Center		16,322
Western Carolina University	Survey and Accessioning of Historical Manuscripts in Nine Counties of Western North Carolina		26,458
<u>Ohio:</u>			
Ohio Historical Society	Dayton Records Project		8,250
<u>Pennsylvania:</u>			
Urban League of Pittsburgh	Archives-Records Management Program		11,201
<u>Rhode Island:</u>			
George Hail Free Library	Warren, Rhode Island, Documents Preservation Project		13,335

<u>Rhode Island (cont.)</u>			
Rhode Island Historical Records Advisory Board	Rhode Island Statewide Records Survey		\$60,000
<u>South Carolina:</u>			
South Carolina Historical Society	Guide to Negro Church Records in Charleston		17,265
<u>Texas:</u>			
Texas Historical Records Advisory John E. Conner Museum	Plan for Documentary Preservation in Texas Master Archival Plan		16,150 7,700
<u>Virginia:</u>			
Hollins College	Arrangement and Description of Mother Bloor Papers		3,191
<u>Washington:</u>			
Washington Historical Records	Statewide Survey of Public and Private Records, Phase II		<u>140,280</u>
	TOTAL		\$917,726

PUBLICATIONS PROJECTS

The Commission's publications program supports many documentary projects which require funding for a number of years. As the Commission makes commitments to book editions which require long-term support, the amount of funds available for additional projects is diminished. As the budget figures indicate, few new projects can be supported in either 1978 or 1979.

Because most of the publications support will be directed to continuing projects, the projected budget figures should be an accurate representation of the financial condition of the program. As the Commission encourages shorter-term book editions and microform publication and as some of the long-term projects reach completion, the impact of the budget crisis may be somewhat softened.

National Historical Publications
and Records Commission

Publications Projects

<u>Grantee</u>	<u>Project</u>	<u>1978 Program</u>	<u>1979 Estimate</u>
Arizona State Museum	Southwest, Documentary Relations of	\$40,000	\$45,000
Augustana College	Papers of Richard Pettigrew	650	--
Bryn Mawr College	Papers of M. Carey Thomas	32,015	25,800
University of California at Los Angeles	Papers of Marcus Garvey	26,000	30,000
Columbia University Press	Papers of Alexander Hamilton	13,000	--
University of Connecticut	Papers of Jonathan Trumbull	30,000	33,000
Cornell University	Marquis de Lafayette Papers	54,000	60,000
Dartmouth College	Papers of Daniel Webster	23,000	25,000
George Washington University	Papers of First Federal Congress	77,000	80,000
Ulysses S. Grant Association	Papers of Ulysses S. Grant	26,000	30,000
University of Illinois, Chicago Circle	Jane Addams Papers	25,056	29,000
Institute of Early American History and Culture	John Marshall Papers	25,000	27,000
University of Kentucky	Papers of Henry Clay	37,500	39,000
University of Louisville	Papers of Louis Brandeis	25,388	--
Maryland Historical Society	Papers of Benjamin H. Latrobe	44,000	48,000

<u>Grantee</u>	<u>Project</u>	<u>1978 Program</u>	<u>1979 Estimate</u>
University of Maryland	Freedmen and Southern Society: A Documentary Record	62,000	65,000
	Papers of Samuel Compers	42,000	45,000
	Papers of Booker T. Washington	28,748	30,000
George C. Marshall Research Foundation	Papers of George C. Marshall	32,000	35,000
Massachusetts Historical Society	The Adams Papers	86,000	90,000
University of Massachusetts, Amherst	The Papers of Lydia Maria Child	30,000	35,000
	The Papers of W.E.B. DuBois	16,165	--
National Trust for Historic Preservation	Papers of David Chester French	54,001	58,000
New Hampshire Historical Society	Papers of Josiah Bartlett	1,175	--
	Papers of William Plumer	15,000	15,000
New-York Historical Society	Aaron Burr Papers	52,000	55,000
Pennsylvania Historical and Museum Commission	Papers of Henry Bouquet	13,500	15,000
	Papers of Baron von Steuben	47,500	50,000
Princeton University	Papers of Thomas Jefferson	75,000	80,000
	Papers of Woodrow Wilson	16,200	19,000
Queens College of the City University of New York	Papers of Robert Morris	15,458	20,000
	Papers of Jefferson Davis	28,000	30,000
Rhode Island Historical Society	Papers of Nathanael Greene	55,000	60,000
Smithsonian Institution	John P. Harrington Collection	27,497	30,000
	Papers of Joseph Henry	15,806	20,000

<u>Grantee</u>	<u>Project</u>	<u>1978 Program</u>	<u>1979 Estimate</u>
South Carolina Archives Department	Papers of John C. Calhoun	\$15,500	\$18,000
South Carolina Historical Society	Papers of Henry Laurens	43,000	48,000
Southwestern Oklahoma State University	Papers of Chief John Ross	20,000	--
Supreme Court Historical Society	Documentary History of the Supreme Court	25,000	30,000
University of Tennessee at Knoxville	Papers of Andrew Johnson	47,000	50,000
University of Tennessee at Nashville	Papers of Andrew Jackson	43,000	48,000
Vanderbilt University	Correspondence of James K. Polk	41,000	45,000
University of Virginia	Papers of James Madison	47,000	50,000
	Papers of George Washington	15,500	18,000
University of West Florida	Panton, Leslie and Company Records	27,000	30,000
University of Wisconsin	Documentary History of the Ratification of the Constitution and First Ten Amendments; and Documentary History of First Federal Elections	116,000	120,000
Yale University	Mary Boykin Chesnut Diary	31,118	26,093
	Papers of Frederick Douglass	43,000	50,000
	Papers of Benjamin Franklin	83,000	90,000
	Papers of Edward House	52,806	59,671
Total Publications Grants		\$1,841,583	\$1,906,564

National Historical Publications
and Records Commission

Subvention of Publication Grants

For the fifth year grants for subvention of publication costs (distinct from grants which help support the editorial tasks of preparing copy) previously borne by university and other nonprofit presses are available to them. The purpose of the subvention grants is to reduce the losses suffered by nonprofit presses. Grants up to \$10,000 per published volume of approved projects are made. Grants are made only after actual needs are demonstrated.

<u>Grantee</u>	<u>1978 Program</u>	<u>1979 Estimate</u>
Cornell University Press	\$10,000	
University Press of New England	9,240	
University of North Carolina Press	9,962	
Princeton University Press	12,300	
University of South Carolina Press	10,000	
Vanderbilt University Press	10,000	
University Press of Virginia	17,220	
Others not specified	171,278	
	<hr/>	<hr/>
Total Subvention of Publication Grants	\$250,000	\$250,000
Total Publication Grants (including subvention)	\$2,091,583	\$2,156,564

National Historical Publications
and Records Commission

Many proposed publication projects have recently been submitted to the Commission which would greatly contribute to historical scholarship. Among the worthwhile proposals which have been received and are awaiting Commission evaluation are:

<u>Letterpress and Microfilm Publication Proposals</u>	<u>Amount Requested</u>
Franklin Institute (Records of the Institute and personal papers of Wolcott Gibbs and other scientists)	\$53,980
University of Massachusetts, Amherst (Papers of Martin Delaney)	26,896
John Hopkins University (Correspondence of Daniel Coit Gilman)	102,308
University of Georgia, (Ida B. Wells Papers)	131,493
Tennessee State University (The Phoenix and Wilmington Race Riots)	25,868
Utah State University (Papers of Brigham Young)	25,000
University of Virginia (Henry Adams letters)	55,438
Total pending	<u>\$420,983</u>

Plans have been discussed and proposals are expected or have been invited for the following additional projects:

Letterpress Projects (\$400,000 estimated requirement for first year)

Delaware Historical Society (Papers of John Dickinson)

Drexel University (Papers of William Lloyd Garrison)

National Park Service (Papers of Thomas Edison)

New Jersey State Library (Papers of Andrew Carnegie)

New York University (Papers of Albert Gallatin)

University of the Pacific (John Muir Papers)

National Historical Publications
and Records Commission

Letterpress Projects (cont.)

Princeton University (Papers of Albert Einstein)

University of Rochester (William H. Seward Papers)

University of Wisconsin (Papers of Carlos Montezuma)

Microfilm Projects (\$200,000 estimated requirement for first year)

American Academy of Arts and Letters (Papers of Helen Keller)

Bancroft Library, University of California (Papers of Hiram Johnson)

University of Chicago (Papers of Grace-Edith Abbott)

Columbia University (Papers of Francis Perkins)

Fairleigh-Dickinson University (Papers of Philip Mazzei)

Idaho Historical Society (William E. Borah Papers)

Idaho State University (Fred T. Dubois Papers)

University of Pennsylvania (Samuel J. Randall Papers)

Rutgers University (Papers of Thomas Gibbons)

National Historical Publications
and Records Commission

Proposals for many more such projects are expected. Some of the possibilities are included in the following list:

Bicentennial Related Projects -

A Documentary History of Medicine during the American Revolution
The Papers of John Bartram
The Papers of Elias Boundinot
The Papers of George Rogers Clark
The Papers of Patrick Henry
The Papers of Philip Schuyler
The Papers of Thomas Paine
The Papers of Timothy Pickering
The Papers of Anthony Wayne
A Documentary Study of British Pamphlets During the American Revolution

Projects for the Publication of Papers of Women -

The Papers of Clara Barton
The Papers of Dorothea Dix
The Papers of Mary Baker Eddy
The Papers of the Grimke Sisters
The Papers of Harriet Beecher Stowe
The Papers of Frances Willard

Projects Relating to Black History -

The Records of the National Urban League
The Records of the NAACP before 1940
Documentary History of the National Association of Colored Women
The Papers of Carter G. Woodson
The Papers of Blanche Kelso Bruce

Operating Expenses, National Archives and Records Service (Direct)

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

EXPLANATION OF DISTRIBUTION OF OBJECTS

11	Personnel Compensation and Staffing - \$371,000 for 18 permanent positions (19 Average Employment) all in the Central Office distributed as follows:		
		<u>1977</u>	<u>1978</u>
	Positions	18	18
	Average Employment	19	19
12	Personnel Benefits - \$35,000. Includes \$24,800 for direct contribution to retirement fund; \$8,500 for health benefits; \$1,400 for group insurance; and \$300 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.		
21	Travel and Transportation of Persons. - \$16,000. Includes \$16,000 for approximately 200 days of travel by the National Historical Publications and Records Commission and its staff.		
23	Rents, Communications, and Utility Services. - \$5,000. Provides \$2,000 for depreciation of administrative equipment and \$3,000 for communications services.		
24	Printing and Reproduction. - \$5,000. For reproducing reports, forms and other services.		
25	Other Services. - \$13,000. Provides for CSC training courses, contractual services, etc.		
26	Supplies and Materials. - \$5,000. Provides for necessary office supplies and for copying supplies for Xerox machines.		
41	Grants, Subsidies, and Contributions. - \$3,500,000.		

Operating Expenses, National Archives and Records Service
(Direct)

SERVICE DIRECTION
(\$ in Thousands)

FY 1977 Avg. Empl.	FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.
34	\$21,697	34	\$24,872	34	\$26,645	-	\$1,773	-	-	\$1,773

BACKGROUND

This activity provides for general supervision over all programs assigned to the National Archives and Records Service. Supervision is provided in the Central Office by the Archivist, an assistant, and a small administrative staff, and in the field by 5 Regional Commissioners. The cost of space and recurring reimbursable services payable to the Federal Buildings Fund under Public Law 92-313, and postage for all programs of NARS is also provided in this activity.

JUSTIFICATION

Explanation of Changes, FY 1978 vs. FY 1979

Increases totaling \$1,773 thousand are requested for FY 1979. This reflects \$20 thousand for increased payment to the Federal Buildings Fund for SLUC and \$853 thousand for recurring reimbursable services.

(\$ in Thousands)

Performance Costs	1977 Actual	1978		1979 Estimates	Change from 1978
		Estimates	Estimates		
a. General Supervision	\$ 1,242	\$ 1,032	\$ 1,032	-	
b. Payment to FBF for Standard Level User Charge	17,063	20,045	20,965	+920	
c. Payment to FBF for Recurring Reimbursable Services	2,248	2,647	3,500	+853	
d. Postage Fees	1,144	1,148	1,148	-	
Total	\$21,697	\$24,872	\$26,645	+\$1,773	

Operating Expenses, National Archives and Records Service (Direct)

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$872,000. For 33 permanent positions (34 Average Employment), distributed as follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Central Office	19	19	19
Field	<u>14</u>	<u>14</u>	<u>14</u>
Total Positions	33	33	33
Average Employment	34	34	34

12. Personnel Benefits. - \$85,000. Includes \$62,200 for direct contribution to retirement fund; \$15,600 for health benefits; \$5,500 for group insurance; and \$1,700 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons. - \$30,000. Includes \$29,000 for approximately 325 days of travel required for inspection of field operations and participation by Regional Commissioners in records management surveys and records center operations; and \$1,000 for motor pool services.

23 Rents, Communications and Utilities. - \$25,635,000. Provides \$20,965,000 for payment to the Federal Buildings Fund for Standard Level User Charges; \$1,148,000 for postage and United Parcel Service; \$3,000 for depreciation of administrative equipment and \$19,000 for communications services, and \$3,500,000 for payment to Federal Buildings Fund for recurring reimbursable services.

24 Printing and Reproduction. - \$5,000. For reproducing reports, forms and other materials.

25 Other Services. - \$13,000. Provides for training, health room services, and miscellaneous services.

26 Supplies and Materials. - \$5,000. For normal administrative supplies.

GENERAL SERVICES ADMINISTRATION

NATIONAL ARCHIVES AND RECORDS SERVICE

OPERATING EXPENSES

For necessary expenses in connection with Federal records management and related activities, as provided by law, including reimbursement for security guard services, contractual services incident to movement or disposal of records, and acceptance and utilization of voluntary and uncompensated services, ~~\$67,134,000~~ of which \$3,500,000 for allocations and grants for historical publications and records as authorized by 44 U.S.C. 2504, as amended, shall remain available until expended.

(Independent Agencies Appropriation Act, 1978)

OPERATING EXPENSES
NATIONAL ARCHIVES AND RECORDS SERVICE
 (Direct)

Summary of Employment
 (Average Employment)

Principal Categories	Actual 1977	Estimated		Increase for 1979		
		1978	1979	Total	Program Increases	Other
Management and Administrative Direction	64	64	64	-	-	-
Archivists	236	238	238	-	-	-
Archival Support Staff	721	721	756	35	35	-
Publication Editors	83	83	85	2	2	-
Librarians	19	19	19	-	-	-
Museum Curators	10	10	10	-	-	-
Audiovisual Specialists	12	12	12	-	-	-
Management Analysts	101	101	101	-	-	-
Management Technicians	35	35	35	-	-	-
Keypunch Operators	15	15	15	-	-	-
Other Machine Operators	18	18	18	-	-	-
Chemists	1	1	1	-	-	-
Craftsmen	37	37	37	-	-	-
Secretarial and Clerical	271	271	271	-	-	-
Military Personnel Clerks	119	119	119	-	-	-
Mail and File Clerks	135	135	135	-	-	-
Laborers	79	79	79	-	-	-
Laboratory Technicians	4	4	4	-	-	-
Nurses	3	3	3	-	-	-
Subtotal	1,963	1,965	2,002	37	37	-
Part-Time and Temporary Average Employment	405	405	405	-	-	-
Total	2,368	2,370	2,407	37	37	-

Appropriation Title: Operating Expenses, National Archives and Records Service

KEY WORKLOAD ITEMS
(In Thousands)

Activity and Principal Workload Factors	1977 Actual	1978 Program in		1979 Estimate	Percent of Increase Over 1978
		1978 Budget	1979 Budget		
1. Records Management and Centers workload financed by appropriation:					
a. Regional Records Centers:					
(1) Records administered (cu. ft.)	13,247	13,600	13,745	14,430	+5.0
(2) Reference Services	16,454	15,138	16,551	16,572	+0.1
b. National Personnel Records Center:					
(1) Reference Services	1,933	2,100	2,025	2,282	+12.7
(2) Items Processed	6,083	5,300	3,900	4,070	+4.4
2. Archives and Related Services Workload financed by appropriation:					
a. National Archives:					
(1) Units preserved	17,770	10,000	10,000	18,350	+83.5
(2) Items arranged	3,600	1,650	2,000	1,500	-25.0
(3) Finding aid entries	220	53	70	55	-21.4
(4) Reference services	2,400	2,100	2,725	2,925	+7.3
b. Presidential Libraries:					
(1) Reference services	12	16	16	17	+6.3
c. Federal Register, Manuscript pages published..	655	585	662	665	+0.4

ADVANCES AND REIMBURSEMENTS, NATIONAL ARCHIVES AND RECORDS SERVICE
(\$ in thousands)

	Permanent Positions	Average Employment	Amount
1978 Reimbursable Program	90	145	\$3,500
1979 Reimbursable Program	<u>90</u>	<u>145</u>	<u>\$3,500</u>

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

ACTIVITY	SUMMARY				INCREASE OR DECREASE (-) for 1979					
	FY 1977		FY 1978		FY 1979		TOTAL CHANGES		OTHER CHANGES	
	Avg Empl	Amount	Avg Empl	Amount	Avg Empl	Amount	Avg Empl	Amount	Avg Empl	Amount
1. Records Management & Centers	139	\$2,711	139	\$3,250	139	\$3,250	--	--	--	--
2. Archives & Related Services	6	154	6	250	6	250	--	--	--	--
Total Appropriation, authorized level & budget estimate	145	\$2,865	145	\$3,500	145	\$3,500	--	--	--	--
Permanent Positions established	(90)		(90)		(90)		--	--	--	--

JUSTIFICATION OF 1979 BUDGET ESTIMATE

The reimbursable program for FY 1979 is estimated at 3,500,000 --- a level which is commensurate to the request for FY 1978. The program in 1979 will provide records management assistance to other agencies on a reimbursable basis.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable service to be performed by Government agencies.

OPERATING EXPENSES
NATIONAL ARCHIVES AND RECORDS SERVICE
REIMBURSABLE PROGRAM

Summary of Employment
AVERAGE EMPLOYMENT

PRINCIPLE CATEGORIES	Actual 1977	Estimated		Increase for 1979		
		1978	1979	Total	Program Increase	Other
Management Analyst	48	48	48	-	-	-
Archivist/Archivist Specialists	36	36	36	-	-	-
Typist, Secretary	6	6	6	-	-	-
Subtotal	<u>90</u>	<u>90</u>	<u>90</u>	-	-	-
Part-time & Temporary Average Employment	55	55	55	-	-	-
Total Average Employment	<u>145</u>	<u>145</u>	<u>145</u>	-	-	-

Records Declassification

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(\$ in Thousands)

	Perm. Pos.	Man Yrs.	Amount
1978 Appropriation Enacted by Congress	105	95	\$1,470
Proposed supplemental for pay increases	-	-	95
1978 Revised	<u>105</u>	<u>95</u>	<u>\$1,565</u>
Estimate, 1979	<u>105</u>	<u>95</u>	<u>\$1,565</u>

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

	SUMMARY						Increase or Decrease (-) for 1979					
	FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
1. Records Declassification	87	\$1,377	95	\$1,565	95	\$1,565	-	-	-	-	-	-
Total	87	\$1,377	95	\$1,565	95	\$1,565	-	-	-	-	-	-
Total Permanent Positions	(105)		(105)		(105)		-	-	-	-	-	-

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATE

Direct obligational authority for FY 1979 is estimated at \$1,565,000 which represents no increase over FY 1978.

Records Declassification

RECORDS DECLASSIFICATION
(\$ in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount
87	\$1,377	95	\$1,565	95	\$1,565	-	-	-	-	-	-

BACKGROUND

Section 5 (E) (2) of Executive Order 11652, dated March 8, 1972, directs that:

All information and material classified before June 1, 1972, and more than thirty years old shall be systematically reviewed for declassification by the Archivist of the United States by the end of the thirtieth full calendar year following the year in which it was originated. In his review, the Archivist will separate and keep protected only such material as is specifically identified by the head of the department in accordance with (E) (1) . . .

WORKLOAD FACTORS
(Pages in thousands)

Pages Completed

Actual FY 1977	40,000
Estimated FY 1978	38,250
Estimated FY 1979	40,500

Records Declassification

RECORDS DECLASSIFICATION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$1,331,000 for 105 permanent positions (95 average employment.) distributed as follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Central Office	100	100	100
Field	5	5	5
Total Positions	<u>105</u>	<u>105</u>	<u>105</u>
Average Employment	87	95	95

12 Personnel Benefits. - \$129,000. Includes \$93,200 for direct contribution to the retirement fund; \$30,000 for health benefits; \$5,100 for group insurance; and \$700 FICA.

21 Travel and Transportation of Persons. - \$12,000. Includes \$10,000 for approximately 115 days of travel to Presidential Libraries and records centers to coordinate the declassification review program, & for travel by selected employees to Washington for training, and \$2,000 for motor pool services.

22 Transportation of Things. - \$4,000.

23 Rents, Communications, and Utilities. - \$26,000. Provides \$18,000 for depreciation of administrative equipment, and \$8,000 for communication services.

24 Printing and Reproduction. - \$15,000.

25 Other Services. - \$40,000. Provides for security clearances, CSC training courses, health room services, and other contractual services.

26 Supplies and Materials. - \$8,000. Provides for necessary office supplies and for copying supplies.

GENERAL SERVICES ADMINISTRATION

RECORDS DECLASSIFICATION

For expenses necessary for the review and declassification of documents, and related records management activities, pursuant to 44 U.S.C. 2104, 2108, and 2904 and implementing provisions of Executive Order 11652, directives issued pursuant thereto, and other applicable authorities, including expenses not otherwise provided for, and acceptance and utilization of voluntary and uncompensated services, \$1,470,000 ✓

\$1,565,000

(Independent Agencies Appropriations Act, 1978)

Records Declassification

SUMMARY OF EMPLOYMENT
(Average Employment)

	<u>1977</u> Actual	<u>1978</u> Estimate	<u>1979</u> Estimate
Managerial & Administrative Direction	3	3	3
Archivists	24	26	26
Archives Technicians	54	60	60
Clerical & Support Staff	<u>5</u>	<u>6</u>	<u>6</u>
Sub-total	86	95	95
Part-time and Temporary Average Employment	<u>1</u>	<u>-</u>	<u>-</u>
Total Average Employment	87	95	95

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(Dollars in Thousands)

	1977	1978	1979
<u>National Archives Gift Fund</u>	<u>Actual</u>	<u>Program</u>	<u>Estimate</u>
Financing (from grants, donations, & interest)	\$ 271	\$120	\$130
Program Costs	153	168	174
Funding (from unobligated balances)	\$118	\$ 48	\$ 44

PROGRAM ANALYSIS

Activity	FY 1977			Funded Costs FY 1978			FY 1979			Increase or Decrease (-) for 1979		
	Avg. Empl.	Amount	-	Avg. Empl.	Amount	-	Avg. Empl.	Amount	-	Total Changes		Other Changes
										Program Changes	Avg. Empl. Amount	
Historical Research, Conferences, and Publications	-	\$124	-	-	\$153	-	-	\$159	-	-	-	-
Presidential Libraries	-	29	-	-	15	-	15	-	-	-	-	-
TOTAL	-	\$153	-	-	\$168	-	-	\$174	-	-	-	-

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATE

The National Archives Gift Fund was established to administer incoming grants and donations and to collect fees and make expenditures for various programs including Presidential Libraries and archival activities.

AUTHORIZING LANGUAGE

Grants and donations are deposited into this fund to benefit National Archives' collections and services in accordance with terms of the donor (44 U.S.C. 2305).

National Archives Trust Fund
(\$ in Thousands)

Income/Cost Comparison-Summary

	Actual 1977	Change 1977 vs. 1978	Program 1978	Change 1978 vs. 1979	Estimate 1979
1. Income	\$6,696	+\$628	\$7,324	+\$8276	\$7,600
2. Program Costs, Funded	6,479	621	7,100	+400	7,500
Plus Depreciation	125			+5	130
Less Capital Outlays	-173	+98	-73		-75
Program Costs	\$6,423	+\$727	7,150	+\$8405	\$7,555
3. Profit/Loss	273	-99	174	-129	45
Net Outlays	+\$345	-\$445	-\$100	-	-\$100

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

Activity	FY 1977		Funded Costs FY 1978		FY 1979		Increase or Decrease (-) for 1979			
	Avg. Empl.	Amount	Avg. Empl.	Amount	Avg. Empl.	Amount	Total Changes Empl.	Program Changes Amount	Other Changes Empl.	Other Changes Amount
1. Reproduction Services	197	\$5,731	199	\$6,323	208	\$6,693	9	\$370	9	\$370
2. Hoover Library	4	61	4	79	5	89	1	10	1	10
3. Roosevelt Library	4	63	5	118	5	123	-	5	-	5
4. Truman Library	12	202	13	210	13	220	-	10	-	10
5. Eisenhower Library	6	117	7	140	7	140	-	-	-	-
6. Kennedy Library	-	17	-	20	-	20	-	-	-	-
7. Johnson Library	7	115	7	135	7	140	-	5	-	5
Subtotal, Operating Costs Funded	230	\$6,306	235	\$7,025	245	\$7,425	10	\$400	10	\$400
Capital Outlay	-	173	-	75	-	75	-	-	-	-
Total Program Costs, Funded	230	\$6,479	235	\$7,100	245	\$7,500	10	\$400	10	\$400
Permanent Positions	(225)		(215)		(215)					

NATIONAL ARCHIVES TRUST FUND

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1979
(Dollars in thousands)

<u>Program Changes</u>	<u>Reproduction Services</u>		<u>Presidential Libraries</u>		<u>Total</u>	
	<u>Pos.</u>	<u>Avg. Empl.</u>	<u>Pos.</u>	<u>Avg. Empl.</u>	<u>Pos.</u>	<u>Avg. Empl.</u>
<u>Increases:</u>						
Provides for increased workload in reproduction of microfilm publications, reproductions and other publications.	-	9	\$370	-	-	\$370
Provides for assistance in the Presidential libraries and museums maintained for general public use.	-	-	-	1	-	30
<u>Total Program Changes</u>	-	9	\$370	-	10	\$400
<u>Other Changes -</u>	-	-	-	-	-	-
<u>Total 1979 Compared to 1978</u>	-	9	\$370	1	10	\$400

National Archives Trust Fund

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATE

This Fund receives, holds, and disburses monies collected from sales of publications and reproductions, admission fees to Presidential Library museum rooms, and reproduction of tax returns for taxpayers.

Program costs for FY 1979 are estimated at \$7,500,000.

AUTHORIZING LANGUAGE

The Archivist of the United States furnishes for a fee, copies of records in the custody of the National Archives except those that are exempt from examinations as confidential or protected by existing copyright (44 U.S.C. 2112).

Proceeds from sale of copies of microfilm publications, reproductions, and other publications and admission fees to Presidential Library museum rooms are deposited to this fund (44 U.S.C. 2108).

National Archives Trust Fund

SUMMARY OF EMPLOYMENT
(Average Employment)

Principal Categories	Estimated	
	1978	1979
	Actual	
	1977	
Managerial and Administrative Direction	17	18
Sound Recording Specialists	7	7
Archives Aids and Technicians	21	22
Photographers	25	26
Photo Lab Supervisors and Aids	6	6
Office Machine Operators	16	17
Museum and Library Aids and Technicians	16	17
Tour Guides	8	8
Cashiers, Tellers, Clerks	22	23
Audiovisual Aids, Specialists, and Technicians	16	16
Clerk-Typists	18	18
Clerks and Secretaries	15	15
Staff Information Specialist	1	1
Procurement Officer	1	1
Cost Analysts	2	2
Administrative Assistant	3	3
Janitors & Laborers	2	2
Writer-Editor	1	1
Marketing Officer	1	1
Education Specialist	1	1
Program Aid	1	1
Total Average Employment (Permanent)	200	212
Total Average Employment (Other)	30	33
Total Average Employment	230	245

Mr. STEED. On behalf of the subcommittee, let me express to you our appreciation for your presence, your presentation and cooperation.

Mr. GRIFFIN. Thank you very much, Mr. Chairman.

[Whereupon, at 12:40 p.m., the subcommittee was adjourned.]

Mr. G. W. ...
 your attention for your presence ...
 your
 Mr. G. W. ...
 It is ...

THURSDAY, FEBRUARY 16, 1978.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

WITNESSES

AGENCYWIDE MATTERS

ROBERT T. GRIFFIN, DEPUTY ADMINISTRATOR
ALLIE B. LATIMER, GENERAL COUNSEL

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

FRANK J. CARR, COMMISSIONER
WARREN BURTON, DEPUTY COMMISSIONER
GEORGE W. DODSON, JR., ASSISTANT COMMISSIONER FOR
AUTOMATED DATA MANAGEMENT SERVICES
ELMER JONES, ASSISTANT COMMISSIONER FOR TELECOM-
MUNICATIONS
LEONARD YONKLER, EXECUTIVE DIRECTOR
FRITZ NEWSOM, REGIONAL COMMISSIONER, REGION 7

Mr. STEED. The committee will be in order. The committee is in session for further consideration of the 1979 budget request of the General Services Administration. We will take up today the Automated Data and Telecommunications Service. We are very pleased to have Deputy Administrator Griffin with us again today, and, Mr. Administrator, if you would like to present Mr. Carr and his staff, we would be glad to hear whatever comments you can make.

First, let me say that the 1978 budget was \$8,024,000 with a supplemental pay increase of \$466,000 bringing the 1978 total to \$8,490,000. The budget request for 1979 is \$8,673,000, an increase of \$183,000.

Mr. GRIFFIN. Very good, Mr. Chairman. I would like to introduce Frank Carr, our new Commissioner of the Automated Data and Telecommunications Service; and Warren Burton, sitting behind him, the Deputy Commissioner; George Dodson, the Assistant Commissioner for Procurement; Elmer Jones, the Assistant Commissioner for Telecommunications; and Leonard Yonkler, the Executive Director.

Mr. Carr may introduce any other member of his staff who may be here.

Mr. CARR. I would like to introduce one other member, Fritz Newsom, who is our Regional Commissioner from Region 7, Fort Worth, who is presently acting as Assistant Commissioner for Agency Assistance Planning and Policy.

STATEMENT OF THE COMMISSIONER

Mr. CARR. Thank you, Mr. Chairman. I am pleased to appear before you and the distinguished members of your subcommittee to present the annual appropriations request for GSA's Automated Data and Telecommunications Service.

OPERATING EXPENSES, ADTS

The Automated Data and Telecommunications Service operating expense request for fiscal year 1979 is \$8,673,000. This represents a net increase of \$183,000 and four positions over the authorized amount for fiscal year 1978. The increased requirements consist of \$26,000 and two positions to meet the mandatory 10-day response period required by the Freedom of Information Act; \$57,000 and two positions for implementation of the Agency Certification Program; and \$100,000 for studies of the latest state-of-the-art developments in ADP and telecommunications. While these increases are minimal and reflect our efforts to hold the line on expenses, they are essential to the performance of our mission.

The increased demands placed upon ADTS under the Freedom of Information Act for information related to ADP procurements are currently being met through diversion of resources from other key program areas. The resources requested for this program will permit ADTS to meet those requirements without further eroding our ability to meet other program requirements.

AGENCY CERTIFICATION PROGRAM

The Agency Certification program is a program whereby agencies with extensive experience and expertise in the acquisition of ADP equipment and services will be certified to conduct their own procurements subject to time and dollar limitations. Agencies certified will also be subject to post reviews to assure compliance with prescribed procurement procedures, policies, and regulations. The resources requested for this program will eventually result in resources becoming available which will be utilized to restore the quality of the review given to Agency Procurement Requests that are processed by GSA.

SPECIAL STUDIES

Advancing technology and state-of-the-art developments in ADP and telecommunications offer new and greater opportunities for improvements and economies in the services provided by GSA and to assist agencies in meeting identified dedicated long-range requirements with up-to-date economical commercial or government-provided services. The resources requested will permit ADTS to undertake special studies in these areas so that we can continue to meet the current needs of the government by whatever means will result in the greatest efficiencies and least overall cost to the government.

FEDERAL TELECOMMUNICATIONS FUND

In the Federal Telecommunications Fund we are projecting an increase of \$68,054,000 in funded costs over the fiscal year 1978

level and requesting 15 additional positions. \$24,272,000 of the total increase and the 15 positions are required in order to provide for increases in volume and the quality of communications services provided to executive agencies of the government. \$30,955,000 is required to offset pending FCC tariff cases which, when resolved, could have a significant adverse impact on the cost of communications services and facilities provided by GSA to executive agencies of the government. These expenditures will not be made if these tariffs are not approved. An additional \$12,827,000 is required to provide for normal tariff increases and increased space costs.

ADP FUND

In the Automatic Data Processing Fund we are projecting an increase of \$12,887,000 in funded costs over the fiscal year 1978 level. This increase is primarily associated with the Teleprocessing Services Program, establishment of new Federal Data Processing Centers, and the Multi-year Leasing Program. Utilization of those Teleprocessing Services Program contracts that flow through the Automatic Data Processing Fund is expected to increase by \$13,300,000 in fiscal year 1979. Out of the total Teleprocessing Services Program, it is anticipated that approximately 75 percent of the total dollar volume will flow through the Automatic Data Processing Fund. The Automatic Data Processing Fund is used to fund this program only when there are additional economies to the government from doing so that could not otherwise be achieved. \$2,091,000 is provided for establishment of new Federal Data Processing Centers in fiscal year 1979. New Federal Data Processing Centers are established only when justified, based upon studies of economic feasibility and agency requirements. Federal Data Processing Centers may be operated by GSA or by other agencies under delegation of authority from GSA. An increase of \$4,052,000 is provided for payments to vendors for multi-year lease of ADP equipment for subsequent leaseback to agencies at cost substantially below commercial annual lease prices. An increase of \$1,444,000 is provided for increased workload in the existing Federal Data Processing Centers, data processing services contracts, space rental costs and other miscellaneous increases.

The increases discussed above are offset by a decrease of \$8,000,000 in the Opportunity Buy Program. This is the Automatic Data Processing Fund program through which GSA purchases ADP equipment when special discounts with time limitations and other arrangements become available and agencies are unable to take advantage of these cost reduction opportunities due to budget cycle limitations and leases it back to the agencies at costs substantially below all other cost alternatives. This reduction is necessary because the cash availability of the fund has been depleted. While the Automatic Data Processing Fund cash balance is projected to be \$10,019,000 at the end of fiscal year 1979, it is important to note that approximately \$4,000,000 of that total must be set aside to cover remaining balances on multi-year leases. Under GAO regulations we are required to obligate the full amount due over the life of a multi-year lease at the time we enter into the lease. We have legislation pending which, if enacted, would relieve us of that

requirement. The remaining cash balance is required for operating capital.

GENERAL PROVISIONS

We are again, this year, requesting that the section 3 language under the General Provisions relative to GSA be deleted. We feel this language should be deleted for two reasons. They are: (1) The section 3 language was inserted prior to passage of the Privacy Act and the safeguards provided by the Privacy Act forestall any potential threat to an individual's right to privacy.

(2) The section 3 language conflicts with the "Brooks Bill" (P.L. 89-306). Section 111.(b)(1) of P.L. 89-306 states, "Automatic data processing equipment suitable for efficient and effective use by federal agencies shall be provided by the Administrator through purchase, lease, transfer of equipment from other Federal agencies, or otherwise, and the Administrator is authorized and directed to provide by contract or otherwise for the maintenance and repair of such equipment." It further states and specifically authorizes the Administrator "to transfer automatic data processing equipment between Federal agencies, to provide for joint utilization of such equipment by two or more Federal agencies, and to establish and operate equipment pools and data processing centers for the use of two or more such agencies when necessary for its most efficient and effective utilization."

Mr. Chairman, I appreciate this opportunity to present the ADTS budget request before this subcommittee. I will be happy to respond to any questions you may have regarding this request or the programs for which I am responsible.

INCREASES

Mr. STEED. Mr. Carr, we would like for you to re-emphasize and expand on the reasons for the increases.

Mr. CARR. The Automated Data and Telecommunications Service operates with three sources of funds. One is the operating expense appropriation, which you just mentioned, which is estimated at \$8,673,000 for 1979. It is an increase of \$183,000. The second source of funding is the Federal Telecommunication Fund. Our estimate for 1979 is \$453,820,000, an increase of \$68 million. And the third source of funding is the ADP Fund; the 1979 estimate is \$114,493,000, an increase of \$12,887,000.

The \$183,000 increase in the operating expense budget is, first, \$26,000, to provide for two positions to handle the response to Freedom of Information requests. There is another sum of \$57,000 for the implementation of an agency certification program and \$100,000 for studies of the latest state-of-the-art developments in ADP and telecommunications.

FREEDOM OF INFORMATION REQUEST

Mr. STEED. What do the people request this information for? What kind of information do they ask you for?

Mr. CARR. Well, there are a number of different users of the ADP Management Information System, which I think is what you are directing your question to.

One use that is made of it is to determine where there might be specific pieces of equipment that might be made use of. When an agency requires certain types of equipment, they may find that we already have it existing in the government somewhere, and they can borrow it.

Mr. STEED. Are these two additional employees; do you need—

Mr. CARR. I beg your pardon. You mean the Freedom of Information-type requests?

Mr. STEED. Yes.

Mr. CARR. The major thing that has happened there is from 1976 to 1977 there has been about a four-fold increase in inquiries, and these are heavily oriented toward information about procurements. They tend to be requests from vendors who are interested in getting information about contract awards. In some cases there are some requests from individuals who are actually in consulting businesses where they are advising vendors on how to compete in the Federal Government procurement arena.

Mr. STEED. In other words, they are not what you would normally categorize as frivolous or curiosity-seeking.

Mr. CARR. They are not curiosity-seeking, but again I think they tend to serve a slightly different purpose than I believe was envisioned in the Freedom of Information Act. They tend not to be personal inquiries, but tend to be for the purpose of helping individual firms become more aware of what specifically is happening in the competitive arena. It is a slightly different concept than I think was anticipated.

Mr. STEED. Do you get into any trade secret problem in this situation?

Mr. CARR. Yes, we do. Part of the problem we have is that as we go out to the vendors to request information when we are engaged in a procurement, we often ask them questions about their commercial business, the volume of business they do, the types of discounts they apply to the commercial market, questions of that sort which we use as a basis for determining what we consider to be a fair price to government. Much of that information a private company would really not divulge, in general; they would keep it to themselves, because it is advantageous to other companies to know what the pricing strategy, cost structure, marketing practices of other firms are.

Mr. STEED. You are saying that the Freedom of Information Act then not only imposes an extra administrative cost on you to comply with the requests that come from it, but it handicaps you in obtaining the type information you need to exercise your best judgment on procurement.

Mr. CARR. Actually what happens is, in handling the requests, for example, if a request comes in for a specific contract, if we were not concerned about the privileged information that we have gotten, it would be fairly simple to pull out the document and have it duplicated and satisfy the request. However, because there is information that is proprietary, we literally have to go through the document page by page to review it to determine what part of it, in fact, ought to be withheld. That is the part that is time-consuming. It is not a clerical effort, itself; we have to have experienced contract people review the documents to determine whether or not

there is information that should be withheld under the exemption clause of the act. That is the problem we have and the reason we are asking for additional funds there.

FEDERAL TELECOMMUNICATIONS FUND

Mr. STEED. Go ahead.

Mr. CARR. All right. The third fund is the Federal Telecommunications Fund. Our increases there were \$68,054,000. They really fall into two major categories. There is about \$24,272,000 which are principally required to handle increases in the work that we do under that fund. This is increased volume of calls, additional circuits we have to plan, and things of that sort. The other set of increases are due to tariff increases we expect we will have to pay in order to run the Federal Telecommunications System.

Mr. STEED. Is this a reimbursable type of program?

Mr. CARR. Yes, it is.

Mr. STEED. What is the collection situation with your customers? Are they keeping the bills paid in a prompt manner?

Mr. CARR. We do not handle the receipts, ourselves. This is done through the Office of Administration of GSA. Whatever problems we have, they are not substantial.

Mr. GRIFFIN. We are maintaining it on a current basis, Mr. Chairman.

Mr. STEED. In years gone by, some agencies rode the account, so to speak, and put it in a tight spot of meeting its obligations and, at the same time, extending what amounted to credit to agencies that weren't prompt enough in paying their bills.

Mr. GRIFFIN. We have been able to maintain a very good current basis, and we don't consider this a problem area any longer.

Mr. CARR. Yes. Thank you.

TELEPROCESSING SERVICES PROGRAM

Mr. STEED. You have a study of the teleprocessing services. Is that what you call it? What did you develop with that study? Any interesting information?

Mr. CARR. The program that we have, the Teleprocessing Services Program, was started a number of years ago with a single contract. Let me explain first that the Teleprocessing Services program is the name given to data processing services that you purchase from an outside vendor, where, in effect, you access his computer through a terminal and communications system. That one contract was then expanded to include now over 30 vendors in what we call multiple award schedule.

Mr. STEED. Would this be, for instance, a Federal agency in a fairly isolated place with a very important but comparatively small volume of computer work, where it wouldn't be wise to equip them since there would be limited use of the equipment, and some private firm in the area could be contracted with to furnish them this computer service? Is that the type of thing you are talking about?

Mr. CARR. Yes, sir. It helps the small agencies really in two ways. It makes it possible for them to in effect buy the amount of computer time they need in limited quantities, if you will. It also

gives them a ready way to procure it. They don't have to go through a long procurement cycle and contracting cycle.

The third advantage to them, of course, is in negotiating the contracts with the individual firms. We negotiate prices that would be better than the individual agency could procure on its own, and, in addition, with each firm we have a discount schedule so that, as you accumulate the total payments of all the agencies, when that total exceeds certain quantity points, there is a discount that is applied, and all of the users get the benefit of that discount.

Mr. STEED. Computers have proven to be a great tool for managing the government's business. But sometimes we get the idea that it gets to be a status symbol, too, and everybody wants the very latest thing in computers. Sometimes the owning parent seems to take advantage of the other government agencies that have to be customers.

PROCUREMENT OF COMPUTERS

How much of the government procurement of computers, both owned and leased, do you do, and what part do the agencies do on their own? Do you have a summary of that?

Mr. CARR. Yes, we do. To go back to 1977, the actual total dollars expended, there are three categories you can put the procurement dollars in. The first is what we call the GSA ADP schedules. These are contracts that we have with individual firms for hardware, maintenance and services, and where the agencies, in effect, can procure off those schedules, and where the prices are better than commercial prices. Roughly, 58 percent of the 1977 volume was in that category, so these were procurements that, in effect, were carried out against contracts that GSA had negotiated.

In the second category are the procurements that GSA handles, where we are actually taking a requirement for an agency and developing the RFP and going out and procuring the hardware for them. This represents about 18 percent of the total.

The remainder, 24 percent, which we do not procure, the request for delegation of authority comes to us, and we, in effect, ensure that if a competitive procurement is feasible the agency will acquire the equipment competitively.

So we impact on all three of these areas, but specifically we contract in 76 percent of that total.

Mr. STEED. That has the overall effect of giving you a kind of handle on the whole computer program of the government to the extent that we can guard against what we ran into early in the game of what I would call some fantastic mistakes that over-eagerness and lack of information and skill brought about.

Mr. GRIFFIN. It gives us a handle on the procurement. I don't think we want to accept responsibility for determination of need.

Mr. STEED. You have a way of providing the government in this field, it sounds like.

Mr. GRIFFIN. Mr. Carr will speak more lucidly on it than I can. This gives us a handle on the procurement, but the individual agency heads still have a great responsibility for the determination of need.

COMPUTER SHARING PROGRAM

Mr. STEED. Does this also enable you to have knowledge of surplus computer capabilities that could be utilized by agencies that are in need but unaware of availability?

Mr. CARR. We have an ADP-sharing program where agencies can come to us and indicate need for services, and this is done largely through our ten regional offices. When that request comes in, it is examined to determine first if there is another agency that has computer capacity that could be used, as opposed to going to some other source. If there is no adequate source in another agency, then the request is looked at to determine if there is a Federal data processing center available to handle that request. If that is not possible, we either delegate authority to procure it competitively, or we may move it on to where we handle the procurement ourselves.

The problem, Chairman Steed, is what we are doing here is basically intervening at the procurement stage, and what it does, in effect, is give us a check on what the agencies want to do. The problem, however, is that there is a need to go further upstream, up to where the agencies are initially carrying out their systems studies or feasibility studies to determine whether or not in the development of those requirements they have introduced specifications that, in fact, may end up being restrictive as far as competition is concerned, or where their stated need for capacity exceeds what they really require. That is one area that we have not really been putting much effort into.

TIME ELEMENTS

Mr. STEED. What about the time elements? Are agencies able to get the service they want from you, or do you have complaints about delays you impose on them?

Mr. CARR. We do have complaints about delays. The principal problem with the delays is because of the things I just mentioned, that the request comes to us at a point which is a year and a half, two years, after they have started to develop the requirements, and consequently if they have been going off in a specific direction that is improper for one of the reasons I cited, then, in effect, their anxiety with moving this procurement through is the reason they point to the delays.

But, in effect, we can't move ahead if we, in fact, think it is not an economical procurement for the government. This is where we have the biggest complaints and our largest problem.

AGENCY REQUIREMENTS

Mr. STEED. Lets go back to what the Administrator said a while ago. You are in the business of providing hardware and service like a lease for contract, but you do not go into the actual usage that the department may make? In other words, if they are just computing for the sake of computing, that is of no responsibility or concern to you?

Mr. CARR. That basically, I think, is a fair statement of it, that we do not look into the statement of ADP requirements, what they

say they want to use equipment for. For example, if they say they need a computer to generate a certain kind of report or do a certain kind of data processing in order to satisfy their programmatic needs, we do not question that. However, we do, in instances, go back and look at how they translated those needs into ADP specifications. I will give you an example. We require, whenever a computer is going to be used in connection with a communication system, that a communication system study be made. In one instance, an agency came in and indicated they had carried out the study, and when we looked behind it, the study consisted of a letter from the telephone company saying they had five alternatives to satisfy their needs from that telephone company. That really doesn't constitute a communication systems study. In that type of case we would require the agency to go back and take a look at that, because we are not questioning their need for the system, but rather that they failed to adequately provide a basis for the stated requirements.

Mr. GRIFFIN. There is a much stronger requirement, on the administration's part, for the acquisition of all major systems where the head of the agency must certify as to the need, so I think generally OMB has tightened it up considerably governmentwide, Mr. Chairman. There is a great deal of responsibility with the individual department head or agency head.

COMPUTER UTILIZATION

Mr. STEED. One of the original reasons for this program as I recall, was the fact that when everybody acted independently we had surplus computer availability in one place and a shortage in another. How has that worked out? Have you been able to increase the utilization of computer hardware so you are not duplicating anymore?

Mr. CARR. Just to give you one example, in the one program I made reference to, the ADP sharing program, we have estimated that in 1977 we have saved \$284 million as a result of being able to direct agencies to go to other agencies and make use of the spare computing capacity available.

If we didn't have this program, it is doubtful that each one of the agencies would be able to look out for itself to find available capacity—in fact, they might not be inclined to look for that spare capacity.

Mr. STEED. Let me give you a little bit of experience that I have had in my office. When I came here 30 years ago, we had a communications capability such that if any Member of Congress had to go back to it today, he would either be splitting his sides laughing or screaming his head off in rage. I find that the increase in our volume over the years would have engulfed us if we hadn't developed a better means of communicating.

A lot of our mail pertains to what we call casework, individual problems. There is certain basic information you must have before you can approach an agency to get a matter resolved. Sometimes you have three or four letters back and forth.

This way, you can have instant telephone communication and resolve the matter with one letter. It not only saves letter-writing and manpower, it also expedites the whole process to the end that

the citizen back home gets a faster service and, in most cases, a better service.

In the old days we submitted the telephone bills to the Congress for payment under our allowances. The system we now have has generated savings nearly equivalent to the charges we have to pay it. So my experience is that it not only has enabled me to cope with an ever-increasing volume in a more efficient way, it also has pretty well held its line dollarwise.

Is that a typical experience you find throughout the government with this sort of thing?

Mr. CARR. I think it is very typical, not only in the communication area, but in both ADP and telecommunication where there has been increased use of new electronic technology; it is generally true you are able to get greater capacity for the same number of dollars. If you look at the total number of dollars of ADP equipment that the government procures, the increase in total dollars is not very significant, but the actual increase in the number of computers and in the total computing capacity is much greater.

As far as the telephone industry is concerned, the telephone companies, particularly the Long Lines Company of AT&T, make extensive use of computers in their operations to reduce cost. For example, on a telephone line that runs from Washington down to Florida, they literally have amplifiers every mile all the way down the coast, and from a central point here in Washington, they check the condition of each amplifier, and the computer keeps track of all the measurements that come back and prints out the exceptions, so all they have to do is identify the fact that on a certain point a serviceman should go down the manhole to repair that particular amplifier rather than have people that constantly would have to make checks at every location.

They are driving their costs down again by using modern technology in that operation as well, and we are getting the benefits of all that.

INCREASED PRODUCTIVITY

Mr. STEED. Since we began handling the Treasury Department budget we have had an ongoing knowledge of their activities. They made a study of per-man production of their volume of work in 1954 compared with 1964. They found that if they had been without computers and this type of mechanization in 1964 as in 1954, it would have taken 18,000 more employees to do their work. I think, of course, most of their work lends itself ideally to this type of mechanization.

There may be some government functions that are not quite so easily computerized, but I doubt the GSA could build enough buildings to have enough space for Treasury to handle its business if you didn't have these facilities. While this may be the richest case history you could come up with to support this idea, what are we faced with? Has anybody ever tried to make an estimate as to how much more space you would have to provide today or where the government would be if it didn't have this type of thing? It would be almost paralyzed, wouldn't it?

Mr. CARR. I doubt you could actually come up with a good estimate, because, in addition to the type of thing you are referring

to, increasing the productivity of the people in the organization, you are also able to do things that you just would not be able to do otherwise.

What you mentioned earlier of the quick response to a citizen's letter to you, the whole issue of being able to provide better service, to be able to make better decisions based on better information, ability to reduce inventories through improved control, none of those things would really be possible without improvement both in communication and data processing.

PRIVACY ACT

Mr. STEED. What is the situation with the Privacy Act today?

Mr. GRIFFIN. Could we have the General Counsel give a few words on the conflict in the situation between the Privacy Act and Freedom of Information Act, and what burden it imposes on us?

Ms. LATIMER. Under the Freedom of Information Act, and the Privacy Act, which amended a certain portion of the Administrative Procedures Act, there a conflict in the sense that we impose an additional exemption under the Privacy Act on the Freedom of Information Act, so there are some records we cannot now disclose because of privacy without getting the permission of the individual.

Mr. STEED. Do you think that trying to comply with this kind of a two-faced situation, it is coming to the point where the government's ability to utilize this new tool is going to be curbed to a dangerous degree? What is the future of this?

Mr. CARR. I think you have to go back and take things in perspective. Much of the restrictions that have been exercised as far as holding back the application of computers in certain areas really had its start before the Privacy Act was passed, so that the Privacy Act, itself, has taken care of a substantial part of the concern.

Within GSA we, in turn, have gone beyond our own requirement as far as complying with the act. Our regulations place the burden on the agencies to ensure they, in fact, comply with the Privacy Act in exercising the authorities we give them.

The concern that we have is really looking more to planning for the future. The language in the appropriation legislation is restrictive, and, in effect, says that the GSA will not plan for additional common user systems. Now to date, any of the plans we have had that involve common user systems, we have come here and presented those plans, and they have been a continuation of things we have done in the past.

Mr. STEED. That kind of language in the appropriation bill is an outgrowth of this manifestation outside the committee, of those who have this great fear of privacy violation. If we don't have some appeasement in the bill, we would probably end up with something a lot worse. So this is not only a problem to you; it is a problem to us as well.

Mr. CARR. We have asked that the restrictive language be lifted from the legislation basically to recognize that since the passage of the Privacy Act there are a number of things that have been introduced in the way of technological advances that improve the privacy of information, and I think there is a great deal of evidence that much of the information we have in our current systems is, in

fact, more private than in the past, when it was in folders and when a lot of information that people didn't require was available to them in addition to what they did require.

We do think the restriction impairs our planning, our long-range planning, and we would like to have the language removed.

FINANCIAL REPORTS

Mr. STEED. We will give that a good hard look when we come down to that part of our action.

Could you provide for the record something we would like to have which would be either a complete financial report or an audit if it is available of, one, the Federal Telecommunication Fund, and, two, the Automated Data Processing Fund?

Mr. CARR. Yes, we will provide that for the record.

[The information referred to follows:]

Federal
Telecommunications
Fund

Symbol 47X4533

September 30, 1977



General Services Administration
Office of Finance

FEDERAL TELECOMMUNICATIONS FUND

September 30, 1977

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FEDERAL TELECOMMUNICATIONS FUND

September 30, 1977

REPORT COMMENTS

The Federal Telecommunications Fund (FTF) finished the fifteen month fiscal period July 1, 1976 - September 30, 1977 (the transition quarter, July 1 - September 30, 1976, is included in Fiscal Year 1977 for revolving funds) with a gain of \$4.994 million. Application of the 1976 deficit of \$263 thousand reduces this gain to \$4.731 million in Retained Earnings.

The Voice Program continues to be the major factor in the gain as it has ever since the supplemental second quarter billing was made. While other programs had relatively minor gains or losses for the period July 1, 1976 - September 30, 1977, the Voice Program's Intercity and Local Services gained \$2.950 million and \$474 thousand, respectively. The unusually high gain for the period in the Intercity Program is the result of provisions (supplemental second quarter billings and subsequent increased billings) made for a substantial tariff increase which was expected to be effective as of July 1, 1977. The Federal Communications Commission (FCC) postponed the tariff increase until further review is made. The balance of the overall gain is \$1.329 million of Prior Year Adjustments resulting from Fiscal Year 1976 accruals for anticipated costs which did not materialize.

The Local Service Program shows a \$474 thousand gain for the fifteen month period. This is actually a reduction of \$715 thousand reflected in reports for the period ending June 30, 1977. In July, rates were lowered by 45 cents per instrument and this had the desired effect of bringing the program into better perspective.

In summation, the FTF has closed out the year with a large gain. This gain is a result of supplemental billings made in expectation of the rise in tariff rates. The FCC ruling on the increased tariff rates is still pending and is expected to be resolved during Fiscal Year 1978.

FEDERAL TELECOMMUNICATIONS FUNDBACKGROUND

On July 1, 1963, the Federal Telecommunications Fund was activated. It was authorized by Public Law 847 (87th Congress) as approved October 23, 1962. The fund was started with an appropriation of \$9 million and an additional \$250 thousand dollars worth of assets was provided by other General Services Administration programs. In May of 1977 another \$20 million was appropriated to the fund in accordance with Public Law 26 (95th Congress). The fund finances, on a reimbursable basis, a telecommunications system for the Federal Government.

The services provided are contained in four major programs: Voice, Record, Circuit Procurement and Special Programs. Some of these programs are further divided into subprograms: i.e., Voice into Local Service, Radio, Extended Service, Intercity Service and National Teleconferencing Network; Record into Advanced Record System, Federal Communications Centers, Data Communications, SSADARS and Communications Management Information Systems.

Local Service is provided through upwards of 260 switchboards which are either centrex, regular or intracity boards. Costs for providing local service is recovered from the local area generating those costs.

There are more than 100 agencies and commissions which have access to the Federal Telecommunications System (FTS) intercity network. These agencies are billed quarterly at a predetermined amount based on statistical sampling of their telephone usage in relation to total usage. The system (FTS) permits calls to be made among Government agencies located in nearly 500 cities and communities.

Other programs account for less than 20 percent of the remaining fund activity. Of some note are: the Advanced Record System which currently services approximately 2,000 subscriber stations throughout the United States and provides subscribers with equipment and circuitry for the transmission and reception of conventional teleprinter messages; Federal Communications Centers which are located in over 50 major metropolitan areas where a requirement exists for teletypewriter and facsimile services; Data Communications which provides magnetic tape and data card transmission and reception services; Special Programs which operates a complete communications security service; and finally, the Extended Service Program which provides services to Alaska, Hawaii and Puerto Rico.

Each of these services is accounted for separately. Income and expense for each program is broken down to such an extent as to provide meaningful management information for Automated Data and Telecommunications Service.

FEDERAL TELECOMMUNICATIONS FUNDComparative Statement of Financial Condition
(In Thousands)

As of September 30

<u>ASSETS</u>	<u>1977</u>	<u>1976</u>
Current Assets:		
Cash	\$35,588	\$ 9,410
Accounts Receivable:		
Billed	21,048	65,723
Unbilled	16,029	12,132
Claimed	35	-
Total	<u>37,112</u>	<u>77,855</u>
Inventories - Operating Supplies	392	425
Advances to Others	4,502	4,519
Deferred Charges and Prepaid Expenses	<u>2,979</u>	<u>3,543</u>
Total Current Assets	80,573	95,752
Capital Assets, Net	<u>889</u>	<u>1,076</u>
Total Assets	<u>\$81,462</u>	<u>\$96,828</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$44,481	\$41,797
Annual Leave Liability	1,355	1,398
Deferred Credits	2,175	43,556
Advances from Other Agencies or Funds	-	<u>3,015</u>
Total Liabilities	48,011	89,766
 <u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	29,000	9,000
Donated Assets, Net	253	253
Retained Earnings (Exhibit B)	4,731	(1,658)
Provision for Unamortized Annual Leave Liability	<u>(533)</u>	<u>(533)</u>
Total Investment of U. S. Government	<u>33,451</u>	<u>7,062</u>
Total Liabilities and Invest- ment of U. S. Government	<u>\$81,462</u>	<u>\$96,828</u>

FEDERAL TELECOMMUNICATIONS FUND
Comparative Statement of Income and Expense
(In Thousands)

	July 1, 1976 through September 30, 1977	July 1, 1975 through September 30, 1976	Percent of Change Increase (+) Decrease (-)
INCOME - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	\$146,410	\$133,428	+ 9
Intercity Service (Exhibit B-2)	279,608	216,475	+ 7
Radio (Exhibit B-9)	16	30	- 47
Extended Service (Exhibit B-9)	6,768	6,129	+ 10
National Teleconferencing Network (Exhibit B-10)	429	-	+
Subtotal	383,223	354,131	+ 8
Record Program:			
Advanced Record System (Exhibit B-3)	20,913	23,616	- 12
Federal Communications Centers (Exhibit B-4)	3,318	2,782	+ 19
Data Communications (Exhibit B-5)	4,895	4,417	+ 10
Communications Management Information System (Exhibit B-8)	-	-	-
SSADAR System (Exhibit B-8)	9,272	5,926	+ 56
Gross Income	38,398	36,741	+ 4
Less: ARS Income from CONEN and Relocation	363	441	- 18
Subtotal	38,033	36,300	+ 4
Other Programs:			
Circuit Procurement Program (Exhibit B-6)	14,360	12,339	+ 16
Special Programs (Exhibit B-7)	5,363	5,983	+ 34
Subtotal	19,723	16,322	+ 20
Total Income - Program Operations	440,979	406,753	+ 8
EXPENSE - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	145,936	133,379	+ 9
Intercity Service (Exhibit B-2)	226,650	214,981	+ 7
Radio (Exhibit B-9)	15	36	- 59
Extended Service (Exhibit B-9)	6,819	6,435	+ 5
National Teleconferencing Network (Exhibit B-10)	229	134	+ 70
Subtotal	379,649	354,965	+ 6
Record Program:			
Advanced Record System (Exhibit B-3)	20,764	22,001	- 6
Federal Communications Centers (Exhibit B-4)	3,301	3,365	- 2
Data Communications (Exhibit B-5)	5,022	4,977	+ 9
Communications Management Information System (Exhibit B-8)	252	-	-
SSADAR System (Exhibit B-8)	9,272	5,926	+ 56
Gross Expense	38,611	35,869	+ 7
Less: CONEN Expense Included in ARS	344	441	- 22
Subtotal	38,267	35,428	+ 8
Other Programs:			
Circuit Procurement Program (Exhibit B-6)	14,164	10,307	+ 37
Special Programs (Exhibit B-7)	5,318	6,116	- 14
Gross Expense	19,482	16,423	+ 18
Less: Relocation Expense Included in ARS	21	-	-
Subtotal	19,461	16,423	+ 18
Total Expense - Program Operations	437,377	406,816	+ 7
GAIN OR (LOSS) - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	274	49	*
Intercity Service (Exhibit B-2)	2,950	(504)	*
Radio (Exhibit B-9)	1	(6)	*
Extended Service (Exhibit B-9)	(51)	(309)	- 84
National Teleconferencing Network (Exhibit B-10)	200	(65)	*
Subtotal	3,574	(834)	*
Record Program:			
Advanced Record System (Exhibit B-3)	(216)	1,615	*
Federal Communications Centers (Exhibit B-4)	361	(583)	*
Data Communications (Exhibit B-5)	(127)	(160)	- 21
Communications Management Information System (Exhibit B-8)	(252)	-	-
SSADAR System (Exhibit B-8)	-	-	-
Subtotal	(234)	872	*
Other Programs:			
Circuit Procurement Program (Exhibit B-6)	196	291	- 33
Special Programs (Exhibit B-7)	66	(392)	*
Subtotal	262	(101)	*
Gain or (Loss) - Program Operations	3,602	(63)	*
OTHER INCOME			
	80	9	*
OTHER EXPENSE			
	17	35	- 49
PRIOR YEAR'S ADJUSTMENT - Gain or (Loss)	1,329	1,195	+ 11
Total Gain or (Loss)	\$ 4,994	\$ 1,108	*
ANALYSIS OF RETAINED EARNINGS OR (DEFICIT)			
Balance at beginning of Period			
Gain or (Loss)	\$ (263)**	\$ (2,766)	- 91
Payment to U. S. Treasury	4,994	1,108	-
	-	-	-
Balance at end of Period	\$ 4,731	\$ (1,658)**	+

* not meaningful

** Transition Quarter is included in both sets of figures for comparative purposes.

FEDERAL TELECOMMUNICATIONS FUND

Local Service - Voice Program
Statement of Income and Expense -
By Region
(In Thousands)

For the Period July 1, 1976
through September 30, 1977

	Total	Central Office	Boston	New York	Washington	Atlanta	Chicago	Kansas City	Port Worth	Denver	San Francisco	Austin
INCOME												
Common Agencies:												
Common Facilities	\$110,947	-	\$4,049	\$ 9,882	\$38,765	\$10,623	\$12,183	\$5,080	\$ 9,436	\$ 5,624	\$10,616	\$4,719
Exclusive Facilities	33,007	-	2,255	4,884	11,963	1,771	4,126	883	1,211	1,082	4,031	1,109
Reimbursement for C. O. Expense	2,426	-	60	151	1,991	200	266	105	1,190	120	236	107
Congressional Mileage	30	30	-	-	-	-	-	-	-	-	-	-
Total Income	146,410	30	6,384	14,917	51,201	12,597	16,739	5,988	10,840	6,876	14,903	5,935
EXPENSE												
Operating:												
Common Facilities	111,025	-	4,068	9,867	38,865	10,622	12,218	4,936	9,439	5,638	10,661	4,711
Personal Services	4,647	-	265	424	1,590	520	428	210	357	322	330	201
Common Distributable Facilities -	22,287	-	1,557	3,580	8,844	753	3,289	307	618	415	2,635	489
Common Distributable Facilities -	401	-	43	41	40	61	69	24	24	29	42	28
Other Direct	678	-	41	27	239	76	20	20	41	16	116	30
Other Indirect -	3,017	-	159	412	632	292	334	254	220	141	371	202
Regional Administration	500	-	32	53	123	29	67	54	38	18	57	29
Regional Administration	760	-	68	174	94	42	177	54	40	10	50	51
Switchboard	55	-	-	-	-	-	-	-	3	-	1	-
Depreciation	25	51	3	6	2	2	-	-	-	-	5	-
Congressional Mileage (Regional Offices)	25	-	-	-	-	-	-	-	-	-	-	-
Total	163,395	51	6,236	14,599	50,429	12,397	16,614	5,860	10,601	6,599	14,258	5,751
Administrative:												
Indirect	414	414	-	-	-	-	-	-	-	-	-	-
Personal Services	611	-	-	-	-	-	-	-	-	-	-	-
Payments to Revolving Fund	633	-	-	-	-	-	-	-	-	-	-	-
Payments to PB Revolving Fund	813	-	-	-	-	-	-	-	-	-	-	-
Total	2,541	2,541	-	-	-	-	-	-	-	-	-	-
Total Expense	165,936	2,592	6,236	14,599	50,429	12,397	16,614	5,860	10,601	6,599	14,258	5,751
Gain or (Loss)	\$ 474	\$ (2,562)	\$ 148	\$ 318	\$ 772	\$ 200	\$ 125	\$ 128	\$ 239	\$ 277	\$ 645	\$ 184

FEDERAL TELECOMMUNICATIONS FUND

Intercity Service - Voice Program

Statement of Income and Expenses by Region

(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	Total	Central Office	Region	New York	Washington	Atlanta	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Ambush
INCOME												
Outcomer Agencies - General Use	\$208,385	\$208,385										
Income for Intercity Service	638		24	24	334	46	58	21	36	24	50	1
Reimbursement for First Year, Continuing, and other Income	399	6		32	63	65	65	14	126		64	29
Identified by Switchboard	20,178		1,075	2,210	6,127	1,285	1,868	520	1,026	713	3,205	1,459
Total Income	229,600	208,391	1,099	2,234	6,513	1,394	1,991	555	1,188	737	3,319	1,479
EXPENSE												
Personnel Services	11,486		685	630	2,049	1,728	1,583	631	1,479	661	1,516	524
Facilities - 100 Percent Intercity	14,144	14	668	973	4,196	1,977	1,431	688	797	1,804	1,063	503
Facilities - Unattended Switchboards	1,920		171	112	266	13	247	6	32	18	210	89
Other Direct	301	2	171	112	266	13	247	6	32	18	210	89
Regional Administration	2,405		45	210	483	135	267	159	441	124	153	168
Other Indirects - Regional Administration	15,399		9	27	123	13	54	34	77	16	22	24
Intercity FTS Overflow	5,402	3,457	160	319	1,334	3,203	1,538	1,075	2,170	1,257	1,265	987
Commercial Toll - Reimbursable	20,168		1,072	2,809	6,132	1,295	1,862	521	1,029	699	3,200	1,459
Other Agency Switchboards	1,136		84	200	139	160	25	80	3	3	106	6
Depreciation	2											
Total	74,212	3,473	3,416	6,425	15,727	9,286	8,465	3,510	7,476	3,768	8,466	3,960
Systems for Telesh Circuitry												
Channel Terminals and Foreign Exchange Terminals	63,477	63,477										
Other Agencies - Facilities	62,566											
Indirect to ARP Revolving Fund	25,596											
Personnel Services	1,502											
Payments to FB Revolving Fund	1,163											
Total	154,832											
Direct Expenses												
Personnel - Central Office and Region 3	212	212										
Facilities - Central Office	286		19	20	62	42	25	28	52	20	10	8
Travel - Central Office	145											
Direct ADP Expense - Central Office												
Total	673	387	19	20	62	42	25	28	52	20	10	8
Circuitry and Equipment - Central Office												
Subtotal	230,133	159,108	3,435	6,445	15,789	9,338	8,400	3,718	7,778	3,788	8,476	3,968
Less: Intercity Expense Allocated to Data Communications:												
For other Subscriber Agencies	3,483	3,483										
Total Expense	226,650	155,625	3,435	6,445	15,789	9,338	8,400	3,718	7,728	3,788	8,476	3,968
Gain or (Loss)	\$ 2,950	\$ 2,950										

(In Thousands)

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Advanced Record SystemStatement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
Station Equipment at Actual Cost	\$ 6,038	\$ 6,038	\$ -
Access Line "Connect Charges"	3,161	3,161	-
CSN Usage Income	6,233	6,233	-
MSC Usage Income	5,116	5,116	-
ARS Charges to 4719/COMCEN	346	346	-
ARS Charges to 4719/RELO	19	19	-
	<hr/>	<hr/>	<hr/>
Total Income	\$20,913**	\$20,913**	\$ -
<u>EXPENSE</u>			
Station:			
Equipment	\$ 6,203	\$ 6,203	\$ -
Circuit	3,155	3,155	-
Message Switching Centers:			
Western Union	2,119	2,119	-
MSC Amortization	890	890	-
Circuit	254	254	-
Personal Services	1,483	1,483	-
Other	336	336	-
Circuit Switching Network:			
Equipment	4,371	4,371	-
Circuit	1,539	1,539	-
Administrative:			
Payments to ADP Revolving Fund	41	41	-
Other	45	45	-
Personal Services	148	148	-
Indirect Personal Services -			
Regional Administration	87	-	87
Other Indirect Costs -			
Regional Administration	16	-	16
Payments to FB Revolving Fund	77	77	-
	<hr/>	<hr/>	<hr/>
Total Expense	\$20,764	\$20,661	\$ 103
	<hr/>	<hr/>	<hr/>
Gain or (Loss)	\$ 149	\$ 252	\$(103)

* As the major financial impact of this program is at the Central Office level regional balances have been consolidated.

** Includes income from COMCEN and Relocation of \$365 thousand.

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Federal Communications CentersStatement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
System Wordage	\$ 970	\$ 970	\$ -
Message Center - Terminating Wordage	355	355	-
Commercial Delivery Service	1,245	1,245	-
Facsimile Page Service	261	261	-
Mailgram Page Service	280	280	-
Message Service - Alaska, Hawaii, and Puerto Rico	-	-	-
Original Wordage	38	38	-
Terminating Wordage	114	114	-
Foreign Cable Delivery	53	53	-
Teleticketing (Regional Offices)	2	-	2
	<hr/>	<hr/>	<hr/>
Total Income	\$3,318	\$3,316	\$ 2
<u>EXPENSE</u>			
ARS System Charges	\$ 344	\$ 344	\$ -
Personal Services	1,551	-	1,551
Facsimile	290	42	248
Other Direct	157	35	122
Message Refile:			
Public Message Teltex (Western Union)	261	101	160
Commercial Telex (Western Union)	49	34	15
Commercial Telex	-	-	-
Commercial TWX	133	80	53
Foreign Traffic	117	46	71
Teleticketing:			
Equipment Rental	4	-	4
Administrative (Regional):			
Indirect - Personal Services	232	-	232
Other Indirect	36	-	36
Administrative (Central Office):			
Payments to ADP Revolving Fund	10	10	-
Payments to FB Revolving Fund	102	102	-
Other Indirect	13	13	-
Personal Services	2	2	-
	<hr/>	<hr/>	<hr/>
Total Expense	\$3,301**	\$ 809**	\$ 2,492
Gain or (Loss)	<hr/>	<hr/>	<hr/>
	\$ 17	2,507	\$(2,490)

* As the major financial impact of this program is at the Central Office level regional balances have been consolidated.

** Includes expense charged by ARS of \$344 thousand.

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Data CommunicationsStatement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
From Federal Supply Service:			
Exclusive FSS Facilities	\$ 359	\$ 359	\$ -
From Other Agencies:			
Facilities	1,053	1,053	-
Use of FTS Circuits for Data Transmission	<u>3,483</u>	<u>3,483</u>	<u>-</u>
Total Income	\$4,895	\$4,895	\$ -
<u>EXPENSE</u>			
Exclusive FSS Data Communications:			
Facilities	\$ 295	\$ 249	\$ 46
Indirect - Personal Services - Regional Administration	27	-	27
Other Direct	1	-	1
Other Indirect	20	15	5
Depreciation	266	266	-
Other Agencies Data Communications:			
Facilities	743	743	-
Depreciation	112	112	-
Administrative:			
Personal Services	45	45	-
Depreciation	<u>30</u>	<u>30</u>	<u>-</u>
Subtotal	1,539	1,460	79
Plus:			
Intercity Costs Allotted to Data Communications: For Other Agencies	<u>3,483</u>	<u>3,483</u>	<u>-</u>
Total Expense	<u>\$5,022</u>	<u>\$4,943</u>	<u>\$ 79</u>
Gain or (Loss)	<u>\$ (127)</u>	<u>\$ (48)</u>	<u>\$ (79)</u>

* As the major financial impact of this program is at the Central Office level regional balances have been consolidated.

FEDERAL TELECOMMUNICATIONS FUND

Circuit Procurement Program

Statement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>
<u>INCOME</u>	
Voice	\$12,802
Record	<u>1,558</u>
Total Income	\$14,360
<u>EXPENSE</u>	
Voice:	
Personal Services	\$ 131
Circuit	12,407
Other Direct	37
Record:	
Personal Services	90
Circuit	1,487
Other Direct	1
Payment to FB Fund	6
Personal Services - Central Office Only	<u>5</u>
Total Expense	<u>\$14,164</u>
Gain or (Loss)	<u>\$ 196</u>

FEDERAL TELECOMMUNICATIONS FUND

Special Programs

Statement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
COMSEC and Related Nonsecurity Programs:			
Recoverable at Actual Cost	\$ 415	\$ -	\$ 415
Recoverable at Fixed Rates	3,706	1,921	1,785
Emergency Facilities and Relocation Sites:			
Recoverable at Actual Cost (Region 3 Only)	777	-	777
Federal Disaster Assistance	223	75	148
Executive Secure Voice Network Sales, Inventory and Services	242	242	-
Total Income	\$5,363	\$2,238	\$3,125
<u>EXPENSE</u>			
COMSEC and Related Nonsecurity Programs:			
Personal Services	\$1,732	\$ -	\$1,732
Facilities	1,919	1,595	324
Depreciation of Operating Equipment	147	74	73
Other Direct	456	55	401
Emergency Facilities and Relocation Sites:			
Personal Services	89	-	89
Facilities	182	137	45
Other Direct	156	146	10
ARS System Charges (Central Office)	21	21	-
Federal Disaster Assistance:			
Personal Services	21	2	19
Facilities	190	75	115
Other Direct	7	-	7
Executive Secure Voice Network:			
Personal Services	92	14	78
Facilities	114	96	18
Depreciation of Operating Equipment	4	-	4
Other Direct	31	4	27
Administrative:			
Indirect - Personal Services - Regional Administration	69	-	69
Other Indirect - Regional Administration	15	-	15
Personal Services	70	70	-
Payments to FB Revolving Fund	3	3	-
Total Expense	\$5,318**	\$2,292**	\$3,026
Gain or (Loss)	\$ 45	\$ (54)	\$ 99

* As the major financial impact of this program is at the Central Office level regional balances have been consolidated.

** Includes expense charged by ARS of \$21 thousand.

FEDERAL TELECOMMUNICATIONS FUNDCommunications Management Information System
and SSADARS Network ServiceStatement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Washington</u>	<u>All Other Regions</u>
<u>Communications Manage-</u>			
<u>ment Information System</u>			
<u>Income</u>			
Revenue	\$ -	\$ -	\$ -
<u>Expense</u>			
Personal Services	96	96	-
Facilities	5	5	-
Other Direct Costs	151	151	-
Payments to FB			
Revolving Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expense	\$ 252	\$ 252	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
Gain or (Loss) -			
Communications Management Information System	\$ (252)	\$ (252)	\$ -
	<u>(252)</u>	<u>(252)</u>	<u>-</u>
<u>SSADARS Network Service</u>			
<u>Income</u>			
Revenue	\$9,272	\$9,272	\$ -
<u>Expense</u>			
Related Costs	9,272	9,272	-
	<u>9,272</u>	<u>9,272</u>	<u>-</u>
Gain or (Loss) -			
SSADARS Network Service	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>

FEDERAL TELECOMMUNICATIONS FUND

Other Programs
(Extended Service and Radio)Statement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Washington</u>	<u>All Other Regions *</u>
<u>EXTENDED SERVICE PROGRAM</u>			
<u>Income (Region 3)</u>			
From Customer Agencies on a Ticketed Basis:			
Alaskan Service	\$3,306	\$3,306	\$ -
Hawaiian Service	1,627	1,627	-
Puerto Rican Service	1,662	1,662	-
Alaskan Intrastate Service	173	173	-
Total Income	<u>\$6,768</u>	<u>\$6,768</u>	<u>\$ -</u>
<u>Expense</u>			
Personal Services - Overseas Intercity	\$ 551	\$ 106	\$ 445
Facilities Cost - Overseas Intercity	307	251	56
Overseas Circuitry	4,689	4,371	318
Overseas Circuitry - FTS	1,272	228	1,044
Total Expense	<u>\$6,819</u>	<u>\$4,956</u>	<u>\$ 1,863</u>
Gain or (Loss) - Extended Service Program	<u>\$ (51)</u>	<u>\$1,812</u>	<u>\$(1,863)</u>
<u>RADIO PROGRAM</u>			
<u>Income</u>			
From Customer Agencies	\$ 16	\$ -	\$ 16
<u>Expense</u>			
	15	-	15
Gain or (Loss) - Radio Program	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>

* As the major financial impact of these programs are recorded in Region 3 and Central Office accounts, all other regional balances have been consolidated.

FEDERAL TELECOMMUNICATIONS FUNDOther Programs
(National Teleconferencing Network)Statement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

	<u>Total</u>	<u>Washington</u>	<u>All Other Regions *</u>
<u>Income</u>			
From Customer Agencies	\$429	\$336	\$ 93
 <u>Expense</u>			
Conference Center	75	67	8
Conference Room	69	23	46
Local Conference Calls	<u>85</u>	<u>7</u>	<u>78</u>
Total	<u>229</u>	<u>97</u>	<u>132</u>
Gain or (Loss)	<u>\$200</u>	<u>\$239</u>	<u>\$(39)</u>

* As the major financial impact of the National Teleconferencing Network Program is recorded in Region 3 and Central Office accounts, all other regional balances have been consolidated.

Automatic
Data
Processing
Fund

Symbol 47X4541

September 30, 1977



General Services Administration
Office of Finance

AUTOMATIC DATA PROCESSING FUND

Financial Report

September 30, 1977

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The above statements are in thousands of dollars; therefore, any differences in addition are due to the rounding to the nearest thousand.

AUTOMATIC DATA PROCESSING FUND

September 30, 1977

REPORT COMMENTS

The Automatic Data Processing Fund (ADPF) completed the Fiscal Year 1977 (July 1, 1976, through September 30, 1977) with a gain from operations of \$249 thousand. Please note that the transition quarter - July 1 through September 30, 1976 - is included in Fiscal Year 1977 for revolving funds. This results in a fifteen month accounting period for the ADPF. The Equipment Lease Program with a gain of \$166 thousand and the Federal Data Processing Centers (FDPC's) with a gain of \$74 thousand were the major contributors to the favorable operating results.

The Fund continues to grow as indicated by the total net income of \$76.5 million for the fifteen month Fiscal Year 1977. When compared to a similar period ending September 30, 1976, this is an increase of approximately 9 percent.

Fiscal Year 1977 was the highest ever in terms of investment by the Fund in Capital Assets. Operating Equipment increased in total from \$50 million in September 1976 to \$61.6 million at the close of Fiscal Year 1977 - an increase of \$11.6 million or approximately 23 percent. All of this was a result of the growth in the Equipment Lease Program. This program shows an increase of \$25 million in Operating Equipment during Fiscal Year 1977. \$13.1 million of this resulted from an intra-fund transfer from the FDPC Program to adjust for changes in the organization. The remaining \$11.9 million, less a decrease of approximately \$300 thousand in Software Program Equipment, accounts for the overall increase - all from the acquisition of equipment.

The National Teleprocessing Services Contract (NTSC) has expired. Beginning in October of Fiscal Year 1978 it will no longer be shown as a separate program on the Consolidated Statement of Income and Expense (Exhibit C). The NTSC vendor is now one of approximately thirty companies providing government-wide computer services under multiple contracts via the Fund's fledgling Teleprocessing Services Program (TSP).

AUTOMATIC DATA PROCESSING FUND

September 30, 1977

BACKGROUND

The Automatic Data Processing Fund is a revolving fund which finances, on a reimbursable basis, automatic data processing services through four specific programs. These programs are: the Equipment Lease Program, the Federal Data Processing Centers, the Teleprocessing Services Program, and the National Teleprocessing Services Contract.

The fund was activated in Fiscal Year 1968 with an initial capitalization of \$10 million. This was pursuant to authority contained in Public Law 306, 89th Congress, approved October 30, 1965. An additional \$20 million was appropriated by Congress in Fiscal Year 1971.

Services are provided to Federal agencies based on rates determined by the Automated Data and Telecommunications Service. These rates approximate the cost of the services rendered. The Federal Data Processing Centers (FDPC's) provide data processing services on a one-time or continuous basis to Government agencies. The Equipment Lease Program purchases ADP equipment and/or acquires it from excess and leases it to Government agencies at a reduced cost. The National Teleprocessing Services Contract, which will expire on September 30, 1977, has provided data processing services to Federal agencies at remote terminals through a single contractor-operated computer system. The Teleprocessing Services Program, the successor to the National Teleprocessing Services Contract, provides the same type of data processing services to Federal agencies through multiple qualifying contractors.

AUTOMATIC DATA PROCESSING FUNDComparative Statement of Financial Condition
(In Thousands)

As of September 30

	1977	1976
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$22,306	\$33,581
Accounts Receivable:		
Billed	13,832	6,741
Unbilled	5,321	6,584
Total	19,153	13,325
Advances	15	12
Deferred Charges and Prepaid Expenses	49	93
Inventories - Operating Supplies	-	125
Excess and Surplus Personal Property	115	-
Total Current Assets	41,638	47,137
<u>Capital Assets</u>		
Operating Equipment:		
Equipment Lease Program	59,860	34,840
Less: Allowance for Depreciation	47,443	30,036
	12,416	4,804
Federal Data Processing Centers	1,067	14,165
Less: Allowance for Depreciation	811	13,056
	256	1,109
Software Program	597	971
Less: Allowance for Depreciation	593	593
	4	378
Maintenance Program, Net	1	1
Federal Data Processing Center Software	30	-
Less: Allowance for Depreciation	3	-
	27	-
Equipment in Temporary Storage	99	98
Less: Allowance for Depreciation	50	50
	49	48
Total Operating Equipment, Net	12,753	6,340
Total Capital Assets	12,753	6,340
Total Assets	\$54,392	\$53,477
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,717	\$ 5,638
Annual Leave Liability	367	730
Advances from Other Agencies or Funds	1,766	2,568
Deferred Credits	3,661	2,297
Total Liabilities	11,511	11,233
<u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	30,000	30,000
Donated Assets	10,524	10,403
Capital Resulting from Revaluation of Equipment at Fair Market Value	1,684	1,684
Allowance for Unanticipated Discontinuance of Equipment	445	416
Retained Earnings	229	(258)
Total Investment of U. S. Government	42,881	42,244
Total Liabilities and Invest- ment of U. S. Government	\$54,392	\$53,477

AUTOMATIC DATA PROCESSING FUNDComparative Statement of Income and Expense
(In Thousands)

	July 1, 1976 through <u>September 30, 1977</u>	July 1, 1975 through <u>September 30, 1976</u>
<u>Income</u>		
Federal Data Processing Centers	\$26,155	\$31,555
Equipment Lease Program	7,630	5,526
National Teleprocessing Services Contract	41,934	33,097
Teleprocessing Services Program	<u>741</u>	<u>-</u>
Net Income	76,460	70,178
<u>Expense</u>		
Federal Data Processing Centers	26,081	31,523
Equipment Lease Program	7,464	5,407
National Teleprocessing Services Contract	41,933	33,027
Teleprocessing Services Program	<u>733</u>	<u>-</u>
Net Expense	76,211	69,957
<u>Gain or (Loss)</u>		
Federal Data Processing Centers	74	31
Equipment Lease Program	166	119
National Teleprocessing Services Contract	1	70
Teleprocessing Services Program	<u>8</u>	<u>-</u>
Gain or (Loss) - Program Operations	249	221
<u>Other Income</u>	14	51
<u>Other Expense</u>	<u>24</u>	<u>8</u>
Current Year - Gain or (Loss)	239	263
<u>Prior Years' Adjustments</u>	<u>345</u>	<u>719</u>
Total Gain or (Loss)	<u>\$ 584</u>	<u>\$ 982</u>

AUTOMATIC DATA PROCESSING FUND

Consolidated Statement of Income and Expense
(in Thousands)

For the Period July 1, 1976
through September 30, 1977

<u>Income</u>		<u>Federal Data Processing Centers</u>	<u>Equipment Lease Program</u>	<u>Teleprocessing Services Contract</u>	<u>Teleprocessing Services Program</u>
	\$76,460	\$26,155	\$7,630	\$41,934	\$741
<u>Expense</u>	<u>76,211</u>	<u>26,081</u>	<u>7,464</u>	<u>41,933</u>	<u>733</u>
Gain or (Loss) - Operations	249	\$ 74	\$ 166	\$ 1	\$ 8
<u>Other Income</u>	14				
<u>Other Expense</u>	<u>24</u>				
Gain or (Loss) - Current Year	239				
<u>Prior Years' Adjustments</u>	<u>345</u>				
Total Gain or (Loss)	<u>\$ 584</u>				

Analysis of Retained Earnings

Balance - July 1, 1976	\$ (356)
Gain or (Loss) for Period	584
Total	<u>\$ 228</u>

Exhibit D shows Equipment Lease Program in detail.
Exhibit E shows Federal Data Processing Centers in detail.

AUTOMATIC DATA PROCESSING FUND

Equipment Lease Program

Statement of Income and Expense
(In Thousands)

For the Period July 1, 1976 through September 30, 1977

INCOME

Department of Agriculture	\$1,480
Department of the Air Force	22
Department of the Army	176
Department of Commerce	5
Department of Defense	180
Department of Health, Education, and Welfare	2,199
Department of the Interior	3
Department of Labor	6
Department of the Navy	2,091
Department of Transportation	12
Department of the Treasury	19
Energy Research and Development Administration	20
Economic Development Administration	219
Federal Communications Commission	196
General Services Administration	764
Geological Survey	1
Internal Revenue Service	4
Library of Congress	145
National Aeronautics and Space Administration	14
National Science Foundation	1
Selective Service System	8
Small Business Administration	43
United States Postal Service	7
Veterans Administration	14
Total Income	<u>\$7,629</u>

EXPENSE

Depreciation	\$5,652
Unanticipated Discontinuance of Equipment	63
All Other Costs	<u>1,748</u>
Total Expense	<u>\$7,463</u>
Gain or (Loss)	<u>\$ 166</u>

NEW TECHNOLOGY

Mr. STEED. Mr. Miller.

Mr. MILLER. Mr. Carr, in your statement, you said about \$100,000 was for studies on the latest state-of-the-art development in ADP and telecommunication. Is that study something that would come to your shop without your spending the dollars? Any new item as far as the new technology and state-of-the-art goes is usually put out on the market and some salesman will be in and try to sell it. What do you gain by attempting to find out and keep abreast of the state-of-the-art?

Are you looking into the future, or looking into the present technology to see what would be available?

Mr. CARR. Let me explain what the purpose of that request was. There are presently a large number of separate studies that are taking place. They are either in the nature of looking at the technology in the marketplace, or they are looking at specific requirements within the Federal Government. Let me cite a few of these.

There is an OTP study that is looking at all of the communications of the Federal Government to determine what impact existing policies would have in the light of the way the technology is changing.

Within the administrative services reorganization study, there is a study of future technology and marketplace and how that should impact reorganization.

In the Social Security Administration, there is an Office of Advanced Systems that has developed a long-range plan, that is, out in the 1990's, that envisions a very substantial change in the way the Social Security Administration does its business. We have studies in-house which are looking specifically at how we will be dealing with the—

Mr. MILLER. Before you get into that, with Social Security are you speaking of their electronic fund transfer?

Mr. CARR. No, sir, I am referring to the communication systems between their field and the central data processor, where they are envisioning as a long-range plan the provision of many thousands of terminals in their field offices so that inquiries by the public can be quickly handled by access to information that is in the computers in Baltimore. That is the part I was referring to.

ELECTRONIC FUND TRANSFER

Mr. MILLER. Would the electronic fund transfer be involved here at all? It is of interest to this subcommittee because it is a communication method and can transfer funds from the Social Security Administration directly into the account at an individual's bank without using postage stamps.

Mr. CARR. It could very well include that, Mr. Miller.

Mr. MILLER. It means hundreds of thousands of stamps that are not purchased, and we have a subsidy of the Postal Department through this committee, so it ties together. Would they be working on that with their own people to find out whether it would be profitable to do it this way?

Mr. CARR. No, that is the point, that they are doing this with their staff. They have a staff of approximately 100 people who have been working on this for several years, and, in addition, they have a contract with the National Academy of Engineering's Telecommunications Committee to review that plan and offer their advice as to the soundness of the plan. These several different studies and plans I am referring to all have some kind of impact on what the Federal Government should be planning for.

All that we are planning to do with the funds here is to, in effect, fill in those gaps. In other words, the \$100,000 is not going to buy a complete study of any kind. It also would be squandered, in my opinion, if it were spent for the types of report you are referring to that are generally available.

Our purpose here is to fill in those gaps so that we have a good picture of what is happening in the 5- to 10- to 15-year time period, because we need at least a 3- or 4-year lead in order to make modifications in the hardware in the systems that we have.

What we want to do is not plan these future systems based on the existing conditions. We have to know what is most likely to happen out there in the future, so we don't find ourselves in the position of not having an adequate communication system.

May I also mention, incidentally, on the ADP side, that there is a phenomena going on now that impacts every large organization in what is known as minicomputers. These are very small relatively inexpensive computers. There is a tendency on the part of the central ADP organization in large companies and in the Federal Government to treat those small procurements as not being terribly important because they are so small in individual dollars, but it turns out, if you look at what the impact actually is in total dollars, when you accumulate those units and look at the impact of their use on how business will be done in the future, it is important for us to understand what is happening out there and to plan for the control of that type of equipment.

MINICOMPUTERS

Mr. STEED. Does that mean we are headed in that direction, similar to what these people that have these broadcasting sets in their automobiles have run into?

Mr. PATTEN. C.B.'s?

Mr. STEED. Yes. That got to be such a big thing that no one can use it effectively anymore.

Mr. CARR. They are not likely to interfere with each other. The problem is that it is a two-edged sword. There is an advantage to getting these units into the hands of the individual users, because one of the big problems with large ADP systems is that once you get them in, very often the users get divorced from the people who are designing the system, and you constantly find examples where the systems really are not of the value that they were supposed to be. You get this separation. At least the small computers get into the hands of the people that actually have the need and the requirements, so that part is good.

The bad part of it is that you are not only spending the money for the individual pieces of equipment, but you are spending money in terms of people's time in developing programs and in the learn-

ing they go through, because, despite the commercials you hear, you don't suddenly become an ADP expert even on small computers. So they are going to learn; they are going to spend time working at it; they are going to learn through mistakes; and there is a need to really understand what the Federal Government should do about controlling the proliferation of the minicomputer. We have to both control it and take advantage of mini's; it is a dual requirement.

FEDERAL DATA PROCESSING CENTERS

Mr. MILLER. Mr. Carr, Could you tell us about the new Federal Data Processing Centers that will be established?

Mr. CARR. There are two new ones that will be established. I might explain first that most of the Federal Data Processing Centers get established when there is a capacity that is being shared by a number of agencies. A specific case in point, the most recent one that I came up here to discuss with you, is the one in Alaska. In that particular case the Alaska Railroad was sharing its computer with other users in Alaska. Now when they reach a point where the work begins to exceed the total capacity that they and the sharers are making use of, then they are not permitted by our regulations to acquire additional capacity. They may only come in for additional capacity to satisfy their own requirements.

What we can do, however, is establish them as a Federal Data Processing Center, so that there is recognized that when they acquire capacity, it is not just for their own use, but for the use of other agencies. We work out interagency agreements; in this case with the Alaska Railroad and with the other agencies, and we look at the question of whether or not their needs can be satisfied by other means, either through local services, through agencies getting their own computers, using remote computer services, teleprocessing services, and we make a final determination as to whether or not the establishment of an FDPC is an economical thing to do.

Once we do that, then there is a policy committee established with GSA and the agency. Both participate in establishing how that FDPC will run. That is one of the centers we have proposed.

The second one is the Federal conversion support center, and basically what we are doing there is taking a body of expertise that presently exists in the Navy and establishing them as a Federal conversion support center to assist agencies in planning conversion, an extremely important issue, particularly in very large systems.

That body of expertise exists there, and when they are established as an FDPC, a policy committee will be set up so they and GSA will both determine the overall management guidelines under which they will operate.

Those basically are the reasons for those two particular FDPC's.

LEASEBACK PROGRAM

Mr. MILLER. You also discussed in your statement an increase of \$4,052,000 to provide for payments to vendors for multi-year lease of ADP equipment for subsequent leaseback to agencies at costs substantially below commercial annual lease prices.

Could you give us a little more information on what you mean there?

Mr. CARR. This again is a program that we have been in for some time, where, for example, if a vendor has, let's say, 10 pieces of equipment that for some reason he is anxious to remove from his inventory because he has a cash-flow problem, and he is willing to offer it to us at a reduced and attractive price; we will purchase that if we know that there is use for it in the Federal Government. We purchase it, and we lease it to the agency.

In other cases where an agency has the need for a computer system, but they do not have the funds to purchase it, they may come to us and ask for use of the fund and, we would purchase that computer system, lease it back to the agency. When we do that, basically our guideline is a 30 percent return; in other words, if we invest any funds in that kind of a program, we have to see a 30 percent return on investment to the government as a result of the use of the fund.

OPPORTUNITY BUY PROGRAM

Mr. MILLER. That shows the increase of \$4 million, but in the next paragraph you tell about a decrease of \$8 million in the Opportunity Buy Program. Apparently these two programs are about the same, and you find you can do it better one way than the other?

Mr. CARR. Yes, in my explanation I combined those two, because I do think of them as being equivalent programs. All that the numbers indicate is that in our projections in the next year we are anticipating a reduction in one program and an increase in the other.

The other reason, incidentally, that we have the need for additional funds is that our present legislation requires that we obligate the entire cost of the leases, and if we were able to only obligate the current year costs, we could free up additional funds to take care of both of these programs. So we do have a request for a change in legislation that will eliminate the requirement to obligate the total cost of the multi-year lease.

ACCESS TO COMPUTERS

Mr. MILLER. When you speak of the computers, do you have any assurance that there are not additional terminals on those computers? In another subcommittee I asked that question, and the witness for one of the agencies said yes, a contractor has a terminal readout on our computer.

Now that sounds as though we may be doing some work for private enterprise and the Federal Government is paying for it. Do you have any assurance that there are not additional readouts in some corporation office?

Mr. CARR. In the case of a subcontractor on government programs, I am almost certain that agencies would have terminals in the subcontractors' facilities in order to permit them to access the government computer and be able to use the data in that computer as well as use the computer capacity to carry out the work in the

same way that it would be treated as government-furnished equipment, if you will.

However, in cases where you have terminals, you have a need to keep track of who is making use of that computer facility. You have that kind of requirement, for example, in a private corporation, where there is a need to take the total cost and allocate it to the appropriate budget or appropriate profit centers. To the extent the system is designed properly and, in effect, keeps track of the transactions, who is using the computer, how much time is being used, what files they access, you would expect that there would be situations where you would have that type of a user.

TOLL-FREE TELEPHONE LINES

Mr. MILLER. I have been interested in the 800, or inward WATS phone lines, for some time because of some of the messages that they carry. Do you have information on those as to how many are connected nationwide?

Mr. CARR. We do have information on it, and we are constantly being asked to increase the number of 800 lines.

Mr. MILLER. While we are checking the number, can you tell us if, when the request is made, they give the information as to why they need the 800 line?

Mr. CARR. Yes, these are examples. The Social Security Administration, for example, had a requirement for toll-free service to the public in northwestern States and asked for 50 INWATS lines; HEW, two for student assistance for national health service; Social Security Administration, again toll-free service for an Idaho district office; FBI, two for service to Philadelphia and Louisville; HUD, three for flood disaster program.

The Civil Service Commission has lines, also, I believe, for some of the employment programs they have. These are typical kinds of things that they come in and ask for.

Mr. Jones, why don't you explain that?

Mr. JONES. The VA, for example, is one of the larger users of 800 lines. They have what they call an outreach program, and they have about 882 of these WATS lines and FX lines, of the 800 type. IRS also has a very large number, 3,392.

Mr. MILLER. We were talking about how many were in operation, and you are saying 3,800 numbers for that one agency?

Mr. JONES. No, sir. This is the number of WATS and FX lines—

Mr. MILLER. The 800 free number, the free number 800?

Mr. JONES. They have those numbers of circuits.

Mr. GRIFFIN. Are they all accessed by the public free of charge?

Mr. JONES. Yes, sir.

Mr. MILLER. Three thousand?

Mr. GRIFFIN. They don't all have separate numbers.

Mr. JONES. That is the number of circuits they have to handle the traffic.

Mr. MILLER. Well, I have some information on it, but it is sketchy, and we did not go very far. With some of the costs I have, 3,800 phone lines would be very expensive. Maybe I should give you what I have, and then we will try to put something together from the information you have.

Mr. JONES. I do have some dollar totals.

Mr. GRIFFIN. I think we might give you a better record if we supplied the whole report, because there may be confusion. You asked about 800 numbers, Mr. Miller, and we are answering on the basis of the number of circuits; I think there may be a need for a better definition in a reply. I am not trying to cut off the conversation, but, in addition to your questions, I think we probably should submit a statement to you.

GAO SURVEY

Mr. MILLER. That would be good, if it would cover the information we are looking for. I did talk to GAO about this, not knowing really who was controlling it, and they made a survey in Kansas City/St. Louis. Maybe they turned over to you the information they gained. It was sketchy and did not go beyond that because it could be very expensive. Perhaps you already have that, but the toll-free 800 numbers, the inward WATS numbers, cost \$1,675 for 240 hours per month. Now, at \$1,675, 3,000 for one agency, we are talking about quite a few dollars. They found in the Kansas City/St. Louis area alone that nine agencies utilized the WATS line for a charge of over \$17,000 a month.

I had a complaint, as a matter of fact, from one of my constituents, and he called me here in Washington and said, "Will you call this 800 number?" I could not reach that 800 number from the Washington area, but I had my district office call in Ohio, and it seemed that the agencies were advertising to make a larger government. "Here is a program, why don't you use it?" they said.

This man who was a constituent of mine was disturbed, saying, "Look, I am paying the bill for the 800 line; I am paying at least part of the bill in my tax dollar for a larger program," and he was very disturbed by it. This is why I thought we should attempt to find out what is going on.

Is this one of the reasons why we have a larger government and we have more bills on the House floor? Here will be an agency that will go out and put on a P.R. program. That agency—as a matter of fact, it was HUD and the number was 800-424-8530, was speaking of FHA mortgage insurance and telling about the board composition and where they meet, and this was on a tape. This is your Federal Government.

Now it appears that the lenders would be interested in that, somebody who was going to make money from the program would be more interested in that program, and it would make a larger Federal Government.

Are you aware, first, that the 800 numbers are being used like this?

Mr. CARR. Well, not in our official capacity. This again gets to the question of requirements. If an agency plans to use telecommunications for that purpose, we would not question that. Our responsibility is really to ensure that the requirements are being met in the most economical fashion. We do try to keep track of what the costs are. For example, when you asked the question about numbers, and Mr. Griffin pointed out there is more to it than the numbers.

The VA yearly cost is on the order of \$2 million for toll-free information assistance numbers. IRS is over \$10 million.

Mr. MILLER. I can see the need for VA.

Mr. CARR. Civil Service Commission spent over a million dollars, and the Social Security Administration is spending over \$13 million a year for toll-free numbers for the public.

Mr. MILLER. How about HUD?

Mr. CARR. We don't have it here.

Mr. YONKLER. I believe that was in connection with a flood disaster program, and, at the time there was a disaster declared, this information was available to people who had suffered from that, so they could make the programs available to the individuals.

Mr. GRIFFIN. You recognize, Mr. Miller, that we don't have authority to dictate the purpose of that service. The agency head would make that determination. We don't have a policing or monitoring authority in the department determinations. So I don't think we really would have much information on the type of usage. It is not the kind of information we would be collecting.

USAGE CONTROL

Mr. MILLER. The information must be coming from someone. I mean each agency would monitor itself as to how they would utilize the free telephone lines, and that sounds worse yet. Here is an agency that can blow its own horn, and put on public relations programs through the 800 numbers and reach everyone. If they want to sell a program they have, and find they have some dollars left near the end of the year, here is a good way to get rid of it.

Mr. GRIFFIN. The monitoring would have to come from GAO, as opposed to GSA. We would just be providing the service.

Mr. MILLER. Many of the questions I have are still unanswered, and I guess GAO at the time felt the GSA was in a better position to continue this investigation.

Mr. GRIFFIN. Did you have any requests?

Mr. CARR. I don't know of any personally.

Mr. GRIFFIN. It is not a typical type of information that GSA would be called upon to furnish or look into. An audit of that would normally flow totally from GAO. They could come to us, ask us for the information and look into the kind of records we have, and so forth, but we would not be maintaining records on that basis.

But we will definitely furnish the data on the total 800 number information, as I mentioned.

[The information referred to follows:]

800 TOLL FREE NUMBERS

Agencies not exempted from GSA legislation are required to notify GSA of their intent to install inward watts (dial 800) service as per FPMR 101-35.201-1 and FPMR 101-35.202. FPMR 101-35.201-1 entitled "Changes to other than FTS" states "Executive agencies contemplating major changes in telecommunications facilities (non-FTS) or the installation of new facilities (non-FTS), as defined in Sec. 101-35.202, shall give GSA a minimum of 20 regular workdays' notice, in writing, before the date the agency desires to place the order." FPMR 101-35.202 entitled "Description of Major Changes" includes "Installation of voice facilities interconnecting service points located in separate exchange areas, including Wide Area Telephone Service (WATS)." GSA's action to approve or disapprove agency request for inward watts is limited to an economic evaluation of meeting the requestors stated mission requirements through the proposed service.

GSA does not maintain records on the cost of "800" service or on the number of lines in use, nor are payments for this service made by the FT Fund. Agencies having inward watts capability pay the telephone companies directly.

In March of 1977, ADTS assisted the Federal Information Center program personnel in a study to determine the most feasible and

economic methods of providing toll free Federal Government information service to the general public. In connection with that study ADTS solicited information from agencies that were the users of inward watts service. The information received from the four agencies (HEW, IRS, VA and CSC) that were the largest users was compiled. The results of that effort are attached.

ATTACHMENT BOTHER AGENCY PUBLIC ASSISTANCE PROGRAMS

The following summary shows the present estimated costs applicable to the toll free information and assistance programs for the public. Only the four major agencies providing this service are shown. Although several other agencies provide similar services, the data furnished is incomplete at this point and the magnitude is considerably less.

	<u>VA</u> (NOTE 1)	<u>IRS</u>	<u>CSC</u>	<u>SSA</u> (NOTE 2)
WATS, FX, & Local Lines	882	3,392	415	987
Work Stations	1,213	3,451	506	-
Monthly Totals	\$ 180,332	\$ 896,029	85,041	1,127,822
Yearly Totals	\$2,163,984	\$10,752,348	1,020,492	13,534,224

NOTE 1: The work stations for some locations were estimated.

NOTE 2: Costs as well as circuit quantities covers FX and WATS services only. Information was not provided to determine work stations and local lines.

March 1977

COST OF TOLL-FREE LINES

Mr. MILLER. One thing that was apparent in all of this was that there is no single place to go for an index on 800 numbers.

Do we have a cost for 800 numbers separate in your budget?

Mr. YONKLER. The \$180 million that we have for the intercity program does not include any expenditures for 800 numbers as of this time. Expenditures for 800 numbers would be paid for out of the requesting agency's budget. Since we don't supply that service, it is commercially supplied; they would make the payments directly from their appropriations to the suppliers.

Mr. GRIFFIN. I wonder why we have any information at all if we don't provide the service.

Mr. YONKLER. They will notify us of the intent to put in the service under our regulations. They will tell us they have an operational requirement for this activity, and we would go ahead and say, do your contracting with the AT&T.

Mr. MILLER. You are saying each agency would contract directly with the communication company, the phone company, for an 800 free number?

Mr. CARR. They would come to us first for permission to do that, and we would give it to them.

Mr. MILLER. But you would not keep a record as to the cost of that 800 number?

Mr. CARR. No, we would get it after the fact, if at all.

Mr. MILLER. So we would have to go to all the agencies to find out?

Mr. CARR. Yes. Our information is incomplete, but we certainly can put what we have together. One of the things that has happened is that we have been requested to allow the public to access the FTS system, as opposed to using the 800 numbers, on the assumption that would be a less expensive way of providing the public with access to information from the Federal Government.

That study has never been made, because the impact of doing that would be sizable. We are tracking where the dollars are being spent now, in effect, and we have to make a decision if we want to make that kind of study.

I think before we do, the answer to the question as to whether or not the 800 numbers are being used properly really should be addressed.

Mr. MILLER. It should be addressed but not necessarily to GSA?

Mr. CARR. We would not do that. We would not question how the agency uses that number. That is not within our authority.

Mr. MILLER. Not within your authority, but I guess the record-keeping and the amount of dollars spent for the 800 is within your authority?

Mr. CARR. Yes.

Mr. MILLER. And the authority for an agency to spend those dollars is within your authority?

Mr. CARR. No. They would have to justify their expenditure through the appropriations route.

Mr. MILLER. You do not have the direct authority as to what is said or you could not do anything about the message. Is that correct?

Mr. CARR. That is correct, sir.

Mr. MILLER. I am not sure how we can get to the bottom of it, but it is not easy. It seems to be spread around in such a way and it is selling a larger Federal Government the way it is being used, and we need to find a way to get through it. Apparently it goes beyond your Federal Telecommunications Fund of \$184 million, and it may be equal to that \$184 million by the time we add it up throughout all of the various agencies.

Mr. CARR. I hope not.

Mr. MILLER. I guess we have no way to know. But you are going to put together a record, is that correct, as to the cost?

Mr. CARR. We will put together for you what information we have on what the costs are in addition to what we have in this report right now, and furnish you that.

Mr. MILLER. Off the record.

[Discussion off the record.]

Mr. MILLER. Thank you, Mr. Chairman.

Mr. STEED. Mr. Patten.

FEDERAL TELECOMMUNICATIONS FUND

Mr. PATTEN. What is your background?

Mr. CARR. Part of my career was spent in a department in Westinghouse, which was roughly equivalent to the automated telecommunication service here in GSA.

Mr. PATTEN. I suppose on the outside you were in industry, and you rapped the Congress and the deficits and everything else, and now you are here. When I came to the Congress, this Federal telecommunication fund was \$9 million. Now you are asking for \$383 million. You didn't make the budget up, I suppose, because you don't even have your name on it. You don't even have your name on your speech. They didn't know who was going to be Commissioner, I bet. It says, "Statement of the Commissioner."

Mr. CARR. We will correct that next time.

BUDGET INCREASES

Mr. PATTEN. Here on your leasing, 1977, last year, you had \$1,341; now you have five times as much for 1979. You want \$6.4. On your data processing in 1977 it was 54, and now you are doubling it, and it is 98 for 1979.

I sit here and everybody is screaming, and the President is saying zero deficits, and everybody that comes in here has big increases, more employees, and the like. I have friends like yours in private industry. I met them last Friday afternoon, and they are saying, "You guys in Washington, it costs me more for Social Security, and all I get is abuse." But yet I sit here, budget after budget, every department.

My budget training is at the county level where nobody can come in with five percent more than last year.

Mr. GRIFFIN. You understand that the funds you are referring to are principally paid for by other agencies. This is an authorization to increase the funding level in the revolving fund, not new money.

Mr. PATTEN. Terrific. You know you could go to the Defense appropriation with that kind of talk. They talk about systems; they

send a budget up here, and the Secretary of Defense, Brown, waited a week to tell the country he will need another \$50 billion in the next five years, right?

Mr. GRIFFIN. Right.

Mr. PATTEN. Did you use zero base budgeting?

Mr. GRIFFIN. We went through that process.

Mr. PATTEN. This department of the Federal Government in the last two years has grown tremendously. Now you are going to justify it, I suppose.

Mr. CARR. When you say this department, the ADTS group I am responsible for has increased 15 percent over the past 10 years. The actual number of personnel we have is 15 percent higher than it was 10 years ago.

Mr. PATTEN. When I pay for my telephone for my office, I pay \$800 a month. It scares me.

Mr. CARR. That is the other part of it; if you look at what we are passing through this fund, and the system we operate, if the Federal Government were, in fact, not to have the system at all and go out to the phone company, itself, you would have to appropriate an additional \$200 million over and above the numbers we are talking about now, because we, in fact, are providing the phone service at less cost.

Mr. PATTEN. You mean this is good business.

Mr. CARR. Yes.

Mr. PATTEN. That is all I have, Mr. Chairman.

Mr. STEED. We want to express our appreciation to you for your appearance and cooperation and for the information you have given us. Thank you very much. We will insert your justifications in the record at this point.

[The justifications follow:]

Operating Expenses, ADTS

ANALYSIS OF AUTHORIZED LEVEL FOR FY 1979
(Dollars in thousands)

1978 Appropriation Enacted by Congress.....	Perm. Pos.	Man-Years	Amount
Proposed supplemental for pay increases.....	261	258	\$8,024
1978 Revised.....			466
Estimated 1979.....	261	258	8,490
Changes from 1978 to 1979.....	265	261	8,673
	+ 4	+ 3	+ \$ 183

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES-FISCAL YEAR 1979

	SUMMARY						Increase or Decrease (-) for 1979		
	FY 1977 Act. M/Yrs. Amount	FY 1978 Est. M/Yrs. Amount	FY 1978 Est. M/Yrs. Amount	FY 1979 Est. M/Yrs. Amount	Total M/Yrs. Amount	Program M/Yrs. Amount	Other Changes M/Yrs. Amount		
1. Automated Data Management Services.....	65	\$1,836	67	\$2,022	70	\$2,105	3	\$ 83	-
2. Telecommunications Services.....	16	536	20	661	20	661	-	-	-
3. Agency Assistance, Planning & Policy.....	78	2,267	89	2,649	89	2,749	-	100	-
4. Service Direction									
a. Program Direction.....	43	1,238	42	1,238	42	1,238	-	-	-
b. ADP Mgmt. Policy & Planning.....	6	201	6	225	6	225	-	-	-
c. Payment to Federal Building Fund.....	-	350	-	398	-	398	-	-	-
d. Other Service Direction.....	30	1,157	34	1,297	34	1,297	-	-	-
Subtotal.....	79	2,946	82	3,158	82	3,158	-	-	-
Total.....	238	\$7,585	258	\$8,490	261	\$8,673	3	\$183	-
Permanent Positions Established (Total).....	(252)		(261)		(265)		(4)		(4)

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

Direct obligational authority for FY 1979 is estimated at \$8,673,000, an increase of \$183,000 over the proposed authorized level for FY 1978. The increased funding requirements over FY 1978 consists of \$26,000 to meet the mandatory 10 day response period required by the Freedom of Information Act; \$57,000 for implementation of the Agency Certification Program; and \$100,000 for studies of the latest state-of-the-art developments in ADP and tele-communications.

Operating Expenses, ADTS

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1979
(Dollars in Thousands)

	ADMS Activity 1		Telecomm. Activity 2		Agency Assistance Activity 3		Service Direction Activity 4		Total	
	Po	My's Amount	Po	My's Amount	Po	My's Amount	Po	My's Amount	Po	My's Amount
<u>Program Changes:</u>										
INCREASES:										
a. Respond to Freedom of Information requests.....	2	1 26	-	-	-	-	-	-	2	1 26
b. Implement Agency Certification Program.....	2	2 57	-	-	-	-	-	-	2	2 57
c. Studies of latest state-of-the-art developments in ADP and telecommunications.....	-	-	-	-	-	-	-	-	-	- 100
Total Program Changes.....	4	3 83	-	-	-	-	-	-	4	3 183
Total, Increases or Decreases 1979 Compared with 1978 Appropriation.....	4	3 83	-	-	-	-	-	-	4	3 183

Operating Expenses, ADTS

AUTOMATED DATA MANAGEMENT SERVICES
(Dollars in Thousands)

FY 1977 Act.		FY 1978 Est.		FY 1979 Est.		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
65	\$1,836	67	\$2,022	70	\$2,105	3	\$83	3	\$83	-	-

BACKGROUND

This activity provides for the overall management, control, and coordination of government-wide programs and activities relating to the processing, storage, retrieval, and dissemination of related supplies and services for Federal agencies, institutions, and other organizations. The activity also provides for the overall management of reimbursable ADP procurement and ADP equipment reutilization programs financed through the Automatic Data Processing Fund and reimbursable telecommunications procurement activities financed through the Federal Telecommunications Fund.

JUSTIFICATION

A. Highlight - The Office of Automated Data Management Services has the responsibility of providing for the economic and efficient procurement of automatic data processing and communications equipment, maintenance, and related supplies and services for Federal agencies. The overall management, control and coordination of government-wide ADTS activities relating to those responsibilities are financed by the ADTS activities of ADP procurement and telecommunications program and reimbursable ADP procurement activities are financed by the "Automatic Data Processing Fund." Operating costs of reimbursable telecommunications procurement activities are financed by the "Federal Telecommunications Fund."

The General Services Administration has made significant contributions in improving the overall efficiency and economy of ADP and communications procurement in the Federal Government. For example:

a. GSA centralized ADPE procurement assistance and contract awards during 1977 will result in cost avoidance of \$410.6 million over systems life of three to six years on procurements in the amount of \$484.2 million. These cost avoidances represent the difference between contractors' original offers to the government or the contractor's commercial list price and the final price negotiated by GSA.

	1977	1978	1979
Number of ADPE contracts awarded	33	44	53
	Act.	Est.	Est.

b. Contracts for telecommunications services and facilities negotiated and awarded by GSA during 1977 will result in cost avoidances of \$2.7 million.

	1977	1978	1979
Number of Communications Contracts Awarded	8	20	20
	Act.	Est.	Est.

c. During 1977 ADP Schedule contracts and their amendments awarded by GSA contained improved terms and conditions. Cost avoidances emanating from terms and conditions negotiated with ADP equipment suppliers during 1977 are estimated to be \$2.7 million. The cost avoidances reported in prior years that were still in effect in 1977, amounted to \$27.5 million.

	1977	1978	1979
Number of ADPE schedule contracts awarded	226	230	230
	Act.	Est.	Est.

d. Excess owned and leased ADP equipment is reutilized for reutilization by other Government agencies, thereby avoiding new procurements. Through the efforts of GSA's ADP equipment reutilization program \$4.8 million in cost avoidances were realized during 1977. The magnitude of the ADP equipment reutilization program is as follows:

	1977	1978	1979
Acquisition value of ADP equipment	171.3	179.8	188.7
Redistributed (\$M)	164.5	172.7	181.3
Owned	6.8	7.1	7.4
Leased			
	Act.	Est.	Est.

B. Explanation of Changes 1978 vs 1979

Program Changes: An increase of 3 man-years and \$83,000 is requested for (1) meeting the increased workload generated as a result of the Freedom of Information Act without further eroding our ability to meet other requirements; and (2) for reviewing computer intensive Federal agencies with extensive experience in the acquisition of ADP equipment and services to determine if they can be certified to conduct their own ADTS activities. This review will be utilized to restore the quality of the program available which will be utilized to restore the quality of the review given to those Agency Procurement Requests that are processed by GSA.

Operating Expenses, ADTS

AUTOMATED DATA MANAGEMENT SERVICES

Workload Factors	1977 Actual	1978 Program in		1979 Estimated	% Change
		Budget	Budget		
a. Delegations of Procurement Authority: Requests Received.....	470	258	650	570	-12.3
b. Procurements for Agencies: Number Contracts awarded other than 3rd Party and Requirements Contracts.....	5	10	6	4	-33.3
Number 3rd Party Contracts.....	15	37	18	24	33.3
Number Requirements Contracts.....	13	4	20	25	25.0
c. ADP Schedule Contracts Awarded.....	226	296	230	230	-
d. Teleprocessing Schedule Contracts Awarded.....	31	35	40	45	12.5
e. Freedom of Information (Calendar year) 1. Requests Received (Estimated).....	363	400	400	450	12.5
2. Full or partial denials (Estimated).....	46	68	68	77	13.2
3. Appeals (Estimated).....	7	26	26	36	38.5
f. Agencies Certified/Recertified.....	-	-	-	1	N/A
g. Procurement of Communications: Number Contracts Awarded					
1. Systems.....	2	4	9	9	-
2. Interconnect.....	2	15	8	8	-
3. Circuits.....	3	3	3	3	-
h. Basic Agreements (Teleprocessing Services) Offers Received.....	100	70	105	110	4.8
Agreements Consummated.....	99	65	100	105	5.0

Operating Expenses, ADTS

AUTOMATED DATA MANAGEMENT SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$1,813,000. - For 71 permanent positions (70.2 man-years) distributed as follows:

	1977	1978	1979
Central Office	67	67	71
Field Offices	—	—	—
Total Positions	67	67	71
Man-years	64.5	67.2	70.2

12 Personnel Benefits. - \$174,000. - Includes \$126,000 for direct contributions to the retirement fund, \$38,000 for health benefits, \$9,000 for group insurance, and \$1,000 for FICA.

21 Travel and Transportation of Persons. - \$17,000. - Provides for approximately 200 days of travel in connection with procurement functions, central office management activities, and travel associated with training.

23 Rents, Communications, and Utilities. - \$10,000. - Provides \$7,000 for office machine rentals, and \$3,000 for services not included in standard space rental rate.

24 Printing and Reproduction. - \$42,000. - Provides \$28,000 for printing ADP schedules, requests for proposals, and other recurring printing requirements; and \$14,000 for electrostatic copying, photographic services, and related distribution charges.

25 Other Services. - \$40,000. - Includes \$5,000 for commercial contractors, largely for technical training; \$30,000 to the ADP Fund for procurement support provided through FEDSIM; \$4,000 to other Government agencies for training, and security investigations; and \$1,000 to the General Supply Fund for office machine maintenance.

26 Supplies and Materials. - \$9,000. - Includes \$5,000 for office supplies, and \$4,000 for technical publications.

Operating Expenses, ADTS

TELECOMMUNICATIONS SERVICE
(Dollars in thousands)

FY 1977 Act. Man Years	Amount	FY 1978 Est.		FY 1979 Est.		Total Changes		Program Changes		Other Changes	
		Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
16	\$536	20	\$661	20	\$661	-	-	-	-	-	-

BACKGROUND

This activity provides for the overall management, control and coordination of Government-wide programs and activities relating to the acquisition, operation, maintenance and utilization of telecommunications equipment and services. In addition, this activity provides engineering expertise for the design and engineering of networks, systems and facilities for the Federal civil agencies. This activity also provides for the overall management of reimbursable programs financed through the Federal Telecommunications Fund.

JUSTIFICATION

A. HIGHLIGHT - The Office of Telecommunications has the responsibility for planning and coordinating the development, design, establishment, acquisition, and operation of Government-wide telecommunications programs for Federal civilian agencies. The overall management, planning, development, and coordination functions assigned to the Office of Telecommunications are financed by this activity. The operating costs of the Federal Telecommunications System and related activities are financed by the "Federal Telecommunications Fund" and are discussed under that heading. The magnitude of program for which management is provided through this activity is as follows:

Total FT Fund Program Costs Funded (\$M)	1977		1978		1979	
	Actual	Estimated	Actual	Estimated	Actual	Estimated
	352.4	385.8	385.8	453.8		

The telecommunications service provided by ADTS consists principally of a broadly based Federal Telecommunications System (FTS) designed to meet the dynamically expanding needs of Federal agencies in the areas of voice and data communications. The FTS, a family of data, record, and voice networks, available to all Federal agencies, is undergoing continuous change to meet the expanding telecommunications requirements of the Federal community. This

activity has responsibility for directing the development of the Federal Telecommunications System and utilizes the latest technology, methods and advances in the state-of-the-art to meet telecommunications requirements as economically as possible.

As a result of the economies of scale derived from the centralized provision of common use telecommunications services, the FTS, for which this activity provides the overall management, has achieved cost savings approximating \$210 million in FY 77 compared to commercial services. The duplication of basic telecommunications services are consistently avoided by the fulfillment of a large variety of agency requirements thru the FTS networks. These requirements range from basic telephone and teletype services thru high speed computerized data communications and include national and local disaster communications as well as special security subsystems. As a result of constantly changing national and state regulatory commission actions, the FTS networks are constantly subjected to engineering and cost-benefit analysis and reconfigured to maintain lowest overall operating costs. Consistent with national policy objectives, a program to foster and encourage competition in the telecommunications area has been instituted and is being expanded throughout the Federal civil community. Engineering assistance is provided to the Federal agencies to maximize their utilization of the FTS, and fulfill their communications needs in the most technically sound and cost effective manner.

Workload Factors	1977 Act.	1978 Program in		1979 Est.	% Change
		1978 Bud.	1979 Bud.		
a. FTS Connection Studies.....	203	180	180	180	-
b. Design Engineering Cases.....	10	18	18	19	5.6

Operating Expenses, ADTS

TELECOMMUNICATIONS SERVICE

EXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1977</u>	<u>1978</u>	<u>1979</u>	
11 Personnel Compensation and Staffing - \$574,000 - for 19 permanent positions (19.7 man-years) distributed as follows:				
Central Office	19	19	19	25 Other Services - \$5,000. - Includes \$3,000 for commercial contractors, largely for technical training; \$1,000 to other Government agencies for training, and security investigations; and \$1,000 to the General Supply Fund for office machine maintenance.
Field Offices	<u>19</u>	<u>19</u>	<u>19</u>	
Total Positions	19	19	19	26 Supplies and Materials. - \$4,000. - Includes \$3,000 for office supplies, and \$1,000 for technical publications.
Man-years	16.3	19.7	19.7	
12 Personnel Benefits. - \$54,000. - Includes \$40,000 for direct contributions to the retirement fund, \$12,000 for health benefits, \$1,000 for group insurance, and \$1,000 for FICA.				
21 Travel and Transportation of Persons. - \$14,000. - Provides for approximately 160 days of travel in connection with engineering studies, central office management activities, and travel associated with training.				
23 Rents, Communications, and Utilities. - \$3,000. - Includes \$3,000 for office machine rentals.				
24 Printing and Reproduction. - \$7,000. - Provides \$2,000 for printing issuances and/or updating GSA handbooks, orders, forms and other recurring printing requirements; and \$5,000 for electrostatic copying, photographic services, and related distribution charges.				

Operating Expenses, ADTS

AGENCY ASSISTANCE, PLANNING AND POLICY
(Dollars in Thousands)

FY 1977 Act.		FY 1978 Est.		FY 1979 Est.		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
78	\$2,267	89	\$2,644	89	\$2,749	-	\$170	-	\$170	-	-

BACKGROUND

This activity provides for the development and coordination of operational policies, procedures, regulations, and publications governing the management, operation, and utilization of Government-wide ADP and telecommunications activities. Studies are made to determine the economic impact of ADP and telecommunications programs under development. Programs of long-range research in the fields of ADP and telecommunications equipment and facilities are coordinated; overall management of the Government-wide ADP and Telecommunications Management Information Systems is provided; and the Government-wide ADP and telecommunications standards and programs are implemented. This activity also provides for the development of telecommunications consumer interests in regulatory telecommunications proceedings. In addition, this activity provides the overall management for reimbursable commercially acquired teleprocessing services and Federal data processing programs financed through the Automatic Data Processing Fund.

JUSTIFICATION

The Office of Agency Assistance, Planning and Policy has responsibility for coordinating, planning, and developing and coordinating operational policies, regulations and procedures governing the management, operation and utilization of ADP and telecommunications. This involves maintaining liaison with the Office of Federal Procurement Policy, the Office of Management and Budget, and other Federal agencies including sponsorship of interagency ADP and telecommunications committees; keeping abreast and maintaining a program of long-range basic applied research and development of equipment and services in the fields of ADP and telecommunications; conducting and coordinating Government-wide systems planning programs; developing and maintaining a privacy/security program to protect equipment and data; and providing program management and direct supervision of ADP and telecommunications equipment sharing and joint utilization of ADP and telecommunications within and among executive agencies; and developing Federal Property Management Regulations governing agency use of ADP and telecommunications services. The overall management, control, and coordination of Government-wide programs and activities relating to these responsibilities are financed by this activity. Operating costs of the teleprocessing services and Federal data processing programs are financed by the "Automatic Data Processing Fund."

General Services Administration has made significant contributions in improving overall efficiency and economy in the management and utilization of ADP and telecommunications in the Federal Government. For example:

- The ADP resources sharing program operated by GSA to promote sharing of ADP resources by Federal agencies resulted in cost avoidances of \$28.0 million in FY 1977; cost avoidance is estimated at \$284.0 million for FY 1977; \$313.0 million for FY 1978; and \$335.0 million for FY 1979.
- GSA participation in communications rate cases resulted in cost avoidances of \$19.1 million for FY 1977. Cost avoidance is estimated at \$25.0 million for FY 1978 and \$25.0 million for FY 1979.
- GSA is continuing its efforts to interest other Government agencies in utilizing centralized data processing support to meet their ADP requirements. In this regard, Federal Data Processing Centers (FDPC's) are established to be operated by GSA or by delegation of authority from GSA to other Federal agencies under the authority of the Federal Acquisition Regulation (FAR) and the Federal Information Security Act (FISMA). GSA, the Federal Computer Performance Evaluation and Simulation Center (FEDSIM) and the Federal Software Exchange (FSE), are currently operated by other agencies. Two additional FDPC's, the Federal Conversion Support Center to be operated by the Department of Defense and the Alaska FDPC to be operated by a contractor, have been approved and are planned to become operational during 1978. Additional FDPC's will be established if justified based upon studies of economic feasibility and agency requirements. One such facility currently under consideration is the Lawrence Berkeley Laboratory which, if established as an FDPC, would be operated by the Energy Research and Development Administration.

- A commercial teleprocessing services program was initiated in March of FY 1972 at which time the National Teleprocessing Services Contract was awarded to provide commercial teleprocessing services for Government-wide use. These services are provided at significant savings to agencies relative to commercial prices. From its inception through FY 1977 savings of \$103 million were achieved. During 1977 this program was expanded to include multiple award contracts with vendors for time shared computational services. The expanded Teleprocessing Services Program was established as

the mandatory means by which Federal agencies acquire commercial teleprocessing services. The program is designed to minimize the cost of teleprocessing services by: (1) negotiating multiple award schedule contracts with Government-wide volume discounts; (2) using the ADP Fund to take advantage of single billing and prompt payment discounts; (3) monitoring the use of teleprocessing contracts to insure competitive selection; and (4) entering into Basic Agreements to simplify and standardize the procurement of services by negotiation.

	1977		1978		1979	
	Actual	Est.	Actual	Est.	Actual	Est.
I. National Teleprocessing Services Contract 1/						
1. No. of Contracts	1	-	-	-	-	-
2. Value of services provided at commercial price (\$M)	71.2	-	-	-	-	-
3. Cost of services provided (\$M)	33.7	-	-	-	-	-
4. Cost avoidance (\$M)	37.5	-	-	-	-	-
II. Teleprocessing Services Schedule Contracts						
1. No. of Contracts	31	40	45	45	45	45
2. Value of services provided at commercial price (\$M)	1.2	85.5	125.5	125.5	125.5	125.5
3. Cost of services provided (\$M)	.7	54.5	80.5	80.5	80.5	80.5
4. Cost avoidance (\$M)	.5	31.0	45.0	45.0	45.0	45.0

B. Explanation of Changes, FY 1978 vs. FY 1979

Program Changes. An increase of \$100,000 is requested to provide resources for special studies to allow GSA to keep abreast of the latest state-of-the-art developments in ADP and telecommunications, to identify changes to GSA-provided services and to assist agencies in meeting identified dedicated long-range requirements with up-to-date economical commercial or government provided services.

1/. The National Teleprocessing Services Contract expired 9/30/77. The Provider of this service (Computer Sciences Corporation) was awarded a Teleprocessing Services Schedule Contract under the expanded Teleprocessing Services Program.

Operating Expenses, ADTS

AGENCY ASSISTANCE, PLANNING AND POLICY

Workload Factors	1977 Actual	1978 Program in		1979 Estimated	% Change
		1978 Budget	1979 Budget		
a. ADP Resources Sharing Program					
Cost Avoidance (\$M).....	284.0 Est.	390.9	313.0	335.0	7.0
Cases Reviewed.....	3,037	3,600	3,600	4,100	13.9
b. Intervention in Communications Regulatory Proceedings:					
(1) Number of Cases.....	10	13	12	12	-
(2) Total Cost Avoidance (\$M).....	19.1	12.5	25.0	25.0	-
c. ADP Management Information System Service Requests ^{1/}	366	1,200	600	2,000	233.3
d. Number of ADP/Communications Requests Reviewed.....	2,560	2,800	2,800	2,800	-

^{1/} The workload increases projected for FY 1978 and FY 1979 are the result of enhancing the current Government-wide ADP Management Information Systems query capability to permit agencies to process queries of a routine nature via terminals without the involvement of ADTS personnel.

Operating Expenses, ADTS

AGENCY ASSISTANCE, PLANNING AND POLICYEXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$2,229,000 - For 95 permanent positions (89.0 man-years) distributed as follows:

	1977	1978	1979
Central Office	65	63	63
Field Offices	20	30	30
Total Positions	85	93	93
Man-Years	77.8	89.0	89.0

12 Personnel Benefits. - \$214,000 - Includes \$153,000 for direct contribution to retirement fund, \$50,000 for health benefits, \$10,000 for group insurance, and \$1,000 for FICA.

21 Travel and Transportation of Persons. - \$58,000 - Includes \$58,000 for approximately 660 days of travel in connection with review of agency requirements, Central Office management activities, and travel associated with training.

23 Rents, Communications, and Utilities. - \$39,000 - Includes \$9,000 for telephone service, \$24,000 for office machine rentals, and \$6,000 for services not included in standard space rental rate.

24 Printing and Reproduction. - \$28,000 - Provides \$12,000 for printing the inventory of automatic data processing equipment as well as the various reports generated by the Government-wide ADP Management Information System which are distributed to all Federal Agencies, other recurring printing requirements; and \$16,000 for electrostatic copying, photographic services and related distribution charges.

25 Other Services. - \$174,000 - Includes \$158,000 for payment to commercial contractors for technical training, and contracts with consultants and experts for technical studies and communications regulatory procedures; \$13,000 to other Government agencies for training, and security investigations; and \$1,000 to the General Supply Fund for office machine maintenance.

26 Supplies and Materials. - \$7,000 - Includes \$1,000 for office supplies, and \$6,000 for technical publications.

Operating Expenses, ADTS

SERVICE DIRECTION
(Dollars in Thousands)

FY 1977 Act.	FY 1978 Est.		FY 1979 Est.		Total Changes Man Years	Program Changes Man Years	Other Changes Man Years
	Man Years	Amount	Man Years	Amount			
79	82	\$3,158	82	\$3,158	-	-	-

BACKGROUND

This activity provides overall direction and coordination for a comprehensive Government-wide program for the management, procurement, and utilization of automatic data and communications equipment and services; development of Government-wide policy pertaining to ADP/telecommunications systems acquisition, management, and utilization; and the overall management of operations designed to provide specialized services to agencies in each of these fields. In addition this activity provides budgetary, financial, administrative and personnel support for the Automated Data and Telecommunications Service Center Office supervision is provided by the Office of the Commissioner and in the regions by the Regional Commissioners. The magnitude of programs supported by this activity are as follows:

	1977 Actual		1978 Estimated		1979 Estimated	
	Man Years	Pos. \$'000	Man Years	Pos. \$'000	Man Years	Pos. \$'000
Overall Program Direction	30	632	30	918	30	918
Management of Regional Operations	30	632	30	918	30	918
ADP Management Policy & Planning	33	1,010	35	1,062	35	1,052
Other Service Direction	-	-	-	-	-	-
Postage and Fees	-	-	-	-	-	-
Telephone Service	-	-	-	-	-	-
Postage and Fees	-	-	-	-	-	-
Total	81	\$2,946	81	\$3,158	82	\$3,158

Cost avoidance, with the exception of GSA's intervention in State communications rate cases, is computed as the amount agencies would have had to budget for and expend at commercial prices less the cost of equipment or services provided by GSA or through GSA awarded contracts. During 1977 the Automated Data and Telecommunications Service effected cost avoidances of \$950.4 million in its various programs as follows:

Program	Cost Avoidance (\$M)
1. Sharing of ADP resources (Estimated)	\$284.0
2. Assistance to Federal agencies in procurement of ADP equipment	410.6
3. Approved terms and conditions and amendments of ADP contracts negotiated by GSA	27.9
4. Agency use of the ADP Fund to purchase ADPE	12.0
5. Retutilization of excess ADP equipment	4.8
Sub-total, ADP	\$739.3
6. FTS intercity service	175.6
7. Circuit procurement Program-Other agencies	13.7
8. Intervention in State communications rates	19.1
9. Competitive procurement of telecommunications	2.7
Sub-total, Communications	\$211.1
Grand Total	\$950.4

Program Costs (\$000)

	1977 Act.	1978 Est.	1979 Est.
1. Operating Expenses, ADTS (Excluding Service Direction)	\$ 4,639	\$ 5,332	\$ 5,515
2. Automatic Data Processing Fund	67,232	101,606	114,493
3. Federal Telecommunications Fund	352,447	385,766	453,820
Total Programs	\$424,318	\$492,704	\$573,828
4. Service Direction	\$ 2,946	\$ 3,158	\$ 3,158

Percent Service Direction to Total Programs

0.69	0.64	0.55
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JUSTIFICATION

Payments to the Federal Buildings Fund for space occupied by activity financed by the Operating Expenses, Automated Data and Telecommunications Service appropriation and payments for telephone service and postage are financed by this activity on a centralized basis. The positions and funds requested for this activity in 1979 are distributed as follows:

Operating Expenses, ADTS

SERVICE DIRECTIONEXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1977</u>	<u>1978</u>	<u>1979</u>	
11 Personnel Compensation and Staffing. - \$2,070,000. - For 82 permanent positions (81.8 man-years) distributed as follows:				
Central Office	51	52	52	24 Printing and Reproduction. - \$33,000 - Provides \$10,000 for recurring printing requirements, and \$23,000 for electrostatic copying, photographic services, and related distribution charges.
Field Offices	30	30	30	
Total Positions	81	82	82	25 Other Services. - \$51,000 - Includes \$14,000 for commercial contractors, largely for technical training; \$8,000 to other Government agencies for training, health services, and security investigations; \$4,000 to the General Supply Fund for office machine maintenance; \$8,000 to the FT Fund for relocation costs; and \$20,000 for payments to ADP Fund for data processing support.
Man-Years	79.4	81.8	81.8	26 Supplies and Materials. - \$31,000 - Includes \$23,000 for office supplies, \$2,000 for operating supplies, \$1,000 for periodicals, and \$6,000 for technical publications.
12 Personnel Benefits. - \$200,000. - Includes \$142,000 for direct contribution to the retirement fund, \$43,000 for health benefits, \$9,000 for group insurance, \$1,000 for FICA, and \$5,000 for accident compensation.				
21 Travel and Transportation of Persons. - \$65,000. - Includes \$84,000 for approximately 720 days of travel in connection with regional administration, central office management activities, and travel associated with training; and \$1,000 for motor pool services.				
22 Transportation of Things. - \$2,000. - For contractual charges for freight, trucking, express, etc.				
23 Rents, Communications and Utilities. - \$706,000 - Includes \$194,000 for normal telephone and teletype services, \$51,000 for postage, \$3,000 for office machine rental, \$60,000 for depreciation of furniture and equipment, \$382,000 for payment to the Federal Buildings Fund for space to house OF, ADTS activities, and \$16,000 for services not included in standard space rental rate.				

GENERAL SERVICES ADMINISTRATION

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

OPERATING EXPENSES

For expenses, not otherwise provided, necessary for carrying out Government-wide responsibilities relating to automated data management, telecommunications and related activities, as authorized by law, including services as authorized by 5 U.S.C. 3109, ~~\$8,024,000~~ \$8,673,000

(Independent Agencies Appropriations Act, 1978)

Operating Expenses, ADTS

SUMMARY OF EMPLOYMENT
(Number of Man-Years)

Principal Categories	Actual 1977	Estimate		Increases for 1979		
		1978	1979	Total	Program Increases	Other
Managerial and Administrative Direction.....	33	35	35	-	-	-
Economist.....	6	6	6	-	-	-
Engineers.....	6	6	6	-	-	-
Financial Analyst.....	5	5	5	-	-	-
Program Analyst.....	29	30	30	-	-	-
Equipment Analyst.....	8	8	8	-	-	-
Computer Specialist.....	6	6	7	1	1	-
Systems Analyst.....	4	4	4	-	-	-
ADP/Telecommunications Coordination Analyst.....	9	19	19	-	-	-
ADP/Telecommunications Specialist.....	10	11	11	-	-	-
Communications Specialist.....	10	12	12	-	-	-
Contract Specialist.....	28	30	32	2	2	-
Secretarial/Clerical.....	76	78	78	-	-	-
Sub-total.....	230	250	253	3	3	-
Part-time and Temporary Average Positions.....	8	8	8	-	-	-
Total.....	238	258	261	3	3	-

SELECTED WORKLOAD DATA

Operating Expenses, ADTS

	1977 Actual	1978 - Program In		1979 Estimated	% Change
		Budget	Budget		
Activity and Principal Workload Factors					
1. Automated Data Management Services Workload:					
a. Delegations of Procurement Authority: Requests Received.....	470	258	650	570	-12.3
b. Procurements for Agencies: Number Contracts awarded other than 3rd Party and Requirements Contracts.....	5	10	6	4	-33.3
Number 3rd Party Contracts.....	15	37	18	24	33.3
Number Requirements Contracts.....	13	4	20	25	25.0
c. ADP Schedule Contracts Awarded.....	226	206	230	230	-
d. Teleprocessing Schedule Contracts Awarded.....	31	35	40	45	12.5
e. Freedom of Information (Calendar Year) 1. Requests Received (Estimated).....	363	400	400	450	12.5
2. Full or Partial Denials (Estimated).....	46	68	68	77	13.2
3. Appeals (Estimated).....	7	26	26	36	38.5
f. Agencies Certified/Recertified.....	-	-	-	1	N/A
g. Procurement of Communications: Number Contracts Awarded					
1. Systems.....	2	4	9	9	-
2. Interconnect.....	2	15	8	8	-
3. Circuits.....	3	3	3	3	-
h. Basic Agreements (Teleprocessing Services) Offers Received.....	100	70	105	110	4.8
Agreements Consummated.....	99	65	100	105	5.0
2. Telecommunications Service Workload:					
a. FTS Connection Studies.....	203	180	180	180	-
b. Design Engineering Cases.....	10	18	18	19	5.6
3 Agency Assistance, Planning and Policy Workload:					
a. ADP Resources Sharing Program Cost Avoidance (\$M).....	284.0 Est.	380.9	313.0	335.0	7.0
Cases Reviewed.....	3,037	3,600	3,600	4,100	13.9
b. Intervention in Communications Regulatory Proceedings: (1) Number of Cases.....	10	13	12	12	-
(2) Total Cost Avoidance (\$M).....	19.1	12.5	25.0	25.0	-
c. ADP Management Information System Service Requests.....	366	1,200	600	2,000	233.3
d. Number of ADP/Communications Requests Reviewed.....	2,560	2,800	2,800	2,800	-

FEDERAL TELECOMMUNICATIONS FUND
(Dollars in thousands)

Income/Cost Comparison - Summary

	Actual 1977	Change 77 vs 78	Program 1978	Change 78 vs 79	Estimate 1979
1. Income.....	\$359,027	+\$24,094	\$383,121	+\$67,989	\$451,110
2. Program Costs, Funded.....	\$352,447	+\$33,319	\$385,766	+\$68,054	\$453,820
Plus Depreciation.....	377	+278	1,155	-65	1,090
Less Capital Outlay.....	697	+3,103	3,800		3,800
Program Costs.....	\$352,627	+\$30,494	\$383,121	+\$67,989	\$451,110
3. Profit/Loss (Current Year Operations).....	\$6,400	-\$6,400	-	-	-
Net Outlays.....	-\$6,178	+\$3,237	-\$2,941	+\$4,658	-\$1,717

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FY 1979

ACTIVITIES	FUNDED COSTS						INCREASE OR DECREASE			Other Chg. M. Y. Amount
	FY 1977		FY 1978		FY 1979		Total Changes M. Y. Amount	Program Chg. M. Y. Amount	-	
	M. Y. Amount									
1. Voice Program.....	1,592	\$305,340	1,599	\$332,395	1,599	\$397,592	-	\$2,746	-	\$42,451
2. Record Program.....	191	30,520	195	32,271	195	34,658	-	1,163	-	1,224
3. Circuit Procurement Program.....	29	11,561	29	11,837	29	12,120	-	283	-	85
4. Special Program.....	99	4,329	102	5,463	111	5,650	9	187	9	165
Sub-total Operating Costs Funded.....	1,911	\$351,750	1,925	\$381,966	1,934	\$450,020	9	\$68,054	9	\$24,272
5. Capital Outlay.....	-	697	-	3,800	-	3,800	-	-	-	-
Total Program Costs Funded.....	1,911	\$352,447	1,925	\$385,766	1,934	\$453,820	9	\$68,054	9	\$24,272
Permanent Positions Established.....	(1,786)		(1,786)		(1,801)		(15)		(15)	

Federal Telecommunications Fund

SUMMARY EXPLANATION OF CHANGES FOR FY 1979
(Dollars in Thousands)

	Voice Program Activity 1 Po. MY Amount	Record Program Activity 2 Po. MY Amount	Circuit Procurement Activity 3 Po. MY Amount	Special Programs Activity 4 Po. MY Amount	Capital Outlay Activity 5 Po. MY Amount	Total Po. MY Amount
Program Changes						
Increases						
1. Increases required to handle projected increase in FTS traffic.....	\$22,746	-	-	-	-	\$22,746
2. Increases required to handle projected increase in record traffic.....	-	\$1,163	-	-	-	1,163
3. Increased circuit requirements.....	-	-	\$198	-	-	198
4. Increase in number pieces of equipment maintained.....	-	-	-	\$165	-	165
Total Program Changes.....	\$22,746	\$1,163	\$198	\$165	-	\$24,272
Other Changes						
Increases necessary to maintain current levels						
1. Tariff increases associated with pending ATT filings.....	\$30,000	\$955	-	-	-	\$30,955
2. Tariff increases caused by normal changes in rates.....	12,200	269	\$85	\$22	-	12,576
3. Space rental cost under Public Buildings Amendment Act of 1972	251	-	-	-	-	251
Total Other Changes.....	\$42,451	\$1,224	\$85	\$22	-	\$43,782
Total Increases, 1979 compared to 1978.....	\$65,197	\$2,387	\$283	\$165	\$187	\$68,054

SUMMARY JUSTIFICATION OF FY 1979 ESTIMATES

Federal Telecommunications Fund

BACKGROUND

The Federal Telecommunications Fund was authorized by Public Law 87-847, approved October 29, 1962. It finances, on a reimbursable basis, a telecommunications system for the Federal Government which is a major operating component of the National Communications System. Expenses payable from the fund include personal services, procurement by lease or purchase of equipment and operating facilities (including cryptographic devices), and other costs necessary to operate the system. These expenses are reimbursed from available appropriations and funds of any agency or organization for telecommunications services and facilities made available to them. The initial capital of \$9 million appropriated in 1963, was increased by \$20 million appropriated in 1977. This capital may be increased by donation of supplies and equipment.

BUDGET PROGRAM

The estimate provides for a continued increase in the volume and quality of communications services provided to executive agencies. The Government's total income for 1977 was \$359.0 million and is estimated at \$383.1 million in 1978 and \$451.1 million in 1979.

1. **Voice program.** This program finances on a reimbursable basis a telephonic system which enables personnel in each Federal agency office to communicate directly with any other agency office in the Nation. The system provides day-to-day services and incorporates features which would be necessary in emergency situations. Total funded program costs for 1979 are projected at \$397.6 million, an increase of \$65.2 million over 1978. The increase includes \$30.0 million for the potential increase associated with the A.T. & T. filings which will adversely affect the costs of the FTS. This potential increase includes the proposed elimination of Telpak, restructuring of interstate WATS tariffs, and an increase in the Switch Circuit Automatic Network tariffs. These potential adverse price impacts on the FTS may be minimized by procuring the required services and/or facilities through other than the traditional vendors. Other increases included in the \$65.2 million increase over 1978 consist of \$12.2 million for normal tariff increases not related to the above, \$22.7 million for additional circuitry and facilities required to handle an anticipated increase in traffic volume of 16.0 million intercity calls plus \$0.3 million for increased space rental costs. Total income for 1979 was \$311.7 million and is estimated at \$332.7 million in 1978 and \$386.2 million in 1979.

2. **Record program.** This program finances on a reimbursable basis a records communications system to satisfy record communications requirements of Federal agencies. The system provides machine-to-machine service for transmission of data by teletypewriter, facsimile, and other transmission media while at the same time providing message processing capability required for peak-period traffic loads, time zone differences, machine code language translation, and processing of multiple address messages. Total funded program costs for 1979 are projected at \$34.7 million, an increase of \$2.4 million over 1978. The increase consists of \$1.2 million for circuitry and

associated equipment to meet normal growth requirements, \$1.0 million for potential increase associated with the A.T. & T. filings and \$0.3 million for anticipated tariff increases. Total income for this program is projected to increase from \$30.9 million in 1977 to \$32.8 million in 1978 and \$34.8 million in 1979.

3. **Circuit procurement program.** This program finances on a reimbursable basis the centralized procurement of circuits and associated equipment for civil agencies. This program enables the Government to obtain the benefits of multiple tariff offerings of commercial carriers, while at the same time permitting each agency to maintain operational control over its own circuits. Total funded program costs for 1979 are projected at \$12.1 million, an increase of \$0.3 million over 1978. The increase consists of \$0.2 million for circuitry and associated equipment and \$0.1 million for anticipated tariff increases. Total income projected to increase from \$11.7 million in 1977 to \$11.8 million in 1978 and \$12.1 million in 1979.

4. **Special programs.** This program finances on a reimbursable basis a security program for civil agencies including GSA in keeping with the objectives of the U.S. Communications Security Plan, and a consolidated program of procurement and maintenance of equipment to implement such security plans. This program provides assurance for the continuity of the Federal Telecommunications System in the event that portions of the system are disabled or destroyed. In addition, this program provides telecommunications support to the Federal Disaster Assistance Administration in the emergency and major disaster programs. Total funded program cost for 1979 are projected at \$5.7 million, an increase of \$0.2 million over 1978. Income is projected to increase from \$4.7 million in 1977 to \$5.8 million in 1978 and \$6.0 million in 1979.

5. **Capital Outlay.** Provides the capital for the purchase of telecommunications equipment needed for initial capital outlay will result in the least cost procurement of services and facilities. Also provided to replace the purchase of communications security and related maintenance support equipment in support of specialized secure communications networks. The funded costs for 1979 are projected at \$3.8 million.

Operating Results and Financial Condition. At the end of 1979, the net investment of the Fund is estimated to be \$28.7 million, composed of \$29.0 million appropriated, \$0.2 million donated assets capitalized, less \$0.5 million unfunded leave liability. Following the close of each fiscal year any surplus earnings after making provision for prior year losses, are deposited in miscellaneous receipts of the Treasury.

AUTHORIZING LANGUAGE
FEDERAL TELECOMMUNICATIONS FUND

Federal Property and Administrative Services Act of 1949, as amended:

SEC. 110. There is hereby authorized to be established on the books of the Treasury, a Federal telecommunications fund, which shall be available without fiscal year limitation for expenses, including personal services, other costs, and the procurement by lease or purchase of equipment and operating facilities (including cryptographic devices) necessary for the operation of a Federal telecommunications system, to provide local and long distance voice, teletype, data, facsimile, and other communication services. There are authorized to be appropriated to said fund such sums as may be required which, together with the value, as determined by the Administrator, of supplies and equipment from time to time transferred to the Administrator under authority of section 205(f), less any liabilities assumed, shall constitute the capital of the fund: Provided, That said fund shall be credited with (1) advances and reimbursements from available appropriations and funds of any agency (including the General Services Administration), organization, or persons for telecommunication services rendered and facilities made available thereto, at rates determined by the Administrator to approximate the costs thereof met by the fund (including depreciation of equipment, provision for accrued leave, and where appropriate, for terminal liability charges and for amortization of installation costs, but excluding, in the determination of rates prior to the fiscal year 1966, such direct operating expenses as may be directly appropriated for, which expenses may be charged to the fund and covered by advances or reimbursements from such direct appropriations) and (2) refunds or recoveries resulting from operations of the fund, including the net proceeds of disposal of excess or surplus personal property and receipts from carriers and others, for loss of or damage to property: Provided further, That following the close of each fiscal year any net income, after making provision for prior year losses, if any, shall be transferred to the Treasury of the United States as miscellaneous receipts.

Federal Telecommunications Fund

SUMMARY OF EMPLOYMENT
(Number of Man Years)

Principal Categories	Actual 1977	Estimate 1978	Estimate 1979	Increases for 1979		
				Program Total	Program	Other
Managerial and Administrative Direction.....	10	10	10	-	-	-
Financial Analyst.....	17	17	17	-	-	-
Communication Specialist.....	200	200	200	-	-	-
Operators.....	1,156	1,162	1,162	-	-	-
Electronic Technician.....	66	66	75	-	9	-
Telecommunications Coordinator.....	10	10	10	-	-	-
Secretarial/Clerical.....	285	285	285	-	-	-
Sub-total.....	1,744	1,750	1,759	-	-	-
Part-time and Temporary Average Positions.....	167	175	175	-	-	-
Total.....	1,911	1,925	1,934	-	9	-

Federal Telecommunications Fund

SELECTED WORKLOAD DATA

	Actual 1977	1978 Program in		1979 Estimate	Percentage of Increase or Decrease over 1970 Column of 1979 Budget
		1978 Budget	1979 Budget		
1. Voice Program workload Financed by Reimbursements:					
a. Number of Intercity FTS Calls (Millions).....	183.0	191.6	194.0	210.0	+8.2
b. Number of Circuits Managed - Total.....	53,844	63,700	55,344	57,556	+4.0
c. Number of Telephone Instruments (Local Service Only)....	460,000	500,000	465,000	475,000	+2.2
d. Number of Attended Switchboards.....	192	185	185	190	+2.7
e. Number of Unattended Switchboards.....	183	190	190	190	-
2. Record Program workload Financed by Reimbursements:					
Originated and Terminated Data Traffic					
Word Volume (Millions).....	5,670	8,300	6,570	7,480	+13.9
3. Circuit Procurement Program Workload Financed by					
Reimbursement: Number of Circuits.....					
TOTAL.....	53,844	63,700	55,344	57,556	+4.0
a. Dedicated.....	6,970	7,820	7,144	7,318	+2.4
b. GSA.....	46,874	55,880	48,200	50,240	+4.2
4. Special Programs Workload Financed by Reimbursements:					
Number Pieces of Equipment maintained.....	6,002	6,600	6,700	7,700	+14.9

AUTOMATIC DATA PROCESSING FUND
(Dollars in Thousands)

Income/Cost Comparison - Summary

	Actual 1977	Change 77 vs. 78	Program FY 1978	Change 78 vs. 79	Estimate FY 1979
1. Income.....	\$ 61,432	\$ 32,628	\$ 94,060	\$ 23,581	\$ 117,641
2. Program Costs, Funded.....	\$ 67,232	\$ 34,374	\$ 101,606	\$ 12,887	\$ 114,493
Plus Depreciation.....	5,197	5,257	10,454	2,684	13,148
Less Capital Outlay.....	11,484	6,516	18,000	8,000	10,000
Program Costs.....	\$ 60,945	\$ 33,115	\$ 94,060	\$ 23,581	\$ 117,641
3. Profit/Loss (Current Year Operations).....	\$ 487	-\$487	--	--	--
Net Outlays.....	\$ 11,275	-\$116	\$ 11,159	-\$10,303	\$ 856

DIGEST OF BUDGET ESTIMATES OF ACTIVITIES - FY 1979

ACTIVITIES	FUNDED COSTS				INCREASES OR DECREASES (-) FOR FY 1979					
	FY 1977 M.Y.	FY 1978 M.Y.	FY 1979 M.Y.	FY 1979 Amount	Total M.Y.	Amount	Prog. M.Y.	Amount	Other M.Y.	Amount
1. Data Processing Programs	16	16	16	\$59,834	-	\$13,306	-	\$13,300	-	\$ 6
a. Teleprocessing Services Program	20	16	16	8,450	11,409	2,959	-	2,946	-	13
b. Federal Data Processing Centers	167	178	178	4,338	4,356	18	-	18	-	18
c. Manpower Services	-	-	-	20,000	20,440	440	-	440	-	-
d. Data Processing Services Contracts	38	38	38	1,862	1,974	112	-	112	-	112
e. Program Support										
Sub-Total Data Processing Programs	241	248	248	\$81,178	248	\$98,013	-	\$16,835	-	\$149
2. Lease Program	9	9	9	233	-	-	-	-	-	-
a. Administrative Costs	-	-	-	2,195	6,247	4,052	-	4,052	-	-
b. Multiyear Lease Contract Payment	9	9	9	\$2,428	\$6,480	\$4,052	-	\$4,052	-	-
Subtotal Lease Program										
3. Capital Outlay	-	-	-	-	-	-	-	-	-	-
a. Data Processing	-	-	-	-	-	-	-	-	-	-
b. Lease Program	-	-	-	18,000	10,000	-8,000	-	-8,000	-	-
Subtotal Capital Outlay	-	-	-	\$18,000	\$10,000	-\$8,000	-	-\$8,000	-	-
Total Program Costs Funded	250	257	257	\$101,606	257	\$114,493	-	\$12,887	-	\$ 6
Permanent Positions Established	(260)	(260)	(260)	(260)	(-)	(-)	-	\$12,738	-	\$149

Automatic Data Processing Fund

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
(Dollars in Thousands)

	Data Processing Activity Po. My Amount	Lease Program Activity 2 Po. My Amount	Capital Outlay Activity 3 Po. My Amount	Total Po. My Amount
Program Changes:				
INCREASES:				
1. Increased utilization of teleprocessing services program.....	-	-	-	-
2. Increased workload in FDPC's.....	-	-	-	-
3. New FDPC's.....	-	-	-	-
4. Increase in data processing services contracts.....	-	-	-	-
5. Increased number of multiyear leases.....	-	-	-	-
	-	-	-	-
Total Increases.....	-	-	-	-
	-	-	-	-
DECREASES:				
1. Decrease in opportunity buy program.....	-	-	-	-
Total Program Changes.....	-	-	-	-
	-	-	-	-
Other Changes:				
Increases necessary to maintain current levels:				
1. Space rental cost under Public Buildings Amendment Act of 1972 (P.L. 92-213).....	-	-	-	-
2. Other miscellaneous increases.....	-	-	-	-
Total Other Changes.....	-	-	-	-
Total 1979 compared with 1978.....	-	-	-	-

Automatic Data Processing Fund

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

GENERAL STATEMENT

The Automatic Data Processing Fund was authorized by Public Law 89-306, to coordinate and provide for the economic and efficient purchase, lease and maintenance of automatic data processing equipment by Federal agencies. The fund finances on a reimbursable basis a government-wide automatic data processing operation, including procurement by lease, purchase, transfer, or otherwise of ADP equipment, maintenance of equipment, procurement and/or development of software programs with Government-wide application, and operation of service centers and related functions.

Budget Program - The estimate provides for a continued increase in revenue during 1978 and 1979. Income is estimated to increase from \$61,076 thousand in 1977 to \$94,060 thousand in 1978 to \$117,641 thousand in 1979.

1. **Data Processing** - Finances the operation of a Federal data processing program which provides ADP services on a Government-wide basis. These ADP services consist of local and remote computer processing, including teleprocessing services contracts; programmer analyst, project manager, and consultant services; computer performance evaluation and simulation; general purpose software; and a full range of commercially acquired data processing services. This program, also, provides for financing of joint use ADP facilities operated by two or more agencies under GSA policy guidance. In addition, this program provides financing for Federal Data Processing Centers (FDPC's) established to be operated by GSA or by delegation of authority from GSA to be operated by other agencies under GSA policy guidance. One center, the Remote Access Multi-User System (RAMUS), is operated by GSA. Two centers, the Federal Computer Performance Evaluation and Simulation Center (FEDSIM) and the Federal Software Exchange (FSE), are currently operated by other agencies. Two additional FDPC's, the Federal Conversion Support Center to be operated by the Department of Defense and the Alaska FDPC to be operated by a contractor, have been approved

and are planned to become operational during 1978. Additional FDPC's will be established if justified based upon studies of economic feasibility and agency requirements. One such facility currently under consideration is the Lawrence Berkley Laboratory which, if established as an FDPC, would be operated by the Energy Research and Development Administration.

Total funded costs for 1979 are projected at \$98,013,000, an increase of \$16,835,000 over 1978. The increased costs consist of \$13,300,000 for services under the Teleprocessing Services Program; \$2,091,000 for reimbursements to other agencies or contractors for operation of FDPC's; \$855,000 for increased operating costs of Federal Data Processing Centers; \$440,000 for increased payments to commercial contractor for data processing services; and \$149,000 for other increases necessary to maintain current levels of operation. Income is projected to increase from \$54,772,000 in 1977 to \$81,393,000 in 1978 and \$98,228,000 in 1979.

2. **Lease Program** - This program finances the multiyear lease of ADP equipment for subsequent leaseback to Federal agencies at costs substantially below commercial annual lease prices. In addition, this program acquires excess Government-owned ADP equipment where there is a known user or the equipment has a high potential for reutilization, capitalizes it at a fair market value and leases it to Federal agencies at a cost substantially below all other least cost alternatives available to a using agency. This program also administers the leaseback of ADP equipment purchased by the fund as a result of the Opportunity Buy Program. The funded program costs for 1979 are projected at \$6,480,000, an increase of \$4,052,000 over 1978. The increased costs are for multiyear lease contract payments. Income is projected to increase from \$6,304,000 to \$12,667,000 in 1978 and to \$19,413,000 in 1979.

3. **Capital Outlay** - Provides the capital for the purchase of ADP equipment under the Opportunity Buy Program. Purchases are made by the fund when special discounts with time limitations and other arrangements become available and agencies are unable to take advantage of these cost reduction opportunities due to budget cycle limitations. The funded costs for 1979 are projected at \$10,000,000.

AUTHORIZING LANGUAGE
AUTOMATIC DATA PROCESSING FUND

Federal Property and Administrative Services Act of 1949, as amended:

SEC. 111. (a) The Administrator is authorized and directed to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies.

Automatic Data Processing Fund

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

Principal Categories:	Actual 1977	Estimate		Total	Increases for 1979 Program		Other
		1978	1979				
Managerial & Administrative Direction.....	10	10	10	-	-	-	-
Digital Computer Systems Coordination Specialist.....	19	19	19	-	-	-	-
Financial Analyst.....	6	6	6	-	-	-	-
Computer Specialist.....	160	164	164	-	-	-	-
Computer Equipment Analyst.....	8	8	8	-	-	-	-
Computer Operations.....	3	3	3	-	-	-	-
Secretarial/Clerical.....	29	29	29	-	-	-	-
Sub-total.....	235	239	239	-	-	-	-
Part-time and Temporary Average Positions.....	15	18	18	-	-	-	-
Total.....	250	257	257	-	-	-	-

Automatic Data Processing Fund
SELECTED WORKLOAD DATA

Activity and Principal Workload	1977 Actual	1978 Program in		1979 Estimate	Percentage of Increase or Decrease over 1978 Column of 1979 Budget
		1978 Budget	1979 Budget		
1. Data Processing Workload Financed by Reimbursements:					
a. Teleprocessing Services Program Gross Dollar Volume (\$M) Financed Through the ADP Fund.....	58.5	69.0	73.0	94.0	28.8
b. Federal Data Processing Centers					
(1) Interactive Timesharing Connect Minutes (RAMUS)	2,523,661	3,260,800	2,534,900	2,661,700	5.0
(2) Billable Hours					
(a) FEDSIM.....	103,312	120,000	114,300	124,800	9.2
(b) Huntsville.....	490,908	655,300	629,700	787,100	25.0
(3) Federal Software Exchange					
(a) Abstracts Collected.....	356	2,000	2,000	5,000	150.0
(b) Catalogue Subscriptions.....	518	1,000	1,000	1,500	50.0
(c) Number of programs sold.....	-	400	200	400	100.0
(d) Copies of documentation sold.....	4	900	400	800	100.0
c. Manpower Services					
(1) Billable Hours.....	256,840	260,000	220,800	215,500	-2.4
d. Data Processing Services Contracts.....	25	30	42	56	33.9
2. Lease Program Workload Financed by Reimbursements					
a. Lease Negotiated.....	75	75	75	75	-
b. Multi-year Lease Contracts Negotiated.....	2	40	40	40	-

FEDERAL PREPAREDNESS AGENCY

WITNESSES

JOSEPH A. MITCHELL, DIRECTOR
**RONALD ROYAL, ASSISTANT DIRECTOR FOR CIVIL CRISIS PRE-
PAREDNESS**
**EDWARD K. ZABROWSKI, DIRECTOR, STOCKPILE POLICY AND
OBJECTIVES DIVISION**
**THOMAS A. SIMMONS, EXECUTIVE ASSISTANT TO THE DIREC-
TOR**
CLARA McGAHA, FINANCIAL MANAGER

Mr. STEED. The committee will be in order. The committee will now take up the 1979 budget request for the Federal Preparedness Agency. The salaries and expenses for fiscal year 1978 were \$38,800,000, with a supplemental pay increase of \$1,402,000, bringing the total for 1978 to \$40,202,000.

The request for 1979 is \$213,345,000, an increase over 1978 of \$173,143,000.

We are pleased to have with us the new Director of the Federal Preparedness Agency, Mr. Joseph A. Mitchell. We will provide your biographical material for the record.

[The information referred to follows:]



October 28, 1977 #6824

News Release

Joseph Mitchell to Head GSA's Federal Preparedness Agency

Joseph A. Mitchell, 35, who has been deputy assistant to the President for Congressional Liaison, has been appointed Director of the Federal Preparedness Agency, a division of the U.S. General Services Administration. Jay Solomon, Administrator of GSA, made the appointment, which is effective Monday.

"Joe Mitchell has a strong background in high-level management and policy-making positions," said Solomon. "It is the kind of experience we are seeking and getting as we round out our management team here at GSA."

The Federal Preparedness Agency is responsible for preparing plans and programs to ensure the continued operation of the federal government in the event of a national emergency. It manages the nation's stockpile of strategic and critical materials.

For a six-year period, Mitchell was an official of the State of Georgia, including federal-state coordinator in the Office of Planning and Budget (October 1970 to August 1973), administrative assistant and then executive secretary to the governor (to January 1975), assistant director of the Criminal Justice Standards and Goals for

(MORE)

U.S. General Services Administration, Washington, DC 20405 (202) 566-1231

Georgia Project (to August 1976) and executive secretary of the Georgia State Ethics Commission (to August 1976). Prior to his state experience, he was a member of the management consulting staff of Peat, Marwick, Mitchell & Company, a national public accounting and consulting firm, with offices in Atlanta.

From September 1976 until he took up the White House post in January 1977, he played a congressional relations role, first with the Carter/Mondale campaign and then in the Presidential Transition.

Mitchell has a J.D. from Woodrow Wilson Law School, a M.S. in management from the University of North Dakota and a B.S. in economics and political science from Auburn University. Additionally, he took 40 hours of post-graduate work in public administration at the University of Georgia.

He is a member of the Georgia State Bar Association, Alpha Tau Omega Alumni Association at Auburn and the Auburn Alumni Association.

Mitchell, who was born in Columbus, Ga., and presently lives in Atlanta, served in the U.S. Air Force for four years, achieving the rank of captain as a combat crew instructor in the Strategic Air Command. He and his wife, Leslie, have two children.

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Mr. STEED. We are confronted with this situation: There will be a need, at some point during our considerations, for going into a closed session to discuss some things with you. There are certain legislative matters pending that also have to be evaluated. What we would like to do today is supply some questions for you to provide answers to. Then, at a later date, we would like to have another hearing with you so that we could complete the matter. Otherwise there would be too many things hanging in mid-air, and we would like to wrap it up when we get to it.

I hope we can do this by the end of April.

Mr. MITCHELL. We would be happy to, Mr. Chairman.

Mr. STEED. You may proceed with your statement.

STATEMENT OF THE DIRECTOR

Mr. MITCHELL. It is my pleasure to be here today on behalf of FPA's budget request for fiscal year 1979.

Since my tenure with the agency has been a short one, I have members of my staff with me to assist in answering your questions, which I may not be able to answer.

FPA's fiscal year 1979 salaries and expenses budget request is for \$213,345,000 and 920 permanent positions. This is a substantial increase in dollars over our fiscal year 1978 appropriation, which I would like to explain.

The total increase is \$174,157,000. The significant items in this increase is \$157.6 million for acquisition of commodities for the strategic and critical stockpile and \$16.5 million for associated transportation costs. Recently, President Carter reaffirmed stockpile policy guidance developed during fiscal year 1976 as part of an interagency study completed in response to the previous administration's decision to review stockpile policies and goals. Programming and analysis for the acquisitions program is being done in anticipation of the implementation of the long-term restructuring of the strategic and critical stockpile to meet national security needs and serve as the mechanism to accomplish the government's interagency annual review of strategic stockpile goals.

The remaining increase allows \$39,000 for full year funding of the October 1977 pay raise and \$18,000 for payment to the Federal Building Fund for additional SLUC.

These increases are offset by \$1,014,000 in decreases, having a net increase of \$173,143,000. The decreases stem from reductions of ten permanent positions, temporary employment and contractual services.

Our reimbursable programs are expected to be at a reduced level for fiscal year 1979 by \$1,084,000.

Another request for funds falls under the Defense Production Act. That act requires the payment of interest on the existing DPA stockpile inventories at current market value as of the first day of the fiscal year. The market value of materials estimated to be in the inventory as of October 1, 1978, the beginning of fiscal year 1979, is \$64.8 million. Treasury has estimated the interest rate to be 6.75 percent. Thus, the interest payment for fiscal year 1979 is estimated at \$4.374 million. Funds were requested in fiscal year 1976, fiscal year 1977, fiscal year 1978, and denied by the Congress.

In addition to the fiscal year 1979 budget request, as a result of the President's reaffirmation of the stockpile policy guidance, a request for additional fiscal year 1978 funds has been forwarded to you for \$70.5 million for commodities for the critical and strategic stockpile.

We will be glad to answer any questions you have concerning our budget submission.

SUMMARY STATEMENT

Mr. STEED. We would be glad to have you make a summary statement of where you are today, what the rest of this fiscal year looks like, and what the status of the authorities and reorganization hanging over you are.

Mr. MITCHELL. I would be happy to. I appreciate that, Mr. Chairman.

Mr. Miller and Mr. Patten, since this is my first occasion to appear before you, it is my pleasure to be here, and, like you say, there are a number of issues you have dealt with for a great many years that are very technical and very important. We will be happy to go into them at a later date.

Of course, the main item, as you have seen in the statement and in the budget this year, is the stockpile acquisitions. The budget is approximately the same as it was in 1978 except for this increase for acquisitions, which, as the Chairman mentioned, we can talk about in detail at a future time.

If I understood you correctly, Mr. Steed, as far as the other items in terms of what we anticipate this year, where the agency is going and what we have done so far, I might address that in a brief manner. I think we can look forward to some changes in the next few months in terms of the overall emergency preparedness and emergency operations in the Federal Government.

It is my understanding that the President will receive a reorganization recommendation around the end of this month. That recommendation will certainly take into consideration the three major agencies that have emergency preparedness roles, Defense Civil Preparedness Agency, Federal Preparedness Agency, and the Federal Disaster Assistance Administration.

Mr. Solomon and I have been working closely together with the reorganization team, and we anticipate that we will know the results of their final recommendations in a week or so.

I would think that the President would make his decisions and have recommendations to Congress probably by the middle of March. March.

So that is basically the status of reorganization. Whether the recommendation will be like the bill that has been introduced here, the Proxmire bill last year, I cannot say at this point, but I know emergency preparedness is of considerable interest to the President and of considerable interest to all of us in that we desire a coordinated effort from every standpoint, both in terms of planning for large-scale emergencies and natural disasters.

Mr. STEED. On behalf of the committee, I want to express our appreciation for your appearing today, although we could only do a partial bit of work with you, there being so many matters over

which neither you nor we have control. But we can dispense with at least some of the routine part of this procedure.

I hope that by the time we need to go back into this with you, enough time will have elapsed for you to be in a much better position to finalize all the matters we are interested in. I think you are going to have one of the most interesting and important presentations that this agency has had in some time. That is why we wanted to not hurry the matter too much. With your indulgence, we appreciate your cooperation in order that we can have this two-way approach to it.

Mr. MITCHELL. I understand.

Mr. STEED. Mr. Miller, do you have any questions or comments?

Mr. MILLER. Off the record, if I might, for a moment.

[Discussion off the record.]

CIVIL DEFENSE

Mr. MILLER. Back on the record.

Mr. Mitchell, you mentioned primarily about the acquisition for the strategic and critical stockpile, but the other area of your responsibilities in case of an emergency, somewhere in your statement you did indicate what your responsibilities were, and we will not go into the statement, itself, but could you tell us the administration's position on civil defense?

Apparently right now the responsibility is divided among GSA and Defense and HUD, and everybody seems to have an arm and a finger going, but no one has the overall responsibility.

Could you give us some idea of what the administration's thinking is as far as civil defense is concerned?

Mr. MITCHELL. Mr. Miller, I want to answer you as candidly and forthrightly as I can.

I don't think at this point, for various reasons, the President has established any change in our national policy toward civil defense because of pending studies that are going to be presented to him in the next few months. There is, in addition to the reorganization recommendations which are considering structural problems, such as how does DCPA, FDAA, and FPA, and other agencies interrelate.

A presidential review memorandum is being prepared now through the National Security Council, directly addressing the issue of the national policy in this country toward civil defense.

I believe we are at a point in time in this Administration where this issue needs a policy determination. Civil defense as an issue is important because it is being raised from a defense standpoint. All of us are aware of the recent articles and discussions about the Soviet Union and China and other nations that are moving toward a widespread civil defense effort. What we should do in this country is under review right now. This policy determination will certainly have some bearing on what type of organization should carry out those responsibilities.

It is my understanding that the presidential review memorandum that is due to President Carter will be arriving approximately the same time that the reorganization proposal will be. That review memorandum, which is a technique that the White House is using now, borrowed from the National Security Council, which

brings in the advice of all governmental agencies into a single coordinated proposal to the President may in fact, propose that there be a change.

We have had the same essential drift for a number of years, so I think these next two months perhaps will give us some indication of what we should be doing. And I look forward to that, because I think it will be helpful for DCPA, FDAA, and FPA. I hope that is adequate, Mr. Miller. I wish I could say more, but that is all I know at this point.

SOVIET THEORY

Mr. MILLER. Maybe we could get into just a few specific questions. As an example, the Soviets reject the theory that war would be so destructive that it would end civilization. At least that is the information we have. They have something like 10 million evacuation leaders; they have more than three-quarters of their new industry located out away from the population areas. They are taking those steps because they feel that war would not be the end of civilization, and are they ahead of us. Do you feel they are ahead of us on the basis of the information that you have as far as protection of their people?

Mr. MITCHELL. Well, it is difficult to say, Mr. Miller. In the last several weeks, FPA sponsored a symposium on this very issue over at the Foreign Service Institute, U.S. Department of State. At that time, I attended a session that discussed that very issue, and we had several representatives there, one from the Central Intelligence Agency and others from the State Department, who talked about, in theoretical terms and in study terms over a number of years, what the Soviet buildup meant.

I think there are probably at least two or three different schools of thought from what I have been able to determine, both from the Congress and from the State Department and possibly from the Defense Department, as to what the Soviet objective is. The question that may be before us is not essentially are the Soviets doing it for survival of attack so they will be necessarily in a better position, but are they, in fact, using this civil defense posture as a means of adding to their deterrent capability? Is this passive defense really a weapon in their offensive arsenal?

I think studies that the Central Intelligence Agency and the Defense Department have done will be a part of that memorandum that will go to the President soon.

The only briefing about the issue that I have had was the briefing that I mentioned to you, and discussions we have had within FPA since I have been there.

So I think in answer to your question, it depends on which theory that you aspire to. I think it would be second-guessing for me to determine this is what the Soviet objective is. It could be different. I think we will probably have a balanced view of that in the information that will be provided to the President soon.

CASUALTY PROTECTIONS

Mr. MILLER. I guess when we think of which theory, while we are thinking about theory, the Soviets are going ahead, and it is esti-

mated from the information that we have, too, that if we did have a nuclear war that the Soviets could so disperse their people that their losses would only be six to eight percent, where, in the U.S., we could have a loss of every other person, 50 percent; so while we are thinking about theory, we had better decide what we are doing and whether all of this is true.

I am sure that you have the means in order to find out about that, but it concerns me a great deal because we are supposed to be looking after our own constituents and people in the U.S., so if such things are true that we could lose half our population and they only lose six to eight percent, we had better take some quick steps in order to do something about this.

Mr. MITCHELL. You are correct, Mr. Miller, the issue is of great importance. I don't know about the figures you mentioned. I had not heard the six to eight percent figures compared to the Soviet civilian population. I don't think there is any reticence on the part of the administration to take action. I think it is a major policy step for the Congress, also, if this country were to consider trying to match the Soviets in terms of their civil defense buildup at this point.

Without going into it in great detail, I didn't mean to leave the impression that we were simply studying this in theory. This is not really the role of FPA. This is the role of the Congress and the President and the policymakers in the government to decide what this country will do in terms of the arms race, in terms of civil defense.

I do think that the issue that you have raised about how should we, in fact, act in terms of this potential imbalance will be addressed very shortly, both by the Congress and the President. I am confident that it will be.

Mr. MILLER. Thank you very much.

Thank you, Mr. Chairman.

Mr. STEED. Mr. Patten.

Mr. PATTEN. Well, Mr. Mitchell, I was interested in your observation about foreign policy and the present state of preparedness of our country. At the State level, we always saw that C.D. office down there and thought it was a waste of money, and they organized in every town. I still have a sand pail from World War II. Every law office got one, you know. You girls are too young to remember that, and talk about giving a guy a feather in the breeze—did you get a sand pail for your office in 1940 from civil defense, Mr. Chairman?

Mr. STEED. I lived where they will never show up. We knew they would be after you, so we didn't have to worry.

Mr. PATTEN. We can go out there, Miller, in case we fear an attack.

Mr. MILLER. Right.

BUDGETARY INCREASES

Mr. PATTEN. Before we even saw the budget, you wanted a supplemental of \$70 million, which is double the 1977 money. Can we run the country this way?

Mr. MITCHELL. Well, sir, you understand and realize that the budget of FPA is approximately the same as it was last year except for the proposed acquisition of the stockpile.

Mr. PATTEN. Except. You talk like my wife. I don't care how you say it, we have to go out in the market and raise 20 times as much money as you had in 1977.

Mr. MITCHELL. That is correct, sir.

Mr. PATTEN. That is all.

Thank you, Mr. Chairman.

Mr. STEED. On behalf of the subcommittee, let me express our appreciation to you for being here today. We look forward to finishing our business a little later in the year.

We are now in recess for lunch, and we will come back at 2:00 o'clock to wrap it up. We will insert your justifications in the record at this point.

[The information follows]:

Salaries and Expenses, FPA

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(\$ in thousands)

1978 Appropriation Enacted by Congress.....	Perm. Pos.	Man Years	Amount
Proposed supplemental for pay increases.....	-	962	\$ 38,800
Proposed supplemental for pay increases.....	-	-	1,402
Total 1978.....	906	962	40,202
Estimate, 1979.....	896	952	213,345
Changes from 1978 to 1979.....	-10	-10	173,143

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

ACTIVITIES	FY 1977			FY 1978 ^{1/}			FY 1979			Increase or Decrease (-) FY 1979			Program Changes			Other Changes		
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount		
1. Civil Crisis	63	1,958	59	2,056	59	2,060	-	4	-	-2	-	-	-	-	-	-	6	
2. Conflict Prep.	327	7,662	572	27,198	572	27,206	-	8	-	-22	-	-	-	-	-	-	30	
3. Research, Development & Pro. Coord.	119	4,098	139	4,744	129	3,925	-10	-819	-10	-822	-	-	-	-	-	-	3	
4. Stockpile Acquisition & Disposal	63	1,491	67	2,637	67	176,639	-	174,002	-	173,998	-	-	-	-	-	-	4	
5. Service Direction	69	2,055	125	3,567	125	3,515	-	-52	-	-66	-	-	-	-	-	-	14	
Total, Direct	641	17,264	962	40,202	952	213,345	-10	173,143	-	173,086	-	-	-	-	-	-	57	
Total, Reimb.	36	2,642	31	3,275	31	2,191	-	-1,084	-	-1,084	-	-	-	-	-	-	-	
Grand Total	677	19,906	993	43,477	983	215,536	-10	172,059	-	172,002	-	-	-	-	-	-	57	
Perm. Pos. Est. (Total)	646		930		920		-10		-10		-10		-10		-			
Direct Reimbursable	(622)		(906)		(896)		(-)		(-10)		(-)		(-)		(-)			
	(24)		(24)		(24)													

^{1/} Excludes \$70,500,000 proposed supplemental for procurement and transportation of strategic materials.

Salaries and Expenses, FPA

SUMMARY JUSTIFICATION OF 1979 BUDGET ESTIMATE

Direct obligational authority for FY 1979 is estimated at \$213,345,000, an increase of \$173,143,000 from the authorized level for FY 1978. The increased funding requirements are:

Increases:

Full year funding for the October 1977 pay raise	\$ 39,000
Payment to Federal Building Fund for additional SLUC	18,000
Stockpile acquisition program	157,600,000
Transportation costs associated with stockpile acquisitions	16,500,000
Total Increases	<u>\$174,157,000</u>

Decreases:

Decreases resulting from program adjustments and reprogramming actions associated with zero base budgeting analysis	
Research, Development and Program Coordination- 10 Pos and reduced contractual services	-822,000
Stockpile Acquisition and Disposal-reduced temporary employment and contractual services	-102,000
Other activities-reduced personnel compensation and further reprogramming actions	-90,000
Total Decreases	<u>-\$1,014,000</u>

Net Increases

Detail justifications are provided in the individual activities.

The reimbursable program for 1979 is estimated at \$2,191,000, a decrease of \$1,084,000 from the level for FY 1978. This net decrease includes:

Corps of Engineers Saudi Arabia project	\$ -35,000
Iranian Project	-763,000
Computer support	-277,000
Miscellaneous	-9,000
Net Decreases	<u>-\$1,084,000</u>

Details for the reimbursements are provided in Advances and Reimbursements.

\$173,143,000

Salaries and Expenses, FFA

SUMMARY OF EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1979
(\$ in thousands)

Program Changes:	Civil Crisis Preparedness Activity 1		Conflict Preparedness Activity 2		Research Dev. & Program Coord. Activity 3		Stockpile Acquisition & Disposal Activity 4		Service Direction Activity 5		Total	
	Po.	My's Amount	Po.	My's Amount	Po.	My's Amount	Po.	My's Amount	Po.	My's Amount	Po.	My's Amount
Increases:												
Stockpile Acquisitions.....	-	-	-	-	-	-	-	157,600	-	-	-	157,600
Transportation costs associated w/stockpile acquisitions.....	-	-	-	-	-	-	-	16,500	-	-	-	16,500
Decreases:												
Program adjustments and reprogramming actions resulting from ZBB analysis. Reduced contractual services and realignment of program support	-	-	-	-	-10	-10	-822	-	-	-	-10	-10 - 822
Use of in-house analysis with less emphasis on contractual support	-	-	-	-	-	-	-	-	-102	-	-	- 102
Miscellaneous reprogramming actions and use of less costly personnel	-	-2	-	-	-	-	-	-	-	-	-	- 90
Subtotal, Program Changes	-	-2	-	-	-22	-10	-10 - 822	-	173,998	-	-66	-10 - 10 173,086
Other Changes:												
Full year funding of October 1977 pay raise.....	-	4	-	-	25	-	4	-	3	-	-	39
Space rental costs under the Public Building Amendment Act of 1972 (SIUC).....	-	2	-	-	5	-	-1	-	1	-	-	18
Subtotal, Other Changes	-	6	-	-	30	-	3	-	4	-	-	57
Total Increases or Decreases 1979 compared to 1978 appropriation.....	-	4	-	-	8	-10	-10 - 819	-	174,002	-	-52	-10 - 10 173,143

Salaries and Expenses, FEA

CIVIL CRISIS PREPAREDNESS

(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
63	\$1,958	59	\$2,056	59	\$2,060	--	\$ 4	--	\$-2	--	\$ 6

BACKGROUND

The Civil Crisis Preparedness staff evaluates current and possible future threats to the U.S. economy caused by resource shortages and dependency on other nations; develops policies to accommodate or avoid these dependencies; provides guidance to Federal agencies, and local governments regarding employment of resources during periods of shortage; and develops concepts, plans, and systems for managing the nation's critical resources in a range of crisis contingencies.

Against the context of an emerging worldwide increase in demand for critical industrial resources, coupled with technical, economic, and possibly political limitations on resource availability, the above activities are oriented to the development of policies and activities that are designed to improve the posture of the U.S. economy for a series of contingencies.

JUSTIFICATION

A. Highlight - Civil Crisis Preparedness activities depend significantly on the development and application of quantitative analytical techniques, especially in the areas of econometrics, to provide long-range resource assessments and the implications of these assessments on national stockpile policy, on preparation of the economy for crises, and on systems designed to manage the nation's resources under crisis contingencies. For each of these areas, assessments are designed to support policy options with alternative levels of risks, benefits, and funding implications.

These activities are:

1. Economic Preparedness - By means of evaluations of world-wide production and resource availability, distribution features and trade interdependencies, provides supply-demand studies of natural, industrial and economic resources to identify critical requirements; recommends policy options regarding these requirements; and administers Title III of the Defense Production Act in relation to expansion of productive capacity.
2. Crisis Management - Provides planning for and coordinates Government response to immediate resource shortages that constitute an emergency situation; plans for standby resource control measures to ensure stability during emergency situations; develops plans for direct economic control measures for critical situations; administers Title I of the Defense Production Act as it relates to resource priorities and allocations; evaluates industrial preparedness programs of Federal agencies.
3. Stockpile Policy and Objectives - From National Security Council guidance, develops materials to be designated as strategic and critical; formulates policy recommendations concerning the level of stockpile objectives for strategic and critical material; determines materials to be designated as excess to national security requirements; provides guidance for disposal and management of the stockpile.

EXPLANATION OF CHANGES, FY 1978 vs 1979

Program Changes - A decrease of \$2,000 results from miscellaneous program adjustments.

Other Changes - An increase of \$4,000 is required for full year funding of the October 1977 pay raises and an increase of \$2,000 is required for standard level user charge.

Salaries and Expenses, FPA

CIVIL CRISIS PREPAREDNESS
EXPLANATION OF DISTRIBUTION BY OBJECTS

11	Personnel Compensation and Staffing - \$1,699,000 for 56 permanent positions (59 man-years) as follows:				
		FY 1977	FY 1978	FY 1979	
	Permanent Positions (All Central Office)	55	56	56	
	Man-years	63	59	59	
12	Personnel Benefits - \$168,000 - Includes \$119,000 for direct contributions to the retirement fund; \$34,000 for health benefits; \$9,000 for group life insurance; \$6,000 FICA.				
21	Travel and Transportation of Persons - \$16,000 - For travel associated with natural and economic resource programs, and the training under the Executive Manpower Resources program.				
23	Rents, Communications and Utilities - \$106,000 - Includes \$30,000 for rental of office machines, depreciation of furniture and equipment, communications costs, and \$76,000 for payment to the Federal Buildings Fund.				
24	Printing and Reproduction - \$6,000 - For printing of reports, training exercise materials, and other recurring printing requirements.				
25	Other Services - \$54,000 - Includes \$44,500 for emergency preparedness studies, \$3,000 for security investigations, and \$6,500 for training of employees.				
26	Supplies and Materials - \$11,000 For normal administrative supplies and materials.				

Salaries and Expenses, FPA

CONFLICT PREPAREDNESS
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
327	\$7,662	572	\$27,198	572	\$27,206	--	\$ 8	--	\$-22	--	\$ 70

BACKGROUND

This activity directs the preparation and implementation of policies, plans, and programs to meet approved objectives for general war and controlled conflict preparedness; provides planning and program guidance for conflict preparedness programs to Federal departments and agencies and to state and local governments, and provides overall direction for development of conflict preparedness programs at all levels of Government. The office develops and coordinates preparedness measures for nuclear contingencies; and develops general policy guidance for the preparation of plans for emergencies caused by acts of terrorism. The office also provides policy direction and coordination for the necessary communications systems essential to the continuity of government programs. This communications system was funded by the Department of Defense until FY 1978.

JUSTIFICATION

A. Highlight - The Office of Conflict Preparedness performs necessary functions for preparedness planning, for command and control, for the development of military force, including nuclear weapons, in order to cause an opponent to modify his behavior in an acceptable manner. Broad policies and plans are developed for the nonmilitary preparedness of the nation for such wars and for other violent contingencies where national sovereignty is not imperiled.

The Office also manages a consolidated emergency operating facility for the Federal Government and supports the department and agency use of it; administers the program and approved alternate headquarters facilities for the executive and judicial branches, administers appropriate systems for civilian emergency evacuation and transportation for war emergencies or accidental detonation of nuclear weapons; administers a coordinated program of systematic testing of emergency readiness readiness of existing communication systems, and monitors the readiness of existing communication systems; and administers certain classified projects managed by the Office of Conflict Preparedness.

Included in the Office of Conflict Preparedness are the following functional elements:

1. Controlled Conflict Preparedness - Performs requisite functions for nonmilitary preparedness to provide responses in the national interest for all external threat related contingencies, including: planning and preparedness for nuclear contingencies; coordinating planning and preparedness for contingencies involving nonwarlike nuclear threats and accidents; monitors and coordinates state emergency planning, ensuring compliance with Federal guidance, plans and arrangements.

2. General War Preparedness - Develops policies and plans for the nonmilitary preparedness of the Federal Government, including evaluation and assistance to Federal agencies and state and local governments in developing their emergency preparedness plans; coordinates national tests and exercises to test continuity of government and emergency government measures in event of a nuclear attack; works with the Department of Defense and the Defense Civil Preparedness Agency to assure compatibility between civil defense assumptions and program concepts used by the departments and agencies to assure that emergency concepts used by the state governments; manages National Defense Executive Reserve, coordinates participation in NATO participation with NATO in developing and coordinating mutual preparedness measures, and works with the National Health Resources Advisory Committee in planning for medical resource mobilization under emergency conditions.

3. Western Virginia Operations Office - Details for this office are shown in a separate section of the budget.

B. EXPLANATION OF CHANGES FY 1978 vs. 1979

Program Changes - A net reduction of \$22,000 results from miscellaneous program adjustments associated with the Western Virginia Operations Office.

Other Changes - An increase of \$25,000 required for full year funding of the October 1977 pay raise and \$5,000 is required for increased standard level user charges.

Salaries and Expenses, FPA

CONFLICT PREPAREDNESS
EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing. - \$10,759,000 for 546 permanent positions (572 manyears) as follows:
- | | 1977 | 1978 | 1979 |
|---|------|------|------|
| Permanent Positions (All Central Office) Manyears | 314 | 546 | 546 |
| | 327 | 572 | 572 |
- 12 Personnel Benefits. - \$1,055,000. - Includes \$753,000 for direct contributions to the retirement fund; \$188,000 for health benefits; \$54,000 for group life insurance; \$22,000 for living allowances outside the U.S.; \$32,000 for uniforms, and \$6,000 for FICA.
- 21 Travel and Transportation of Persons. - \$49,000. - Provides for travel in connection with NATO activities, National Health Resources Advisory Committee activities, the National Defense Executive Reserve program, support of the Federal Response Plan for Peacetime Nuclear Emergencies, State comprehensive emergency planning, controlled nuclear conflict, crisis relocation planning; training, the Western Virginia Operations Office, and the Interagency Communications System program.
- 22 Transportation of Things. - \$8,000. - Provides miscellaneous shipping costs.
- 23 Rents, Communications and Utilities - \$13,701,000 - Provides for purchased electricity, rental of copy equipment, rental of detection systems, costs associated with communications services and facilities, and \$94,000 for standard level user charges. Further details are given in a separate justification.
- 24 Printing and Reproduction. - \$3,000 - Provides for recurring printing requirements.
- 25 Other Services. - \$1,129,000. - Provides for staff training, executive development, security investigations and payment to other USA funds. Other details are identified in a separate section of the budget.
- 26 Supplies and Materials. - \$374,000. - Provides for administrative supplies and replacement parts for mechanical and electrical systems.
- 31 Equipment. - \$128,000. - Identified in a separate section of the budget.

Salaries and Expenses, FPA

RESEARCH, DEVELOPMENT AND PROGRAM COORDINATION

(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
119	\$4,098	139	\$4,744	129	\$3,925	-10	-\$819	-10	-\$822	--	\$ 3

BACKGROUND

The Research, Development and Program Coordination Office directs and coordinates technical and scientific work programs; provides leadership and guidance in the development of an analytical base for broad nonmilitary defense policy; develops a central research and development program designed to carry out assigned Executive Order responsibilities; provides advice and assistance to other agencies in planning for research in areas involving each agency's interest; provides overall direction, guidance, and coordination of special studies in broad resource areas; maintains close working relationship with the scientific community; directs the activities of the Mathematics and Computation Laboratory in providing computer and programming support to FPA and other Federal departments and agencies with emergency preparedness responsibilities as requested.

contractual costs. The reduction in direct hire personnel costs totals \$312,000, reductions in costs for outside contractual services total \$507,000 and miscellaneous associated reductions are \$3,000.

Other Changes - An increase of \$4,000 requested for full year funding of the October 1977 pay raises is partially offset by a reduction of \$1,000 in standard level user charges.

Further details of this activity showing distribution of funds by object classes are shown in a separate section of the budget.

EXPLANATION OF CHANGES FY 1978 vs 1979

Program Changes - Certain activities relating to the function of Research Preparedness under this activity were determined to be in a reprogrammable category under ZBR ranking criteria. As a result of reprogramming actions associated with this analysis, certain activities are to be phased out by FY 1979. This adjustment totals \$822,000, encompassing 10 personnel positions and associated

Salaries and Expenses, FPA

STOCKPILE ACQUISITION AND DISPOSAL
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
63	\$1,491	67	\$2,637	67	\$176,639	--	\$174,002	--	\$173,998	--	\$ 4

BACKGROUND

This activity provides for acquisition and disposal activities relating to the stockpile of strategic and critical materials. Responsibilities include:

-- data collection and economic analysis of all factors bearing on the acquisition and disposal of stockpile materials, i.e., supply, demand, consumption, price, etc.

-- budgeting and planning for the acquisition of stockpile materials and assessing the response of producers and commodity markets to Government entry into markets to acquire materials.

As of August 25, 1976, planning and programming for acquisitions of stockpile materials comprises a new responsibility for this activity. Acquisition responsibility and activity in recent years has been with the Federal Supply Service and limited to the domestic purchase of jewel bearings. The disposal of stockpile excesses is a continuing operation of this activity. Disposals for a number of years have been a sizeable marketing operation and significant revenue producer.

JUSTIFICATION

A. Highlight -- FY 1977 stockpile receipts and estimates for FY 1978 and 1979 from disposal sales of excess material from various stockpiles are as follows:

Stockpile Receipts (in Millions of Dollars)		Other Total	
Strategic & Critical Materials	Defense Production Act	Manyyears	Amount
1977 Existing Legislation	23.2	2.9	151.5
1978 Existing Legislation Proposed Legislation	18.0	.2	39.8
1979 Existing Legislation Proposed Legislation	18.0	.1	65.4
		.1	176.8

Salaries and Expenses, FPA

STOCKPILE ACQUISITION AND DISPOSAL

(\$ in thousands)

The benefits from disposals are many and varied:

- (1) removal of excess materials from Government inventories, thus converting government assets into cash in the United States Treasury;
- (2) recovery of the Government's investment in the material;
- (3) the reduction of dollar outflow and improvements of the overall balance of payments position of the United States;
- (4) removal of the stocks of Government inventories eliminating any depressant effect which the stocks may have on certain segments of the economy, while at the same time placing needed stocks in the hands of industry to permit continued growth in the economy; and (5) reduction in protection and maintenance costs.

This activity is responsible for the collection of technical, economic, and marketing data, and the technical and economic analysis of all factors bearing on stockpile materials. The analyses of these data, including such factors as supply, demand, consumption, prices, specifications, quality, etc., is a basis for management to formulate policy decisions in regard to acquisition and disposal programs and in day-to-day implementation of sales programs.

This activity is essential to insure that due regard be given to the protection of markets of producers, consumers, and processors, and to the protection of the United States against avoidable loss. In addition, professional engineering and economic assistance is provided, as needed, to other activities of GSA engaged in the actual acquisition of materials by purchase, exchange or upgrading and in the rotation of materials as directed, and storage of materials.

Planning for the acquisition of stockpile materials is now a requirement of this activity. Programming and analysis for acquisitions have continued in the anticipation of the implementation of the long term restructuring of the strategic stockpile to meet national security needs.

An annual materials planning program for the determination of stockpile acquisition and disposal goals was developed during FY 1976 as part of an interagency study completed in response to the previous Administration's decision to review stockpile policies and goals. This activity would program stockpile acquisitions and disposals. The annual materials plan concept and governing stockpile policy guidance, reaffirmed by President Carter, will, beginning in FY 1978, serve as the mechanism to implement the Government's interagency annual review of strategic stockpile goals.

Stockpile acquisitions are as follows:

	1977	1978	1979
Acquisitions	--	64.0	157.6
Transportation costs	--	6.5	16.5
		70.5	174.1

1/ Supplemental pending

B. EXPLANATION OF CHANGES, FY 1978 vs 1979

Program Changes - an increase of \$174,100,000 will provide \$157,600,000 for stockpile acquisitions for the national stockpile of strategic and critical materials and \$16,500,000 for associated transportation costs. This is partially offset by a reduction of \$102,000 in recurring program costs associated with reduced emphasis on temporary employment and procurement of external contractual services.

Other Changes - an increase of \$3,000 is requested for full year funding of the October 1977 civilian pay raise and \$1,000 is required for increased standard level user charges.

Salaries and Expenses, FPA

STOCKPILE ACQUISITION AND DISPOSAL
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$1,454,000 for 65 permanent positions (67.0 manyears) as follows:

	1977	1978	1979
Permanent Positions (all Central Office)	65	65	65
Man-Years	63	67	67

12 Personnel Benefits. - \$132,000 - Includes \$102,000 for direct contribution to retirement fund, \$23,000 health benefits; \$7,000 group insurance in support of the above personnel.

21 Travel and Transportation of Persons. - \$16,000 - for travel associated with gathering acquisition and disposal information.

22 Transportation of Things. - \$16,500,000 - Provides for transportation of stockpile acquisitions.

23 Rents, Communications and Utilities - \$161,000 - Includes \$12,000 for postage and fees, \$30,000 for telephone and teletype services, \$5,000 to General Supply Fund for depreciation of administrative furniture and equipment, \$20,000 for commercial equipment rental and \$94,000 for standard level user charges.

24 Printing and Reproduction - \$20,000 - for printing and reproduction of bid invitations under the disposal program.

25 Other Services. - \$47,000 - Provides for contracts for economic forecasting and marketing data, and payments to ADP Fund, commercial contractors, working capital fund, etc.

26 Supplies and Materials. - \$158,309,000 - \$9,000 for supplies and materials used in normal administrative operations to support this program and \$158,300,000 for stockpile acquisitions for the national stockpile, including \$700,000 for jewel bearings.

Salaries and Expenses, FPA

SERVICE DIRECTION
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
69	\$2,055	125	\$3,567	125	\$3,515	--	-\$52	--	-\$66	--	\$14

BACKGROUND

This activity provides the executive direction, staff, and administrative support for the Federal Preparedness Agency.

JUSTIFICATIONA. Highlight

1. Office of Director - This staff assists the Director in developing and coordinating the Federal, State, local and international emergency preparedness plans under emergency conditions.

2. Office of Executive Director - This staff provides administrative support to the Federal Preparedness Agency.

3. Regional Preparedness - The field staff provides direction and coordination of emergency preparedness programs to other Federal agencies, and State and local Governments.

B. EXPLANATION OF CHANGES FY 1978 vs 1979

Program Changes - a decrease of \$66,000 results from miscellaneous reduction in recurring costs associated with personnel compensation and security investigations.

Other Changes - an increase of \$3,000 is required for the October 1977 civilian pay raise, and an increase of \$11,000 is required for increased standard level user charges.

Salaries and Expenses, FPA

SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

11	Personnel Compensation and Staffing. - \$2,566,000 for 104 Positions (125 manyears) distributed as follows:	104	24	Printing and Reproduction. - \$25,000 - For normal printing requirements.
		1977	1978	1979
	Permanent Positions (All Central Office) Manyears	63	104	104
		69	125	125
12	Personnel Benefits. - \$254,000 - Includes \$180,000 for direct contributions to the retirement fund, \$51,000 for health benefits, \$23,000 for Group Life Insurance.	104	25	Other Services. - \$122,000 - For security investigations, for payment to other GSA funds, and for training of employees
21	Travel and Transportation of Persons. - \$67,000 - Provides \$45,000 for travel by regional preparedness staff, \$14,000 for travel by the Director and his immediate staff, \$5,000 for travel by the Office of the Executive Director, and \$3,000 for motor pool services.	104	26	Supplies and Materials. - \$50,000 - For normal administrative supplies and materials.
23	Rents, Communications and Utilities - \$431,000 - \$256,000 for communications, postage, rental of office machines and depreciation of furniture and equipment and \$175,000 for standard level user charges.	104		

GENERAL SERVICES ADMINISTRATION

FEDERAL PREPAREDNESS AGENCY

SALARIES AND EXPENSES

For expenses necessary for emergency preparedness functions, including activities authorized by 50 U.S.C. 404(b) (3), and 50 U.S.C. App. 2251-2297, and the disposal of excess materials in the national stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607), and the inventory maintained under the Defense Production Act of 1950, as amended (50 U.S.C. 2061-2166), including services as authorized by 5 U.S.C. 3109 and expenses of attendance of cooperating officials and individuals at meetings concerned with the work of emergency planning, and the provision of transportation in connection with the continuity of Government program, to the same extent and in the same manner as permitted the Secretary of a military department under 10 U.S.C. 2632, \$38,800,000

\$213,345,000, of which \$174,100,000 is for procurement, rotation, and transportation of strategic and critical materials, to remain available until September 30, 1980.

(Independent Agencies Appropriations Act, 1978)

Salaries and Expenses, FPA

SUMMARY OF EMPLOYMENT
(Number of Manyears)

Principal Categories	Actual 1977	Estimated		Decreases for 1979		
		1978	1979	Total	Program Decreases	Other
Managerial and Administrative Direction						
Computer Operators	60	66	66	-	-	-
Economist	16	16	16	-	-	-
Field Representative	22	25	24	-1	-1	-
International Relations Officer	9	9	9	-	-	-
Industrial Specialist	1	1	1	-	-	-
Program/Planning Officer	9	9	9	-	-	-
Program Specialist	26	26	26	-	-	-
Mining Engineer	10	11	11	-	-	-
Marketing Analyst	2	2	2	-	-	-
Operations Research Analyst	4	5	5	-	-	-
Computer Specialist	5	10	7	-3	-3	-
Mathematician	11	11	11	-	-	-
Statistician	25	25	24	-1	-1	-
Strategic Materials Management Specialist	4	5	5	-	-	-
Technical Writer	22	22	22	-	-	-
Stabilization Specialist	1	1	1	-	-	-
Secretarial/Clerical	1	1	1	-	-	-
Financial Analyst	85	107	105	-2	-2	-
Management Analyst	9	15	15	-	-	-
Contract Specialist	3	7	7	-	-	-
Civil Engineer	1	4	4	-	-	-
Communications Specialist/Equipment Operator	1	1	1	-	-	-
Audio Visual Specialist	3	151	151	-	-	-
Electronic Maintenance and Repair	12	12	12	-	-	-
Communications Security Specialist	-	52	52	-	-	-
Computer Systems Analyst	-	4	4	-	-	-
Computer Technician	23	26	25	-1	-1	-
Electronic Technician/Engineer	3	3	3	-	-	-
Crane Operator	-	6	5	-1	-1	-
Heavy Equipment Operator/Mechanic	2	2	2	-	-	-
Steward/Chief Cook/Baker/Food Service Worker	4	4	4	-	-	-
	29	25	25	-	-	-

Salaries and Expenses, FFA

SUMMARY OF EMPLOYMENT
(Number of Manyears)

Principal Categories	Actual 1977	Estimated		Total	Decreases for 1979	
		1978	1979		Program Decreases	Other
Assistant Transportation Officer/Dispatcher	4	4	4	-	-	-
Auto Mechanic/Foreman/Operator	21	24	24	-	-	-
Offset Pressman/Foreman	4	6	6	-	-	-
Supv. Procurement Agent/Assistant	4	7	7	-	-	-
General Supply Supv./Warehouseman	5	15	15	-	-	-
Security Officer/Supv. Specialist	5	8	8	-	-	-
Guard Supervisor/Guard	52	52	52	-	-	-
Fire Chief/Supv./Inspector/Firefighter	14	14	14	-	-	-
Supv./General Engineer/Construction and Maint. Supt.	2	2	2	-	-	-
Eng. Equip. Op. Ldr./Mechanic/Oper. Inspec./Repairman	7	7	7	-	-	-
Pest Controller Ldr./Foreman/Controller	3	3	3	-	-	-
Carpenter Ldr./Carpenter/Helper/Craftsman/Mason	6	5	5	-	-	-
Painter Ldr. Foreman/Leader/Painter	6	6	6	-	-	-
Sheet Metal Mechanic Foreman/Ldr./Welder	5	5	5	-	-	-
Janitor Foreman/Ldr./Janitor	13	13	13	-	-	-
Biological Lab Technician (General) Chemist	2	2	2	-	-	-
Power Gen. Equip. Mech. Foreman/Ldr./Mechanic	3	3	3	-	-	-
Oper. Engr. Gen. Utility Foreman	4	4	4	-	-	-
Heating and Boiler Plant Equip. Mech./Foreman/Mechanic	4	3	3	-	-	-
Electrician Foreman/Leader	10	10	10	-	-	-
Electrician Power Cont. Ldr./Cont. Mechanic/Electricians	3	3	3	-	-	-
Air Conditioning Equip. Mechanic/Ldr./Mechanic	12	12	12	-	-	-
Plumber/Foreman/Leader	7	7	7	-	-	-
Personnel Analysts	7	8	8	-	-	-
Subtotal	594	887	878	-9	-	-
Part-time and Temporary Average Positions	47	75	74	-1	-	-
Total Direct	641	962	952	-10	-	-
Total Reimbursable	36	31	31	-	-	-
Grand Total	677	993	983	-10	-	-

Advance and Reimbursements
Federal Preparedness Agency

GENERAL SERVICES ADMINISTRATION
FEDERAL PREPAREDNESS AGENCY
REIMBURSABLE PROGRAMS
SUMMARY OF CHANGES
(\$ in thousands)

The following reflects the decreases in the reimbursable programs:

	<u>FY 1978</u>	<u>FY 1979</u>	Change in FY 1979 from FY 1978
Cafeteria	200	200	-
Iranian Project	763	-	-763
Corps of Engineers Saudi Arabia Project	1,610	1,575	- 35
Support to Other Federal Agencies at Special Facility	92	83	- 9
Computer Support to Other Federal Agencies	600	323	-277
Miscellaneous - NATO Expenses, etc.	<u>10</u>	<u>10</u>	-
	3,275	2,191	-1,084

Advances and Reimbursements
Federal Preparedness Agency

REIMBURSEBLE PROGRAMS
EXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1977</u>	<u>1978</u>	<u>1979</u>	
11 Personnel Compensation and Staffing - \$728,000 for 24 Permanent positions (31 manyears) as follows: \$325,000 for the Corps of Engineers, Saudi Arabian project, and \$203,000 for support to other Federal agencies.				25
				26
				31
12 Personnel Benefits - <u>\$71,000</u>				
21 Travel and Transportation of Persons - \$7,000. Miscellaneous travel in support of reimbursable program.	24 36	24 31	24 31	
23 Rents, Communications and Utilities - \$358,000 - Costs associated with Corps of Engineers, Saudi Arabian Project and Computer Support.				

Other Services - \$409,000 for procurement through commercial contractors, security investigations, and payment to GSA funds in connection with the Corps of Engineers and computer support programs.

Supplies and Materials - \$613,000 - \$613,000 for cafeteria food and supplies, computer supplies, and supplies furnished the Corps of Engineers project.

Equipment- \$5,000

Advances and Reimbursements
Federal Preparedness Agency

REIMBURSABLE PROGRAMS
EXPLANATION OF DISTRIBUTION BY OBJECTS

11	Personnel Compensation and Staffing - \$728,000 for 24 permanent positions (31 manyears) as follows: \$525,000 for the Corps of Engineers, Saudi Arabian project, and \$203,000 for support to other Federal agencies.	1977	1978	1979	24	25	Other Services - \$409,000 for procurement through commercial contractors, security investigations, and payment to GSA funds in connection with the Corps of Engineers and computer support programs.
					24		
					36		
					31		
12	Personnel Benefits - \$71,000					26	Supplies and Materials - \$ 613,000 - \$ 613,000 for cafeteria food and supplies, computer supplies, and supplies furnished the Corps of Engineers project.
21	Travel and Transportation of Persons - \$7,000. Miscellaneous travel in support of reimbursable program.					31	Equipment - \$5,000
23	Rents, Communications and Utilities - \$358,000 - Costs associated with Corps of Engineers, Saudi Arabian Project and Computer Support.						

Advances and Reimbursements,
Federal Preparedness Agency

SUMMARY OF EMPLOYMENT
(Number of Man-Years)

	<u>Actual</u> <u>1977</u>	<u>Estimated</u> <u>1978</u>	<u>Estimated</u> <u>1979</u>	<u>Changes for 1979</u> <u>Total</u>
<u>Principal Categories</u>				
Professional.....	8	8	8	-
Clerical.....	3	3	3	-
Ungraded.....	13	13	13	-
Subtotal.....	24	24	24	-
Part-time and Temporary.....	12	7	7	-
Total.....	36	31	31	-

DEFENSE PRODUCTION ACT
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(\$ in thousands)

	Amount
1978 Appropriation Enacted by Congress.....	\$ 1,300
Estimate, 1979.....	4,374
Changes from 1978 to 1979.....	+ 3,074

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

ACTIVITIES	FY 1977		FY 1978		FY 1979		Total Increase or Decrease (-) FY 1979		Other Changes	
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
Interest Expense	-	-	-	-	-	-	-	-	-	-
DPA Stockpile Inventory.....	-	-	-	-	-	\$4,374	-	\$4,374	-	-
Subtotal.....	-	-	-	-	-	\$4,374	-	\$4,374	-	-
Expansion of Pro- ductive Capacity and Supply	-	-	-	\$ 600	-	-	-	\$ -600	-	-
Chromium recycling	-	-	-	\$ 700	-	-	-	\$ -700	-	-
Chromium substi- tutes.....	-	-	-	\$1300	-	\$4,374	-	-\$1,300	-	-
Subtotal.....	-	-	-	\$1300	-	\$4,374	-	\$3,074	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATE

Obligational authority for FY 1979 is requested for \$4,374,000. The funding requirements are:

Interest Expense:	
On DPA stockpile inventory.....	\$ 4,374,000

Defense Production Act.

INTEREST ON DEFENSE PRODUCTION ACT INVENTORY
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
-	-	-	-	-	\$4,374	-	\$4,374	-	\$4,374	-	-

BACKGROUND

Section 711(b) of the Defense Production Act (50 U.S.C. App. 2161 (b)) requires the payment of interest on the existing Defense Production Act inventories and also on the value of any new materials acquired under the Act.

The appropriation requested provides for payment of interest on the current market value of the inventory of materials procured under section 303 of the Defense Production Act as of the first day of the fiscal year beginning October 1, 1978, pursuant to section 303 of the Defense Production Act. Amounts appropriated under this section for interest will be deposited as miscellaneous receipts into the Treasury. Funds were requested for this purpose in FY 1976, FY 1977 and FY 1978 but the requests were denied by the Congress.

EXPLANATION OF CHANGES, FY 1978, vs FY 1979

The market price of materials estimated to be in the inventory as of Oct. 1, 1978, is \$64.8 million. The interest required to be paid to Treasury on the inventory is calculated by Treasury at the rate of 6.75%. Thus, the interest payment for 1979 is estimated at \$4,374 million.

Defense Production Act, FPA

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY, DEFENSE PRODUCTION ACT
(in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount	Manyyears	Amount
-	-	-	\$1,300	-	-	-	-\$1,300	-	-\$1,300	-	-

BACKGROUND

Title III of the Defense Production Act authorizes the President to make provisions to expand productive capacity and supply of materials when in the interest of national defense. Administrative authority was delegated by Executive Order 10480 to the Administrator of the General Services Administration who in turn redelegated the authority to the Director of the Federal Preparedness Agency.

JUSTIFICATION

The U. S. is 100% dependent on imports of chromium, which is critical in our peacetime economy as well as the national defense in wartime. Our primary suppliers of chromium ore as well as chromium alloys are the Republic of South Africa, U.S.S.R., Southern Rhodesia, and Turkey. There is a history of supply interruptions of chromium during various conflicts including World War II, Korean War, Turkish conflict, and most recently, the closing of the border between Rhodesia and Mozambique. Future possible interruptions and delays of delivery from South Africa and Southern Rhodesia, especially, would have a serious impact on the U.S. economy, international relations, and national defense.

This project was initiated in FY 1978 as the first year of an envisioned five-year effort. Requirements have been postponed for FY 1979 allowing for an evaluation of this first year activity. The \$1,300,000 for chromium will be allocated to the Department of Interior which will carry out the projects under the policy direction of the Federal Preparedness Agency.

GENERAL SERVICES ADMINISTRATION

EXPENSES, DEFENSE PRODUCTION ACT

For payment of expenses for carrying out the provisions and purposes of Title III of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2091-2094), \$1,300,000 ✓

\$4,374,000

(Independent Agencies Appropriations Act, 1978)

WILLIAM LANGER JEWEL BEARING PLANT REVOLVING FUND
(in thousands of dollars)

	1977	1978	1979
Income/Cost Comparison (Total)			
Income	1,641	1,800	1,800
Expense	<u>1,621 1/</u>	<u>1,800 1/</u>	<u>1,800 1/</u>
Profit or Loss	20	-	-
Net Outlays	-172	-70	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

	COSTS		INCREASES OR DECREASE (-) FOR 1979			
	1977 Amount	1978 Amount	1979 Amount	Total Change Amount	Program Change Amount	Other Change Amount
1. Jewel Bearing Production	1,621	1,800	1,800	-	-	-
(No employment - Contractor Operated Plant)						

1/ Includes depreciation

William Langer Jewel Bearing Plant Revolving FundSUMMARY JUSTIFICATION OF FY 1979 ESTIMATE

The Government-owned William Langer Jewel Bearing Plant at Rolla, North Dakota is the only facility of its kind in the United States which has the capability to produce all types of jewel bearings in quantity. The Plant was established by the Department of Defense in 1953 and turned over to GSA in 1957. On January 1, 1970, financing of the operation was placed under a revolving fund, which was authorized by Public Law 90-469, approved August 8, 1968.

The Plant produces jewel bearings for sale at fixed prices to Government agencies, and their contractors and subcontractors for national defense purposes, and to GSA for the national stockpile. Mandatory source provisions are contained in the Federal Procurement Regulations and Armed Services Procurement Regulations in support of this operation. These provisions require Government agencies and their contractors to procure and use jewel bearings manufactured at the Langer Jewel Bearing Plant under certain specified conditions.

Any additional funds which may be required for operation of the Plant are authorized to be appropriated to the fund. However, the requirement for appropriated capital is not anticipated for 1979.

AUTHORIZING LANGUAGE
PUBLIC LAW 90-469

Public Law 90-469, approved August 8, 1968, authorized the Administrator of General Services "to provide for the operation, by contract or otherwise of the William Langer Jewel Bearing Plant, located at Rolla, North Dakota, to produce jewel bearings, and related items for Government use or for sale, at prices determined by the Administrator to be sufficient to cover the estimated or actual costs of production, including depreciation.."

[Whereupon, at 12:07 p.m., the subcommittee recessed until 2:00 p.m. o'clock this same day, Thursday, February 16, 1978.]

AGENCYWIDE MATTERS

WITNESSES

JAY SOLOMON, ADMINISTRATOR
ROBERT T. GRIFFIN, DEPUTY ADMINISTRATOR
WALTER V. KALLAUR, ASSISTANT ADMINISTRATOR
JANICE K. MENDENHALL, DIRECTOR OF ADMINISTRATION
ALLIE B. LATIMER, GENERAL COUNSEL
RAYMOND A. FONTAINE, DIRECTOR OF BUDGET AND MANAGEMENT SYSTEMS

AFTERNOON SESSION

Mr. STEED. The committee will be in order.

The committee is in session this afternoon to continue the 1979 budget request for the General Services Administration. We will take up now the item for the Administrative and Staff Support Services, Salaries and Expenses, for 1978, \$79,425,000; supplemental pay increase, \$4,257,000, making the 1978 total \$83,682,000.

The 1979 budget request is \$91,390,000, an increase over 1978 of \$7,708,000.

We are pleased to have the administrator, Mr. Solomon, and his deputy and associates here.

Mr. Administrator, if you would like to identify the individuals involved in this part of your operation for the record, we would be glad to have any general remarks you care to make at this time.

We would like to have some discussion of the reasons for the requested increase.

Mr. SOLOMON. Thank you, Mr. Chairman.

I would like to identify Bob Griffin, Deputy Administrator; Walter Kallaur, Assistant Administrator; Janice Mendenhall, the Director of Administration; and Ray Fontaine, who handles the budget.

I would like them to make the presentation, because it is their department. I have been over it with them, and know a great deal about it.

It might be of interest to you to learn that Janice Mendenhall is an appointment of mine. She came to GSA about three months after I was appointed administrator. Although she is quite young in age, she is very mature in experience and knowledge of government and is doing an excellent job with the Office of Administration.

I would like you to get acquainted with her, and this presentation will afford you the opportunity.

PROGRAM HIGHLIGHTS

Mr. STEED. I am delighted to have her here. We would be pleased to have you enlighten us on your needs.

Ms. MENDENHALL. Thank you, Mr. Administrator, for that gallant introduction. I would like to introduce to you Robert Jones, my executive officer who is here with me today.

I have submitted the statement for the record. I would like to briefly cover the program highlights for fiscal year 1979.

[The statement referred to follows:]

STATEMENT OF THE
DIRECTOR OF ADMINISTRATION
GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY -
POSTAL SERVICE - GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee to discuss the Fiscal Year 1979 appropriation request for Administrative and Staff Support Services. We are requesting a total of \$91,390,000, an increase of \$7,708,000 from the Fiscal Year 1978 authorized amount. The budget reflects 3,082 average positions, a net increase of 52 from 1978.

The increase includes \$5,242,000 and 21 positions to continue the development and implementation of a single accounting system for all of our appropriation and fund accounts, as well as those for the commissions and small agencies that we service. A phased conversion of our present accounting systems and subsystems to this single system has begun and is planned to be completed over the next several years. This single new National Electronic Accounting and Reporting System has been approved by the Comptroller General as conforming to the accounting principles and standards prescribed by the General Accounting Office.

We are asking for an additional \$965,000 and 39 positions for the continued design of the new Manpower and Payroll Statistics System, and for the transfer of payroll and personnel processing from the five accounting centers to a centralized operation. Since the payroll operations require frequent changes due to new pay and leave regulations, a centralized operation will eliminate any variations in their implementation. Thirty-five of the 39 additional positions requested are for the conversion to the centralized payroll operation and, therefore, will not be required after Fiscal Year 1979.

Our present Manpower and Payroll Statistics System was installed in 1970. Since that time, there have been new legislation and Civil Service Commission regulations pertaining to pay and leave administration which must be handled manually, since the present automated system has reached its equipment capacity. Some examples of manual processing are the provisions of the Fair Labor Standards Act, restored annual leave, traumatic injuries, individual retirement history records, and notifications of personnel actions (SF 50).

An additional \$1,361,000 is required for operational costs to provide data systems support to the new Federal supply system (FSS-19), and \$274,000 to maintain the old equipment. The remaining increases are \$148,000 for full-year cost of the pay increase and \$18,000 for the standard level user charge.

When I became Director of Administration last summer, certain improved management practices were applied to the Personnel function which permits us to operate with 10 less positions and \$300,000 fewer dollars in this area in Fiscal Year 1979. We also now have a revised and more positive Affirmative Action Plan established for minority and female employment. The remaining operations in this appropriation account do not require funding increases in 1979.

Mr. Chairman, thank you for this opportunity to outline our program requirements for Fiscal Year 1979, and I will be glad to respond to the questions of this Committee.

ACCOUNTING SYSTEMS

Ms. MENDENHALL. The National Electronic Accounting and Reporting System is an updated financial accounting system that will replace our daily accounting cycle. The daily accounting cycle gives financial status reports only once a month and this is just not adequate to meet our current needs.

As I am sure you are very well aware, GSA has a very complex financial structure. We have 226 different financial entities that we are responsible for, all different kinds of things—revolving funds, annual appropriations, no year appropriations, trust funds, transfer funds, deposit funds, receipt accounts, and appropriations for several small commissions and agencies which we handle on a reimbursable basis.

The Federal Buildings Fund was the first part of our financial structure to be converted to the NEAR system. We just completed conversion of OE, FSS. During the rest of this fiscal year we will convert all of the appropriations from GSA and the ADP Fund to NEAR.

PAYROLL OPERATIONS

Next is the MAPS program, Manpower Accounting and Payroll System, which is basically a three-phase operation. MAPS is about eight years old in design, and there have been many things added to the payroll and personnel requirements since then.

For instance, Fair Labor Standard Act reports and certain retirement records now must be done manually, and we want to update the system to automate it.

The first phase is to consolidate our accounting for the MAPS program into one computer, which would be located in our Region 3, here in Washington. That will be done this fiscal year.

In fiscal year 1979 we will be centralizing payroll operations from our accounting centers into our payroll center in Kansas City. We will need to run parallel systems for fiscal year 1979 only.

People are touchy about getting their paychecks on time. We want to assure there is no foul-up in the payroll or accounting system. So, we will need 39 additional people for fiscal year 1979 to do this.

But, we will reduce down by 35 positions the next year. This is just a bulge to run parallel systems for that year.

The third phase of MAPS is in fiscal year 1980, when we will redesign the system to automate some of these reports I talked about, and also to have for the first time some automated budget reports.

The next item relates to continued financing of the FSS-19 project, which you heard about last year, and some money to maintain our old computer equipment.

Finally, through increased productivity we are able to reduce \$300,000 and ten positions in the Office of Personnel.

I will be pleased to answer any questions the committee has at this time.

SUPPORT TO COMMISSIONS AND SMALL AGENCIES

Mr. STEED. In addition to your own payroll, you perform services for a number of other government agencies and activities. What is the extent of your support and payroll work that you do for others?

Ms. MENDENHALL. I believe there are about 40 small commissions and agencies which we service. For some we do accounting on a reimbursable basis. For some we do payroll on a reimbursable basis. For some we do a complete service, which includes personnel.

Some examples are the Committee for Purchase from the Blind and Other Severely Handicapped, the Marine Mammal Commission, and the Board for International Broadcasting. Those are a few of the ones we handle.

Mr. STEED. Do you do any payroll work for agencies that just hire you because you have the equipment to do it?

Ms. MENDENHALL. Yes. For the small independent commissions that are set up, it is just not economical to the Government to have them staff up with a large administrative staff to meet the requirements of all of the personnel regulations, the travel regulations, and so forth.

Mr. STEED. Are they able to send this to you on tape or in some other way so you can perform the mechanical production?

Ms. MENDENHALL. Most of them are fairly small, perhaps 20 to 40 employees, and it is probably done manually. Also, it is frequently written into the legislation setting up these commissions that they get reimbursable services from GSA.

Some of the larger ones are the Commission on Civil Rights and the Equal Employment Opportunity Commission.

Mr. STEED. I assume a lot of these are situated in the Washington area.

Ms. MENDENHALL. Yes.

Mr. STEED. Do you have any problems distributing the finished material to the field, so that you guard against delays in delivery of the checks, like a snowstorm or some other breakdown?

Ms. MENDENHALL. There are none I am aware of. One of the very key points in redesigning the MAPS system is that we will be distributing the paychecks in all ten regions, through the local treasury disbursing office.

Right now they are prepared here in Washington and mailed out. This will greatly decrease our reliance on the mails and increase the probability of people getting their paychecks on time.

NEAR CONCEPT

Mr. STEED. Could you give us an explanation of the NEAR system?

Ms. MENDENHALL. Yes. As I explained, we are currently on the daily accounting cycle. This is an accounting process that is about 20 years old. It was updated approximately 10 years ago in terms of systems design.

Because of the complexity, it is not adequate to meet today's financial needs. NEAR was developed in concept in 1971. The first section of GSA put on to the NEAR accounting system was the Federal Buildings Fund. That was a monumental project which was completed around 1974.

The General Accounting Office has looked at our NEAR program and has blessed it, so to speak, in that it meets the necessary financial requirements.

NEAR will provide daily accounting status and, in terms of the heavy volume of transactions that we have, this, I think, is the major benefit of NEAR, that is, getting daily reports under NEAR instead of monthly reports under the old system.

PRESIDENTS REORGANIZATION PROJECT

Mr. STEED. The reorganization referred to, is that internal in the sense of rearranging your own procedures and activities?

Ms. MENDENHALL. Under NEAR?

Mr. STEED. The general reorganization.

Mr. GRIFFIN. It is both, Mr. Chairman. The reorganization the Administrator described the other day deals with the evaluation and necessary reorganization of how administrative services are delivered, to look into duplication with other agencies and so forth.

It certainly impacts on internal GSA operations. But as the Administrator explained the other day, it also should attempt to eliminate many of the duplicative services now being carried on throughout government, which is one of our main concerns.

Mr. STEED. Over the years additional functions have been assigned to GSA. Do you know of any serious consideration now going on in the reorganization task forces that would, if approved, place additional responsibilities and workload on you?

Mr. SOLOMON. There is one concerning disaster agencies. We don't know exactly where that is going to land. It could land in GSA; become an independent agency; land in HUD; or Defense, or even go in the White House. If it came to GSA, it would greatly enlarge our size and responsibility.

Mr. STEED. There was some talk earlier, before we got the legislation to bring all the White House activities into some modern legal form that some of their functions might be assigned to you. I guess that has been reversed now that they have this new legislation.

Mr. SOLOMON. It may be. We have also been negotiating to take on two other activities. One concerns the declassification of classified documents. The other is on oversight of all the mechanical or movie making or communications facilities that the government has.

We have not decided to do that yet, but we are in negotiation on those functions.

INDIAN TRUST ACCOUNTING

Mr. STEED. One thing that I probably had a part in foisting on you was this business of the research on Indian lawsuits, the historical work there. That comes under your jurisdiction, too, doesn't it?

Ms. MENDENHALL. Yes, sir.

Mr. STEED. Can you give us a few words about that?

Ms. MENDENHALL. Yes. We have a program decrease of \$297,000 this year because we are consolidating our operations based on an internal audit report.

As you know, we had the primary function in the Falls Church office. We had a satellite branch in Kansas City which is closer to the original records in the records centers—the Kansas City, Denver, Fort Worth federal record centers.

We have progressed on the original research that needs to be done to the point where most of the data we now need is in our Washington office. So, we will be consolidating the two offices with a slight decrease in personnel costs.

Mr. STEED. I may be creating some additional work for you down the road. I was fortunate this last week in getting a bill out of the committee, and it has been granted a rule. It is now on the schedule for consideration next week.

If it becomes law, it will permit the Washitas to sue the Federal Government. If you have as much trouble getting something for them as I have had in getting them this far, you will need your whole team, I think, in the event they obtain a judgment from the government.

They were once a very large tribe. Then they almost disappeared. No one looked after the affairs of the tribe. A lot of the records are lost. It has been a very difficult thing to get them back in one package.

After the thing began to have a little hope of success, I got to thinking about what the researchers would ever do if it got that far. I hope they don't come to me for any help.

OVERHEAD STUDIES

Mr. SOLOMON. Mr. Chairman, this might be of interest to you. Through the Office of administration, we have begun to look at the complete overhead and the complete operation of GSA, as to what it costs us to do the various functions in GSA—whether we have enough employees in overhead, enough in operations, what it costs to run the telephones and the desks and all the various functions that you would do in a normal business.

The Office of Administration is giving us this complete study. We have even gone so far as to study the way we handle our mail, whether we could consolidate our mail.

So, this office has become a help to the operation of GSA. It is helping us look at some of our problems, ones which we have not looked at it for a long time.

The mail reorganization is entirely internal. It has nothing to do with the cost of external mail delivery. It is more our own internal operation, and how we flow mail through our agency.

We found it sometimes takes us a long time to get a letter just from the mail room to the recipient in the agency. This is what we are really looking at, rather than postage costs. It has nothing to do with the postal department.

ADP SUPPORT

Mr. STEED. Do you have any of your manpower under this heading involved in the ADP operation or the automated data telecommunications and, if so, to what extent?

Ms. MENDENHALL. ADTS has governmentwide ADP responsibility. The Office of Data Systems in OAD provides internal support for the different parts of GSA. For instance, FSS-19 is a project supporting the Federal Supply Service, their inventory keeping, and records of how they procure supplies.

We provide support to the Federal Buildings Fund, to the National Archives, particularly the St. Louis records center, and a little to ADTS.

SUPPORT TO CONGRESSIONAL DISTRICT OFFICES

Mr. STEED. Mr. Administrator, finally, I would like to pay a little compliment to your staff down in Oklahoma. I moved my field office into a new location in the City of Norman, and have three rooms now. Your folks came out and helped equip it.

It is a very nice arrangement. I hope I will get you down there one of these days. Then I can receive you with some prestige and dignity, because your folks down there are so good.

Mr. SOLOMON. Thank you, sir. You promised to invite me down there. I am waiting for an invitation.

Mr. STEED. That is a standing invitation. All we have to do is work out the time.

Incidentally, we can time it just right. We can have one of three choices. At one time of year we can have wild turkey. At another time we can have barbecued buffalo. And almost any time of the year we can have quail.

Mr. SOLOMON. I think I would like to come down when I can have some watermelon with quail.

Mr. STEED. That will be around the Fourth of July.

Mr. Miller?

PAYROLL OPERATIONS

Mr. MILLER. Thank you, Mr. Chairman.

I heard a little while ago about——

Mr. STEED. Janice, if he brings you along, you will be more than welcome.

Ms. MENDENHALL. I would like to come. It is close to my home town.

Mr. MILLER [continuing]. People not wanting to receive their payroll checks late. The Treasury Department comes before our subcommittee. They in turn tell us how many checks they write for the various agencies. But apparently you are not only doing the accounting through your programs, but you are writing checks, too, is that correct?

Ms. MENDENHALL. No. We supply a tape to the Treasury Department, and then they prepare and mail the payroll checks. We are changing from using one centralized operation in Washington to using the ten Treasury disbursing offices closest to our regional offices.

Mr. MILLER. So that keeps the Postal Service in the ballgame.

Mr. SOLOMON. Yes, sir.

Mr. MILLER. You mention in your statement our present manpower payroll statistics system was installed in 1970. That is on page 2, about the middle of the page. Since that time there have been new legislation and Civil Service Commission regulations pertaining to administration which must be handled manually.

Can you give us a little clarification there why some must be handled manually?

Ms. MENDENHALL. I think the largest workload relates to the Fair Labor Standards Act, and the reports that are required for overtime.

The Fair Labor Standards Act was passed in 1974. Official retirement records, pay requirements for job related injuries, and restoration of annual leave and tax remittances are some of the reports that must now be done manually.

It is not possible to add these to our current system because it is saturated.

SYSTEMS EXPANSION

Mr. MILLER. Yes, you did make that clear. Do you have plans then for expansion?

Ms. MENDENHALL. Yes. We have developed a long-range plan to replace our current computers. They are ten to 12 years old and are approaching the end of their useful life.

Mr. MILLER. Since the equipment has reached capacity, you say it is still necessary to handle manually some of the transactions.

Are you saying there is a possibility for coming in for a supplemental in order to make the change or to make a first step in converting to a new and larger computer system?

Ms. MENDENHALL. No, we anticipate no supplementals in this regard.

Mr. MILLER. Very good. Thank you.

Mr. STEED. Mr. Roybal?

EQUAL OPPORTUNITY FOR HISPANICS

Mr. ROYBAL. In last year's hearing, six specific suggestions were made by the Spanish-speaking program coordinator to insure equal opportunity for Hispanics. Can you detail the efforts you have made to implement these suggestions?

Ms. MENDENHALL. Yes sir, we can. There have been significant communiques sent to all heads of services and staff offices concerning the recruitment and hiring of all minorities; in addition, a Civil Rights Policy Statement will be shortly distributed to all employees and a specific statement on recruiting, hiring, and promoting of Hispanics will also be distributed. We also evaluate and monitor our heads of services and staff offices, as well as Regional Administrators, through the personnel management evaluation process to insure that they review current policies in an effort to eliminate any policy which may result in actions that may impede the recruiting, hiring, promoting, and training of Hispanics. We've taken even further steps by recommending that the Spanish-Speaking Program Coordinators (SSPC) conduct workshops and make presen-

tations which would sensitize management and increase their awareness of the need to hire and promote Hispanics. I believe it is well worth our noting that the majority of Spanish-Speaking Coordinators have been crosstrained in personnel management procedures.

Our continuing efforts were displayed during the Hispanic Heritage Week which was observed and opened by the Administrator in Central Office. Our ten Regional Administrators also observed Hispanic Heritage Week with regional employees.

AFFIRMATIVE ACTION EFFORTS

Mr. ROYBAL. Last year you submitted a number of charts detailing your affirmative action efforts. Could you please update that information to December 31, 1977?

Ms. MENDENHALL. We will be happy to do so.
[The information follows:]

GENERAL SERVICES ADMINISTRATION
FULL-TIME EMPLOYMENT BY MINORITY GROUP (AS OF DEC 31, 1977)

Region	Black	Hispanic	American Indian	Asian	Other	Total
C0 -----	1,763	83	9	31	5,110	6,996
1 -----	77	11	2	3	1,055	1,148
2 -----	691	171	4	12	1,640	2,518
3 -----	6,086	36	10	30	3,709	9,871
4 -----	615	8	---	1	1,335	1,959
5 -----	958	32	9	12	1,615	2,626
6 -----	557	32	13	3	1,442	2,047
7 -----	453	304	17	3	1,628	2,405
8 -----	107	173	11	9	1,098	1,398
9 -----	675	303	19	312	1,461	2,770
10 -----	67	17	28	32	1,195	1,339
Nationwide	12,049	1,170	122	448	21,288	35,077

DISTRIBUTION OF FULL-TIME MINORITY EMPLOYMENT (AS OF DEC 31, 1977)

Region	Total Employees	Number Minority	Percent Minority
CO -----	6,996	1,886	26.96
1 -----	1,148	93	8.10
2 -----	2,518	878	34.87
3 -----	9,871	6,162	62.43
4 -----	1,959	624	31.85
5 -----	2,626	1,011	38.50
6 -----	2,047	605	29.56
7 -----	2,405	777	32.31
8 -----	1,398	300	21.46
9 -----	2,770	1,309	47.26
10 -----	1,339	144	10.75
Nationwide -----	35,077	13,789	39.31

WOMEN IN GSA WORK FORCE (AS OF DEC 31, 1977)

Region	Total Employment	Number Women	Percent Women
C0 -----	6,996	3,094	44.23
1 -----	1,148	270	23.52
2 -----	2,518	641	25.46
3 -----	9,871	3,198	32.40
4 -----	1,959	563	28.74
5 -----	2,626	799	30.43
6 -----	2,047	670	32.73
7 -----	2,405	759	31.56
8 -----	1,398	383	27.40
9 -----	2,770	834	30.11
10 -----	1,339	445	33.23
Nationwide -----	35,077	11,656	33.23

GSA TOTAL AGENCY EMPLOYMENT BY MINORITY DESIGNATION

	<u>12-31-73</u>	<u>12-31-74</u>	<u>12-31-75</u>	<u>12-31-76</u>	<u>12-31-77</u>
Black	13,008 36.1%	13,327 36.1%	12,976 35.1%	12,220 34.7%	12,049 34.4%
Hispanic	1,103 3.1%	1,169 3.2%	1,178 3.2%	1,147 3.3%	1,170 3.3%
Am. Indian	107 .3%	127 .3%	122 .3%	109 .3%	122 .4%
Asian	447 1.2%	439 1.2%	446 1.2%	430 1.2%	448 1.3%
White	<u>21,335</u> 59.3%	<u>21,852</u> 59.2%	<u>22,238</u> 60.2%	<u>21,324</u> 60.5%	<u>21,288</u> 60.7%
Total	36,000 100%	36,914 100%	36,960 100%	35,230 100%	35,077 100%

PERCENT OF GSA'S WORK FORCE BY PAY PLAN

	<u>Black</u>	<u>Hispanic</u>	<u>Asian</u>	<u>White</u>
General Schedule	26	2	2	70
Wage Grade	49	5	1	45
Wage Leader	36	5	2	57
Wage Supervisor	40	3	1	55

COMPARATIVE WORK FORCE ANALYSIS
GENERAL SCHEDULE (GS)

From December 31, 1976 to December 31, 1977 the employment in the General Schedule increased by 131 employees or .6%. During that period, black representation increased by 92 or .4%. SSA's decreased by one employee with no percentage change in the work force.

The total average grade for all employees rose only .1, and the average grade for blacks and SSA's rose .1 and .3 respectively.

COMPARATIVE WORK FORCE ANALYSIS

General Services Administration Nationwide

GENERAL SCHEDULE (GS)

<u>POPULATION</u>	<u>12-31-73</u>	<u>12-31-74</u>	<u>Change</u>	<u>12-31-75</u>	<u>Change</u>	<u>12-31-76</u>	<u>Change</u>	<u>12-31-77</u>	<u>Change</u>
	Total	20,481	21,207	+726	21,788	+581	21,192	-596	21,323
Black	5,283	5,443	+160	5,617	+174	5,444	-173	5,536	+ 92
Spanish-Surnamed	510	520	+ 10	543	+ 23	545	+ 2	544	- 1
<u>% OF GS WORK FORCE</u>									
Black	25.8	25.7	-.1	25.8	+ .1	25.7	-.1	26	+ .3
Spanish-Surnamed	2.5	2.5	0	2.5	0	2.6	+ .1	2.6	0
<u>AVERAGE GRADE</u>									
Total	7.3	7.4	+ .1	7.6	+ .2	7.7	+ .1	7.8	+ .1
Black	5.5	5.7	+ .2	5.9	+ .2	6.1	+ .2	6.2	+ .1
Spanish-Surnamed	5.9	6.1	+ .2	6.2	+ .1	6.5	+ .3	6.8	+ .3

COMPARATIVE WORK FORCE ANALYSIS
WAGE GRADE (WG)

Between December 31, 1976 and December 31, 1977, employment in the WG Schedule dropped by 195 employees or 1.7%.

During that period, blacks suffered the greatest decrease in employment, 212 employees or 3.6%. SSA's increased by 32 employees.

Although there was a 2.2 black employee decrease, the average grade was up from 3.7 to 3.8. SSA's grade level did not change.

COMPARATIVE WORK FORCE ANALYSIS
General Services Administration Nationwide
WAGE GRADE (WG)

POPULATION	WAGE GRADE (WG)								
	12-31-73	12-31-74	Change	12-31-75	Change	12-31-76	Change	12-31-77	Change
Total	13,137	13,404	+267	12,858	-546	11,800	-1,058	11,605	-195
Black	6,795	6,975	+180	6,449	-526	5,882	-567	5,670	-212
Spanish-Surnamed	522	574	+ 52	562	- 12	528	- 34	560	+ 32
<u>% OF GS WORK FORCE</u>									
Black	51.7	52.0	+ .3	50.1	-1.9	49.9	-.2	48.9	-1.0
Spanish-Surnamed	4.0	4.3	+ .3	4.4	+ .1	4.5	+ .1	4.8	+ .3
<u>AVERAGE GRADE</u>									
Total	4.9	4.7	-.2	5.0	+ .3	5.1	+ .1	5.1	0
Black	3.5	3.4	-.1	3.6	+ .2	3.7	+ .1	3.8	+ .1
Spanish-Surnamed	4.6	4.4	-.2	4.8	+ .4	4.9	+ .1	4.9	0

MINORITY STATISTICS FOR 12/31/77

REGION N-W	SERVICE	BLACK		SPANISH-SURNAME		AMERICAN INDIAN		ORIENTAL		WHITE		TOTAL EMPLOYEES	TOTAL WOMEN %												
		NO	%	NO	%	NO	%	NO	%	NO	%														
46	01	677	25	1179	44	101	4	8	0	9	0	3	0	42	2	4	0	515	19	134	5	2672	1328	50	
46	02	693	33	724	34	85	4	2	0	5	0	1	0	0	22	1	4	0	135	53	80	4	2111	811	38
46	03	249	51	40	8	39	8	1	0	1	0	1	0	0	1	0	0	0	139	29	6	2	484	50	10
46	04	112	40	14	5	21	8	1	0	0	0	0	0	0	0	0	0	0	53	45	17	6	179	32	11
46	05	454	39	39	3	82	7	7	1	3	0	1	0	14	1	5	0	0	37	55	36	3	1176	68	7
46	06	254	40	8	1	31	5	1	0	1	0	0	0	12	2	1	0	0	154	48	10	2	534	19	3
46	07	116	36	6	2	25	8	1	0	3	1	0	0	2	1	1	0	0	278	52	5	1	319	18	6
46	08	202	38	8	1	30	6	1	0	7	1	0	0	6	1	0	0	0	580	67	1	0	901	13	2
46	09	258	29	1	0	46	5	1	0	8	1	0	0	13	1	0	0	0	403	76	1	0	1789	6	0
46	10	503	28	5	0	57	3	0	0	7	0	0	0	15	1	0	0	0	77	83	2	0	93	2	0
46	11	114	19	0	0	20	3	0	0	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	12	14	15	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	13	3646	31	2024	17	539	5	21	0	50	0	6	0	130	1	14	0	0	4870	42	305	3	11605	2370	20
AUG-GRADE		5.01		1.59		5.03		3.29		6.56		2.17		4.30		3.14		6.89		2.57		5.13		1.74	
MIN TOTAL		5670		560		56		56		56		56		56		56		56		56		56		56	
MIN AV GR		3.79		4.96		6.09		4.19		6.09		4.19		6.09		4.19		6.09		4.19		6.09		4.19	

COMPARATIVE WORK FORCE ANALYSIS
WAGE LEADER (WL)

From December 31, 1976 to December 31, 1977, the Wage Leader category decreased by 19 employees or 3%. In the aforementioned time, the SSA employees decreased .5% and black employees decreased by 3.6%.

The average grade for all employees decreased from December 31, 1976 to December 31, 1977, by .1 average grade. The average grade for SSA's decreased by .2. The average grade for black employees decreased by .2.

COMPARATIVE WORK FORCE ANALYSIS

General Services Administration Nationwide

WAGE LEADER (WL)

<u>POPULATION</u>	<u>12-31-73</u>	<u>12-31-74</u>	<u>Change</u>	<u>12-31-75</u>	<u>Change</u>	<u>12-31-76</u>	<u>Change</u>	<u>12-31-77</u>	<u>Change</u>
Total	688	655	-33	613	-42	571	-42	552	-19
Black	243	238	-5	214	-24	203	-11	199	-4
Spanish-Surnamed	27	30	+3	30	0	30	0	27	-3
<u>% OF GS WORK FORCE</u>									
Black	35.3	36.3	+1.0	34.9	-1.4	35.0	+1.1	36.0	+1.0
Spanish-Surnamed	3.9	4.6	+.7	4.9	+.3	5.0	+.1	5.0	0
<u>AVERAGE GRADE</u>									
Total	6.6	6.6	0	6.6	0	6.4	-.2	6.3	-.1
Black	4.7	4.7	0	4.9	+.2	4.7	-.2	4.5	-.2
Spanish-Surnamed	4.9	4.8	-.1	5.2	+.4	5.2	0	5.0	-.2

COMPARATIVE WORK FORCE ANALYSIS
WAGE SUPERVISOR (WS)

From December 31, 1976 to December 31, 1977 the employment in the Wage Supervisor pay plan decreased by 70 employees or 4.2%. During that period, black representation decreased by 74 or 6.8%. SSA's increased by 2 employees or 4.5%.

The total average grade for all employees remained the same. The average grade for blacks and SSA's increased by .1% and decreased by .1% respectively.

COMPARATIVE WORK FORCE ANALYSIS

General Services Administration Nationwide

WAGE SUPERVISOR (NS)

<u>POPULATION</u>	<u>12-31-73</u>	<u>12-31-74</u>	<u>Change</u>	<u>12-31-75</u>	<u>Change</u>	<u>12-31-76</u>	<u>Change</u>	<u>12-31-77</u>	<u>Change</u>
Total	1,694	1,648	-46	1,701	+53	1,667	-34	1,597	-70
Black	687	671	-16	696	+25	691	-5	644	-47
Spanish-Surnamed	44	45	+1	43	-2	44	+1	46	+2

% OF GS WORK FORCE

Black	40.6	40.7	+ .1	40.9	+ .2	41.5	+ .6	40.3	-1.2
Spanish-Surnamed	2.6	2.7	+ .1	2.5	-.2	2.6	+ .1	2.9	+ .3

AVERAGE GRADE

Total	5.5	5.6	+ .1	5.7	+ .1	5.9	+ .2	5.9	0
Black	3.0	3.2	+ .2	3.3	+ .1	3.6	+ .3	3.7	+ .1
Spanish-Surnamed	4.2	4.4	+ .2	4.9	+ .5	5.3	+ .4	5.2	-.1

MINORITY STATISTICS FOR 12/31/77

REGION N-W	SERVICE	BLACK		SPANISH-SURNAME		AMERICAN		INDIAN		ORIENTAL		WHITE		TOTAL EMPLOYEES	TOTAL WOMEN %									
		NO	%	NO	%	NO	%	NO	%	NO	%	NO	%											
MS 01		97	57	17	10	9	5	0	0	1	1	0	47	27	0	171	17	10						
MS 02		164	53	93	30	4	1	0	0	1	0	1	96	35	2	311	96	31						
MS 03		42	53	3	4	1	1	0	0	3	4	0	23	3	1	87	0	0						
MS 04		33	38	0	7	8	0	0	0	4	5	0	93	42	1	79	0	0						
MS 05		34	43	5	6	4	5	0	0	2	3	0	33	45	1	72	0	8						
MS 06		29	40	6	8	2	3	0	0	0	0	0	59	69	0	106	0	0						
MS 07		29	29	0	2	2	0	0	0	1	0	0	132	78	0	170	1	1						
MS 08		28	16	1	1	0	1	0	0	2	1	0	214	84	0	256	0	0						
MS 09		30	12	0	10	4	0	0	0	1	1	0	130	87	0	150	0	0						
MS 10		17	13	0	0	0	0	0	0	0	0	0	156	88	0	164	0	0						
MS 11		5	11	1	2	0	0	0	0	0	0	0	31	86	0	36	0	0						
MS 12		1	6	0	0	0	0	0	0	0	0	0	11	92	0	12	0	0						
MS 13		0	0	0	0	0	0	0	0	0	0	0	7	100	0	7	0	0						
MS 14		0	0	0	0	0	0	0	0	0	0	0	3	100	0	3	0	0						
MS 15		518	32	126	8	46	3	0	0	15	1	1	886	55	4	1597	131	8						
AVG-GRADE		3.98		2.32		5.22		4.00		4.93		2.00	7.69		3.00	5.95	2.34							
MIN TOTAL		644		46		46		1		16		16	890		890									
MIN AV GR		3.66		5.22		5.22		8.00		4.75		4.75	7.67		7.67									
MIN TOTAL		7136	20	5072	14	924	3	258	1	91	0	33	0	306	1	153	0	15087	43	6374	18	35434	11890	34

Comparison of employment status of women in 1971 to 1977

Pay plan	Percent of women in work force			Average grade of women		
	1971	1977	Change	1971	1977	Change
GS -----	37.0	43.1	+6.1	5.4	6.1	+0.7
WG -----	22.0	20.4	-1.6	1.5	1.7	+ .2
WL -----	3.2	4.5	+1.3	2.5	2.3	- .2
WS -----	5.8	8.2	+2.4	1.4	2.3	+0.9

Mr. ROYBAL. In your presentation, you state that special attention will be paid toward the accomplishment of very specific goals related to affirmative action. Can you detail what the nature of the "special attention" will be?

Ms. MENDENHALL. Mr. Roybal, we would like to provide this information for the record.

Mr. ROYBAL. That will be fine.

[The information referred to follows:]

- GSA's goals for FY 1978, 79, and 80 are:
 - (1) 33% female in all major and secondary occupations by FY 1980
 - (2) 25% minority representation in all major and secondary occupations by FY 1980
 - (3) 10% minimum representation this FY 78 in all major and secondary occupations as a hedge against class action complaints

- To enable us to meet our agencywide affirmative action goals in the employment of minorities and women and achieve positive results when vacancies occur in professional and administrative occupational areas, a task force has been established under the Director of Personnel. The task force will develop specific recruitment sources and strategies and will participate in recruitment efforts nationwide.

- All GSA personnel recruitment officials are closely involved in the recruiting process and are personally aware of GSA's Affirmative Action Goals. All recruitment actions are assessed against projected vacancies, goals, and both occupational and penetration deficiencies. This monitoring network should have both an immediate and long-range impact on improving opportunities for both women and minorities.

- An Affirmative Recruitment Plan has been developed and distributed to all Heads of Services and Staff Offices. This Plan outlines agency personnel officials' responsibility to work with managers to develop specific recruitment plans for specific anticipated vacancies.

- GSA has developed and disseminated a plan to "Increase Women in Mid-level and Managerial positions" with particular emphasis on minority females.
 - o A task force has been established in our Central Office as well as our 10 regional offices to examine alternative methods of assessing potential.
 - o Women will receive increased training with particular emphasis on managerial activities.
- The Administrator is conducting quarterly meetings with his Heads of Services and Staff Offices to determine progress on their Affirmative Action goals. Each Regional Administrator submits minutes of his Quarterly Affirmative Action Meeting directly to the Administrator.
- Special emphasis weeks for women, Hispanics, and blacks have been carried out in all 10 regional offices and Central Office as well. These special emphasis weeks combine training, cultural events, and emphasis on an enlightenment and understanding of the contributions made by different cultures.
- Equal Employment Opportunity Evaluation criteria have been developed and used in 75% of our regional offices.
- Spanish-Speaking Program committees are being established in Central Office and each region to familiarize managers with the disparity of Spanish-surnamed employees in the work force profile and ways to overcome the disparity.
- GSA has volunteered to participate with four other Federal agencies in a test to develop a full-time equivalent ceiling system for the purpose of expanding opportunities for women seeking part-time employment.
- All Heads of Services will be asked to participate (GS-13 and above managers and supervisors) in a 3-day training program on Equal Employment Opportunity during FY 1978.

- b. Do you plan to increase the number of personnel that are involved in EEO compliance (complaints processing)?

We are adequately staffed at the present time.

- c. Will the agency budget for EEO be increased?

We are adequately funded to provide the "special attention" cited above and to effectively process EEO complaints.

2. You have requested almost \$14 million for "other services." Among the uses for this amount, you have included "employment opportunity statistics."

EEOIS cost - \$211,000

Mr. STEED. Thank you. We will insert the justifications in the record at this point.
[The justifications follow:]

Salaries and Expenses, ASSS

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(dollars in thousands)

1978 Appropriation Enacted by Congress.....	Permanent Positions	Man-Years	Amount
	<u>3,021</u>	<u>3,030</u>	<u>\$79,425</u>
Adjustments: Supplemental Appropriation Proposed for October 1977 pay raise.....	-	-	4,257
Proposed Authorized Level for 1978.....	<u>3,021</u>	<u>3,030</u>	<u>83,682</u>
1979 Estimate.....	<u>3,070</u>	<u>3,082</u>	<u>91,390</u>
Changes from 1978 to 1979.....	49	52	7,708

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1979

ACTIVITIES	FY 1977 ^{1/}		FY 1978		FY 1979		INCREASE OR DECREASE (-) FOR 1979					
	Total		Total		Total		Total		Program		Other	
	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount	Man Yrs.	Amount
Direct Program												
1. Administration.....	2,527	\$61,675	2,628	\$71,634	2,678	\$79,275	50	\$7,641	50	\$7,542	-	99
2. Legal Services.....	346	9,407	383	11,422	385	11,485	2	63	-	-	2	63
3. Board of Contract Appeals	17	574	19	626	19	630	-	4	-	-	-	4
Total Direct.....	2,890	71,656	3,030	83,682	3,082	91,390	52	7,708	50	7,542	2	166
Permanent Positions Established	(2,957)		(3,021)		(3,070)		(49)		(49)		-	

^{1/} Amounts for FY 1977 are comparable for functions funded in FY 1978 and FY 1979.

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

Direct obligational authority for FY 1979 is estimated at \$91,390,000, an increase of \$7,708,000 over the level for FY 1978. The increased funding requirements over FY 1978 consist of program increases of \$7,542,000 for the Office of Administration and other increases of \$18,000 for payment to the Federal Buildings Fund for SLUC and other space related services, and \$148,000 for the full year cost of the October 1977 pay increase. Detailed justification is provided under the individual activities.

Salaries and Expenses, ASSS

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
(Dollars in thousands)

	Administration		General Counsel		Board of Appeals		Total
	MY	Amount	MY	Amount	MY	Amount	
<u>Program Changes:</u>							
(1) Office of Finance - Continued conversion of accounting systems to NEAR system.....	21	5,242	-	-	-	-	21
Conversion of payroll and personnel system (MAPS) to centralized operation.....	39	965	-	-	-	-	39
(2) Office of Data Systems - Continued implementation and operation of new ADP Supply System - (FSS-19).....	-	1,361	-	-	-	-	-
Increased costs to maintain existing systems for other GSA operations.....	-	274	-	-	-	-	274
(3) Office of Personnel - Improved productivity.....	-10	-300	-	-	-	-	-10
Total Program Changes.....	50	7,542	-	-	-	-	50
<u>Other Changes:</u>							
(1) Increased payments to Federal Buildings Fund (SLUC).....	-	-	-	18	-	-	18
(2) Full year cost of October 1977 pay increase	-	99	-	45	-	4	148
(3) Miscellaneous increases, productivity improvement, and reprogramming efforts.....	-	-	-	2	-	-	2
Total Other Changes.....	-	99	-	63	-	4	166
Total Changes.....	50	7,641	2	63	-	4	2
							7,708

Salaries & Expenses, ASSS (Direct)
OFFICE OF ADMINISTRATION
 (\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	MY	Amt.	MY	Amt.
2,527	\$61,675	2,628	71,634	2,678	79,275	50	7,641	50	7,542
									99

BACKGROUND

This activity consists of accounting and reporting, credit, insurance, and related financial services, budget and management systems, personnel administration, ADP systems development, design and programming, and administrative services.

In addition to these accounting operations, this office also reviews the financial provisions of contracts to minimize financial risk and otherwise protect the Government's interest; services financial provisions of contracts and other obligations held by the Government; and compiles and publishes a worldwide inventory of real property owned by and leased to the Federal Government.

JUSTIFICATION

A. Highlight - The Office of Administration provides management and financial expertise essential to the daily operations of the agency, including central staff support and assistance in the areas of budget, accounting, personnel, automated data processing and administrative services. A brief description of the major components follows:

- (1) Office of Finance: The Office of Finance is responsible for the design, development, maintenance and operation of GSA's two major accounting systems -- National Electronic Accounting & Reporting (NEAR) System and the Daily Accounting (DAC) System. Basic activities include billing, collecting, paying, reporting and payroll for approximately 190 annual, transfer, and no-year appropriations, revolving funds and trust funds.

Unique accounting, payroll and reporting must be provided for each of the major programs and subprograms of GSA as well as for thirty-three (33) Presidential Commissions and Small Agencies comprised of over 7,300 employees.

In the areas of measurable workload, during FY 1977 this office processed in excess of 2.2 million vouchers, rendered over one million bills, and payrollled 44.8 thousand employees.

In FY 1979 the Office of Finance expects to process about 2.5 million vouchers, render over one million bills and payroll 45 thousand employees.

Office of Administration (cont.)

(2) Office of Budget and Management Systems:

This office carries out responsibilities in budgetary administration. Specifically, it (1) recommends overall budgetary policies and prescribes guidelines and procedures within which budget operations throughout GSA will be administered; (2) provides liaison with all other agencies, the Office of Management and Budget, and Appropriations Committees and their staffs on budgetary matters; (3) performs final review of all budget estimates both annual and supplemental for conformance with policies and guidelines, technical accuracy, completeness and clarity of presentation; (4) analyzes, reviews and processes annual financial plans, apportionment and reappropriation requests as well as reviews legislation and regulations for budgetary impact; and, (5) monitors fund allocations and outlays, and controls agency employment ceilings; and (6) conducts management and organizational reviews and studies of programs, functions, staffing and other resources, and systems, as requested by the Administrator and the Heads of Services and Staff Offices.

(3) Office of Administrative Services:

The program of this office for FY 1979 is to perform economical, centralized administrative services for activities within GSA. Principal functions and programs are described below.

(a) Paperwork Management: This activity administers a comprehensive program within GSA for agencywide management of records, correspondence, word processing, forms design, directives, and reports under the Federal Reports Act of 1942, the Federal Records Act of 1950 as amended by the Federal Records Management Amendments of 1976, and the Privacy Act of 1974. It issues the GSA Freedom of Information Act Index and conducts evaluations of the implementation of paperwork programs in the Central Office and 10 GSA regional offices.

The paperwork management function is administered through the use of directives, standards, guides, and evaluations of practices to ensure standardization and effectiveness. Training, advice, and guidance on paperwork functions are provided to all internal GSA elements. Significant improvements are achieved by intensive campaigns to minimize paperwork through the elimination and reduction of reports, records, directives, and forms.

(b) Administrative Operations: This activity administers space, telecommunications, and personal property programs for GSA and for congressional State and district offices. In addition, it provides direction of an emergency preparedness program, and also provides centralized mail and library services and other centralized office, building, travel, and related services.

The space, telecommunications, mail, and personal property programs seek to reduce overhead costs through directives, standards, guides, and evaluations of program requirements; by agencywide campaigns to achieve efficiency and economy; and by utilization reviews and comparative on-site analyses.

(4) Office of Data Systems: The Office of Data Systems has the responsibility for providing ADP systems design, programming, computer operations and related support to GSA's Services and Staff Offices and to Presidential Committees and Commissions. Systems design and programming are provided by four Central Office ADP Systems Design and Programming Divisions, the Program Support Division and four Field Systems Development Staffs. Computer Operations are provided by 10 Regional Data Systems Divisions and the St. Louis Data Center with overall program management vested in the Operations Support Division at Central Office. The Fiscal Year 1979 Office of Data Systems budget request provides for continued development, operation and maintenance of the new Federal Supply Service automated system (FSS-19),

Office of Administration (cont.)

(5) Office of Personnel: This office is responsible for the direction and conduct of major personnel programs including: (a) manpower planning; (b) equal employment opportunity; (c) position evaluation and design; (d) employee and labor relations; and, (e) employee training.

During fiscal year 1979, key program areas of emphasis will be:

Equal Employment Opportunity. In an effort to deal positively with the fact that women and minorities are underrepresented in both mid-level and managerial positions in GSA, special attention will be paid toward the accomplishment of very specific goals presented in GSA's Plan to Increase Women in Managerial and Mid-Level Positions and GSA's Affirmative Action Plan.

Staffing. While there is always a continuing requirement to evaluate the agency's selection procedures used for competitive positions, with the advent of the Uniform Guidelines on Employee Selection Procedures and our own recognized need to establish valid selection criteria, emphasis will be placed on the review of current criteria and development of new criteria where appropriate.

(6) Executive Office: The Director of Administration and her staff plan, coordinate and administer the development and execution of the financial management and administrative activities of GSA. The Executive Office staff has three functions: 1) planning and directing the internal financial, management, budget and administrative support activities for both the Office of Administration and the Office of the Administrator; 2) conducting management evaluations of regional offices and Central Office divisions and overseeing functional evaluations; and 3) coordinating and critiquing the long-range plans of OAD offices.

B. EXPLANATION OF CHANGES - FY 1978 VS FY 1979.
PROGRAM CHANGES:

(1) Office of Finance.

(A) NEAR - \$5,242,000 and 21 man-years to continue the development and implementation of a single integrated accounting system entitled the National Electronic Accounting and Reporting (NEAR) System. The NEAR System is new from an operational standpoint. The NEAR currently utilizes the Computer Science Corporation's Infonet System, a third generation computer system using a parallel process with random access capabilities.

The Daily Accounting (DAC) System is old in concept and design and operates on second generation computer equipment utilizing sequential processing. In 1971, the Office of Finance completed a general study setting forth the NEAR concept to service all GSA entities. The Federal Buildings Fund (FBF) began the first major installation under NEAR on July 1, 1974. On September 1, 1977, the Comptroller General approved the accounting under NEAR for the Federal Buildings Fund as conforming to his principles, standards and related requirements for accounting systems.

The Federal Supply Service's annual appropriation activities converted to NEAR on October 1, 1977. Accounting for GSA appropriations, Commissions and Small Agencies will convert to NEAR by October 1, 1978.

The project will continue over the next several fiscal years with completion on October 1, 1982. Most of the funds requested for the NEAR System are for contractor provided computer equipment. The present GSA, DDP equipment is incapable of handling this system.

Office of Administration (cont.)

and for continued operational maintenance of existing data processing systems which support the requirements of GSA's Services and Staff Offices at fiscal year 1978 levels.

Of the \$1,635 thousand increase requested, \$1,361 thousand is directly attributable to incremental costs related to the operation of the new Federal Supply Data System (FSS-19) and to continued operation of existing Federal Supply Data Systems which must be maintained in parallel until conversion is fully accomplished during fiscal year 1980. \$274 thousand is also required to maintain existing systems for other GSA Services and Staff Offices.

Initial implementation of the new Federal Supply Data System was undertaken during fiscal year 1977. An award for computer equipment to provide for centralized processing was concluded, a site constructed at GSA's Region 3, Washington, DC and the computer was installed. During fiscal year 1978, Phase II of the planned implementation of the system was carried out which provided for full year operational costs of the central site; for considerable redesign, reprogramming and conversion of major systems modules; and, for the acquisition and initial installation of remote and interactive telecommunications processing. Fiscal year 1979 increases relate primarily to the continuation of these programs and to full year operational costs required for teleprocessing. \$276 thousand is required to satisfy provisions of the escalation clause of the central processor lease. \$400 thousand will be required for terminal processor leases and \$65 thousand for interactive terminals. Costs of data communication will increase by \$430 thousand of which \$103 thousand is directly related to FSS-19 teleprocessing and \$327 thousand is required to offset data communications costs related to the Advanced Records System (ARS).

\$110 thousand will be required for extra shift utilities required at terminal processor locations. \$100 thousand is required for systems simulations to be conducted by the Federal Simulation Center (FEDSIM) in order to determine optimum configurations. \$10 thousand is required for technical proficiency training of computer specialists in order to meet increased systems complexity. In addition to these costs \$150 thousand will be required for increased maintenance costs and the costs of refurbishing GSA's inventory of General Electric Series 400 computers in order to maintain these systems in operation until realization of their planned phase out can be accomplished during fiscal year 1980. It is also anticipated that vendor support required during fiscal year 1978 for the central processing equipment will be substantially reduced by \$180 thousand.

Other GSA systems will be maintained at the fiscal year 1978 level; however, as a result of the rapidly approaching obsolescence of the equipment supporting many of these systems, a program of increased refurbishment and emergency maintenance must be undertaken in order to keep these systems operational. Estimated refurbishment and increased maintenance costs required to maintain GSA's Honeywell 200 series computers is \$184 thousand and an additional \$40 thousand is required for technical proficiency training of computer specialists in anticipation of new system requirements and future conversion of existing systems in future years. One Remote Job Entry Terminal data 100 model 88 will be replaced at a cost of \$50 thousand. This current terminal is now technologically obsolete and capable of performing only low-speed transmission.

Office of Administration (cont.)

(B) MAPS - \$965,000 and 39 man-years to provide for the orderly transfer of payroll and personnel processing from the five accounting centers to a centralized operation in Region 6 (Kansas City) and the continued design of a new payroll/personnel/budgeting system. The 39 additional man-years are for FY 1979 only representing an overlap of functional responsibilities during the conversion period. 35 man-years are eliminated in FY 1980.

GSA's present MAPS system was installed in 1970 to handle the accounting and many personnel requirements associated with payroll. Since that time changes in legislation, regulations of the Civil Service Commission, and needs of GSA management have resulted in our operating MAPS with six different master files containing employee data. Additionally, the following mandatory requirements must be processed manually because of hardware limitations: Fair Labor Standards Act (FLSA), Restored Annual Leave, Retirement History (Individual Retirement Record), Preparation of Notification of Personnel Action (SF-50) and Payroll Report of Federal Civilian Employment (SF-113B).

The new MAPS will provide for all the known requirements of payroll and personnel as well as related budget requirements for the first time. The centralization of payroll operations, an environment of frequent change, will eliminate misunderstandings of and variations in the implementation of changes and thus eliminate erroneously processed cycles and improperly implemented modifications.

GSA will convert the present five Payroll Centers to operate on one IMB 360 Computer between March 1, 1978 through October 31, 1978. This will be followed by the centralization of the payroll functions in Region 6 by September 30, 1979. Design work on the new payroll/personnel/budgeting system will continue with implementation scheduled for October 1, 1980.

(2) Office of Data Systems:

\$1,635,000 for operational costs of the new Federal Supply System, FSS-19, and to offset escalating repairs and refurbishment to GSA's existing General Electric Series 400 and Honeywell Series 200 computers. Specific funding increases are:

(a) Contract escalation (FSS-19)	\$276 thousand
(b) Terminal Processors (FSS-19)	\$400 thousand
(c) Data Communications Charges	\$430 thousand
(d) Extra Hour Utilities	\$110 thousand
(e) Equipment Refurbishment & Repair (GE 400's & Honeywell 200's)	\$334 thousand
(f) Configuration Simulations	\$100 thousand
(g) Interactive Terminals (FSS-19)	\$ 65 thousand
(h) Remote Job Entry Terminal	\$ 50 thousand
(i) Technical Proficiency Training	\$ 50 thousand
(j) Reduction in Vendor Support	-\$180 thousand
	\$1,635 thousand

(3) Office of Personnel:

A reduction of 10 man-years and \$300,000 resulted from a review of productivity data in the Central Office.

Other Changes:

\$99,000 for full year cost of the October, 1977 pay act.

Salaries and Expenses, ASSS

OFFICE OF ADMINISTRATION
SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1977 Actual	FY 1978 Estimate	FY 1979 Estimated	Percent of Increase Over FY 1978
I. Administration:				
a. INVOICE PAYMENTS				
Vouchers processed	2,260,571	2,400,000	2,500,000	
Employment (man-years)	306	313	322	
Average processed per man-year	7,387	7,667	7,763	1.3%
b. BILLINGS AND RECEIVABLES				
Billings processed	1,164,650	1,175,000	1,200,000	
Employment (man-years)	160	163	164	
Average processed per man-year	7,279	7,208	7,317	1.5%
c. ACCOUNTING				
Accounting Documents processed	3,425,221	3,575,000	3,700,000	
Employment (man-years)	140	140	143	
Average processed per man-year	24,465	25,535	25,874	1.3%
d. EMPLOYEES PAYROLLED				
Average number of employees	44,848	45,000	45,000	
Employment: (man-years)	85	85	85	
Average number of employees paid per man-year	527	529	529	--
e. MANAGEMENT SERVICES FUNCTIONS:				
(1) Mail handled (thousand lbs.)	6,500	6,700	6,700	--
(2) Directives cleared and prepared	5,400	5,600	5,650	.9%
(3) Forms processed	3,250	3,300	3,325	.8%
(4) Library loans and references	57,000	59,000	59,000	--
(5) Records retired or destroyed (cu. ft.)	117,000	110,000	100,000	-9.1%
(6) Supply requisitions processed (L/I)	125,000	126,000	126,000	--
(7) Equipment requisitions processed (L/I)	44,900	45,000	45,000	--

OFFICE OF ADMINISTRATION
Explanation of Distribution by Objects

Salaries & Expenses, ASSS (Direct Only)

11 Personnel Compensation and Staffing - \$48,160,000.
For 2678 man-years distributed as follows:

	1977	1978	1979
Central Office	858	859	884
Field Offices	1,699	1,751	1,776
Total Positions	2,557	2,610	2,660
Man-Years	2527	2628	2678

12 Personnel Benefits - \$4,600,000. Includes \$3,583,000 retirement contributions, \$551,000 for health benefits, \$297,000 for group life insurance, \$133,000 for payment to the Employee's Compensation Fund, and \$36,000 for FICA as required by law in support of the above employment.

21 Travel and Transportation of Persons - \$741,000. Includes \$712,000 for travel distributed as follows:

\$200,000 for Office of Finance is required in providing overall direction and coordination for 10 regions, reviewing financial systems and reports, assistance for physical inventorying, collection of delinquent accounts and performing financial surveys.

\$25,000 for Staff Direction in connection with overall supervision and management of the 10 regional offices.

\$232,000 for job evaluation, classifications, and personnel surveys in the Office of Personnel.

\$200,000 for the Office of Data Systems, in providing internal ADP support.

18,000 for the Office of Budget and Management Systems for regional evaluations.

\$37,000 for the Office of Administrative Services for support services.

\$29,000 travel by motor pool for the following activities:

Finance \$10,000, Personnel \$5,000, Administrative Services \$9,000, Data Systems \$5,000

22 Transportation of Things - \$93,000. Provides for shipping charges covering equipment; records and transportation of household goods in connection with transfers of personnel.

23 Rents, Communications, and Utilities Services - \$9,644,000. Provides \$989,000 for postage and fees; \$1,087,000 for payment to GSF for depreciation of administrative equipment; \$1,794,000 for intercity telephone and teletype service; \$5,144,000 for standard level user charges, and \$630,000 for ADP equipment rental.

24 Printing and Reproduction - \$294,000. Provides for requirements for classification guides, wage board schedules, employee handbooks, forms control, inventory reports, and procedural guides and manuals.

25 Other Services - \$13,943,000. Provides \$1,800,000 for payment to the ADP Fund for time-shared computer processing in support of operations and maintenance of the Federal Buildings Fund accounting system, payroll data retrieval and equal employment opportunity statistics; \$500,000 for payment to the ADP Fund for equipment costs and depreciation in support of internal GSA data systems; \$10,600,000 for contract data conversion, commercial contracts, payments to other government agencies, and nonrecurring space alterations.

Salaries and Expenses, ASSS (Direct Only)

OFFICE OF ADMINISTRATION
Explanation of Distribution by Objects (cont.)

The balance of \$1,043,000 is for repairs to equipment and furniture, reimbursement to the Public Health Service for health room services, xerox services, and other miscellaneous services.

- 26 Supplies and Materials - \$1,800,000. Provides for administrative office supplies and materials, and operating supplies, materials, and technical publications.

Salaries & Expenses, ASSS
OFFICE OF GENERAL COUNSEL
(Dollars in Thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	MY Amt.	MY Amt.	MY Amt.	MY Amt.	MY Amt.	MY Amt.
346	9,407	383	11,422	385	11,485	2	63	-	-	2	63

BACKGROUND

The Office of General Counsel in the Central Office and the Regional Counsel's office in each of the ten regions provide complete legal services for the GSA Services and Staff Offices in the accomplishment of their program objectives. In addition, the Contract Compliance Division, with Field Offices in each region, is responsible for the external Contract Compliance Program assigned to GSA by the Office of Federal Contract Compliance Programs (OFCCP), Department of Labor.

on and reviews reports on other legislative proposals; (3) participates in the development of agency policy and assists in the accomplishment and coordination of program objectives, consistent with established policy; (4) provides legal services to Presidential Boards, Commissions and Committees, as well as to the other smaller Federal agencies and activities; and (5) administers the GSA nationwide contract compliance program. The following are major activities within the Office of General Counsel:

JUSTIFICATION

A. Highlight

1. Claims and Litigation - Represents GSA in defending claims of contractors before the General Services Board of Contract Appeals, frequently involving complex and time-consuming discovery procedures and hearings. Assists Department of Justice in representing GSA in litigation in the Federal courts involving both contract and tort claims against the Government;

The General Counsel, assisted by the Deputy General Counsel, directs, coordinates and supervises the work of the entire legal staff nationwide. In addition to providing legal services to all Services and Staff Offices of GSA, the Office of General Counsel (1) prepares much of the legislation proposed by GSA; (2) furnishes legal advice

OFFICE OF GENERAL COUNSEL (cont.)

challenges to GSA regulations; discrimination complaints; EEO contract compliance actions; environmental actions; Freedom of Information actions; anti-trust actions, bankruptcies, reorganizations, foreclosures; and collections and various other matters. Prepares litigation reports for the Department of Justice, setting forth the facts of cases and recommendations as to claims or defenses, and provides recommendations for appeals or settlement of cases as litigation progresses.

Tries adverse actions before the Federal Employee Appeals Authority and employment discrimination cases before the Civil Service Commission.

2. Public Buildings - The legal services required to support the Public Buildings Service demand expertise in diverse legal disciplines such as contract, tort, environmental, real property, and commercial law. With the establishment in 1975 of the Federal Buildings Fund, the relationship between PBS and other Federal agencies with respect to furnishing space is similar to a landlord-tenant relationship, with an attendant large increase in landlord-tenant legal problems.

Recent enactment of legislation covering protection of the environment, relocation of individuals and businesses because of Federal acquisitions, historic preservation and intergovernmental cooperation has created additional demands for legal services. More effective and complex contract techniques have been

introduced in the building process which have increased the quantity of legal services rendered. This has increased the workload at a rate exceeding the rate of growth of the Public Buildings Service.

A substantial increase in protests to the General Accounting Office by unsuccessful offerors has been noted, as well as a general tendency to resort to litigation to contest Government contract actions. The volume of work in the disposal area is also expected to increase because of emphasis on the part of PBS to reduce its inventory of surplus real property, and an increase in the number of excess properties reported to GSA by other agencies.

3. Stockpile Disposal and Preparedness - The responsibilities and mission of this office in advising and assisting the President in developing and coordinating all non-military emergency preparedness plans and programs and the overall administration of the provisions of the Defense Production Act of 1950, as amended, place heavy legal demands in this area.

To fully implement the President's new stockpile policy, major programs of both acquisitions and disposals must be conducted. This major policy development will continue to have a significant impact on the workload for FY 1979.

The sale of excess stockpile commodities requires legal assistance in drafting legislation requesting

OFFICE OF GENERAL COUNSEL (cont.)

disposal authority, contract negotiations, contract awards, mistake-in-bid cases, protests, contract defaults and contract administration. Legal assistance is also provided to the Federal Preparedness Agency in carrying out the Memorandum of Understanding with the Department of the Treasury for the sale of U.S. Government gold. The volume of work in this area continues to be heavy because of the number of contract defaults and disputes.

4. Transportation Audit - Provides legal services in support of GSA's continuing audit of payments for transportation of persons and property for or on behalf of the United States Government. The audit covers all modes of transportation. This office provides assistance and advice to the staff of auditors in the adjustment of agencies' and carriers' accounts and in the collection and settlement of transportation claims both by and against the Government. Formal briefs, pleadings, and other documents are prepared for use in proceedings before the Interstate Commerce Commission, Civil Aeronautics Board, Federal Maritime Commission, and by the Department of Justice in suits filed in the U.S. Court of Claims, U.S. District Courts, and in State courts. Litigation reports are furnished to U.S. Attorneys, and legal advice is given and personal assistance provided in the conduct of trials and negotiation of settlements. Provides advice and assistance in the drafting and implementation of governmentwide regulations for use in the procurement and payment for transportation services.

5. Labor Law - Provides complete legal services to the agency nationwide in labor-management relations. Responsible for the analytical review of collective bargaining agreements entered into by any segment of GSA with any labor organization to assure that such contracts comply with all applicable laws, statutes, FPM's, and published agency rules and regulations. Serves as counsel in all administrative and court proceedings involving contested unit determinations and unfair labor practice charges. Represents the agency before the National Labor Relations Board and in courts under the GSA construction program and is responsible for the expeditious handling of strikes, secondary boycotts, picketing and jurisdictional disputes in this area. The caseload and demand for related legal services is expected to more than double in the coming year because of basic changes in labor law.

6. Procurement - Acts as counsel to the Federal Supply Service. The Contract Operations Area assists in the drafting, negotiation, making, administration and termination of the contracts which are used to support FSS stock, nonstock, and Federal Supply Schedule programs. The projected forecast for FY 78 is that 7,939 contracts will be awarded for approximately 2.5 billion dollars worth of personal property and nonpersonal services to support the Executive Branch Supply System.

OFFICE OF GENERAL COUNSEL (cont.)

The Protest and Procurement Policy Area responds to mistake in bids alleged by bidders and contractors, assignment of claims, and protests to the Comptroller General of the United States. Furnishes legal advice and assistance on GSA procurement and management regulations. Reviews and comments on all proposed legislation which would affect the procurement and supply functions of FSS.

The Transportation and Public Utilities Area provides legal support in the negotiation and administration of national or area-wide and special public utility and transportation contracts. Assists in the development and issuance of the Federal Travel Regulations. Provides counsel in the developing of criteria for the acquisition of fuel-efficient vehicles in support of the Energy Conservation laws.

The Property Management and Disposal Area provides services on all matters relating to the Government-wide utilization of excess personal property, the donation and sale of surplus personal property.

7. Administration and Records - Provides legal support to the Office of the Administrator, Office of the Deputy Administrator, Office of the Assistant Administrator, Office of Information, Office of Congressional Affairs, Office of Administration, Office of General Counsel (Contract Compliance Division), National Archives and Records Service, and approximately 40 commissions, boards, and independent agencies. Overall responsibility for regulations

implementing Title VI of the Civil Rights Act of 1964, as amended is assigned to this office. Legal services are provided in highly complex legal problems involving jurisdiction of the Office of Investigations, funding of the Presidentially appointed boards and commissions, effect of recent changes in the Copyright Act upon holdings of NARS, drafting and implementation of regulations required by the Presidential Recordings and Materials Preservation Act, questions involving ownership of records, implementation of the Federal Advisory Committee Act, and review of personnel cases involving adverse actions, grievances, transfers, and equal employment opportunity.

Workload in this division is expected to increase significantly in FY 1979 in the areas of the President's Reorganization Project, access to the Nixon papers, sanctions against Federal contractors for noncompliance, and matters involving the Privacy Act and Freedom of Information Act.

8. Regulatory Law - Pursuant to the provisions of the Federal Property and Administrative Services Act of 1949 (as amended), represents the Federal Government's interests as the Nation's largest user and consumer of transportation, electric, natural gas, water and sewerage, telecommunications and postal services in proceedings before Federal and State regulatory commissions.

OFFICE OF GENERAL COUNSEL (cont.)

The increase in utility rate filings and the increasing complexity of proceedings and variety of issues involved in each case have caused a rapid escalation in the workload of this division; an approximate 30 percent increase in workload for FY 1979 over FY 1978 is projected. Considering the Federal Government's potential exposure to millions of dollars in rate increases, the potential for discriminatory pricing treatment, and increased number and sophistication of rate filings at both Federal and State levels, and the Administrator's statutory responsibility for responsible representation of the Federal consumers' interest, active and effective representation in regulatory proceedings on behalf of the executive agencies by GSA is imperative.

9. Automated Data and Telecommunications - Provides legal services in connection with the establishment of mandatory schedules for timesharing services; negotiating and awarding Governmentwide ADP schedules and contracts for the procurement of ADP equipment, software and maintenance; operation and management of the ADP lease-back and ADPE reutilization programs; planning, coordinating and operation of the communications programs for Federal-civilian agencies; operation and use of the FTS; and the procurement of circuit facilities, services, terminals and special-purpose equipment, including projects to develop and determine competitive procurement sources to support voice and data communication requirements of Federal agencies.

The FY 1979 workload is expected to increase significantly with continuing emphasis on service to agencies in carrying out Governmentwide programs in the ADP and telecommunications areas.

10. Contract Compliance - This activity is administered by GSA in accordance with Executive Orders 11246, as amended, and 11375 which require contractors with Federal or federally-assisted contracts to take affirmative action to prevent discrimination in employment on account of race, color, religion, national origin, age, or sex. Additionally, the Office of Federal Contract Compliance Programs (OFCCP) within the Department of Labor has delegated to GSA the responsibility for monitoring and evaluating equal employment practices of some 35 private industries in addition to GSA's construction programs, and has transferred to GSA the Law Enforcement Assistance Administration (LEAA) and the Rural Electrification Administration (REA) contract compliance programs. These 35 industries have over one million establishments, of which 39,8 thousand have Federal contracts.

Currently, GSA's construction and repair contract compliance program responsibility includes more than 2,435 construction contracts and 8,000 leases. Each assigned facility should be reviewed every 4 years, thereby, requiring 25,935 annual reviews. However, existing funding permits only 1,450 compliance reviews. Therefore, model affirmative action plans are being utilized in lieu of the more costly but more effective compliance reviews.

B. Explanation of Changes, FY 1978 vs. FY 1979.
 Other Changes - \$45,000 for full-year cost of October 1977 pay increase. \$18,000 for increased SIUC costs for existing space.

Salaries and Expenses, ASSS

Workload Factors

	1977 <u>Actual</u>	1978 <u>Estimated</u>	1979 <u>Estimated</u>	% <u>Change</u>
Contract Compliance Reviews	1546	1450	1450	0

GSA has Contract Compliance responsibility for the 35 following industries in addition to GSA's construction responsibility.

Lumber and Wood Products	Security and Commodity Brokers, Dealers, Exchanges
Furniture and Fixtures	and Services
Paper and Allied Products	Real Estate
Communications	Holding and Investment Companies
Electric, Gas, and Sanitary Services	Personal Services
Furniture and Home Furnishings (Wholesale)	Business Services
Paper and Paper Products (Wholesale)	Automotive Repair and Services
Beer, Wine, and Alcoholic Beverages (Wholesale)	Miscellaneous Repair Shops
General Merchandise Stores (Retail)	Motion Pictures
Retail Furniture, Home Furnishing and	Amusement and Recreation Services
Equipment Stores	Regulation, Administration of Utilities
Miscellaneous Retail Store, Mail Order Houses,	General Engineering
and Automatic Merchandising Machine Operators	Elevator Contractors
Credit Agencies Other than Banks	Architectural Engineering
Lumber and Other Construction Materials (Wholesale)	Railroad Equipment
Railroad Transportation	Motorcycles, Bicycles and Parts
Local and Suburban Transit	Miscellaneous Services
Motor Freight Transportation and Warehousing	Eating and Drinking Places (Retail)
	Transportation Services
	Miscellaneous Transportation Equipment

Salaries & Expenses, ASSS

OFFICE OF GENERAL COUNSEL
Explanation of Distribution by Objects

- 11 Personnel Compensation and Staffing - \$8,835,000 -- for 385 man-years distributed as follows:
- | | 1977 | 1978 | 1979 |
|-----------------|------|------|------|
| Central Office | 323 | 333 | 334 |
| Field Offices | 60 | 59 | 59 |
| Total Positions | 383 | 393 | 393 |
| Man-Years | 346 | 383 | 385 |
- 12 Personnel Benefits - \$850,000 -- Includes \$630,000 for direct contribution to the retirement fund, \$110,000 for health benefits, \$51,000 for group insurance, \$17,000 for FICA, and \$42,000 for payment to employees' compensation fund.
- 21 Travel and Transportation of Persons - \$470,000 -- Includes \$455,000 for travel relating to appearances at hearings before State regulatory bodies in traffic and public utility cases, regional administration, attendance at conferences and trials, and for affirmative action reviews which are required for contractors with Federal or federally-assisted contracts; and \$15,000 for motor pool service.
- 22 Transportation of Things - \$6,000 -- Provides for shipping charges.
- 23 Rents, Communications and Utility Services - \$849,000 -- Includes \$552,000 for payment to the Federal Buildings Fund; \$25,000 for payment to the General Supply Fund (GSF) for depreciation of administrative equipment; \$221,000 for normal telephone and teletype service; \$26,000 for postage and fees; and \$25,000 for office machine rentals.
- 24 Printing and Reproduction - \$50,000 -- For recurring printing requirements.
- 25 Other Services - \$259,000 -- Includes \$169,000 for payment to commercial contractors; \$40,000 for payment to other Government agencies for training, health services, and security investigations; \$30,000 for the Working Capital Fund; and \$20,000 for repairs to equipment and furniture, reimbursement to Public Health Service and other miscellaneous services.
- 26 Supplies and Materials - \$166,000 -- Includes \$50,000 for law books and technical publications required by the library; and \$116,000 for operating supplies, administrative office supplies and materials.

Salaries and Expenses, ASSS

Board of Contract Appeals
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	MY	Amt.	MY	Amt.	MY	Amt.
17	\$ 574	19	\$626	19	\$630	-	\$4	-	-	-	\$4

BACKGROUND

The Board of Contract Appeals provides a forum for speedy and economic resolution of disputes between contractors and the General Services Administration over provisions or performance on a contract. The Board makes a special effort to decide appeals by small contractors as rapidly as possible, holding hearings in the field, if necessary, to avoid undue economic hardship.

B. Explanation of Changes, FY 1978 vs. FY 1979.

(1) \$4,000 for full year cost of October 1977 pay increase.

JUSTIFICATION

A. Highlight. The Board of Contract Appeals receives approximately 300 cases per year. While there is a continuing backlog of cases, it usually consists of those cases received during the past 12 months. The Board handles appeals for other agencies and Presidential commissions that are either too small to maintain a board of their own or whose activities do not generate enough appeals to warrant the establishment of a board. There are currently eleven such agreements. The Board granted, denied, or dismissed 230 cases during FY 1977 and have 318 cases pending.

Case Load Statistics

	Actual		Est.	
	FY 1977	FY 1978	FY 1978	FY 1979
Cases Received	282	290	290	290
Cases Closed	230	235	235	235
Hearings	96	100	100	100

Salaries & Expenses, ASSS

BOARD OF CONTRACT APPEALS

EXPLANATION OF DISTRIBUTION BY OBJECTS

- | | | | |
|----|---|-------------------|----|
| 11 | <u>Personnel Compensation and Staffing</u> - \$465,000. For 19 man-years distributed as follows: | 1979
<u>17</u> | 19 |
| | Positions (all central office) | 1977
<u>17</u> | |
| | Man-Years | 17 | 19 |
| 12 | <u>Personnel Benefits</u> - \$45,000. Includes \$38,000 for retirement contributions, \$5,000 for health benefits and \$2,000 for group life insurance. | | |
| 21 | <u>Travel and Transportation of Persons</u> - \$17,000. For necessary travel associated with case adjudication. | | |
| 23 | <u>Rent, Communications and Utilities</u> - \$50,000. Includes \$44,000 for payment to the Federal Buildings Fund and \$6,000 for local telephone and teletype services. | | |
| 24 | <u>Printing and Reproduction</u> - \$4,000. For printing forms, materials and reports necessary to carry out the function of the Board of Contract Appeals program. | | |
| 25 | <u>Other Services</u> - \$46,000. For commercial reporting services in connection with hearings of the Board, repairs to equipment and furniture, and other miscellaneous expenses. | | |
| 26 | <u>Supplies and Materials</u> - \$3,000. For administrative office supplies and materials, operating supplies, and technical publications. | | |

GENERAL SERVICES ADMINISTRATION

ADMINISTRATIVE AND STAFF SUPPORT SERVICES

SALARIES AND EXPENSES

For administrative expenses necessary in providing general administrative and staff support services within the General Services Administration, not otherwise provided for, ~~\$79,425,000~~ \$91,390,000. *Provided*, That this appropriation shall be available, subject to reimbursement by the applicable agency, for services performed for other agencies pursuant to section 601 of the Economy Act of 1932, as amended (31 U.S.C. 686).

(Independent Agencies Appropriations Act, 1978)

Salaries and Expenses, ASSS

SUMMARY OF EMPLOYMENT
(Number of Man-Years)

Principal Categories	Actual	Estimated		Change in 1979 from 1978		
	1977	1978	1979	Total	Program	Other
Managerial and Administrative Direction	92	93	93	-	-	-
Professional	1,365	1,426	1,438	12	10	2
Clerical	1,354	1,429	1,469	40	40	-
Subtotal Permanent	2,811	2,948	3,000	52	50	2
Part-time and Temporary	79	82	82	-	-	-
Total	2,890	3,030	3,082	52	50	2

Salaries and Expenses, ASSS
(Reimbursable)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(Dollars in Thousands)

1978 Level of Reimbursable Services	Permanent Positions	Man-Years	Amount
	<u>240</u>	<u>262</u>	<u>\$9,470</u>
1979 Level for Reimbursable Services	<u>248</u>	<u>279</u>	<u>10,175</u>
Changes from 1978 to 1979	8	17	1,305

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

ACTIVITIES	FY 1977 ^{1/}		FY 1978		FY 1979		TOTAL CHANGES		INCREASE OR DECREASE (-) FOR 1979		OTHER CHANGES	
	Man-Yrs.	Amount	Man-Yrs.	Amount	Man-Yrs.	Amount	Man-Yrs.	Amount	Man-Yrs.	Amount	Man-Yrs.	Amount
Reimbursable Program: ^{1/}												
1. Administration	99	\$5,217	95	\$6,390	105	\$6,780	10	\$390	10	\$390	-	-
2. Federal Information Centers	159	2,638	167	3,080	174	3,995	7	915	7	650	-	265
Total, Reimbursable	258	\$7,855	262	\$9,470	279	\$10,775	17	\$1,305	17	\$1,040	-	265
Permanent Positions Established		(242)		(240)		(248)		(8)		(8)		(-)

^{1/} Excludes 22 man-years and \$361 thousand for transfer of personnel functions and 45 man-years and \$958 thousand for transfer of investigation functions. Both of these reimbursements were from the Public Buildings Service. These functions are now financed by direct appropriations to SSE, ASSS and SSE, GMAO.

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

The reimbursable program for 1979 is estimated at \$10,775,000, an increase of \$1,305,000 over the level for 1978. The increase over 1978 consists of \$390,000 for the Office of Administration and \$915,000 for the Federal Information Centers. Detailed justification is provided under the individual activities.

Salaries and Expenses, ASSS
(Reimbursable)

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
(Dollars in Thousands)

	Administration Activity 1		Federal Information Centers Activity 2		Total	
	Man-Years	Amount	Man-Years	Amount	Man-Years	Amount
<u>Program Changes:</u>						
(1) Staff Support for Congressional State and District Offices	10	390	-	-	10	390
(2) New FIC and complaint handling experiment in Florida	-	-	7	650	7	650
Total Program Changes	10	390	7	650	17	1,040
<u>Other Changes</u>						
Increased use of part-time employees, within-grade raises, and other cost increases	-	-	-	265	-	265
TOTAL CHANGES	10	390	7	915	17	1,305

SALARIES AND EXPENSES, ASSS
(Reimbursable)

OFFICE OF ADMINISTRATION
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years	Amount
99	\$5,217	95	\$6,390	105	\$6,780	10	\$390	10	\$390	-	-

BACKGROUND

Section 601 of the Economy Act of 1932, as amended, provides basic authority for reimbursable services to be performed by Government agencies. This activity provides reimbursable administrative and staff support services to commissions and small agencies. Services provided include budget administration, payroll, personnel management, and administrative office activities. The basic logic underlying this activity is one of economy and efficiency. It would be impractical and uneconomical for each of the small agencies serviced by GSA to hire staff to provide the expertise in the diverse administrative areas required for its operation. GSA also services Senators and Congressmen in outfitting their State and District offices. Personal visits are often made to Members' offices to provide onsite assistance in connection with selection, procurement, control, and disposal of property including sale to departing Members of Congress. In FY 1979, GSA will be reimbursed by the House and Senate for direct expenses such as payments to commercial contractors, rental of equipment, and office supplies.

JUSTIFICATION

A. Highlight.- The Office of Administration provides, on a contract basis, administrative support for more than 40 independent commissions, committees, study groups and special offices created by the President or the Congress. It also administers and coordinates a program for providing administrative equipment and office furnishings for State and District offices of Members of Congress. It also provides data processing services on a contract basis.

B. Explanation of Changes FY 1979 vs. FY 1978.- The requested increase in FY 1979 of 10 staff years and \$390 thousand will provide staff support to Congressional State and District Offices for the purchase and maintenance of special equipment such as photocopiers, automatic typewriters, duplicating/mimeo equipment, and facsimile units. Since 1967 the Congressional Support Program has expanded dramatically both in terms of the number of State and District offices supported (from 370 to over 1,100) and the maximum that can be spent by each Member. The expanded services related to this special equipment will require a significantly greater level of effort by GSA. Therefore, GSA is requesting the Congress to provide reimbursement for services in support of this program.

Sources of Income (in thousands of dollars)

	1978 Estimate	1979 Estimate
Commissions.....	1,800	1,800
Export Packing.....	600	900
Congressional Furnishings.....	2,310	2,700
Data Processing.....	1,532	1,532
Other.....	1,168	148
Total.....	6,390	6,780

Workload Data

	FY 1977	FY 1978	FY 1979	% of incr. over 1978
Congressional offices supported	1,117	1,200	1,250	4.2%
Personnel actions processed	2,443	2,440	2,440	-

SALARIES AND EXPENSES, ASSS
(Reimbursable)

Office of Administration

EXPLANATION OF DISTRIBUTION BY OBJECTS

- | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|---|-------------|---|-------------|-------------|----------------|----|----|----|---------------|----|----|----|-----------------|-----------|-----------|------------|-----------|----|----|-----|----|---|
| 11 | Personnel Compensation and Staffing.- \$2,013,000.
For 105 man-years distributed as follows: | <table border="0" style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: right;"><u>1977</u></td> <td style="text-align: right;"><u>1978</u></td> <td style="text-align: right;"><u>1979</u></td> </tr> <tr> <td>Central Office</td> <td style="text-align: right;">32</td> <td style="text-align: right;">28</td> <td style="text-align: right;">29</td> </tr> <tr> <td>Field Offices</td> <td style="text-align: right;">67</td> <td style="text-align: right;">67</td> <td style="text-align: right;">76</td> </tr> <tr> <td>Total positions</td> <td style="text-align: right;"><u>99</u></td> <td style="text-align: right;"><u>95</u></td> <td style="text-align: right;"><u>105</u></td> </tr> <tr> <td>Man-years</td> <td style="text-align: right;">99</td> <td style="text-align: right;">95</td> <td style="text-align: right;">105</td> </tr> </table> | | <u>1977</u> | <u>1978</u> | <u>1979</u> | Central Office | 32 | 28 | 29 | Field Offices | 67 | 67 | 76 | Total positions | <u>99</u> | <u>95</u> | <u>105</u> | Man-years | 99 | 95 | 105 | 24 | Printing and Reproduction.- \$28,000. Provides for printing forms, issuances, reports, and other materials. |
| | <u>1977</u> | <u>1978</u> | <u>1979</u> | | | | | | | | | | | | | | | | | | | | | |
| Central Office | 32 | 28 | 29 | | | | | | | | | | | | | | | | | | | | | |
| Field Offices | 67 | 67 | 76 | | | | | | | | | | | | | | | | | | | | | |
| Total positions | <u>99</u> | <u>95</u> | <u>105</u> | | | | | | | | | | | | | | | | | | | | | |
| Man-years | 99 | 95 | 105 | | | | | | | | | | | | | | | | | | | | | |
| 12 | Personnel Benefits.- \$191,000. Includes \$149,000 for retirement contributions, \$30,000 for health benefits, and \$12,000 for group insurance. | | 25 | Other Services.- \$2,188,000. Provides for maintenance contracts on special office equipment located in congressional offices; purchase of draperies, carpeting, etc. for the establishment or renovation of congressional offices; payment to the Automatic Data Processing Fund and payment for contract data conversion; repairs to equipment and furniture; and other miscellaneous services. | | | | | | | | | | | | | | | | | | | | |
| 21 | Travel and Transportation of Persons.- \$6,000. Includes \$5,000 for travel relating to support of the Congressional Furnishing and Agency Liaison programs and \$1,000 for motor pool services. | | 26 | Supplies and Materials.- \$661,000. Provides for administrative office supplies and materials, and operating supplies. | | | | | | | | | | | | | | | | | | | | |
| 22 | Transportation of Things.- \$62,000. For normal commercial transportation services. | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | Rents, Communications, and Utilities Services.- \$1,631,000. Provides \$601,000 payment to GSF for depreciation of administrative equipment; \$450,000 for local telephone and teletype services; and \$580,000 for payment to the Federal Buildings Fund. | | | | | | | | | | | | | | | | | | | | | | | |

Salaries and Expenses, ASSS
(Reimbursable)Federal Information Centers
(\$ in thousands)

FY 1977		FY 1978		FY 1979		Total Changes		Program Changes		Other Changes	
Man Years	Amount	Man Years	Amount	Man Years	Amount	MY	Amount	MY	Amount	MY	Amount
159	\$2,638	167	\$3,080	174	\$3,995	7	\$915	7	\$650	-	\$265

BACKGROUND

The Federal Information Centers, located throughout the country, assist people in finding answers to their questions about the Federal Government. Operated in cooperation with the U.S. Civil Service Commission, the Federal Information Centers respond to approximately 600,000 inquiries every month, helping people find their way through the vast and complex apparatus of the Federal Government.

JUSTIFICATION

Highlight - The Federal Government offers a tremendous range of services, but a wealth of information and administrators a vast array of importance to each citizen. However, given the size and complexity of the Government, people often do not know which agency to turn to for assistance. The Federal Information Centers provide that assistance. They are clearinghouses for Federal questions and, if they cannot answer the question directly, they refer people to the agency and even the specific office within that agency which can help. Their job entails doing research and often making calls themselves in order to pinpoint the correct source of assistance. They relieve the citizen of the wasted time and the frustration which comes from being referred from office to office in his search for help. They relieve Government offices of the numerous calls which are incorrectly placed to them.

This service is provided through 38 Federal Information Centers located in major metropolitan areas throughout the country. An additional 47 cities receive services through toll-free telephone lines, called tielines, connecting them to a nearby Center. One additional Center is planned for Fiscal Year 1979.

Inquiries to the Federal Information Centers have grown from 3 million in Fiscal Year 1971 to 8 million inquiries in Fiscal Year 1977.

To provide the broadest service possible, Information specialists are able to assist with questions about State and local Government. And many Information specialists are bilingual, assuring that foreign speaking people receive assistance in their own tongue.

The Centers also distribute consumer information pamphlets and a variety of other useful Government brochures.

EXPLANATION OF CHANGES FY 1978 vs FY 1979

The increase of \$650,000 in the Program includes funds for an experiment in complaint handling for the Federal Government in Florida, and the opening of one new Federal Information Center.

The Other increase of \$265,000 provides for normal cost of living and within-grade raises, increased use of part-time employees and increased costs of communications and other services.

Key Workload Items

Workload Item	1977 Actual		1978 Estimate		1979 Estimate		Percentage Change
	1977	Actual	1978	Estimate	1979	Estimate	
Number of inquiries per year	8,000,000		8,800,000		9,600,000		+9.3

Salaries and Expenses, ASSS
(Reimbursable)

FEDERAL INFORMATION CENTERS

EXPLANATION OF DISTRIBUTION BY OBJECTS

- | | | | | | | | | | | | | | | |
|------|---|---|------|------|---|---|---|-----|-----|--|-----|-----|-----|--|
| 11 | <p>Personnel Compensation and Staffing - <u>\$2,250,000</u> for
174 man-years distributed as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: right;">1977</td> <td style="text-align: right;">1978</td> <td style="text-align: right;">1979</td> </tr> <tr> <td style="text-align: right;">4</td> <td style="text-align: right;">6</td> <td style="text-align: right;">6</td> </tr> <tr> <td style="text-align: right;">139</td> <td style="text-align: right;">137</td> <td></td> </tr> <tr> <td style="text-align: right;">143</td> <td style="text-align: right;">145</td> <td style="text-align: right;">143</td> </tr> </table> <p>Central Office
Field Offices
Total Positions</p> | 1977 | 1978 | 1979 | 4 | 6 | 6 | 139 | 137 | | 143 | 145 | 143 | <p>24 Printing and Reproduction - \$40,000 provides for printing of FIC reference directory and FIC brochures.</p> |
| 1977 | 1978 | 1979 | | | | | | | | | | | | |
| 4 | 6 | 6 | | | | | | | | | | | | |
| 139 | 137 | | | | | | | | | | | | | |
| 143 | 145 | 143 | | | | | | | | | | | | |
| 12 | <p>Man-years 159 167 174</p> <p>Personnel Benefits - <u>\$215,000</u>. Includes \$157,000 for retirement contributions, \$37,000 for health benefits, and \$21,000 for group insurance.</p> | <p>25 Other Services - <u>\$628,000</u> includes \$350,000 for outside contractor to design, supervise and evaluate a Federal complaint handling program in the State of Florida, \$50,000 for Public Service advertising, \$60,000 for automated directory processing, \$100,000 for purchase of telephone answering devices, \$50,000 for training and \$18,000 for repair to equipment and furniture and other miscellaneous services.</p> | | | | | | | | | | | | |
| 21 | <p>Travel and Transportation of Persons - <u>\$45,000</u>. Includes funds for two trips by FIC supervisors to each city where FIC's have toll-free tie-lines, two supervisor visits by Regional Business Affairs personnel to FIC, and conference for FIC supervisors.</p> | <p>26 Supplies and Materials - <u>\$50,000</u>. Provides for administrative office supplies and materials, operating supplies, materials and technical publications.</p> | | | | | | | | | | | | |
| 22 | <p>Travel of Things - <u>\$1,000</u> for shipment of reference materials to FIC's.</p> | | | | | | | | | | | | | |
| 23 | <p>Rent, Utility and Communications Services - <u>\$766,000</u> includes \$250,000 for SLUC, \$446,000 for communications, \$60,000 for space renovation and \$10,000 for depreciation.</p> | | | | | | | | | | | | | |

Salaries and Expenses, ASSS
(Reimbursable)

SUMMARY OF AVERAGE EMPLOYMENT

(Number of Man-Years)

<u>Principal Categories</u>	<u>Actual 1977</u>	<u>Estimated</u>		<u>Changes, 1978 to 1979</u>		
		<u>1978</u>	<u>1979</u>	<u>Total</u>	<u>Program</u> <u>Other</u>	
Managerial & Admin. Dir.	47	50	51	1	1	-
Professional	127	127	141	14	14	-
Clerical	<u>55</u>	<u>55</u>	<u>55</u>	-	-	-
Sub-total	229	232	247	15	15	-
Part-time and Temporary	<u>29</u>	<u>30</u>	<u>32</u>	2	2	-
Total Reimbursable	258	262	279	17	17	-

INDIAN TRUST ACCOUNTING

Mr. STEED. Now we will take up the Indian Trust accounting item.

The fiscal 1978 budget was \$2,818,000 with a \$137,000 pay supplemental, bringing the 1978 total to \$2,955,000. The request for 1979 is \$2,658,000, a decrease of \$297,000. We don't get many decreases so we are always very pleased when we get one.

Now, I think it would be well, since this is a bright item in the whole picture, if you gave us just a brief explanation. We will put your statement in the record at this point. But, we would like to have a brief statement concerning where the work this activity comes from, and how it originates.

[The statement referred to follows:]

Indian Trust Accounting

The FY 1979 Indian Trust Accounting budget request is estimated at \$2,658,000, a decrease of \$297,000 from the Fiscal Year 1978 appropriation level. This appropriation provides for the overall function of preparing property and fund accounting reports, accounting records and supporting exhibits requested by the Department of Justice and used in connection with expert witness testimony to litigate claims pending before the U.S. Court of Claims. The accounting provided to the DOJ deals principally with the Government's trust responsibilities and management of tribal resources and moneys.

The \$297,000 decrease in FY 1979 is directly related to the closing of the Kansas City Office and the consolidating of operations with the Falls Church Office here in the Washington Metropolitan Area. As a result of these actions, a total savings of \$297,000 in personnel, benefits, equipment, administrative support and SLUC were incurred.

Ms. MENDENHALL. We serve as the accounting agent for the Department of Justice which receives requests for accounting in regard to cases before the Indian Claims Commission and the Court of Claims. We do the work for the Department of Justice.

Mr. STEED. Can you outline the type work you are talking about?

Ms. MENDENHALL. It is mainly accounting work, original research going back to the Indian treaties, and doing financial accounting to assure the government has been a sound financial manager.

Mr. STEED. This accounting is done mostly because the decree handed down by the court requires it?

Ms. MENDENHALL. Yes, sir, with the Department of Justice serving as the government's agent.

Mr. STEED. I think in the account we had last year, there were some 40-odd judgments.

Ms. MENDENHALL. Since the beginning we have had 65 cases assigned to us. Of those 65, 43 have been completed and 22 are in process.

RESEARCHING INDIAN HISTORY

Mr. STEED. Now, there has been evidence of instances where the researchers, in digging out the material they had to have to comply with the court order, have also uncovered some interesting bits of history about the tribes themselves.

Is that true?

Ms. MENDENHALL. Yes, sir.

Mr. STEED. I would think the time would come when this Freedom of Information thing will catch up with you, and there will be folks wanting to get a look at what they developed.

Ms. MENDENHALL. As far as I know, there has been no significant impact in this area regarding Freedom of Information.

Mr. STEED. I am sure that will come about one of these days. There has been, in recent years, a very heavy increase in interest in Indian history and Indian lore in our part of the country.

The museums have become a lot more popular. I think you will find there will be more and more interest in the materials you have. Of course, some of it is very useful in piecing together some of the tribal histories that have been neglected.

Mr. SOLOMON. Mr. Chairman, it is interesting to note that in the regions now the reading rooms are filled with Indian history buffs and people researching. You can hardly get a piece of machinery to use, interest is so heavy.

The same thing is happening with the roots people; they are going back and looking at where they came from. It is almost impossible. When I was out in Region 9 I noticed that we now require reservations to get a piece of equipment there, because of the crowds.

Mr. STEED. What kind of curiosity is that? Have you put a name on it?

Mr. SOLOMON. I don't know if it is curiosity as much as it is people doing research and writing books.

Mr. GRIFFIN. Very serious Indian research is going on in Fort Worth, research on the tribes, individuals in the tribes and so

forth. You can't get a reader down there. Every one of them are students of Indian history.

Mr. STEED. Mr. Miller?

HISTORY OF THE FUNCTION

Mr. MILLER. I really only have one question. You had mentioned that you do the accounting on the Indian Trust Fund for the Justice Department. Why would the Justice Department not do that accounting?

Ms. MENDENHALL. When this was first set up it was determined that GSA had a large accounting function, and would be a good agent to provide the service.

Also, we have many of the original treaties in the National Archives.

Mr. FONTAINE. Mr. Miller, that was a function of GAO for many years. Then it was transferred to GSA. Justice wanted a third party or independent agency to perform the accounting. We had most of the records in the Archives, or in the federal records centers out west, and had easy access to them.

Mr. MILLER. Maybe I am trying to lighten your load. On another subcommittee where I serve, Justice also comes there for their appropriation. It seems we have this so entangled that no one really has a hold of the problem.

Mr. FONTAINE. I think the courts have insisted that Justice, who is representing the government against the Indians, should not do the accounting. They wanted a third party, someone independent of Justice. Formerly it was General Accounting Office.

Mr. MILLER. Very good. Thank you.

INDIAN ANCESTRY

Mr. STEED. Mr. Roybal?

Mr. ROYBAL. I really have only one question Mr. Chairman. Are any of the GSA personnel involved in the Indian Trust Accounting Section of American Indian ancestry?

Ms. MENDENHALL. Yes; one female employee who has been with the office for five years has ancestors from the Commanche Tribe.

Mr. ROYBAL. Thank you.

Mr. STEED. We will insert the justifications in the record at this point.

[The justifications follows:]

INDIAN TRUST ACCOUNTING

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(\$ in thousands)

	Perm. Pos.	Man- Years	Amount
1978 Appropriation Enacted by Congress....	119	121	2,818
Proposed Supplemental for Pay Increases....	-	-	137
Total 1978.....	119	121	2,955
Estimate, 1979.....	113	114	2,658
Changes from 1978 to 1979.....	-6	-7	-297

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1979

Activity	FY 1977		FY 1978		FY 1979		Total Chg.		Increase or Decrease (-) for 1979	
	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Man Years	Man Years	Man Years
Direct Program:										
Indian Trust Accounting	116	2,735	121	2,955	114	2,658	-7	-297	-7	-297
Total	116	2,735	121	2,955	114	2,658	-7	-297	-7	-297
Permanent Positions Established	(115)		(119)		(113)		(-6)		(-6)	(-)

SUMMARY JUSTIFICATION OF 1979 BUDGET ESTIMATE

Direct obligation authority for FY 1979 is estimated at \$2,658,000, a decrease of \$297,000 from the FY 1978 appropriation level adjusted for pay raise supplemental. The decrease in funding requirements is due to the consolidation of operations with a corresponding reduction in administrative costs and SLUC requirements.

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
Indian Trust Accounting

Man-Years Amount

Program Changes:

The Kansas City Branch office was closed midway through
 FY 1978 resulting in a FY 1979 savings of \$231,000 in
 personnel, benefits, equipment and administrative
 support, and \$66,000 in SLUC.

Total, Increase or Decrease FY 1979	-7	-297
Compared with 1978 Comparable Level	-7	-297

INDIAN TRUST ACCOUNTING

BACKGROUND

GSA's Indian Trust Accounting function has been in operation for five years. When organized in December 1972, the mission was to provide accounting expertise and reports on Indian claims pending before the Indian Claims Commission (ICC) and the U.S. Court of Claims and appeared limited to 42 dockets requiring a general accounting of Trust Funds. Experience has shown that the workload includes supplemental accounting and research work on claims other than the 42 original general accounting cases. Recent decisions by the courts concerning accounting for tribal property and tribal enterprise accounts have added considerably to the workload.

JUSTIFICATION

A. Highlight - Workload is generated by the decisions of the U.S. Court of Claims and controlled (assigned) by the DOJ based on court orders and pending trials. Many cases are assigned for limited accounting work for the purpose of negotiated settlements or for DOJ responses to plaintiff's exceptions and interrogatories. These cases eventually require additional accounting work based on motions and appeals filed by the DOJ and plaintiffs.

Accordingly, it is difficult to estimate the workload for a particular case at a given time, and anticipate the number of high priority (short deadline) cases forthcoming. As a result

priorities have been shifted from one case to another and in some instances, work on cases has been postponed or curtailed based on trial dates or court imposed deadlines.

The original 42 accounting dockets still represent a major portion of the workload. These accounting cases generally involve a full accounting of the funds and property held and managed for the Indians by the Government. When accounting reports are rendered on these cases, additional accounting work is anticipated because of the likelihood that the plaintiffs will take exceptions to the accounting or file for summary judgments. The trial preparation phase of a case adds to the workload significantly. Trial preparation generally involves a review and analysis of plaintiff's accounting exhibits and reports and the preparation or rebuttal evidence. Once a case has been tried, the amount awarded to the tribe may be offset by certain expenditures from gratuity appropriations made for the tribe. This phase requires additional work to analyze and identify allowable offsets against awards. Additional accounting work is anticipated on cases in process and completed pending court decisions relating to alleged continuing wrongs beyond the accounting cut-off period of August 13, 1946.

Cases received have varied from a simple request to provide supporting documents and research material involving less than 40 man-hours to a full accounting of all tribal funds involving as much as 40 man-years of work.

B. Explanation of Changes, FY 1979 vs. FY 1978 - The \$297,000 net decrease from FY 1978 to FY 1979 is the result of the following changes:

Program Changes: By closing the Kansas City Branch office, midway through FY 1978, and consolidating with the Falls Church offices, numerous savings were incurred:

- (1) A total savings of \$231,000 in personnel, benefits, equipment and administrative support (7 man years due to duplication of jobs).
- (2) A decrease in the Kansas City office space resulted in a savings of \$66,000 in SLUC.

INDIAN TRUST ACCOUNTING

Key Workload Items

as of December 31, 1976 as of December 31, 1977 :

Status of Cases:

Pending/In Process	18	22
Completed	38	43
Total	56	65

Original workload involved 42 cases requiring general accounting work only and did not include treaty consideration and offset cases, special accounting cases and U.S. Court of Claims Cases.

INDIAN TRUST ACCOUNTING

EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$1,784,000. For 114 man-years distributed as follows:
- | | <u>1977</u> | <u>1978</u> | <u>1979</u> |
|--------------------------------|-------------|-------------|-------------|
| Positions (All Central Office) | 115 | 119 | 113 |
| Man-years | 116 | 121 | 114 |
- 12 Personnel Benefits - \$169,000. Includes \$118,300 for retirement contributions, \$33,800 for health benefits, \$11,800 for Employee's Compensation Fund, and \$5,100 for group life insurance.
- 21 Travel and Transportation of Persons - \$79,000. Provides for researching records at field offices of the Bureau of Indian Affairs and Indian agencies.
- 22 Transportation of Things - \$5,000. Provides for transportation of records to and from the Records Center.
- 23 Rents, Communications, and Utilities - \$436,000. Includes \$234,000 for payment to the Federal Buildings Fund, \$121,000 for local telephone and teletype services and \$81,000 for equipment rental.
- 24 Printing and Reproduction - \$2,000. Provides for reproducing copies of Indian records.
- 25 Other Services - \$130,000. Provides for repair and preservation of old records.
- 26 Supplies and Materials - \$28,000. Provides for supplies required in the recovery and treatment of records.
- 31 Equipment - \$25,000. Provides for microfilm and related equipment and shelving in warehouse space.

GENERAL SERVICES ADMINISTRATION

INDIAN TRUST ACCOUNTING

For expenses necessary to provide accounting, records management, and other support incident to adjudication of Indian Tribal claims by the Indian Claims Commission, \$2,818,000. ~~Provided, That none of these funds shall be available for transfer to any other account.~~

United States Court
of Claims, \$2,658,000

(Independent Agencies Appropriations Act, 1978)

INDIAN TRUST ACCOUNTING

<u>Principal Categories</u>	<u>Summary of Employment</u> (Number of Man-Years)		<u>Change from 1978 to 1979</u>	
	<u>Actual</u> <u>1977</u>	<u>Estimated</u> <u>1978 1979</u>	<u>Program</u>	<u>Other</u> <u>Total</u>
Managerial and Administrative Direction.....	2	2 2	-	-
Professional.....	54	56 53	-3	-3
Clerical.....	<u>60</u>	<u>63 59</u>	<u>-4</u>	<u>-4</u>
Total.....	116	121 114	-7	-7

FORMER PRESIDENTS ACT

Mr. STEED. We now come to the most popular item in the Treasury, Post Office, and General Government appropriation bill, the most popular in terms of the amount of attention our colleagues in the Congress give it.

I am referring to Allowances and Office Staff for Former Presidents. The budget for 1978 was \$617,000. The request for 1979 is \$771,000, an increase over 1978 of \$154,000.

We will make your statement part of the record at this point.
[The statement referred to follows:]

Allowances and Office Staff
for Former Presidents

The FY 1979 budget request for Allowances and Office Staff for Former Presidents is estimated at \$771,000, an increase of \$154,000 over the FY 1978 appropriation level. This appropriation provides for pensions and the cost of postal franking privileges for widows of former Presidents Eisenhower, Truman, and Johnson. It also provides for the pensions, office staffs and related expenses of former Presidents Nixon and Ford.

The \$154,000 increase requested in FY 1979 will provide \$68,000 for increased costs in communications, travel, miscellaneous office costs and SLUC charges for former President Nixon and \$86,000 for increased costs in communications, travel, miscellaneous office costs, SLUC and increased costs for staff salaries authorized by P.L. 95-138 for former President Ford.

INCREASES REQUESTED

Mr. STEED. Would you like to make some additional comment regarding the increase?

Ms. MENDENHALL. Yes. The majority of the increase, approximately two-thirds of it, relates to SLUC charges of \$107,000 for two former Presidents. This is the first year that former Presidents will be charged SLUC.

It is a result of the interest of this subcommittee, as well as a GAO report about two years ago. There are also small increases for telephones, travel and some staff support.

Mr. STEED. I believe you have provided us an itemized break-out of the 1978 program, as well as the request for 1979. We will make those a part of the record at this point. I think that will explain everything.

[The information referred to follows:]

Former PresidentsFY 79

	<u>Nixon</u>	<u>Ford</u>	<u>Widows</u>	<u>Total</u>
Personnel Compensation	96,000	150,000	-	246,000
Personnel Benefits	8,000	15,000	-	23,000
Pensions	66,000	66,000	60,000	192,000
Travel - People	24,000	30,000	-	54,000
Printing	1,000	10,000	-	11,000
Rents, Utilities, Communications				
Equipment Depreciation	12,000	16,000	-	28,000
Telephone, Teletype	27,000	30,000	-	57,000
Postage	5,000	10,000	5,000	20,000
SIUC	51,000	56,000	-	107,000
Other Services				
Commercial Contracts, etc.	3,000	10,000	-	13,000
Supplies and Materials	<u>10,000</u>	<u>10,000</u>	-	<u>20,000</u>
Total Appropriation	303,000	403,000	65,000	771,000

1/10/77

Former Presidents

FY 78

	<u>Nixon</u>	<u>Ford 1/</u>	<u>Widows</u>	<u>Total</u>
Personnel Compensation	96,000	96,000	-	192,000
Personnel Benefits	8,000	9,000	-	17,000
Pensions	66,000	66,000	60,000	192,000
Travel - People	15,000	30,000	-	45,000
Printing	1,000	10,000	-	11,000
Rents, Utilities, Communications				
Equipment Depreciation	10,000	14,000	-	24,000
Telephone, Teletype	21,000	20,000	-	41,000
Postage	5,000	15,000	5,000	25,000
Rents and Utilities	-	37,000	-	37,000
Other Services				
Commercial Contracts, etc.	3,000	10,000	-	13,000
Supplies and Materials	<u>10,000</u>	<u>10,000</u>	-	<u>20,000</u>
Total Appropriation	235,000	317,000	65,000	617,000

1/ Excludes pending supplemental for \$54,000.

Mr. STEED. We have two former Presidents of the United States who are not buried in the Continental United States involved in this.

Ms. MENDENHALL. Yes.

Mr. FONTAINE. The three widows, too.

Mr. STEED. One of the favorite high school trick questions is what two former Presidents are not buried in the Continental United States. They happen to be these two.

The budget, as I understand it, is based on current legislative authority that tells what can and cannot be made available to former Presidents.

Mr. FONTAINE. Yes, sir.

SPACE CHARGES

Mr. STEED. The former Presidents are required to identify what they call their permanent location. Then you assess your SLUC charges based on what they say that is.

Ms. Mendenhall. Yes, they are entitled to one site.

Mr. STEED. I understand you occasionally have a temporary situation where you have to give the former President an opportunity to become situated and get permanent status. You don't have that problem any longer now.

Mr. FONTAINE. Mr. Ford was in temporary space. His space, as I understand it, is totally in Palm Springs. He has selected that.

You are aware that SLUC at San Clemente had been waived by the former Administrator. Due to the budget cycle, this is the first year we have been able to ask for funds. That waiver has been cancelled.

Mr. STEED. What is the relation of the former President with his staff? Is that at his will and pleasure?

Mr. FONTAINE. I would say so.

Mr. STEED. He doesn't have to account to you or anyone else?

Mr. FONTAINE. He selects them, sets the rate of pay, and they report to him. They are not government employees for all intents and purposes.

Mr. STEED. The language of the bill, does that create any problems? Can the President have a travel allowance, too, or is it just confined to his staff?

Mr. FONTAINE. The President and two members of his staff.

Mr. STEED. The restriction is on the amount that can be used for that purpose?

Mr. FONTAINE. That is correct. Subject to the travel limitations of the appropriations act.

Mr. STEED. Mr. Miller.

NATURE AND VOLUME OF MAIL

Mr. MILLER. I see it is necessary to have the utilities equipment depreciation, telephone, teletype. Apparently the former Presidents receive mail that is necessary to answer.

Can you give us an idea of the volume of mail, and what is it that we are then sending out that the taxpayers should pay for?

Mr. FONTAINE. Mr. Miller, by law they are entitled to franking privileges for everything except political mail. When they first

leave office, mail is usually very heavy. Some of it in the sense of asking for autographs, or pictures. Foreign dignitaries are sending mail. It increases again at birthdays, Christmas, wife's birthdays.

I would say most of it is somewhat of a personal nature. It would rise and fall depending on how long he has been out of office. We sample it and keep track of it. I think the last figure I saw at San Clemente they were sending out about 400 pieces of mail a month.

Mr. STEED. Mr. Roybal?

Mr. ROYBAL. I notice that you are asking for \$24,000 for increased communication, travel, and miscellaneous office costs. Is this an increase in the cost of basically the same level of activity or is it an actual increase in activity?

Mr. FONTAINE. Generally this is an increase in cost for the same level of activity. Communications costs are increasing to reflect full cost of services rendered. Prior to fiscal year 1979 the former President paid a fixed monthly charge for communications. Now he will be charged based upon actual usage. Former President Nixon has requested an increase in his travel allowance. His travel allowance was abnormally low during his first years out of office. His increased allowance will still be below that for former President Ford.

Mr. STEED. We will insert the justifications in the record at this point.

[The information follows:]

Allowance and Office Staff for
Former Presidents

GENERAL SERVICES ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1979
(Dollars in Thousands)

1978 Appropriation Enacted by Congress.....\$617
Estimate, 1979.....\$771
Changes from 1978 to 1979.....\$154
DIGEST OF BUDGET ESTIMATES BY ACTIVITIES, FISCAL YEAR 1979

ACTIVITIES	APPROPRIATION			Total Changes AMOUNT	Increase for 1979 Program Changes	
	FY 1977 AMOUNT	FY 1978 AMOUNT <u>1/</u>	FY 1979 AMOUNT		AMOUNT	AMOUNT
1. Pension and Allowances for Widows of former Presidents	63	65	65	-	-	-
2. Pensions for former Presidents	112	132	132	-	-	-
3. Office staff for former Presidents	204	420	574	154	-	154
Total appropriation, authorized level and budget estimates	379	617	771	154	-	154

1/ Excludes 54,000 pending supplemental for increased compensation for office staff for former President Ford.

SUMMARY JUSTIFICATION OF FY 1979 BUDGET ESTIMATES

This appropriation provides for pensions and the cost of postal franking privileges, for widows of former Presidents Eisenhower, Truman, and Johnson. This appropriation also provides for the pensions, office staffs and related expenses for former Presidents Nixon and Ford.

Allowances and Office Staff
for Former Presidents

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1979
(in thousands of dollars)

	Widows Activity 1	Pensions for former Presidents Activity 2	Office Staff Activity 3	Total
<u>Other Changes:</u>				
1. Increased office costs, including SLUC payments for former President Nixon	-	-	\$68	\$68
2. Increased cost of salaries authorized by P.L. 95-138 and office cost increases including SLUC payments for former President Ford	-	-	86	86
Total, Increase for 1979 over 1978 level	-	-	\$154	\$154

EXPLANATION OF CHANGES FY 1978 vs. FY 1979

The \$154,000 increase is comprised of the following:

- (1) \$60,000 for increased staff costs authorized by P.L. 95-138 for former President Ford.
- (2) \$70,000 for SLUC charges being paid by former Presidents for the first time. \$51,000 for former President Nixon and \$56,000 for former President Ford, offset by \$37,000 of leased space costs budgeted for former President Ford last year. All space costs are now paid to Federal Buildings Fund through SLUC charges.
- (3) \$24,000 for increased communications, travel, and miscellaneous office costs. (\$17,000 for former President Nixon and \$7,000 for former President Ford).

Allowances and Office Staff for
Former Presidents

PENSION, ALLOWANCES, AND OFFICE STAFF

EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing. - \$246,000 There is no established staffing for this activity.
- 12 Personnel Benefits. - \$23,000 Includes \$18,000 direct contribution to retirement fund, \$2,000 for health benefits, and \$3,000 for FICA.
- 13 Benefits for Former Personnel. - \$192,000. Includes pensions of \$132,000 for former Presidents Nixon and Ford and \$60,000 for the widows of former Presidents Eisenhower, Truman, and Johnson.
- 21 Travel and Transportation of Persons. - \$54,000.
- 23 Rents and Communications. - \$212,000 Includes \$57,000 for teletype, local telephone, FTS and long distance service, facsimile services in connection with Presidential Papers and materials, and office machine rentals; \$20,000 for reimbursement to the Postal Service for franked mail; \$28,000 for equipment depreciation; and \$107,000 for SLUC changes.
- 24 Printing - \$11,000.
- 25 Other Services. - \$13,000. Includes repairs to equipment and furniture, as well as other services performed by commercial contractors.
- 26 Supplies and Materials. - \$20,000 for supplies and materials in connection with operation of the offices.

GENERAL SERVICES ADMINISTRATION

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

For carrying out the provisions of the Act of August 25, 1958, as amended (3 U.S.C. 102 note), ~~\$617,000~~ \$771,000; *Provided*, That the Administrator of General Services shall transfer to the Secretary of the Treasury such sums as may be necessary to carry out the provisions of sections (a) and ~~(c)~~ (e) of such Act.

(Independent Agencies Appropriations Act, 1978)

PRESIDENTIAL TRANSITION EXPENDITURES

Mr. MILLER. On a little different area, the transition expenditures—I am sure you are acquainted with what we have on a GAO report. There are some questions left unanswered. Perhaps this would be an opportunity for your people to answer this since, as I understand, GAO is responsible for overseeing the fund.

I am not sure how you received all this responsibility. But since you have received it, I guess we have to ask you the questions.

Mr. FONTAINE. I think Mr. Kallaur, the Assistant Administrator, can answer this question.

Mr. MILLER. One item deals with salary advancements. In the GAO report it cites false authorizations for travel to Annapolis, Maryland which were used to obtain cash advances of about \$18,000 for 69 individuals, I guess. That is one area.

Is there anything that you can say that would help clear this up?

Mr. KALLAUR. Mr. Miller, the GAO report says that travel advances should not have been used but per diem advances should have been used.

The GAO, in their review, considered the situation and agreed that the authorities and justifications were somewhat clouded.

You should be aware of my own involvement. I was the Administrator of the Transition. Some of the criticisms in that report are directed at my handling of that appropriation.

The advances amounted to less than 2 percent of the total personnel compensation and less than 1 percent of the total funds expended by the transition organization. A total of 69 employees received advances and there are a total of 75 transactions in that account.

These advances were clearly identified in the budget documents and records of the transition as salary advances and not for any other purpose. The accounting classification and the coding "Annapolis" was just to maintain the record, so there would be no confusion on our part as to the purpose of the transaction.

TRAVEL AUTHORIZATIONS

Mr. MILLER. It very plainly states that they were false authorizations, and after the survey was made that came out. Surely this could have been coded in some way other than as an official trip to Annapolis, Md.

Mr. KALLAUR. Mr. Miller, if you would look further in that report, there is the suggestion that we could have accomplished the same purpose by using per diem advances. The procedures criticized by the GAO were utilized with the knowledge of General Services Administration employees, and that is also brought out in the text.

The criticism is made that it was not the best way of doing it. On behalf of the transition organization, I certainly accept that criticism. There was certainly no intent to deceive nor defraud.

Mr. MILLER. How could per diem accounting pick up the funds that seemed to be needed at that time, because if the people did not go to Annapolis, Maryland, that would be a false authorization.

Mr. KALLAUR. Mr. Miller, that is the GAO solution, not mine.

Mr. SOLOMON. Mr. Miller, while I wasn't at GSA at the time, I have looked back over the history of the period. We have taken the position on the transition that we should not be the ones handling those funds in that way.

It is a very difficult area. There is a new group coming in very fast and things are happening in a chaotic situation. New people are coming in, people who probably don't know how to handle it.

Sometimes you might get a group at GSA that is antagonistic to the change in government. However, the transition must move on.

I am not trying to say they did everything right. But there were no funds mishandled or funds that were not accounted for. Everything has been accounted for. Still, we at GSA would like to turn this function back to the President or to someone else who can handle it better than we can.

I think GSA is as much responsible for the chaotic condition that came about at that time as anybody else. If I had been there at the time I would have tried to be more responsive to the new President's need for availability of funds.

I understand it became difficult to get funds to carry on the activities of the new President. It became a slow process. Why this happened and why there was antagonism, I cannot tell you, because I wasn't there.

Mr. Miller, they turned back some of the funds. They didn't use the total allocation.

UNUSED FUNDS

Mr. MILLER. Can you provide us the amount of dollars that were turned back?

Mr. KALLAUR. Mr. Miller, the Carter/Mondale transition was a transition within a transition. For example, in 1968 the transition operations were funded by predominantly private funds with some federal funds, and numerous services were provided by the government at no charge.

In the 1976 transition, we were in a transition that was exclusively funded with federal funds and few support activities were provided without charge.

In addition, there have been legal interpretations that the use of military aircraft should have been funded from transition funds. So, there is some discussion yet as to the total indebtedness of the transition.

But regardless of how that is resolved, not less than 10 percent of the appropriated funds in the amount of \$200,000 will be returned to miscellaneous receipts.

Mr. MILLER. But it would not be returned if the accounting was such that it would pay for military aircraft that apparently was not paid for?

Mr. KALLAUR. We have reduced the unobligated balance by that amount already. Once the expenditures for military aircraft are accounted for, then the amount to be returned will still be over \$200,000.

SOCIAL SECURITY TAXES

Mr. MILLER. How about the Social Security taxes that were not withheld?

Mr. KALLAUR. There were approximately—I am trying to remember—somewhat less than 100 college students and temporary employees that were employed at an hourly rate at the minimum wage to sort mail, to do other sorts of unskilled work in conjunction with the transition.

We asked for and received a ruling by telephone from the Internal Revenue Service that we could treat these employees as "casual labor".

Our records were kept in that manner. We regarded the definition for casual labor as extending to the point where we did not have to reduce their wages by withholding income taxes or Social Security.

The General Accounting Office made the determination that these should have been withheld, and the total amount in question is approximately \$8,000. The paperwork to transfer these funds has been completed.

Mr. MILLER. Our problem starts when we do not comply with the law in the Federal Government. We make the laws and require people to pay taxes, we require the Social Security deductions to be made, including domestics.

It is pretty hard to explain to our constituents back home how the Federal Government can do away with Social Security. There is just no easy way to explain.

The report is out and has been. It seems we had a pretty sloppy operation somewhere.

Mr. KALLAUR. Mr. Miller, a brief example might give you an idea of the complexity of the problem right now. Having gone through the original problem and reviewed the GSA report, we advised the Internal Revenue Service that we were prepared to comply with the GAO instructions to accomplish the paperwork on withholding and Social Security taxes and the Internal Revenue Service advised it could be too tedious, too time consuming, and not worth their effort to collect these funds.

That was exactly the same answer given to us when we asked for an opinion in December of 1976.

Mr. MILLER. I can understand going back to do this.

Mr. KALLAUR. It was the same view at that time. So, there was no effort on the part of the transition not to explore that avenue. We were told we were not subject to that requirement.

ORGANIZATIONAL RESPONSIBILITIES

Mr. MILLER. You say you were responsible for this at the time, sitting on top of it. Here is an organization that is paying people. Everybody else has Social Security deducted. Didn't you feel that you should have some responsibilities to see this accounting was done properly?

Mr. KALLAUR. Yes, sir. I felt that responsibility and I believe I discharged it. The people that we are talking about are students who worked from four to five to possibly ten or 15 hours a week on very erratic schedules.

The total compensation for any one of these students did not exceed \$675. I believe the average compensation was in the range of \$250. These were not salaried employees.

Mr. MILLER. I can't sell that to my constituents. They just won't buy it. They feel that they are compelled to pay and keep track and keep the records.

They feel that the Federal Government is the government that makes the laws and says this is what we have to do. Then they come up with a report like this that indicates at least pretty strongly that somehow we didn't apply the letter of the law.

I guess maybe we have to bend over backwards to abide by the letter. If there are \$3 million there to work within the transition fund, then it seems that there should be enough to put on one person just to make sure we are abiding by the letter of the law in regard to deductions for Social Security, and income tax, and not have some items that could come out later as false authorizations.

Mr. SOLOMON. Mr. Miller, I think some of that responsibility should fall on GSA's back, too. I think that we should have taken on the responsibility to see that they had the proper help.

As I said before, I think that in the transition period, with a new government coming in and one going out, there is a chaotic situation.

I hear you and appreciate what you say. But, I think the GSA should have come in and helped more in that situation because they knew how to do it, knew what to do.

As I read the record down at GSA, we were not as cooperative as we could have been. I think that is where some of the fault lies. And I think GSA should be removed from that responsibility.

Mr. MILLER. I can understand you wanting out from under it. I would too. But I think somebody should be at the head of it and we have people in the Federal Government that are very well versed in how this should work.

It is possible to assign somebody to that responsibility. If you had other responsibilities at that time, then somebody should have been assigned to it to overlook and oversee that we are abiding by the law, we are keeping the records the way they are supposed to be, because the money was there, even we do have somewhat is indicated to be the false authorizations at least.

Just the words alone create a lot of problems.

Were any of these trips actually made?

Mr. KALLAUR. No, sir.

NATURE OF TRAVEL

Mr. MILLER. There were not personal trips made—

Mr. KALLAUR. We made an aggressive effort to put all of the advances in an accounting classification, so there would be no confusion that it was a transportation/salary advance item.

In fact, we selected Annapolis as a convenience to comply with the recordkeeping system of the General Services Administration, since we had to fill out all the particular items on the form.

One of the items to accomplish this was a destination coding. We used Annapolis. It was unfortunate that we used that procedure.

But again I urge you to look at the specific criticism that we could have accomplished this through a per diem advance rather than a travel advance.

There was no effort to deceive either the General Services Administration, which was doing the record keeping, or the public, or the Congress, which would ultimately review how we expended the funds.

Mr. SOLOMON. May I add one more thing to clarify the record? I was not present when this took place. I agree that if I had been here, I would have assumed the responsibility to see that someone was put in charge of it. It was improper management.

Mr. GRIFFIN. I would like to support the Administrator on what he is expressing, Mr. Miller. I think it is very difficult to expect a smooth transition with people with no salaries, no incomes and no funds being made available without all of the prescribed documentation, and guidance coming from people who are either hold-overs in an administration or long-time government employees. I believe that the responsibility should be in the White House, properly staffed by people reporting directly to the White House.

Due to the way the law reads now, we had situations where long-time employees were asked to approve in advance travel by the President, by the President's family, and so forth and so on. I did not have anything to do with the situation, but I was mindful of some of the problems because I was in GSA at the time. I firmly believe Congress, when the proposed legislation comes up, should take a serious look at whether the President's designee with proper staffing, could not control the future transition funds rather than having another agency involved in it, refusing to advance funds without extensive documentation, validation, and so forth.

That is the basis for the proposal, and I certainly support the Administrator in advancing that idea. It was a very difficult situation for the transition staff and for some of the career people who attempted to execute their responsibilities as they saw them. It is a very cumbersome arrangement the way the law reads now, based on this one experience.

DELINEATION OF RESPONSIBILITY

Mr. MILLER. First of all, I do agree, and I think we need to take a look at it because it reflects on everyone. Today, when anything is read it is picked up in the newspapers and people are talking about it. They say that is the big Federal Government, and it just sometimes doesn't amount to much, but they can make a great story out of it. Perhaps that is why, if there is confusion at the transition time, we are not taking care of it properly. We should have someone definitely responsible for all that is going on and give them good advice to make sure there is no loophole. Even though the intent may be good and they need to have funds for a certain area today.

But this is possible, and apparently it has taken place, but it leaves a bad taste in the mouths of the American people. I have heard about it, and it disturbs me, and maybe in Congress somehow we are letting down by not setting up more guidelines, or we should at least, send out a letter of expression that explains the pitfalls.

Mr. GRIFFIN. The divided responsibility is a very difficult thing to negotiate, the way the law turned out; the division of responsibility and authority is very difficult to negotiate.

Mr. SOLOMON. May I point out one thing that you said that was very key to what the problem is, and that is expediency of funds. When a new team comes in, they have to create salaries and pay people, because these people have been working during the campaign and they need to get funds to start living on and for getting to work for the transition, and I think that is what happened here, the GSA was slow in dispensing funds.

I don't know whether it was two weeks, three weeks, or a month; somebody who was here can tell me, but I know they were slow. I had a son here at the time, and I can tell you his funds were forever coming through.

Mr. KALLAUR. If I may add one point on behalf of GSA, a lot of the problems in the tardiness or slowness with which the transition received its funds were directly related to the tardiness of the transition group in preparing salary schedules and compensation rates which had to be established in advance, and once all of these procedures came on-line, the support from the General Services Administration was excellent, but, by and large, the advances that you discussed at some length all took place during the hiatus between the election period and the start of a regular salary schedule.

FUND AVAILABILITY

Mr. MILLER. The \$2 million fund was available, was it not, at that time?

Mr. KALLAUR. No, sir; it was not. Not in a meaningful way. The General Services Administration was prepared to put individuals on salaries once we established a compensation level, but we did not do that until the end of November. There were lengthy discussions as to the compensation levels for transition employees and the final determination was made that the top salary within the transition organization would be at the GS-14 equivalent level.

Mr. MILLER. Who was to make that determination?

Mr. KALLAUR. The senior staff members of the transition. We imposed a series of very stringent salary cuts below our earlier projected levels in order to make sure that we fell within our appropriated funds.

FUTURE PLANS

Mr. MILLER. Maybe we need to do something. It is possible that some conclusion could come from the colloquy we have had, maybe right now is the time to draw up a set of guidelines for the next transition.

Mr. KALLAUR. Mr. Miller, I agree. In the General Services Administration we are now in the process of discussing both the former President's act and the Transition Act. We will coordinate our efforts with the Office of Management and Budget and the White House in order to develop a proposal for review by the Congress. This proposal will include all changes and lessons

learned from what I would suggest are the minor mistakes of the 1976 transition.

Mr. MILLER. On that note, it sounds as though we are going to plan ahead to have the guidelines for the next time around so we don't have the pitfalls. Thank you.

Thank you, Mr. Chairman.

Mr. STEED. Mr. Administrator, ladies and gentlemen, on behalf of the subcommittee, I would like to express our appreciation for your week-long appearance and the cooperation and information you have given us. We have had a very informative and pleasant experience and are delighted to have made this much progress in our annual job of getting this bill together.

The committee is adjourned.

MR. CONTE'S REMARKS ON THE PROPOSED TRANSFER OF THE HAND TOOL CENTER FROM WASHINGTON TO KANSAS CITY, BEFORE THE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON TREASURY-POSTAL SERVICE, AND GENERAL ADMINISTRATION: FEBRUARY 15, 1978

First, I want to thank the Chairman for extending to me the courtesy of placing this statement in the committee's record. I want to limit my remarks to the Hand Tool Center activity, which is a part of the Federal Supply Service.

Mr. Chairman, as I am sure you are well aware of, the General Services Administration has proposed that the Hand Tool Center, presently located in Washington, be transferred to Kansas City. The administration released a decision paper, stating the rationale for this proposed consolidation out of Washington. Since that time I and many of my colleagues have been contacted by various representatives of the hand tool industry who have voiced their strong opposition to the proposal, and have specifically cited the errors they believe exist in the administration's decision paper and the resultant effects such a move would have on this vital segment of our economy. As a result of these expressed views, both Mr. Boland, a member of this subcommittee, and I held an informal hearing with the officials of the General Services Administration, last December. The officials present expressed their opinion, that the proposed transfer would accomplish the objectives set out in the decision paper. It appeared to Mr. Boland and me that the most practical means of discussing all the pertinent facts on this controversial proposal, was to hold another meeting at which time, both the representatives of the administration, and the hand tool industry could participate. Additionally, the interested Members of Congress could then learn first-hand, of the facts surrounding this proposal. Both the officials at the General Services Administration, and the hand tool industry representatives have agreed on this format. Accordingly, we have scheduled a meeting to take place next week, February 22, in the afternoon, at which time the representatives from both sides will be able to fully air their reasoning.

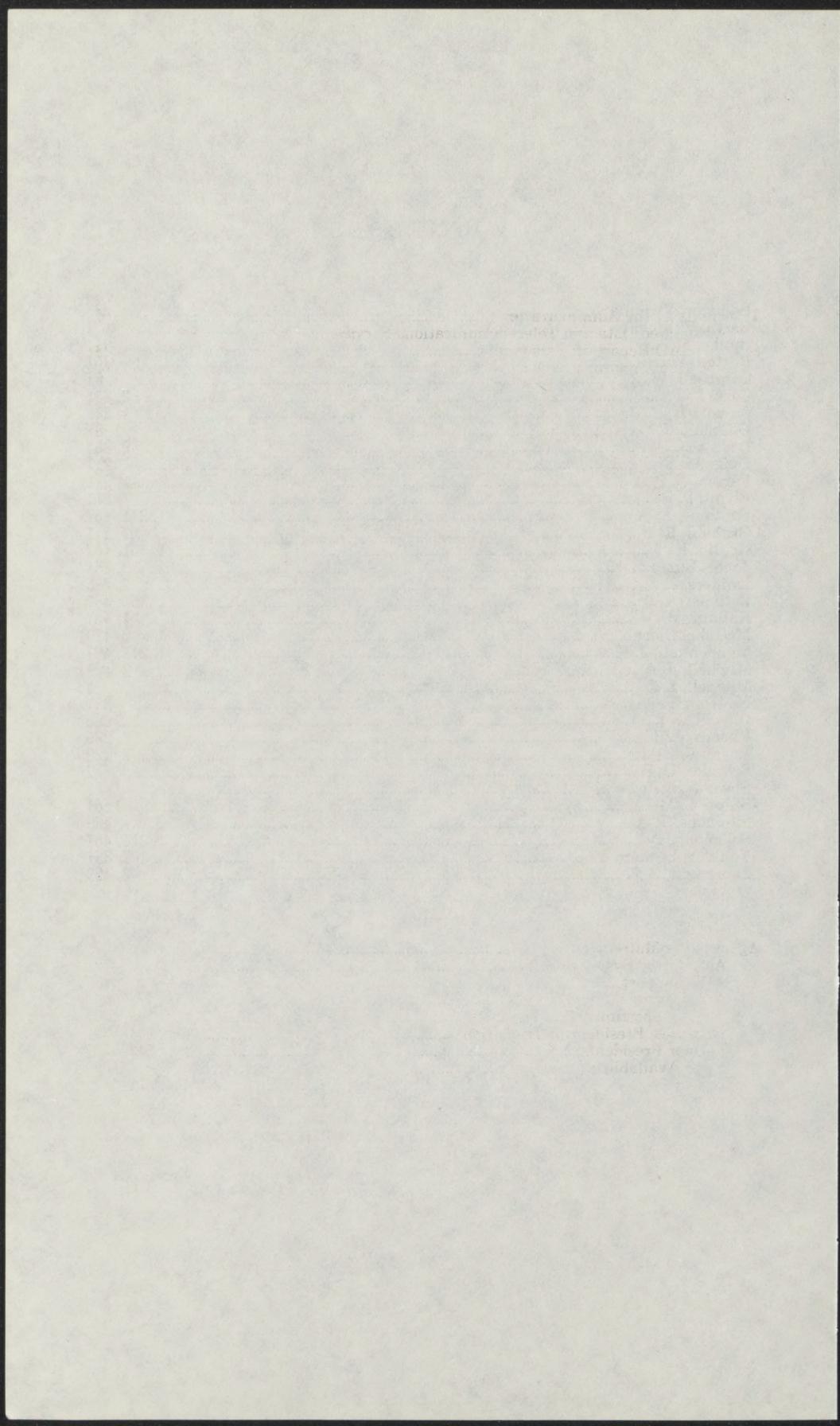
Accordingly, Mr. Chairman, I would respectfully suggest that your committee defer any decision on this issue until the interested members have heard the arguments, both for and against, at the upcoming February 22nd, meeting. I share the concern of the chairman and members of this committee, that a full presentation of all the facts should take place before the committee passes judgment.

I am optimistic that, after the meeting on the 22nd of this month, we will be in a position to better judge the merits of this proposal.

Once again, I wish to express my gratitude to the chairman for allowing me this opportunity to present my views on this proposal.

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