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TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR
FISCAL YEAR 1981

GOVERNMENT
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HEARINGS

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BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH 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
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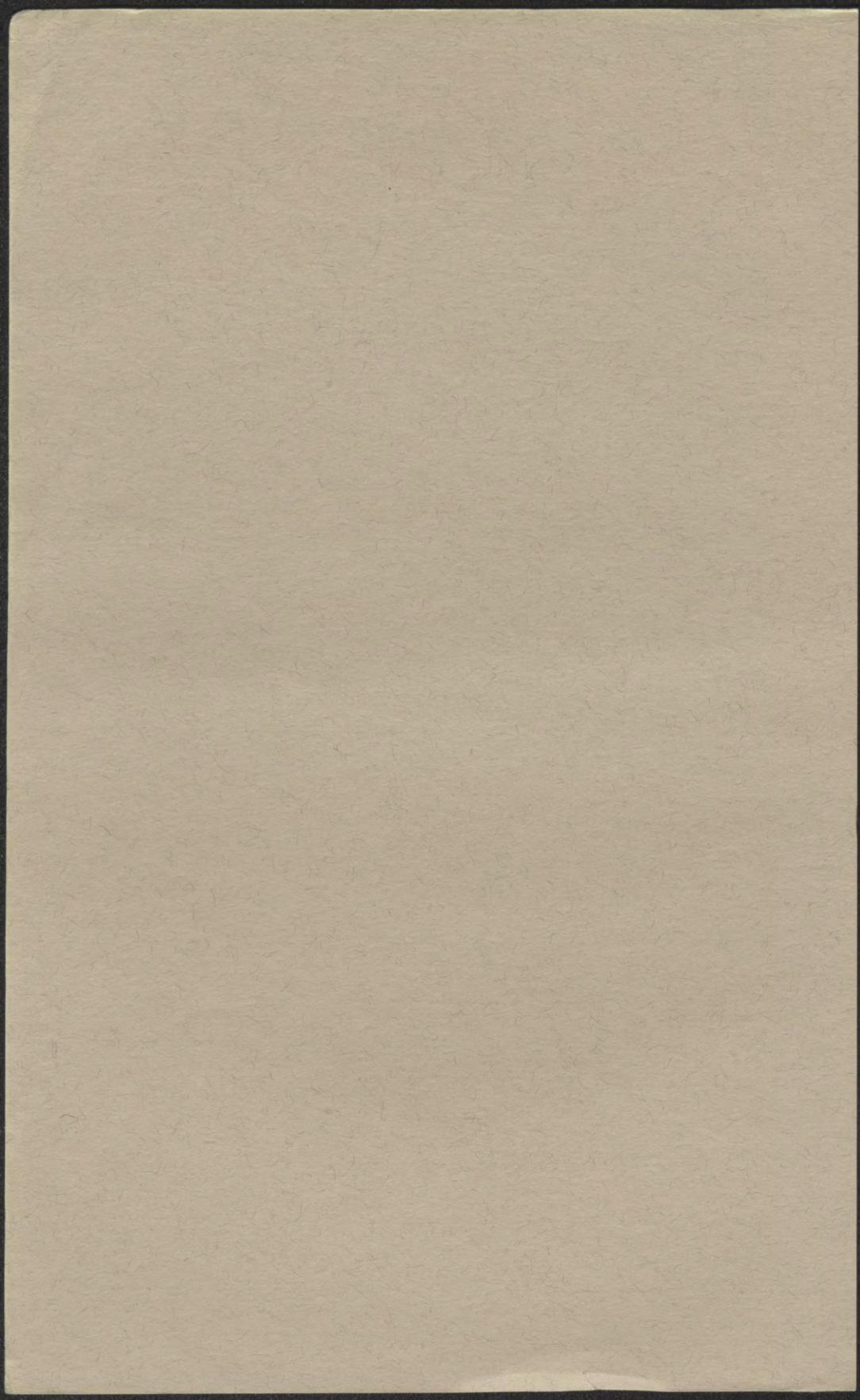
PART 5

GENERAL SERVICES ADMINISTRATION

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TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR
FISCAL YEAR 1981

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WASHINGTON : 1980

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TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS FOR 1981

MONDAY, MARCH 10, 1980

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

WITNESSES

ROWLAND G. FREEMAN III, ADMINISTRATOR, GENERAL SERVICES
ADMINISTRATION

RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS, AND FINANCIAL MANAGEMENT

Mr. STEED. The committee will be in order.

The committee will now take up general activities of the GSA Allowances and Office Staff for Former Presidents. The FY 1980 appropriation is \$759,500. A program supplemental of \$66,000 was requested but has been canceled.

The budget request for 1981 is \$798,000. This represents an increase over 1980 of \$38,500. We will be pleased to insert your opening statement in the record at this point.

[The information follows:]

STATEMENT OF THE ASSISTANT ADMINISTRATOR FOR PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT

Mr. Chairman and Members of the Committee: I am pleased to appear before this committee again to discuss the fiscal year 1981 budget requests for former presidents and expenses under the presidential transition act.

The budget reflects a request of \$798,000 for allowances and office staff for former Presidents and an appropriation of \$760,000 for 1980. There is a reduction of \$54,000 in 1981 for former President Ford's office staff limitation reverting from \$150,000 to \$96,000 at the close of 30 months pursuant to law.

There are increases in travel of \$5,000 for former President Nixon and \$7,000 for former President Ford, offset by miscellaneous decreases totaling \$9,000.

The original 1981 budget included \$89,000 for full-year cost of the standard level user charge on office space to be leased for former President Nixon in 1980 in New York City, upon relinquishment of his San Clemente office subsequently, Mr. Nixon agreed to occupy space in the Federal Plaza Office Building in New York City. Consequently, the total budget request of \$798,000 can be adjusted downward by a net amount of \$82,000.

In accordance with the Presidential Transition Act of 1963 the 1981 budget includes \$3 million for transition expenses. Of this amount the law provides \$2 million for the incoming administration and \$1 million for the former president and former vice president. In the case where the president-elect is the incumbent president or where the vice-president-elect is the incumbent vice president, any funds appropriated are returned to the general fund of the treasury.

Thank you for this opportunity to make this brief statement Mr. Chairman, and we will be happy to respond to the questions of this committee.

SPACE FOR MR. NIXON

Mr. FONTAINE. Mr. Chairman, at the time the budget was planned, Mr. Nixon planned to go into commercially leased space in New York City which was at a much higher rate than the property he had at San Clemente. Since then he has chosen to take Federally owned office space in New York City, which means there could be a reduction of \$82,000 in the rent amount for Mr. Nixon. This was all subsequent to the budget being prepared.

SUMMARY STATEMENT

Mr. STEED. Give us a brief statement summarizing what the program is doing and what is involved.

Mr. FONTAINE. The law provides for office staff and expenses for former Presidents after they leave office.

The budget this year reflects a reduction in the office staff limitation for former President Ford reverting back from \$150,000 to \$96,000 since he has now been out of office for 3 years. Mr. Nixon has a comparable amount for office staff, telephone costs, supplies, travel, and other miscellaneous items.

Mr. STEED. Is there a limit on the postage and telephone costs they can draw?

Mr. FONTAINE. No, sir; except what the appropriation process would allow, the only statutory appropriation is \$96,000 for staff salaries.

Mr. STEED. Then the lump sum can be divided up by the former President to suit his own needs?

Mr. FONTAINE. Yes, sir.

BILLING PROCESS

Mr. STEED. What kind of billing process do you follow in order to pay the fund?

Mr. FONTAINE. We treat this just as we would any other organization in GSA. They have to certify a bill is a correct and legal expenditure before we will pay it. We do all the finance operations.

Mr. STEED. Are they paid on a monthly basis?

Mr. FONTAINE. Yes.

Mr. STEED. Is this separate from pensions paid to former Presidents and widows?

Mr. FONTAINE. The money is in here. We transfer the money to the Secretary of the Treasury and he releases a pension check the first of each month.

Mr. STEED. Then we are talking about the total cost of the pensions and all?

Mr. FONTAINE. We do not have Secret Service costs; they are separate.

TRAVEL EXPENDITURES

Mr. STEED. What about travel?

Mr. FREEMAN. It is in here, too.

Mr. STEED. Is there a limit?

Mr. FREEMAN. It is for official business only. There was a situation with one of the former Presidents that created a problem.

There was a dispute as to whether the travel was official business. The bill has been repaid. All travel has to be for official business, and that is what we look at when we audit it in the same manner as GAO.

Mr. EARLY. This covers each former President and not more than two members of his staff.

Mr. FONTAINE. Also, they are restricted to \$50 per day.

Mr. STEED. And the total is taken out of what they have available?

Mr. FREEMAN. Yes, sir.

Mr. STEED. It does not add anything to the fund?

Mr. FREEMAN. No, sir.

Mr. EARLY. Mr. Chairman, the appropriation bill does limit travel to the amount requested in the President's budget. The amount shown in the budget request may not be exceeded.

Mr. FREEMAN. Travel for this account is handled in the same manner as travel limitations are on all other budgets.

Mr. STEED. They have X number of dollars to run their office not to exceed a certain amount and then so much for travel.

Mr. FREEMAN. The account is limited in the same manner as you limit the amount GSA spends for travel.

Mr. STEED. Mr. Miller.

EXPENSES UNDER PRESIDENTIAL TRANSITION ACT

Mr. MILLER. Since you cite in the budget request, former Presidents and expenses under the transition act, will you explain what those expenses are?

Mr. FONTAINE. Presidential transition is a separate appropriation. By law we are mandated to budget \$2 million every 4 years to provide services and facilities for the President-elect and Vice President-elect for the period between November and when they take office in January. The other million is used for the former President and former Vice President.

FORMER VICE PRESIDENTS

Mr. MILLER. For former Presidents, yes, there is an allowance mandated by law. Are there any expenses incurred for former Vice Presidents?

Mr. FONTAINE. No, sir.

Mr. FREEMAN. Only within the transition fund.

Mr. FONTAINE. There is no pension. Only former Presidents or widows of former Presidents receive pensions.

Mr. MILLER. So there would be some pension money here for widows of former—

Mr. FONTAINE. Lady Bird Johnson and Bess Truman.

Mr. FREEMAN. There is also a postage allowance of \$2,500 apiece.

Mr. MILLER. No secretarial?

Mr. FREEMAN. No, sir.

Mr. EARLY. The Act authorizes staff for the former President, but not for the widow, only a pension and franking privileges.

Mr. MILLER. Thank you.

Mr. STEED. Mr. McEwen.

Mr. McEWEN. No questions.

PRESIDENTIAL TRANSITION

Mr. STEED. Turning to Presidential transition item, recent history shows this item was hardly used as a transition was made from outgoing to incoming President. We could be faced with a situation of the outgoing President and the incoming President being the same individual.

Mr. FREEMAN. In that case we would turn the money back to the Treasury.

Mr. FONTAINE. We would not use it.

Mr. STEED. Suppose my Republican colleagues would allow me to say if we reelect President Carter we would save \$3 million?

Mr. MILLER. I heard that, Mr. Chairman.

Mr. STEED. Do you have any sort of questions on that, Mr. Miller?

Mr. MILLER. No.

Mr. STEED. Mr. McEwen.

Mr. McEWEN. No, Mr. Chairman. Thank you.

Mr. MILLER. It is a necessary evil, I guess.

Mr. STEED. These were the items for today. Thank you for your appearances. We will insert the justifications for former Presidents and Presidential transition at this point.

[The justifications follows]:

Allowances and Office Staff for
Former Presidents

GENERAL SERVICES ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in Thousands)

1980 Appropriation Enacted by Congress \$760
Estimate, 1981 \$798
Changes from 1980 to 1981 \$38

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES, FISCAL YEAR 1981

ACTIVITIES	APPROPRIATION			Increase for 1981	
	FY 1979 AMOUNT	FY 1980 AMOUNT	FY 1981 AMOUNT	Total Changes AMOUNT	Other Changes AMOUNT
1. Pension and Allowances for Widows for former Presidents	60	42	40	- 2	- 2
2. Pensions for former Presidents	132	140	140	-	-
3. Office staff for former Presidents	529	578	618	40	40
Total appropriation, authorized level and budget estimates	721	760	798	38	38

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

This appropriation provides for pensions, office staffs, and related expenses for former Presidents Richard M. Nixon and Gerald R. Ford and for pensions and postal franking privileges for the widows of former Presidents Harry S. Truman and Lyndon B. Johnson.

Allowances and Office Staff
for Former Presidents

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1981
(In thousands of Dollars)

	Pensions for former Presidents		Office Staff		Total
	Widows Activity 1	Activity 2	Activity 2	Activity 3	
<u>Other Changes:</u>					
The Former Presidents Act provides that compensation for persons employed by a former President shall not exceed \$96,000 in the aggregate; for the first 30-month period during which a former President is entitled to staff assistance, compensation shall not exceed \$150,000 per annum. Decrease in personnel compensation is to revert staff of former President Ford to aggregate compensation limitation of \$96,000.....	-	-	-54	-	-54
Decrease in personnel benefits.....	-	-	-4	-	-4
Elimination of Pension to Mamie Eisenhower.....	-2	-	-	-	-2
Increase in SLUC for former President Nixon's move to New York City (5,000 sq. ft. at \$30 per sq. ft. for 1980 vs. 8,800 sq. ft. at \$6 per sq. ft. for 1979 for Nixon; 3,200 sq. ft. at \$17.50 per sq. ft. for Ford).....	-	-	89	-	89
Increase travel costs for former Presidents Nixon and Ford (\$5,000 for Nixon and \$7,000 for Ford).....	-	-	12	-	12
Decrease for office supplies, communications, postage, and equipment.....	-	-	-3	-	-3
Total, Increase for 1981 over 1980 level.....	-2	-	40	-	38

Allowances and Office Staff for Former Presidents

PENSION, ALLOWANCES, AND OFFICE STAFF
EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$192,000. There is no established staffing for this activity.
- 12 Personnel Benefits - \$19,000 Includes \$14,000 direct contribution to retirement fund, \$2,000 for health benefits, and \$3,000 for FICA.
- 13 Benefits for Former Personnel - \$180,000. Includes pensions of \$140,000 for former Presidents Nixon and Ford and \$40,000 for the widows of former Presidents Truman and Johnson.
- 21 Travel and Transportation of Persons - \$70,000.
- 23 Rents and Communications - \$304,000. Includes \$64,000 for teletype, local telephone, FTS and long distance service, facsimile services in connection with Presidential Papers and materials, and office machine rentals; \$21,000 for reimbursement to the Postal Service for franked mail; \$13,000 for equipment depreciation; and \$206,000 for SIUC charges.
- 24 Printing - \$7,000.
- 25 Other Services - \$11,000. Includes repairs to equipment and furniture, as well as other services performed by commercial contractors.
- 26 Supplies and Materials - \$15,000 for supplies and materials in connection with operation of the offices.

FORMER PRESIDENTS

FY 1981

	<u>Nixon</u>	<u>Ford</u>	<u>Widows</u>	<u>Total</u>
Personnel Compensation	96,000	96,000	-	192,000
Personnel Benefits	9,000	10,000	-	19,000
Pensions	70,000	70,000	40,000	180,000
Travel - People	35,000	35,000	-	70,000
Printing	2,000	5,000	-	7,000
Rents, Utilities, Communications				
Equipment Depreciation	10,000	3,000	-	13,000
Telephone, Teletype	29,000	35,000	-	64,000
Postage	6,000	10,000	5,000	21,000
SLUC	150,000	56,000	-	206,000
Other Services				
Commercial Contracts, etc.	5,000	6,000	-	11,000
Supplies and Materials	8,000	7,000	-	15,000
Total Appropriation	<u>420,000</u>	<u>333,000</u>	<u>45,000</u>	<u>798,000</u>

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), and Public Law 95-138, ~~8759.500~~ \$798,000
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 such Acts.

(Independent Agencies Appropriation Act, 1980)

Expenses, Presidential Transition
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
 (Dollars in thousands)

	Permanent	Average	Amount
1980 Appropriation enacted by Congress.....	-	-	-
1981 Estimate.....	-	-	\$3,000
Change from 1980 to 1981.....	-	-	+\$3,000

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1981

Activities	APPROPRIATION			INCREASE OR DECREASE (-) FOR 1981		
	FY 1979 Amount	FY 1980 Amount	FY 1981 Amount	Total Changes Amount	Program Changes Amount	Other Changes Amount
Presidential Transition	-	-	\$3,000	\$3,000	\$3,000	-

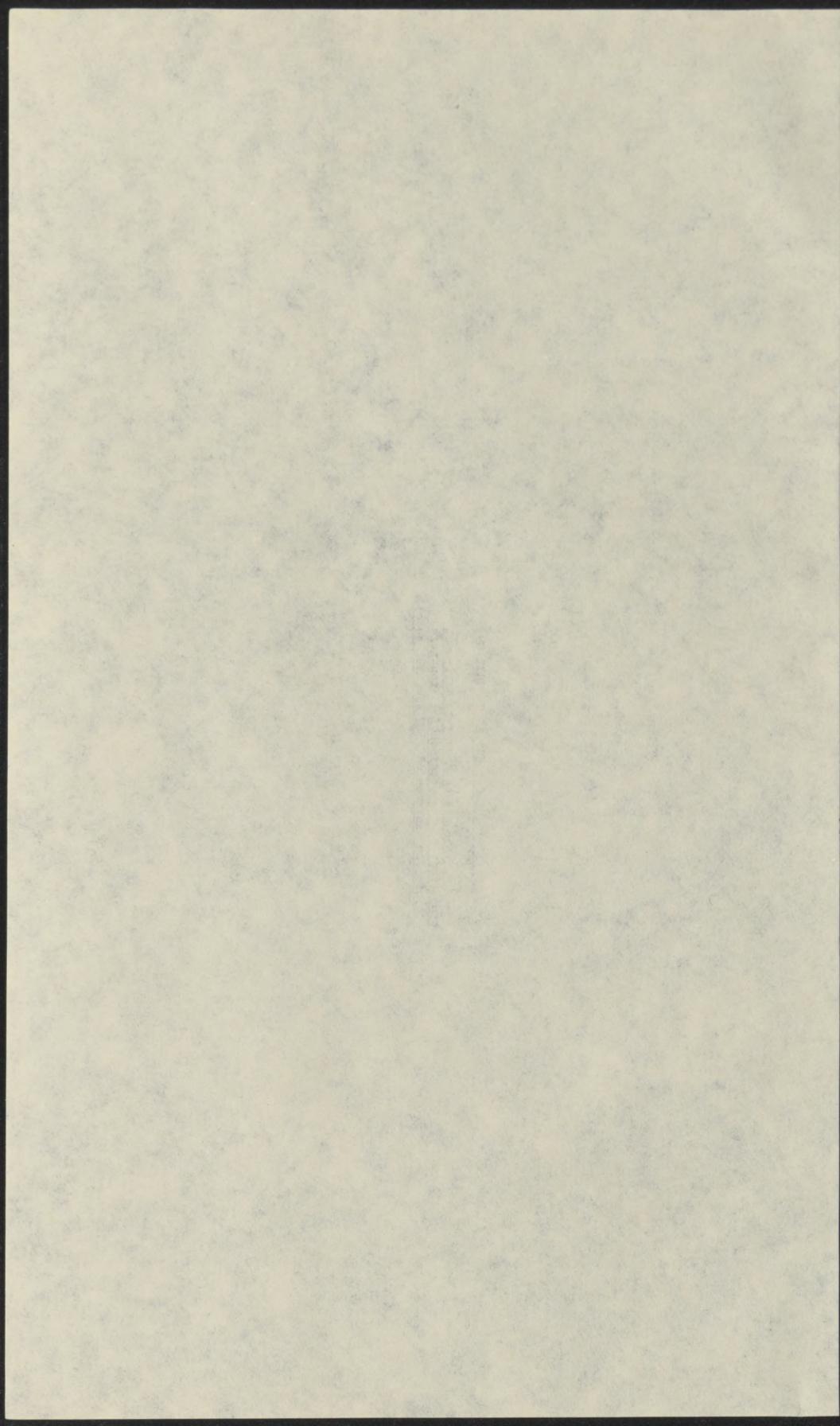
No employment is established for this account.

SUMMARY JUSTIFICATION OF FISCAL YEAR 1981 BUDGET ESTIMATE

This estimate is submitted in accordance with the Presidential Transition Act of 1963, as amended, which authorizes not more than \$2,000,000 for the purposes of providing services and facilities to the President-elect and the Vice-President-elect and not more than \$1,000,000 for the former President and former Vice President. In the case where the President-elect is the incumbent President or where the Vice-President-elect is the incumbent Vice President, any funds appropriated are returned to the general fund of the Treasury.

EXPENSES, PRESIDENTIAL TRANSITION

For expenses necessary to carry out the provisions of the Presidential Transition Act of 1963, as amended (3 U.S.C. 102 note), \$3,000,000.



MONDAY, MARCH 10, 1980.

FEDERAL PROPERTY RESOURCES SERVICE

WITNESSES

ROY MARKON, COMMISSIONER

JOHN P. CANNON, DIRECTOR, PROGRAM SUPPORT OFFICE

ROBERT A. CORNELL, ASSISTANT COMMISSIONER, OFFICE OF STOCK-PILE DISPOSAL

GEORGE I. PERRYMAN, ASSISTANT COMMISSIONER, OFFICE OF PROPERTY MANAGEMENT

EARL E. JONES, ASSISTANT COMMISSIONER, OFFICE OF REAL PROPERTY

E. L. HARPER, ASSISTANT COMMISSIONER, OFFICE OF PERSONAL PROPERTY

RICHARD F. MARILLEY, ASSISTANT GENERAL COUNSEL, OFFICE OF PREPAREDNESS AND POLICY DIVISION

Mr. STEED. The committee will be in order.

The committee is in session this morning to take up the 1981 budget request of the GSA. The first item under consideration today will be the Federal Property Resources activity.

Appropriation to date for FY 1980 is \$43,453,000, with a pay increase supplemental pending of \$1,609,000, and net transfers of \$33,000 bringing the 1980 total to \$45,095,000.

The request for 1981 is \$45,521,000, an increase over 1980 of \$426,000.

We are glad to have Administrator Freeman with us today. Mr. Administrator, if you would like to present the witnesses you have for this item, we will be pleased to hear from you.

Mr. FREEMAN. Rather than take up your time with any statement on the Federal Property Resources Service, I would like to introduce Mr. Roy Markon, the Commissioner of that Service. He has a short statement to read, and then he and I will be available for questions you may have.

Mr. STEED. All right.

Mr. Commissioner, if you would like to read your statement or highlight it, you may.

Mr. MARKON. I will put my statement in the record and summarize the remarks.

Mr. STEED. All right, sir.

[The information follows:]

OPENING STATEMENT OF ROY MARKON, COMMISSIONER, FEDERAL PROPERTY RESOURCES SERVICE

Mr. Chairman and Members of the Committee: I am pleased to appear before this Committee to discuss the fiscal year 1981 budget request for this Service. The appropriations for which I am requesting funds in 1981 are: Operating Expenses which includes Stockpile Acquisition and Disposal, Property Management, and Real

and Personal Property, the National Defense Stockpile Transaction Fund; Expenses, Disposal of Surplus Real and Related Personal Property, and the William Langer Jewel Bearing Plant Revolving Fund.

NATIONAL DEFENSE STOCKPILE

I would like to discuss our FY 1981 request by programs beginning with the National Defense Stockpile.

Last year Congress passed two significant pieces of legislation that have impacted the activity level and way in which the stockpile program requirements are funded. The first was the Strategic and Critical Materials Stock Piling Act of 1979, Public Law 96-41, dated July 30, 1979, which I will refer to as the Stockpile Policy Act. The second law was Public Law 96-175, dated December 29, 1979 which authorized the disposal of 35,000 long tons of tin and 3 million carats of industrial diamond stones and authorized the appropriation of \$237 million for the acquisition of needed stockpile commodities.

The Stockpile Policy Act provides for the National Defense Stockpile Transaction Fund. This fund is the account into which the proceeds of sale of excess stockpile commodities are deposited. Prior to the creation of the Fund, sales proceeds were deposited into miscellaneous receipts of the Treasury. The Stockpile Policy Act further provides that Congress shall authorize and appropriate money from the Transaction Fund to support the acquisition of commodities that are required to meet our national emergency requirements for a three year war. The fund is available for acquisition of commodities and is not available for operating expenses such as storage receipt and internal handling, inspection, economic and market research, planning and other necessary program expenses. These expenses for 1981 are included in the Operating Expenses portion of our request which I will discuss later.

Receipts covered into the Transaction Fund at the conclusion of fiscal year 1979 were \$7.3 million. It is estimated that fiscal year 1980 disposals would generate about \$241.8 million in receipt and the fiscal year 1981 sales would generate an additional \$263 million. The estimated fiscal year 1981 receipts are based upon current authorizations by Congress and do not include the proceeds from additional disposal authorization and are contingent upon market conditions.

Appropriations for acquisitions of \$237 million were authorized by the disposal legislation, Public Law 96-175. We are requesting an appropriation of \$169.9 million from the Transaction Fund for acquisition of stockpile commodities and directly related transportation. The difference in these two figures demonstrates a problem in balancing not easily avoided under a program which is commodity-based rather than activity-level-based. H.R. 595, which was amended and became Public Law 96-175 when passed, would have authorized three commodities for disposal—tin and industrial diamonds, which were authorized for sale, and silver, which was not. When the silver was dropped from the bill during Congressional consideration, the section providing authorization for appropriation of the proceeds of the sales was left unchanged at \$237 million.

Although the appropriations authorized in Public Law 96-175 remained unchanged, our 1981 Budget was modified to reduce the acquisition plan to projected income from the sale of only tin and diamonds. Additional variances in the projections of income and acquisition costs are explained by the substantial increases in commodity prices which we experienced in the latter part of 1979. As of today we would have still another projection for both income and expenses. This is a reason of concern. If the Transaction Fund and the restructuring program for the National Defense Stockpile are to be achieved as envisioned by the Congress in the Stockpile Policy Act there must be more flexibility in this funding process. As market conditions and market prices in the fast-paced commodities business change continually, we find it necessary to change our disposal and acquisition plans frequently. Receipts entering the Fund depend on both market prices and conditions which determine quantities of stockpile materials that can be sold without disruptive effect. Outlays for acquisitions depend as well on prices and opportunities for GSA's orderly entry into the markets. In other words, both sides of the equation change constantly so that our sales and acquisition plans are more in the nature of targets, subject to change, than annual commitments. The Congress has recognized these problems by providing for five year appropriations from the Fund.

We now project, on the basis of authorized disposal activity and sales plans which take market conditions into account, that we will enter fiscal year 1981 with a Fund balance of about \$250 million, with the fund growing by \$22 million per month during the year. Stockpile acquisitions will start in early fiscal year 1981 and we estimate that the projected income to the Fund will be more than sufficient to cover

the \$169.9 million for acquisitions planned for the year. With the international situation as it is today, the need for a National Defense Stockpile structured on current needs is very evident.

WILLIAM LANGER JEWEL BEARING PLANT

Another part of the Stockpile Program is the William Langer Jewel Bearing Plant Revolving Fund. For this activity we are not requesting funds, as it is an income and expense budget. The William Langer Jewel Bearing Plant, located in Rolla, North Dakota, is government-owned and contractor operated. It is the only domestic facility producing jewel bearings in quantity. The revenue it produces is used to finance its activities on a break-even basis. Although there was a slight loss in 1979, we will be back on a break-even basis in 1980.

OPERATING EXPENSES, FPRS

As I mentioned in the beginning of this statement, Operating Expenses for the Strategic Stockpile program are not funded from the Transaction Fund. Before I review these requirements I would like to comment on the Real and Personal Property programs, which are also funded with minor exception, in the Operating Expenses request.

Real property

During fiscal year 1979 there were 367 dispositions of excess real property with a value of nearly \$168 million; including 44 transfers to other Federal agencies with an estimated value of \$31 million, 192 public and negotiated sales generating proceeds of \$45 million, and 131 discount conveyances having an estimated value of \$92 million. Proceeds from the sale of real property are deposited with the Land and Water Conservation Fund which authorizes appropriations for expenses for the Real Property Disposal Program.

Public Law 81-152 authorized up to 12 percent of the proceeds from the annual sales of real property will be available to pay appraisers' fees, auctioneers' and brokers' fees, surveying and advertising. Our request for this expense is covered in Expenses, Disposal of Surplus Real and Related Personal Property. For fiscal year 1980 I requested \$1 million for these purposes and for fiscal year 1981 I am requesting the same amount.

Personal property

In fiscal year 1979 excess personal property with an original acquisition cost of \$791.9 million was transferred among Federal agencies for their use. We also donated property valued at an original acquisition cost of \$452.9 million to eligible donees through State agencies. Rehabilitation contracts totaled \$59.6 million. About 95 percent of these contracts were awarded to small business concerns. Proceeds from surplus personal property sales were \$37.6 million, composed of \$27.6 M for usable property and \$10 million for scrap and miscellaneous. The original cost of the usable property was \$103.9 million, which translates to a return of 26.6 percent of the initial investment on usable property after full utilization by the government.

Summary, FPRS 1981 budget request

The 1981 budget request for the Federal Property Resources Service from all revolving funds and for direct appropriation are as follows:

	1981 budget	Change from 1980
Operating expenses:		
Property management	\$19,292,000	\$408,000
Real property	6,915,000	8,000
Personnel property	16,055,000	-11,000
Stockpile acquisition and disposal	3,259,000	21,000
Total, operating expenses	45,521,000	426,000
National defense stockpile transaction fund	169,900,000	169,900,000
William Langer jewel bearing plant revolving fund	* 2,500,000	300,000
Expenses, disposal of surplus real and related personal property	1,000,000	
Total FPRS	218,921,000	170,626,000

*Represents obligations.

Operating expenses

Operating Expenses will provide funds for Real Property, Personal Property and Stockpile Acquisition and Disposal Programs at approximately the same level as in 1980. The major part of the increased funding is for Property Management in connection with the acquisition program for the National Defense Stockpile. As we more fully implement the Strategic Stockpile Policy Act the activity level of property management will increase proportionally with the increase in activity in the disposition and acquisitions of commodities. This portion of the funding will be available for two years, as authorized by the Stockpile Policy Act. Site preparation, handling, and other contracting lead time requirements are normally in excess of 90 days. These actions are set in motion at the time disposal or acquisition decisions are made based upon contracting conditions standard in applicable industries. An annual appropriation would greatly restrict our ability to enter into negotiations in the last part of the year. This problem will be eliminated by the two year availability of the appropriation.

The 1981 request of \$169,900,000 from the National Defense Stockpile Transaction Fund for acquisition of commodities required to restructure the National Stockpile was previously discussed.

The increased obligations for the William Langer Jewel Bearing Plant Revolving Fund reflect an increase in expenses, offset by income. No budget authority is required.

Rare silver dollars

Although we are not requesting additional funds, I'd like to say a few words about the sales of the Carson City Silver Dollars. As you are aware, we recently commenced sales of the remaining inventory of these coins. Under Public Law 91-607 (Bank Holding Company Act Amendments of 1970), GSA was authorized to sell 2.9 million Carson City Silver Dollars. Ten million dollars (\$10 million) was appropriated for this program and GSA conducted 5 sales during 1972-1974 at a cost of \$7.7 million. As a result of these offerings, 1,959,428 coins were sold generating net revenues of \$55.3 million. In June 1974 sales were discontinued because of escalating sales costs and lessening of market demand for the coins with 978,134 coins remaining unsold. On March 7, 1979, Public Law 96-2 was enacted to amend the Bank Holding Company Act of 1970 in order to revise sales methods to allow for an economically feasible approach to the sale of the remaining inventory of coins.

To begin this final sale, FPRS convened an Advisory Panel, consisting of leading numismatic experts and Government officials, which met on April 17, 1979, to determine the best possible method for the sale of the remaining coins. A marketing plan was developed by FPRS personnel in conjunction with the recommendations provided by the Advisory Panel. This plan called for two sales. The first, which began February 8, offered 923,269 silver dollars to the public by mail at fixed prices.

The rapid increase in the price of silver and increasing interest in the coins caused us to adjust our sales procedures. We placed lower limits on coin orders and established fixed prices which were made available through paid advertising in the nation's largest newspapers and toll-free telephone lines the day prior to the start of the sale. We project proceeds of \$51.9 million from this first sale. The second sale, to be conducted later in the year, will offer 54,857 of rarer coins at public auction by mail bid.

The unobligated balance of funds originally appropriated for these sales is being used to conduct the sales. We estimate that most of these funds will be obligated by the end of 1980 with a carryover of \$58,000 in 1981 to conclude the sales. This will finance the processing of correspondence pertaining to customer and sales follow-up.

Thank you for the opportunity to make these remarks, Mr. Chairman. I will be glad to answer any questions you or the Committee may have.

CHANGES IN APPROPRIATION REQUEST

Mr. MARKON. It is my pleasure to be before the committee again, Mr. Chairman, to talk about our program. There are some basic changes in the program, something new in the appropriation request this year that has never been considered before.

Last year, Congress passed two significant pieces of legislation. The first was the Strategic and Critical Materials Stock Piling Act of 1979, P.L. 96-41. This is the Stockpile Policy Act.

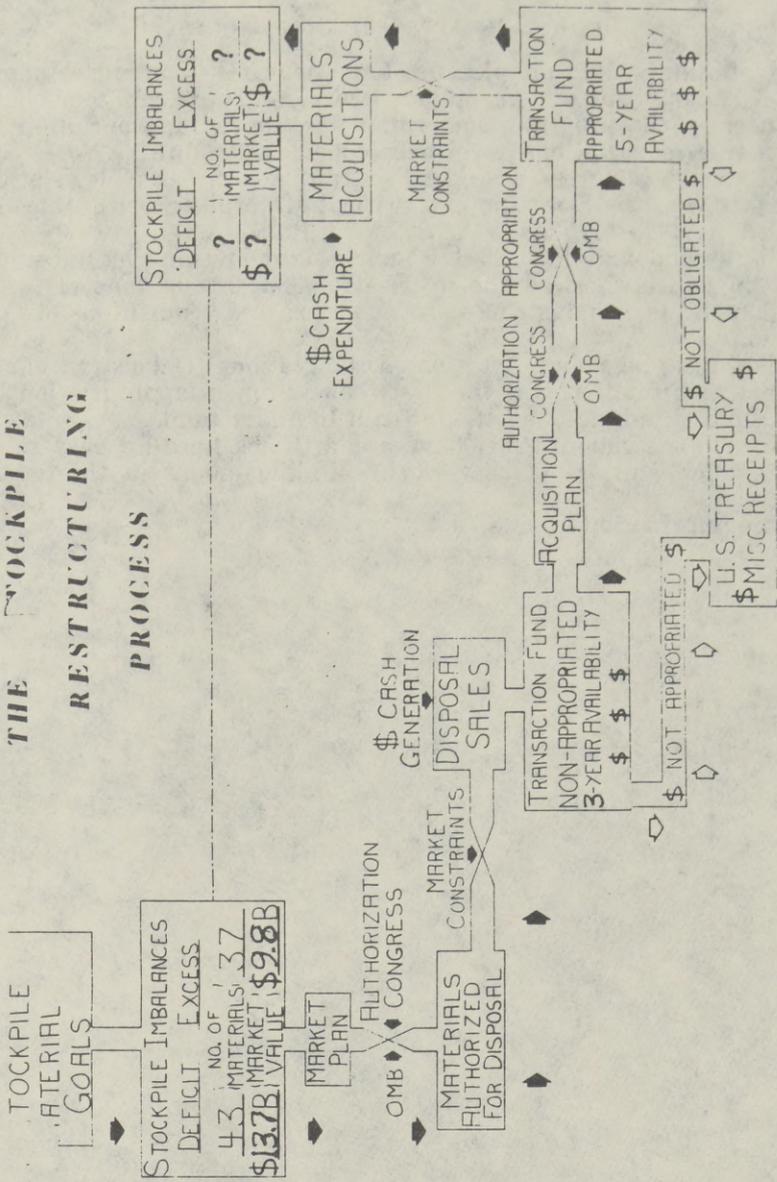
The second was P.L. 96-175 signed into law on December 29, 1979, which authorized the disposal of 35,000 long tons of tin, 3 million carats of industrial diamond stones and acquisitions of \$237 million.

The Stockpile Policy Act created the National Defense Stockpile Transaction fund. This is the first request for an appropriation for that fund. The fund is a little difficult to understand.

To help the committee, I have a chart back here for easy reference which will show what we are talking about in this whole process.

[The information follows:]

THE STOCKPILE RESTRUCTURING PROCESS



STOCKPILE RESTRUCTURING PROCESS

Mr. MARKON. First of all, you see the stockpile imbalances. There are 43 commodities worth \$13.7 billion that are materials that are in deficit. There are 37 commodities valued at \$9.8 billion which can be sold in order to help restructure this stockpile.

The basic flow of this whole process is that we develop plans that are presented to OMB for authority to dispose of these 37 commodities, which are then authorized by the Congress. Once the materials are authorized for disposition, we put them on the market and we are subject to market constraints. The law provides we will not only restructure the stockpile but our activity level will be managed in such a manner as to not cause undue disruption in the markets.

Once we sell the commodities we receive cash which goes into the first part of the transaction fund. This cash remains for 3 years until it is appropriated. If the money is not appropriated within 3 years it goes into miscellaneous receipts of the Treasury. That is the first of two sunset provisions.

To get the money appropriated we provide classified plans based on a fund level rather than a commodity level. These fund levels are presented to the Congress and OMB. Congress authorizes the appropriation and that amount should get into our budget. We are here to ask for the money that has been authorized by Public Law 96-175.

Once the money is authorized, and appropriated, it goes into the second part of the fund. This is 5-year money, we have 5 years to obligate that money; the money is used to buy only those commodities in which we are deficit and which have been authorized by the Congress. We are also subject, in the acquisition transactions, to market disruption restraints just as in a disposal. Subject to those restraints we hopefully acquire needed materials and restructure the stockpile.

The appropriations that we are asking for the stockpile acquisitions is \$169.9 million. The amount authorized to be appropriated in the authorization process by the Armed Services Committee and also contained in the disposal legislation (Public Law 96-175) was \$237 million. There is more than enough money projected from the income to finance the \$169.9 million requirement.

JEWEL BEARING PLANT

The jewel bearing plant fund is another activity not covered in the operating expenses. We sell jewel bearings and charge a price which covers the cost. There are no funds being requested for the operation of the plant; however, there are funds being requested under operating expenses for the purchase of jewel bearings which go into the stockpile.

The other programs are real property and personal property.

REAL PROPERTY PROGRAM

In the real property program, 367 dispositions of excess property valued at \$168 million were made in fiscal year 1979. There were approximately \$44 million in revenues generated from this activity

in sales of real property. These sales receipts go into the Land and Water Conservation Fund which provides appropriations for our real property operating programs.

There is another provision in the law, Public Law 81-152, which authorizes 12 percent of the proceeds from these revenues to be available to pay the cost of appraisals, advertising, auctioneers' fees, and surveys. In this area last year, we requested one million dollars; this year we are requesting the same amount.

PERSONAL PROPERTY

In personal property, the property is processed in such a manner that sales are the ultimate or last step in the chain. The first step in the chain is utilization. All property must be fully utilized by the Government before it is declared surplus. Once it is declared surplus it can be donated to the States, and once it clears the donation process, it is available for sale to the public.

There are also commodities that are exchange sales, such as automobiles. The proceeds from sale of these types of commodities goes back into the fund used to purchase replacement materials. Last year we received about \$37.6 million from sales. These funding requirements are part of our operating expenses.

RARE SILVER DOLLARS

We have one other item, the Rare Silver Dollars Program—we are selling the remaining inventory of Carson City silver dollars. We are not asking for additional funds. Our new sale began on February 8, 1980 and it is now a virtual sellout. We have no anticipation of additional requirements in funds or anything else for this purpose, and we think the sale will be very successful, bringing into the Government revenues of approximately \$50 million.

Aside from the stockpile acquisitions, we are an income-generating agency and return a lot of money to the Treasury.

Those essentially are our programs, Mr. Chairman. Our direct appropriation increases are, as you stated, nominal. Most are due to increases in the expenses of the stockpile acquisition program, about \$431 thousand, and the rest are in the nature of adjustments for pay raises and matters of that sort.

If there are any specific questions I will be glad to respond.

RARE SILVER DOLLARS ORDERS

Mr. STEED. First, in your statement about the silver dollars, you had almost a million coins remaining after you closed the sale. Were you able to fill all the orders that came in before you closed it?

Mr. MARKON. Mr. Chairman, the response to our sale was tremendous. In the first week, we received 350,000 pieces of correspondence, mostly orders. Based on the first week's sample, we feel that all the coins will be sold and we are now discouraging people from submitting orders.

Mr. FREEMAN. Partway through we reduced the quantity available. By virtue of the response we reduced the number of coins

which could be purchased by an individual so people would have more availability to them.

Mr. STEED. Will there be any unfilled orders because you ran out of coins?

Mr. MARKON. Yes.

Mr. STEED. You will have no further coins to dispose of?

Mr. FREEMAN. No, sir, not from this sale.

Mr. STEED. Do you think the income will remain on the same level?

Mr. MARKON. Our prices are fixed.

Mr. STEED. All the orders you have now will have to comply with the listed price?

Mr. MARKON. Yes. If they do not have the proper remittance, the order is returned.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

Mr. STEED. Does this fund relate in any way to the Federal Buildings Fund?

Mr. MARKON. Not at all.

Mr. STEED. It is the total stockpile operation?

Mr. MARKON. No, sir, it is not. The funds are available only for the purchase of commodities and also for some of the handling expenses of transportation.

When you buy a commodity, you may buy it in New York. To transport that commodity from New York to the place where you will store it represents a cost supported by the fund. But the overhead, the people who work in the program are covered by operating expenses, and those operating expense dollars do not come from the fund.

OTHER STOCKPILED MATERIALS

Mr. STEED. Does the Government stockpile anything in the national interest that you do not handle? Is there any other stockpiling in the Federal Government?

Mr. FREEMAN. Yes. There have been some military materials, that are stockpiled by the Department of Defense and are not under our jurisdiction; oil storage is done by the Energy Department in the strategic petroleum reserves; helium is held in the National Helium Storage Reservoir by the Bureau of Mines..

Mr. STEED. The fiasco of that is not at your doorstep then?

Mr. FREEMAN. No, sir.

OPERATION OF THE STOCKPILE

Mr. STEED. What is your overall opinion, Admiral Freeman, of how this stockpile operates? Do you think it is about as good as you are going to get it, or do you see any room for improvements?

Mr. FREEMAN. I think with the creation of FEMA, the Federal Emergency Management Agency, plus the separation of the policy and operational aspects of the stockpile, it will provide for more efficient operation.

John Macy is head of FEMA, and I think the new regulations and laws we have on the books will help avoid some of the prob-

lems we had previously. I think we will see an improvement in the effectiveness of the operation of the stockpile by virtue of events that have occurred in the last several years.

DISPOSAL PROGRAM

Mr. STEED. When you started the disposal program did you have access to the viewpoints of the industry involved so you could get a reading on how fast and how far you could go with disposal?

Mr. MARKON. Yes, we have 2 sources. One, our own basic research. We do all the economic research, reading and analyses of all the reports that concern commodities from any source; and secondly, we have direct contact with the industry by invitation and also they voluntarily come to us and give us their views.

RUBBER ACQUISITION

Mr. STEED. We have had testimony already about the program acquisition of natural rubber. Are you involved in any rubber storage?

Mr. MARKON. Yes. Rubber is one of the commodities in the stockpile. There is at the present time a deficiency situation in the rubber we require for security purposes. The present request for appropriation of \$169.9 million does not relate to rubber acquisition.

PERSONAL PROPERTY DISPOSAL PROGRAM

Mr. STEED. In the personal property disposal program, what kind of property are we talking about?

Mr. MARKON. Almost everything is classified "personal." Furniture is a big item in which the Administrator has shown a very definite interest since he came on board. We are also talking about trucks, generators—

Mr. FREEMAN. Old airplanes, rugs, almost anything except "real property and buildings" fall into that category.

Mr. STEED. What are some of the problems you encounter in this? Is distribution one of them?

Mr. FREEMAN. I have several, and since I have been fairly prominently involved in the disposal of personal property, I would like to comment on these.

At one point a decision was made to separate the personal property disposal program from the Federal Supply Service; when we got into the disposal area, the functions were not as closely interlocked as they should have been. Mr. Markon and Mr. Morris, the commissioner of the Federal Supply Service, who you will hear from tomorrow, are working to tie that together again.

Secondly, a large disposal operation is run by the Department of Defense. In my personal opinion, that is not interlocked as closely as it should be with our function in terms of the material utilization by the Federal Government. In addition you run into conflicts with the Office of Economic Adjustment.

The donation program to the States is highly desirable but has contradictory initiatives. As a result I asked the Office of the Secretary of Defense to cooperate with me in reviewing this matter

so we could avoid conflicts. But these are primarily of an administrative nature.

Other than those, our ability to excess works fairly well. I am a little concerned that it works too easily, therefore I am taking steps with Mr. Markon to tighten it up.

INVENTORY CONTROL

Mr. STEED. The Postal Service had a problem once of warehousing routine supplies of, for example, mail sacks. Then they found they had a shortage of mail sacks in one part of the country and an oversupply in other parts.

They think they worked out an arrangement so that before any new supplies were purchased, they had a pretty good inventory control to determine whether they had the kind of supplies they needed or whether they were oversupplied.

Do you have a similar survey system?

Mr. FREEMAN. No. I should know what is in the hands of the Federal agencies; what is excess; and what is in the warehouses so we can tie it all together. This is one of the reasons we had a moratorium in the furniture area, to bring inventory records up to date.

Our Federal Supply Service is establishing controls on its system. Before we buy anything, we have a statutory obligation to see if there is anything available from the excess system first. Regrettably, there has been only limited connection between the two systems, but there will be more within the next year.

Mr. MARKON. We do not keep the inventories on all personal property; 85 percent of the property comes from the Defense Department. They store it in their warehouses and we process the excess and surplus property through their warehouses.

The Administrator was referring to the big problem in furniture and where inventory controls are lacking.

REAL PROPERTY

Mr. STEED. In real estate, do you have a survey system so if one agency wants to give up property another agency can have access to it?

Mr. FREEMAN. The first thing we do when it is turned over to us is check the use and determine whether there is a claim on it.

Mr. STEED. When the Navy gave up the Glynco facility, we took it over and turned it into a training school. It was a bargain, and kept the white elephant from being dumped on the market.

Mr. FREEMAN. We have gone into a program in its beginning stages. The best understanding can be obtained by looking at the naval property in Pensacola. Roy, you might want to comment.

Mr. MARKON. We refer to that aspect of the program as utilization, we make sure the property is fully utilized before it becomes excess to Government needs and becomes classified as surplus.

In this area, we are encouraging all agencies to use our availability lists. We have inventories that are published. We ask each agency to comment on each piece of real property and certify there is no use for it before we classify it as surplus. In the surplus area we lack lead time. We know the properties will become excess, but

we have not done anything until the agency refers the property to us.

In Pensacola we tried something different. We went in and made a disposal plan before it became excess so that when it became excess, there was not this scurrying around of who was going to be first and what you have to do to dispose of the property. With this predisposal process, we are able to put the property back into productive use sooner.

PROPERTY EXCHANGES

Mr. STEED. At Tinker Air Force Base, there was a piece of property they had off-base for some kind of electronic device which had ceased to be useful. It became surplus. The community wanted this property for a fire station. The Air Force wanted a piece of property that adjoined the runway. And so they made a deal for the city to buy the property adjoining the runway and to swap it to the Air Force.

Do you have much of that going on?

Mr. MARKON. There are some exchanges that are limited to dealings with municipalities and States. Under the law, we have authority to negotiate sales of property to municipalities and the State agencies. Not so with private individuals. So, all the exchanges we have are with the States, and we have, my best guess is, 2 or 3 cases per year of this sort.

Mr. FREEMAN. We have had a number of cases in California where school property was exchanged for something else which was more desirable.

AUDIT OF DISPOSAL OPERATIONS

Mr. STEED. Do you have enough of a track record yet to give us a survey on what the new Inspector General is looking into as to what these operations consist of?

Mr. FREEMAN. In this particular area?

Mr. STEED. Yes.

Mr. FREEMAN. He will be here on Wednesday. He has not gone specifically into the disposal area. He has had one report on the stockpile area, but other than the stockpile, there is a broad discretionary area as to disposal of personal property, and since most of it is done on a highly competitive basis, it has not created a problem. There was a problem with negotiated sales from the stockpile, but I think we have resolved those problems.

Mr. STEED. Do you use an audit function?

Mr. FREEMAN. I think this was done in the case of the diamonds.

Mr. MARKON. And opium.

Mr. FREEMAN. We had allegations of less opium on hand than we believed we had. We had the auditors from the IG verify the amount on hand.

Mr. STEED. Mr. Miller.

JEWEL BEARING PLANT

Mr. MILLER. Thank you, Mr. Chairman.

I believe we have discussed in the past the need for the jewel bearing plant, but I think it would be good if we had for the record

the reason why the Government needs it, and why it is Government-owned and contract operated.

Could private industry not do this, or would they not do this? Is it not competitive? Just why does the Government need to own a jewel bearing plant?

Mr. MARKON. This plant has quite a history, Mr. Miller. It goes back to after World War II when all the jewel bearings were made in Switzerland. The Army had proposed this as a pilot plant and later on with a lead from the Senator from North Dakota, Congress approved the idea of establishing this plant to give this country an industrial base to produce jewel bearings.

The reason we went into it in the first place was that private industry did not want to. They found it much easier to go to Switzerland and buy the bearings. However, they agreed with the need to develop a domestic capability.

The creation of this particular facility gave us that capability: secondly, it was placed near an Indian reservation and created jobs, trained the Indians and made them highly technical specialists in producing these bearings. The Swiss, who had the technology, helped us set up the plant. In return, we made an agreement that we would not sell jewel bearings commercially.

All Government contractors must purchase bearings from this plant. They do not have the liberty of purchasing bearings from Switzerland. Because of this requirement we have a captive market. I believe if you went to private industry and it became a competitive process, the industry might not have survived and we would be back in the condition we were in during World War II where we would be totally dependent on import sources.

Mr. MILLER. I can see the advantages of not being dependent, with the international situation as it is, but what about price? Since Federal contractors must purchase from that particular plant, they do not have the liberty to purchase from Switzerland. Will they pay twice as much for the bearing or half as much? Is there some comparison figure that you can give us?

Mr. MARKON. I do not have figures I can give you now. I can supply it for the record. Jewel bearings come in a wide variety of classes and types. There are 3,659 bearings in this little vial. They are all shapes and sizes, and are made from synthetic sapphire. We are dealing with a very, very precise product and fine process, working with very minute pieces of material. The plant trained the Indians and has given them the technical ability to produce these things not only in a requirement level but also on a very competitive level with the bearings we are getting from Switzerland.

Mr. MILLER. Then also the plant would be paying for itself?

Mr. MARKON. Yes; and when we run into slight deficits, we adjust the sales price.

Mr. FONTAINE. That plant is run by the Bulova Watch Co.

Mr. MILLER. On the commission basis are they, too, attempting to make it a profitable organization so they, can make additional profit from this?

Mr. MARKON. No, it is on a cost plus fixed-fee basis. They operate at a fixed fee.

Mr. MILLER. We will include the data on the William Langer Jewel Bearing Plant in the record at this point.

[The information follows:]

WILLIAM LANGER JEWEL BEARING PLANT

The Government's jewel bearing program mission is to maintain a continuing domestic capability for production of a complete range of bearings and related components by type and large quantity to meet national emergency requirements. The William Langer Jewel Bearing Plant is constrained to produce only that portion of total U.S. consumption which represents the Government's defense needs. Government defense needs consist of a wide variety of types, the majority of which are for quantities of less than 1,000 units (many under 500). Smallest lots generally represent complex, high tolerance bearings. These two factors necessitate that the Langer Plant be operated on a job order basis with no market for rejects or scrap. Job order production costs are always higher than mass production costs.

Free world production of jewel bearings and related components in 1978 was approximately 1.1 billion units. The principal producer was Switzerland, which accounted for 85 percent of this amount. In comparison, the Langer Plant annual production rate is 2.5 million units (2.3 million actual for 1978).

Jewel bearing prices vary by type and complexity of shape and by lot size. A copy of the current Official United States Government Jewel Bearing Price List is enclosed as an illustration. Prices vary from \$0.12 each, for the simplest bearing in lots of 50,000 units or more, to about \$55.00 for a single bearing of a high tolerance and complex shape.

For price comparison purposes the jewel bearings produced at the William Langer Jewel Bearing Plant should be compared to Swiss prices for small lots of specialized bearings. On this basis the prices are comparable and there are instances involving small quantities of higher complex bearings where the Langer prices were lower than Swiss quotes.

A comparison of the William Langer jewel bearing costs with Swiss quotes of jewel bearings that are mass produced would indicate a large difference between the two with the U.S. produced bearings being much higher than the Swiss costs. This is particularly true in watch jewels in lots of 50,000 where a seven jewel set in Switzerland would cost \$0.23 per unit compared to \$2.88 for the Langer Plant. End stones, however, in lots of 1,000 produce a comparison of \$0.18 Swiss unit price and \$0.21 Langer price while in lots of 5,000 the Swiss price would drop \$0.13 while the Langer price would drop only \$0.02. The following examples demonstrate the significant difference in job order and small lot unit costs with mass production unit costs in the Swiss industry.

2

<u>TYPE</u>	<u>SWISS UNIT PRICE</u>	<u>WM. LANGER PLANT UNIT PRICE</u>
End Stone		
(lot of 1,000)	0.18	0.21
(lot of 5,000)	0.0465	0.19
Olive ring stone		
(lot of 1,000)	\$0.36	\$1.64
*Watch jewels in		
lot of 50,000		
7 jewel set	0.23	2.88
17 jewel set	0.69	7.50

*Mass produced in Switzerland in largest of all other quantities.

GENERAL SERVICES ADMINISTRATION
FEDERAL PROPERTY RESOURCES SERVICE
WASHINGTON, DC 20406

OFFICIAL UNITED STATES GOVERNMENT
JEWEL BEARING PRICE LIST

FOR

WILLIAM LANGER JEWEL BEARING PLANT
ROLLA, NORTH DAKOTA

Effective Date: September 1, 1979

(This price list is for use on Government contracts
requiring jewel bearings from the William Langer
Jewel Bearing Plant in Rolla, North Dakota.)

JEWEL BEARING UNIT PRICES (\$)

QUANTITY*	RINGS				VEES		PALLET STONES	ROLLER PINS	END STONES				
	Hole Diameter, in millimeters				Max. Radius, in. mm.								
	.09 up to .17	.17 up to .42	.42 up to .66	.66 up to 1.03	1.03 up to 1.53	1.53 up to 1.91							
50,000 (and up)	.71	.74	.89	1.51	2.02	3.31	.58	.55	.29	.12	.20		
45,000	.74	.77	.92	1.57	2.10	3.41	.60	.57	.31	.13	.21		
40,000	.77	.80	.95	1.63	2.18	3.51	.62	.59	.33	.13	.21		
35,000	.80	.83	.98	1.69	2.26	3.61	.64	.61	.35	.14	.22		
30,000	.83	.86	1.01	1.75	2.34	3.71	.66	.63	.37	.14	.22		
26,000	.86	.89	1.04	1.81	2.42	3.81	.68	.65	.39	.15	.24		
22,000	.89	.92	1.07	1.87	2.50	3.91	.70	.67	.41	.15	.24		
18,000	.92	.95	1.10	1.93	2.58	4.01	.72	.69	.43	.16	.26		
15,000	.95	.98	1.13	1.99	2.66	4.11	.74	.71	.45	.16	.26		
12,000	.98	1.01	1.16	2.05	2.74	4.21	.76	.73	.47	.17	.28		
9,000	1.01	1.04	1.19	2.11	2.82	4.31	.78	.75	.49	.17	.28		
7,000	1.05	1.08	1.23	2.18	2.91	4.42	.81	.78	.54	.18	.30		
5,000	1.09	1.12	1.27	2.25	3.00	4.53	.84	.81	.59	.19	.32		
3,000	1.13	1.16	1.31	2.32	3.09	4.64	.87	.84	.64	.20	.34		
1,000	1.17	1.20	1.35	2.39	3.18	4.75	.90	.87	.69	.21	.36		
500	1.21	1.24	1.39	2.46	3.27	4.86	.93	.90	.74	.22	.38		
100	1.25	1.28	1.43	2.53	3.36	4.97	.96	.93	.79	.23	.40		
50	1.54	1.57	1.74	3.12	4.19	6.22	2.39	2.69	1.19	1.08	.31	.51	
20	2.71	2.74	3.05	5.47	7.34	10.84	4.18	4.72	2.10	2.13	1.96	.56	.92
1	6.79	6.87	7.64	13.71	18.35	27.01	10.45	11.57	5.31	5.45	5.03	1.44	2.34

Additional Charges:

For Olive	.20	.22	.25	.29	.34	.40
For Bombe	.08	.09	.10	.12	.14	.16
For (2) Oups	.08	.09	.10	.12	.14	.16

PRICING EXAMPLE

- Find the unit price for a quantity of 21,000 ring jewels with an I.D. of 0.66mm:

1. Locate the applicable quantity range in the left-hand column - in this case, "18,000" (See * below).
2. Locate the applicable diameter range in the top row (under Rings) - in this case, ".66 up to 1.03".
3. Read the unit price at the intersection of the 2 lines located by the quantity and diameter ranges - in this case, "\$1.93" (each).

*Pricing of order quantities which fall between two price list quantities will be based on the unit price for the lower list quantity.

OFFICIAL UNITED STATES GOVERNMENT JEWEL BEARING PRICE LIST

1. All orders for Military Standard Jewel Bearings (MS27041, MS27042, MS27043, MS27044, MS27045, MS27046, MS27047, MS27048, MS27049) will be sold at a ten percent (10%) discount from the above listed prices.
2. For jewel bearings having abnormal tolerances, finishes, and configurations, the list price is increased up to one-hundred percent (100%) per abnormality.
 - A. Tolerances and finishes are considered abnormal when:
 - 1.) Ring Jewels -
 - 1.1 Tolerance on I.D., for I.D. less than .76 mm: less than .0025 mm
 - 1.2 Tolerance on I.D., for I.D. equal to or greater than .76 mm: less than .0050 mm
 - 1.3 Tolerance on O.D.: less than .0050 mm
 - 1.4 Tolerance on concentricity: less than .0050 mm
 - 1.5 Tolerance on thickness: less than .0125 mm
 - 1.6 Tolerance on perpendicularity: less than 1 degree
 - 1.7 Tolerance on hole roundness, for I.D. less than .76 mm: less than .00127 mm
 - 1.8 Tolerance on hole roundness, for I.D. equal to or greater than .76 mm: less than .00254 mm
 - 1.9 Surface finish: higher than 20X magnification
 - 2.) Endstones -
 - 2.1 Tolerance on O.D.: less than .010 mm
 - 2.2 Tolerance on thickness: less than .0125 mm
 - 2.3 Tolerance on perpendicularity: less than 1 degree
 - 2.4 Surface finish: higher than 20X magnification
 - 3.) Vee Jewels -
 - 3.1 Tolerance on O.D.: less than .01 mm
 - 3.2 Tolerance on thickness: less than .0125 mm
 - 3.3 Tolerance on angle: less than 10 degrees
 - 3.4 Tolerance on radius, for less than .10 mm: less than .025 mm
 - 3.5 Tolerance on radius, for radius equal to or greater than .10 mm but less than .20 mm: less than .04 mm
 - 3.6 Tolerance on radius, for radius equal to or greater than .20 mm: less than .06 mm
 - 3.7 Tolerance on vee depth: less than .05 mm
 - 3.8 Tolerance on perpendicularity: less than 1 degree
 - 3.9 Tolerance on concentricity: less than .025 mm
 - 3.10 Surface finish on lower 1/2 of vee and vee radius: higher than 30X magnification
 - 3.11 Surface finish on balance of jewel: higher than 20X magnification
 - 4.) Cup Jewels -
 - 4.1 Tolerance on O.D.: less than .01 mm
 - 4.2 Tolerance on thickness: less than .0125 mm
 - 4.3 Tolerance on radius: less than .10 mm
 - 4.4 Tolerance on cup depth: less than .05 mm
 - 4.5 Tolerance on perpendicularity: less than .025 mm
 - 4.6 Tolerance on concentricity: less than .025 mm
 - 4.7 Surface finish on lower 3/4 of cup: higher than 30X magnification
 - 4.8 Surface finish on balance of jewel: higher than 20X magnification

- 5.) Pallet - Stones
 - 5.1 Tolerance on thickness: less than .004 mm
 - 5.2 Tolerance on angle: less than 1/2 degree
 - 5.3 Tolerance on width: less than .01 mm
 - 5.4 Tolerance on length: less than .02 mm
 - 5.5 Tolerance on perpendicularity: less than 1 degree
 - 5.6 Surface finish: higher than 20X magnification
- 6.) Roller - Pins
 - 6.1 Tolerance on O.D.: less than .004 mm
 - 6.2 Tolerance on thickness: less than .003 mm
 - 6.3 Tolerance on length: less than .015 mm
 - 6.4 Tolerance on perpendicularity: less than 1 degree
 - 6.5 Surface finish: higher than 20X magnification

B. Configuration is considered abnormal in case of:

- 1.0 Extreme size requirement (small or large)
 - 2.0 Disproportion of O.D., thickness, hole or cup dimension relative to each other
 - 3.0 Unusual shape of cup clearance or bevel
 - 4.0 Vee angle less than 60 degrees or more than 100 degrees
3. Prices will be quoted for jewel bearing configurations not covered by this list, and for related item (non-"jewel bearing") configurations - i.e., knife edges, insulators, pivots, etc.
 4. Terms are net - 30 days.
 5. Prices are based on normal commercial packaging, finishes and tolerances as specified in Mil-B-27497, "Bearings, Jewel, Sapphire or Ruby, Synthetic".
 6. Mounting of jewel bearings, by a subcontractor, is offered as a service to customers at their request. The Plant's price for this service is the sum of its mounting subcontract cost, mounting shipping cost, and a "mounting contingency" charge, which charge is ten percent (10%) of the sum of the (unmounted) jewel bearing price and the mounting subcontract cost.
 7. Jewel bearings for the National Stockpile are produced and priced in accordance with lot quantities listed as follows:

<u>Type</u>	<u>Lot Quantity For Unit Price Billing</u>
Rings	30,000
Cups, Pallet Stones and Roller Pins	20,000
Caps and Endstones	10,000
Veels	5,000

8. Indiron Charts which the Plant may be called upon to provide for customers will be furnished at a cost of \$15 per hour of usage of the Indiron instrument.
9. All orders must show the Government contract number cited in the prime contract.

CARSON CITY SILVER DOLLAR SALE

Mr. MILLER. You spoke of the Carson City silver dollar sale and said that you have had orders beyond the volume of dollars you have on hand. I understand that there will be an additional sale later, and when the Chairman asked whether you would have any left, I understood you to say no. But apparently there would be 100,000 or more rare Carson City silver dollars to go on sale.

Mr. FREEMAN. There will be a second sale of the more rare coins.

Mr. MARKON. There are approximately 55,000 coins left. We are talking here about the 1883 and 1884 Carson City silver dollars. The 1883 is selling for \$65. The 1884 is selling for \$60. And the mixed year category, which is any year they minted a coin in Carson City, from 1879 to 1892, are sold out. We do have coins in the 1880, 1881, and 1885 mint years which will go on sale this June. These coins are valued at approximately \$150. This will be a mailed bid sale. The highest bidder will get an award of the coins, a maximum of five to the bidder.

The first sale was a fixed-price sale. The bidder paid \$65 and the orders filled to the extent of the number ordered, within the limit on quantity.

Mr. MILLER. There are mixed-year also in this sale?

Mr. MARKON. Yes.

Mr. MILLER. Which means it could include some of the other coins, or were they in a small volume for one year so they would have to be thrown in to dispose of them?

Mr. MARKON. No; the mixed years are a class of the coin which really does not measure up to a standard of the uncirculated coins. All are uncirculated but in different condition. Because they were shipped around the United States they got a lot of bag marks from being jostled around; and also they are tarnished. All were sorted. Those of finer quality were classified uncirculated; those which did not meet a certain quality were put in the mixed category. They fall within the range of the 13 mint years.

Basically, the number of coins in the mixed years are 1883's and 1884's. We have more of those than anything else. But there are some 1880's, 1889's and 1885's and 1886's. These are of higher value but their quality is not as good.

There is a little bit of luck here. Somebody might get a coin more valuable than the \$45 they will pay for it; but that is rare. It will happen in three or four cases.

Mr. MILLER. You estimate it will reap the Government \$50 million?

Mr. MARKON. The first sale, \$50 million; as a result of the second sale, we may increase this to \$60 million to the Government.

STOCKPILE IMBALANCES

Mr. MILLER. In the chart, you show the deficit and the excess in the stockpile, the imbalances. I believe last year we had information on the items. You were, at that time, not wanting to put in the record what the items were because of the problems it might create in the marketplace. But we had some information, at least what items may be short, and may be needed. Is that of public record?

Mr. MARKON. Last year, I provided the committee with the stockpile report, a complete report on the status of the stockpile. Last year we talked about the value of the stockpile being about \$10 billion. This year, it is worth about \$15 billion without much change in the structure. So it is a process where value changes on a daily basis. The commodities we deal in are the same as used by industry. A slight rumor that the Government will start buying causes problems in the market. So, we keep that information classified until we have the authority and the funds.

There are about 18 commodities that we have a plan to acquire with the \$169.9 million. These 18 are considered classified because of the possibility of market disruption. But it is no secret that there are 43 commodities in which we are deficit and it is no secret that we are pledged to restructure. So industry knows we will be buying, but they do not know what commodity we will be buying next year.

Mr. MILLER. When you speak of an increase from \$10 to \$15 billion without any material change, would that be because of the increase in the price of silver?

Mr. MARKON. Yes; that is one commodity. There has been a tremendous increase since the last time I testified before the committee on the policy bill in April of last year, and then when I came back and testified on the McDonald bill. The first time silver was \$7 or \$8; and then \$10 or \$12; and when Mr. McDonald testified it was \$25; and by the end of the year, it was much higher.

BARTER

Mr. MILLER. Again, we discussed this to some extent last year as I recall, or during one of the hearings. I worked on it for maybe 5 years, attempting to get the authority to the President so that we could barter for strategic metals. Many of the nations that we help with our foreign assistance have in their mountainsides the types of strategic metals we need. Instead of just giving them what they want we should exchange because we must use our goods for their minerals. We must dig our ore, use our energy to manufacture a casting for engine blocks, use steel for the wheels, and rubber for the tires, for example. And we send a good load of tractors out. We have used much of our resources and technology. The President now has authority to barter with nations to return strategic metals. Undoubtedly we would have to send over our own mining facilities to bring them out.

Has that ever been discussed with you?

Mr. MARKON. Yes, Mr. Miller, I recall our discussion last year. The Act itself encourages barter. You are correct in your statement that the President has reserved the authority to barter. This is for foreign military aid, foreign assistance, and this is reserved for the President. The stockpile is ultimately approved by the National Security Council. They approve of the limits, so they are well aware of the requirements. There is no lack of knowledge in the White House as to the commodities we need, and they have the authority to enter into the barter negotiations and can put together the deals. We make recommendations to the National Security Council as to potentials we may see. We do this either on our own

or basically jointly with FEMA, Federal Emergency Management Agency.

For instance, when the embargo was announced on the wheat sales, the very next day we got in touch with Agriculture and suggested that in lieu of using the wheat for gasohol that this is a potential commodity for barter, but the agriculture people informed us of other plans for the use of this wheat that is not going to be sold to Russia that are pretty well fixed. But barter is encouraged itself in the stockpile legislation and there is existing authority for the President to enter into these arrangements.

Mr. MILLER. The authority is there because of an amendment I offered to the foreign assistance bill.

Do you know whether we have had bartering, or are we still just shipping out to those Third World nations the assistance they want without requesting something in return?

Mr. MARKON. To the best of my knowledge, and from what the FEMA people tell me, the barter has not been used.

Mr. MILLER. I guess that requires another letter or two. I have used my time. Thank you, Mr. Chairman.

Mr. STEED. Mr. McEwen.

Mr. MCEWEN. I have no questions, Mr. Chairman. I might just say it is nice to see Mr. Markon here. I see him over in Defense, too.

As to the surplus property at Pensacola, I can remember where there was no surplus at all down there.

TRANSPORTATION

Mr. MILLER. I do have one more question I am on the Transportation Appropriations Subcommittee, and when you spoke, Mr. Markon, of purchasing stockpiling materials in one area and shipping to another area, it made me think of the problem of the Rock Island Railroad. We have problems with our railroads, period, as they continue either to go out of business or be converted over to the Federal Government. Generally it takes taxpayers' dollars to keep them in operation. Because of the volume of stockpiled material, do you use the railroads to a great degree, or is the material shipped by truck?

Mr. MARKON. Rail transportation is a lot cheaper than trucking. We would use the most economical form of transportation.

Stockpile is a very dynamic program not only with the prices changing for what we need to buy what we have to buy, but also the industry is changing. We always have movements of industry. We may have a stockpile close to an industry which 20 years ago may have been the main source of the industry located in Pennsylvania. Then we find out that business has moved and the only plant that processes the commodities is in the West. So, we have to move the stockpile. In this process, not only buying, but moving the stockpile from one place to another, we would use the most economical means, and rail is usually the most economical.

Mr. MILLER. What would you do if we had no railroads?

Mr. MARKON. It would increase the costs. We would have to use the only other available transportation. We can store along the rivers and use barge transportation, which is cheap, but in some

areas rivers are not available and then we would have to use trucks.

Mr. MILLER. Thank you.

NATURAL RUBBER

Mr. STEED. Back to the national rubber situation. They were talking about the buffer program designed to go into effect when the price of natural rubber went too high, and also when it went too low, with the idea it would give the producing companies a stability so the supply of natural rubber could be increased and maintained on a more economic basis.

Will that program interfere with your stockpiling operations in any way, or would you have any contact with this program?

Mr. MARKON. It depends on what happens to the market as a result of international commitment or conference. There are several other commodities that are now operating under the same type situation. Tin, for example. There is an international council on tin which was established to do the same thing, that is to stabilize the price of tin, help the producers and help the buyers from fluctuating prices. We think some of these have merit, some do not. We think now, for example, in my own opinion, the rubber market is in balance and if a new major demand comes on the market, it would probably drive the price up. But later on, the market would equalize, moderating the prices.

Mr. STEED. The natural rubber people got into trouble when they first discovered how to make rubber out of oil. But now that oil has come to a stage where it is a bird nest on the ground, so to speak. Natural rubber seems to be coming back into the picture rather strongly. Apparently, the buffer program is to encourage foreign countries to produce the latex and also to protect the consuming countries against skyrocketing prices that this new trend for natural rubber might trigger.

Mr. MARKON. They have technical aid, also, and a standard demand. When the demand goes down, the council will have a setup where they will buy, and when the demand goes up, they will sell. Without wide fluctuations, a country that has the commodity in natural form can better plan its production of the resource.

OIL

Mr. STEED. One interesting thing about our energy situation, Admiral, is the fact this commodity called oil will contain up to 400 different chemical elements when you take it into a laboratory and break it down; 100 of these elements have commercial value. Most people seem to think oil is only used to make gasoline and all we have to do is raise the price of gasoline and we can solve the energy problem in the oil fields.

No one ever sees an analysis of how much of the 16 to 17 million barrels of oil goes to gasoline.

Mr. FREEMAN. The whole synthetic industry is built on that.

Mr. STEED. I think they only get 20 to 25 gallons of gasoline out of the 42 gallons in a barrel of oil. When we got the order from the environmentalists to stop using lead in the manufacture of gas, we cut the gas by one-fifth. We went from 25 gallons a barrel to 20.

Then Phillips produced a substitute that will do the same thing the lead will do, but it hasn't been declared by the environmentalists as nonpolluting. But the way they got to bringing around one more gallon to the barrel is they restricted that commodity to three small refineries out West. So if we went into the wide use of this substance, we would be getting 25 gallons of gas per barrel instead of 20 and that might help to stem the fuel shortage.

These things are interesting to me because I have ideas about what causes all this that does not get printed, but nobody seems to care.

But the day may come when the whole story about the hydrocarbon will become better known and we will get better solutions in the legislative field than we are now. It is interesting to me to see how interested we in Congress are to regulate the oil industry. The only industry we can regulate is the domestic oil industry. If we regulate him and put him into a straitjacket, the internationals have no problems. Congress is forced to regulate the domestic oil industry.

Mr. McEWEN. Did you see the Wall Street Journal story as to why we need windfall profits on old wood and new wood?

Mr. STEED. I do not see any harm in it. It did illustrate their point of view. I think we ought to do the same thing with shoe factories. If a factory makes old shoes, why can we not get them cheaper? We will insert the Justifications in the record at this point.

[The information follows]:

Federal Property Resources Service,
Operating Expenses (Direct)

ANALYSIS OF AUTHORIZED LEVEL FOR FY 1981
(Dollars in thousands)

	Permanent Positions	Permanent Work-Years	Amount
1980 Appropriation Enacted by Congress.....	989	989	\$43,453
Adjustments: Transfer of Functions to Salaries & Expenses, ASSS.....	-2	-2	-42
Transfer of Functions from the Federal Build- ings Fund.....	4	4	-
Transfer of Functions from Salaries & Expenses, ASSS.....	4	4	75
Proposed Supplemental for Pay Increases.....	4	4	1,609
1980 Budget Authority.....	995	995	\$45,095
1981 Budget Authority.....	999	999	45,521
Total Budget Authority Change, FY 1980 vs FY 1981.....	+4	+4	+456

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

	PROGRAM						INCREASE OR DECREASE (-) FOR 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Program Change		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Property Management	218	16,301	247	18,884	247	19,292	-	+ 408	-	-	-	+ 408
2. Real Property	208	7,474	170	6,907	170	6,915	-	+ 8	-	-	-	+ 8
3. Personal Property	498	14,356	509	16,066	512	16,055	+ 3	- 11	-	-	-	+ 3 - 11
4. Stockpile Acquisition and Disposal	55	2,242	69	3,238	70	3,259	+ 1	+ 21	-	-	-	+ 1 + 21
TOTAL	979	40,373	995	45,095	999	45,521	+ 4	+ 426	-	-	-	+ 4 + 426
Permanent Positions Established.....	1,016		995		999		+4		-		+4	

Note: See each activity for prorated amount of Service Direction - see Service Direction for explanation of distribution by objects.

Federal Property Resources Service,
Operating Expenses
(Direct Only)

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

The fiscal year 1981 Operating Expenses, Federal Property Resources Service, reflects a consolidation of accounts. Stockpile Operations, FPES and Operating Expenses, FPES were combined by the Congress during the 1980 budget cycle.

Total program costs for 1981 are estimated at \$45,521,000 an increase of \$426,000 from the 1980 program. This increase consists of an increase in standard level operations of \$25,000; an increase of \$25,000 for the transfer of the stockpile inventory function from the NSSS appropriation; an increase of \$31,000 for annualization of the 1980 pay raise, and an increase of \$49,000 for economic adjustment of the cost of goods and services. These increases are offset by a decrease of \$88,000 for one less work day in 1981 and \$23,000 for 1980 wage grade pay adjustment.

Federal Property Resources Service
Operating Expenses
(Direct Only)

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981

(Thousands of Dollars)

	Property Management		Real Property		Personal Property		Stockpile Acquisition & Disposal		TOTAL		
	Pos.	WY's Amount	Pos.	WY's Amount	Pos.	WY's Amount	Pos.	WY's Amount	Pos.	WY's Amount	
PROGRAM CHANGES:											
None	-	-	-	-	-	-	-	-	-	-	-
Total Program Changes	-	-	-	-	-	-	-	-	-	-	-
OTHER CHANGES:											
Increase:											
SIUC	-	+431	-	-	-	-	-	-	-	-	+431
Stockpile Inventory from ASSS	-	-	-	-	-	-	+1	+25	+1	+1	+25
Annualization of 1980 Pay Raise	-	+8	-	+7	-	+16	-	-	-	+1	+32
Transfer of FTE from GSF	-	-	-	-	+3	+3	-	-	+3	+3	-
Economic Adjustments	-	+12	-	+17	-	+17	-	-	+3	-	+49
Decreases:											
1980 wage grade pay adjustment	-	-23	-	-	-	-	-	-	-	-	-23
One Less Day	-	-20	-	-16	-	-44	-	-8	-	-	-88
Total Other Changes	-	+408	-	+8	+3	+3	-11	+1	+1	+4	+426
TOTAL, Increase or Decrease 1981 compared to 1980	-	+408	-	+8	+3	+3	-11	+1	+1	+4	+426

Federal Property Resources Service,
Operating Expenses
(Direct Only)

PROPERTY MANAGEMENT
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Property Manage- ment	210	\$16,070	236	18,517	236	\$18,924	--	\$+ 407	--	\$ --	--	\$+ 407
Service Direction	8	231	11	367	11	368	--	+ 1	--	--	--	+ 1
Total	218	\$16,301	247	18,884	247	\$19,292	--	\$+ 408	--	\$ --	--	\$+ 408

BACKGROUND

This activity manages the National Defense Stockpile of strategic and critical materials required to keep the Nation's military operations viable in the event of a major war. The program is responsible for acquiring the material in storage locations. Its responsibilities include purchasing, rotating, upgrading and processing of stockpile materials and oversight of the William Langer Jewel Bearing Plant.

This activity is related to the Office of Stockpile Acquisition and Disposal and the National Defense Stockpile Transaction Fund.

This submission reflects funds required to support the stockpile goals in the Annual Materials Plan and the level of disposals and acquisitions reflected under the National Defense Stockpile Transaction Fund.

In 1980, this activity was presented under the account, Stockpile Operations, FPHS (Direct).

JUSTIFICATION

A. Highlight - The Office of Property Management is divided into three subactivities: storage and handling of materials, quality control and contract operations.

1. Storage and handling of materials - provides for storage and handling of National Defense Stockpile materials, depot storage operations, and inspection and stockpile management services relative to maintaining the stockpile. The program is currently active to maintain stockpile material in 114 locations. The program also provides for operating GSA 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 in storage costs.

2. Quality Control - is responsible for qualitative maintenance of materials in storage, inventory verification, and inspection of materials prior to outshipment under the disposal program. It assures that contract provisions are met against field operations service contracts and commodity purchase contracts for all materials acquired under the National Defense Stockpile Transaction Fund.

3. Contract Operations - contracts and provides contract administration for stockpile operations and operating supplies and for stockpile operations, procurement, rotation, upgrading, processing, and refining of strategic and critical materials as directed. Manages the stockpile's occupational health and safety program and environmental protection activities. Manages and provides for the operation of the William Langer Jewel Bearing Plant. Provides for the contracting and contract administration phase of the Machine Tool Trigger Order Program.

B. EXPLANATION OF CHANGES, FY 1980 vs FY 1981

1. Program Changes - NONE

2. Other Changes - The total increase of \$408,000 is comprised of increases of \$431,000 for standard level user charges, \$8,000 for annualization of the 1980 pay raise, and \$12,000 for economic adjust-

Federal Property Resources Service,
Operating Expenses
(Direct Only)

PROPERTY MANAGEMENT

B. EXPLANATION OF CHANGES, FY 1980 VS. FY 1981 (Cont'd)

ment in the cost of goods and services offset by a decrease of \$23,000 for 1980 wage grade pay adjustment and \$20,000 for one less work day in FY 1981.

WORKLOAD FACTORS

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Tons handled (000)	638	623	680
Inspections	4,980	5,605	5,605

Federal Property Resources Service,
Operating Expenses,
(Direct Only)

PROPERTY MANAGEMENT
EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$4,853,000 - for 2 1/2 work-years distributed as follows:

	1979	1980	1981
Permanent Positions (All Central Office)	215	236	236
Work-Years	210	236	236
- 12 Personnel Benefits - \$485,000 - Includes \$263,000 for direct contribution to Retirement Fund, \$94,000 for health benefits; \$12,000 for group insurance; \$8,000 for FICA, and \$108,000 for workmen's compensation.
- 21 Travel and Transportation of Persons - \$242,000 - \$170,000 for travel in connection with strategic and critical materials activities; and \$72,000 for motor pool services.
- 22 Transportation of things - \$718,000 - For relocation of materials from depots or inventories to more permanent storage facilities; consolidation of inventories due to evacuation of depots; and miscellaneous transportation costs.
- 23 Rents, Communications, and Utilities - \$6,673,000 - Includes \$40,000 for postage and fees, \$84,000 for communication services, \$5,000 to General Supply Fund for depreciation of administrative furniture and equipment, \$30,000 for payments to the Federal Buildings Fund for related space costs and special services, and \$6,762,000 for standard level user charges paid to Federal Buildings Fund.
- 24 Printing and Reproduction - \$15,000 - For general printing.
- 25 Other Services - \$5,823,000 - Includes \$1,510,000 for payments to commercial contractors for labor, materials, and related services for materials handling, \$4,239,000 to other government agencies for military space storage charges and handling of national defense stockpile commodities and other special projects to preserve the value of materials in the stockpile, \$15,000 payment to other GSA funds, \$35,000 for printing, Capital Fund for photocopying, and \$1,000 for processing. \$11,000 for health room charges and \$11,000 for relocation costs.
- 26 Supplies and Materials - \$415,000 - Includes \$100,000 for normal administrative supplies and \$315,000 for operating supplies.
- 31 Capital Assets - \$200,000 - for material handling equipment.

Excludes prorated amount of Service Direction - See Service Direction for explanation of distribution by objects.

Federal Property Resource Services,
Operating Expenses
(Direct Only)

REAL PROPERTY
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Real Property	200	\$7,243	158	\$6,540	158	\$6,547	--	+7	--	--	--	+7
Service Direction	8	231	12	367	12	368	--	+1	--	--	--	+1
TOTAL	208	\$7,474	170	\$6,907	170	\$6,915	--	+8	--	--	--	+8

BACKGROUND

This activity promotes maximum utilization of real property by Federal agencies, and the transfer among agencies of excess real property. It provides for the disposal of surplus real property by sale, exchange, lease, permit, assignment, or transfer as well as the protection and maintenance of excess and surplus property pending its disposition. It also provides for the appraisal of excess and surplus property, necessary environmental and cultural analyses, disposition and pre-disposition reuse planning and real property utilization surveys.

JUSTIFICATION

A. Highlight - The Office of Real Property is comprised of three programs: Utilization and Disposal, Appraisal, and Protection and Maintenance.

1. Utilization and Disposal - In 1981 it is estimated that total dispositions will have a value of approximately \$205 million. This includes utilization transfers valued at \$26 million, the benefit disposals valued at \$12 million, and sale of \$51 million for deposit to Land and Water Conservation Fund and \$30 million to other funds such as Defense Family Housing and Postal Service. The number of surveys to be conducted by OEA is estimated at 255 in 1981.

2. Appraisal - The total number of disposal appraisals estimated for 1981 is 425.

3. Protection and Maintenance - In 1981 it is estimated that protection and maintenance costs will reach \$1,400,000.

B. Explanation of Changes, FY 1980 vs FY 1981

1. Program Changes - NONE

2. Other Changes - The total increase of \$8,000 is comprised of increases of \$7,000 for annualization of 1980 pay rates and \$17,000 for economic adjustments in the cost of services offset by a decrease of \$16,000 for one less work day in FY 1981.

Federal Property Resources Service,
Operating Expenses
(Direct Only)

REAL PROPERTY
(\$'s in Millions)

	Actual FY 1979		FY 1980		FY 1981		Change FY 1980 to FY 1981	
	No.	Value	No.	Value	No.	Value	No.	Value
<u>Dispositions:</u>	<u>367</u>	<u>168</u>	<u>420</u>	<u>200</u>	<u>428</u>	<u>205</u>	<u>8</u>	<u>5</u>
Utilization Transfers	44	31	50	25	51	26	1	1
Sales	192	44	220	50	224	51	4	1
Other Disposals	131	93	150	125	153	128	3	3
<u>Surveys/Inspections:</u>								
Surveys	207	--	250	--	255	--	5	--
Compliance Inspections	68	--	--	--	--	--	--	--
<u>Disposal Appraisals</u>	<u>256</u>	<u>--</u>	<u>425</u>	<u>--</u>	<u>425</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Environmental:</u>								
Environmental Impact Assessments	180	--	180	--	180	--	--	--
Environmental Impact Statements	0	--	0	--	0	--	--	--
<u>Reuse Studies</u>	<u>5</u>	<u>--</u>	<u>5</u>	<u>--</u>	<u>5</u>	<u>--</u>	<u>--</u>	<u>--</u>

Federal Property Resources Service
Operating Expenses
(Direct Only)

REAL PROPERTY
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing, \$3,946,000 - for 158 work-years distributed as follows:

	1979	1980	1981
Central Office	43	39	39
Field Office	168	119	119
Total Positions	211	158	158
Work-Years	200	158	158

12 Personnel Benefits, \$398,000 - Includes \$279,000 for direct contribution to Retirement Fund; \$104,000 for health benefits, \$12,000 for group insurance, and \$3,000 for FICA.

21 Travel and Transportation of Persons, \$269,000 - Includes \$253,000 for travel and \$16,000 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.

23 Rents, Communications, and Utilities, \$375,000 - \$75,000 for postage and fees; \$86,000 for communication services; \$37,000 for payments to General Supply Fund for depreciation of administrative furniture and equipment; and \$177,000 for payment to the Federal Building Fund for standard level user charges.

24 Printing and Reproduction, \$13,000 - For printing and reproduction of procedural and regulatory information, updating GSA handbooks, orders, forms and other recurring printing requirements.

25 Other Services, \$1,531,000 - Includes \$1,040,000 for reimbursement to holding agencies for cost of protection and maintenance of excess and surplus properties pending disposal; \$296,000 for protection and maintenance charges reimbursable to the Federal Building Fund; \$84,000 for contractual services connected with protection and maintenance; \$13,000 for payment to other GSA funds, \$96,000 for the Federal Capital Fund for photocopying and similar processing; and \$9,000 for health room charges, and \$11,000 for relocation costs.

26 Supplies and Materials \$15,000 - For supplies and materials used in normal administrative operations.

Excludes prorated amount of Service Direction - see Service Direction for explanation of distribution by objects.

Federal Property Resources Service
Operating Expenses
(Direct Only)

PERSONAL PROPERTY
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Personal Property	482	\$13,853	484	\$15,266	487	\$15,265	+ 3	- 11	--	--	+ 3	- 11
Service Direction	16	503	25	800	20	800	--	--	--	--	--	--
Total	498	\$14,356	509	\$16,066	512	\$17,055	+ 3	- 11	--	--	+ 3	- 11

BACKGROUND

This activity manages and operates a Government-wide excess Federal personal property program including the utilization, donation, sale, rehabilitation, and sale of property. This includes the utilization, donation, sale, rehabilitation, and sale of property. This includes the utilization of excess property; donation of all agencies, and proceeds from the sale of 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.

JUSTIFICATION

A. Highlight - The Office of Personal Property is comprised of three programs: Utilization and Donation, Sales, and Property Rehabilitation.

- 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 include power, and power training, social assistance, ecology, and conservation, and research and development. The total excess and surplus personal property are expected to be \$1.375 million in FY 1981.

- Sales - Proceeds from sale of surplus and exchange/sales property are expected to be at a \$39.0 million level in FY 1981. Sales are conducted by GSA for practically all executive agencies except the Department of Defense.

- Property Rehabilitation - The service cost of property rehabilitation is expected to reach \$60.0 million in FY 1981. Included in this area is the function of testing and coordinating the Government's efforts to recover and recover precious metals from salvaged 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 1980 vs FY 1981

- Program Changes - NONE
- Other Changes - The total decrease of \$11,000 is comprised of increases of \$16,000 for annualization of the 1980 pay raise and \$17,000 for economic adjustments in the cost of goods and services offset by a decrease of \$44,000 for one less work day in FY 1981.

Federal Property Resources Service
Operating Expenses
(Direct Only)

PERSONAL PROPERTY
EXPLANATION OF DISTRIBUTION BY OBJECTS

- | | | | | | |
|----|---|------|------|------|--|
| 11 | Personnel Compensation and Staffing - \$10,340,000 for 487 work-years distributed as follows: | 1979 | 1980 | 1981 | |
| | Central Office | 66 | 57 | 57 | |
| | Field Offices | 429 | 427 | 430 | |
| | Total Positions | 495 | 484 | 487 | |
| | Work-Years | 482 | 484 | 487 | |
- 24 Printing and Reproduction, \$560,000 - \$85,000 for general printing; \$465,000 for printing of schedules; and \$10,000 for printing catalogue.
- 25 Other Services, \$615,000 - \$157,000 for payment to commercial contractors; \$7,000 for payment to the General Supply Fund; \$68,000 for payment to the other Government agencies; and \$344,000 for payment to the Working Capital Fund; \$26,000 for health room charges and \$13,000 for relocation expenses.
- 26 Supplies and Materials, \$46,000 - \$17,000 for office supplies; \$9,000 for operating supplies; \$20,000 for technical publications.
- 31 Equipment, \$30,000 - for ADP equipment.
- 12 Personnel Benefits, \$1,034,000 - \$670,000 for direct contribution to the Retirement Fund; \$217,000 for health benefits; \$29,000 for group insurance; \$10,000 for FICA; and \$108,000 for workmen's compensation
- 21 Travel and Transportation of Persons, \$396,000 - \$271,000 for travel and \$125,000 for motor pool services.
- 22 Transportation of Things, \$20,000 - \$20,000 for miscellaneous transportation charges.
- 23 Rents, Communications, and Utilities, \$2,214,000 - \$38,000 for rental of commercial equipment; \$74,000 for payment to the General Supply Fund for amortization of office equipment; and \$148,000 for telephone and teletype services; \$660,000 for postage and fees and \$1,294,000 for payment to the Federal Building Fund for standard level user charges.
- Excludes prorated amount of Service Direction - see Service Direction for explanation of distribution by objects.

Federal Property Resources Service
Operating Expenses
(Direct Only)

PERSONAL PROPERTY

WORKLOAD FACTORS

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>% Change FY 1980 to FY 1981</u>
<u>Utilization and Donation</u>				
Transfers and Donations (M)	\$1,244.9	\$ 1,370	\$ 1,375	.4
<u>Sales</u>				
Total Proceeds (M)	37.6	\$ 38.0	\$ 39.0	2.6
<u>Property Rehabilitation</u>				
Service Cost (M)	59.7	\$ 60	\$ 60.0	0.0
Number of Contracts	2,169	2,400	2,400	0.0

Federal Property Resources Service,
Operating Expenses
(Direct Only)

STOCKPILE ACQUISITION AND DISPOSAL
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Stockpile Acquisition & Disp.	54	\$2,202	63	\$3,098	63	\$3,094		-4				-4
Service Direction	1	40	6	340		+25		+25				+25
Total	55	\$2,242	69	3,438	70	\$3,259		+1				+1

Background

In 1980, this activity was presented under the account, Stockpile Operations, FPRS (Direct).

This activity provides funding for acquisition and disposal of strategic and critical National Defense Stockpile materials. FN's activity is related to the Office of Properly Management and the National Defense Stockpile Transaction Fund. Responsibilities include:

- data collection and economic analysis of all factors bearing on the acquisition and disposal of National Defense Stockpile materials. Technical, economic, and marketing data is collected and analyzed for technical and economic factors (such as supply, demand, consumption, price, specifications, quality, etc.) bearing on national defense stockpile materials. On the basis of these analyses, management formulates policy for acquisition and disposal programs and makes decisions on day-to-day implementation of sales programs.

- Planning for the acquisition of National Defense Stockpile materials and marketing these materials to producers and commodity markets to convert activity into markets to acquire materials.

This activity is essential to insure that due regard be given to the protection of producers', consumers', and processors' markets 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 the rotation and storage of materials.

- disposal of National Defense Stockpile excesses. This is a continuing operation and for a number of years has been a sizeable marketing operation producing significant revenues.

The benefits from disposals are many and varied: (1) removal of excesses from the National Defense Stockpile; (2) converting government stocks into cash in the United States Treasury; (3) recovery of the government's investment in the material; (4) the reduction of dollar outflow and improvements in the overall balance of payments position of the United States; (5) 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 (6) reduction in protection and maintenance costs.

JUSTIFICATION

A. Highlights

This submission reflects funds required to support the goals in the Annual Materials Plan, and the level of disposals and acquisitions reflected under the National Defense Stockpile Transaction Fund.

The Strategic and Critical Materials Stock Piling Act of 1979 (PL 96-41) insures that the strategic stockpile will be used for national defense purposes only. The annual materials planning program determines acquisition and disposal goals. The annual report to Congress provides stockpile policy guidance, recommendations, and actions to implement the government's interagency annual review of proposed strategic stockpile actions.

Planning, programming and analysis for acquisition of national defense stockpile materials continues in anticipation of the implementation of the long term restructuring of the strategic stockpile to meet national security needs.

STOCKPILE ACQUISITION AND DISPOSAL

Federal Property Resources Service,
Operating Expenses
(Direct Only)

National defense stockpile acquisitions are planned as follows:

	1979	1980	1981
Acquisitions	-	-	\$151.9
Transportation & Handling Costs	-	-	18.0
Total	-	-	\$169.9

(\$ in Millions)

Funding for the acquisition program is provided under the National Defense Stockpile Transaction Fund.

Estimated receipts from disposal sales of excess national defense stockpile materials are as follows:

	(\$ in Thousands)
1979: Existing Legislation	
(Aug. 1, 1979 - Sep 30, 1979)	\$ 7,285*
(Oct. 1, 1978 - Jul 31, 1979)	66,212
1980: Existing Legislation	64,234*
Proposed Legislation	177,600*
1981: Existing Legislation	60,000*
Proposed Legislation	203,000*

*Receipts to be covered into the National Defense Stockpile Transaction Fund.

B. EXPLANATION OF CHANGES, FY 1980 vs. 1981

1. Program Changes - NONE

2. Other Changes - The total increase of \$21,000 is comprised of increases of \$25,000 for the transfer of the stockpile inventory function from the ASSS appropriation, \$1,000 for annualization of the 1980 pay raise and \$3,000 for economic adjustments in the cost of goods and services offset by a decrease of \$8,000 for one less work day in FY 1981.

Federal Property Resources Service,
Operating Expenses
(Direct Only)

STOCKPILE ACQUISITION AND DISPOSAL
EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$1,721,000 for 63 work-years distributed as follows:
- | | 1979 | 1980 | 1981 |
|---|------|------|------|
| Permanent Positions
(all Central Office) | 54 | 63 | 63 |
| Work Years | 54 | 63 | 63 |
- 12 Personnel Benefits - \$171,000 - Includes \$137,000 for direct contribution to retirement fund, \$29,000 health benefits, \$4,000 group insurance, and \$1,000 for FICA.
- 21 Travel and Transportation of Persons - \$13,000 - for travel associated with gathering acquisition and disposal information.
- 23 Rents, Communications and Utilities - \$129,000 - Includes \$14,000 for postage and fees, \$22,000 for communication services, \$13,000 to General Supply Fund, depreciation of miscellaneous equipment, and \$80,000 for standard level user charges paid to Federal Building Fund.
- 24 Printing and Reproduction - \$15,000 - for printing and reproduction of bid invitations under the disposal and acquisition programs.
- 25 Other Services - \$37,000 - Provides for contracts for economic forecasting and marketing data, and payments to ADP Fund, commercial contractors, working capital fund, etc.
- 26 Supplies and Materials - \$1,008,000 - \$8,000 for supplies and materials used in the disposal and acquisition operations to support this program, and \$1,000,000 for jewel bearings.

Excludes prorated amount of Service Direction - see Service Direction for explanation of distribution by objects.

Federal Property Resources Service
Operating Expenses
(Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Service Direction												
Distribution by Program:												
Property Management	8	231	11	367	11	368	-	+1	-	-	-	+1
Real Property	8	231	12	367	12	368	-	+1	-	-	-	+1
Personal Property	16	503	25	800	25	800	-	--	-	-	-	--
Stockpile Acquisition and Disposal	1	40	6	140	7	165	+1	+25	-	-	+1	+25
TOTAL	33	1,005	54	1,674	55	1,701	+1	+27	-	-	+1	+27

B. Explanation of Changes, FY 1980 vs. FY 1981 (\$00)

BACKGROUND
This activity provides for the management and direction, both Departmental and in the field, of all Federal Property Resources Service Programs.

1. Program Changes: NONE

2. Other Changes: The total increase of \$27,000 is comprised of \$25,000 for the transfer of the stockpile inventory function from the ASSS appropriation, \$1,000 for annualization of the 1980 pay raise, and \$1,000 for economic adjustments in the cost of goods and services.

JUSTIFICATION

A. Highlight - The overall program management and direction of the Federal Property Resources Service is provided through the Commissioner in the Central Office and the Commissioner's staff.

Federal Property Resources Service,
Operating Expenses
(Direct Only)

SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

	EXPLANATION OF DISTRIBUTION BY OBJECTS			
	1979	1980	1981	
11 Personnel Compensation and Staffing - \$1,330,000 for work-years distributed as follows:				
Central Office	41	54	55	
Field Offices	-	-	-	
Total Positions	41	54	55	
Work-Years	33	54	55	
24 Printing and Reproduction, \$63,000 - \$53,000 for general printing, and \$10,000 for other printing and reproduction.				
25 Other Services, \$3,000 - \$2,000 for commercial contracts and payments to other Government agencies; \$1,000 payment to other GSA funds.				
26 Supplies and Materials, \$16,000 - \$16,000 for office supplies.				

12 Personnel Benefits, \$134,000 - \$94,000 direct contribution to Retirement Fund; \$29,000 for health benefits; and \$11,000 for group insurance.

21 Travel and Transportation of Persons \$22,000 - \$20,000 for travel and \$2,000 for motor pool services.

23 Rents, Communications, and Utilities \$13,000 - \$32,000 for payment to the General Supply Fund for amortization of office equipment; \$39,000 for communication services, and \$62,000 for payment to the Federal Buildings Fund for standard level user charges.

Federal Property Resources Service,
Operating Expenses (Direct)

FPRS
CROSSWALK

SUMMARY OF SERVICE DIRECTION INCLUDED IN PROGRAM AREAS

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

	PROGRAM														
	FY 1979			FY 1980			FY 1981			INCREASE or DECREASE (-) for 1981					
	Work Years	Amount		Work Years	Amount		Work Years	Amount		Total Changes Work Years	Amount	Program Changes Work Years	Amount	Other Changes Work Years	Amount
1. <u>Property Management:</u>															
Direct	218	16,301		247	18,884		247	19,292		--	+ 408	--	--	--	+ 408
Service Direction	(210)	(16,070)		(236)	(18,217)		(236)	(18,924)		--	(+ 407)	--	--	--	(+ 407)
	(8)	(231)		(11)	(367)		(11)	(368)		--	(+ 1)	--	--	--	(+ 1)
2. <u>Real Property:</u>															
Direct	208	7,474		170	6,907		170	6,915		--	+ 8	--	--	--	+ 8
Service Direction	(200)	(7,243)		(158)	(6,540)		(158)	(6,547)		--	(+ 7)	--	--	--	(+ 7)
	(8)	(231)		(12)	(367)		(12)	(368)		--	(+ 1)	--	--	--	(+ 1)
3. <u>Personal Property</u>															
Direct	498	14,356		509	16,066		512	16,055		+ 3	- 11	--	--	+ 3	- 11
Service Direction	(482)	(13,853)		(484)	(15,260)		(487)	(15,255)		(+ 3)	(- 11)	--	--	(+ 3)	(- 11)
	(16)	(503)		(25)	(800)		(25)	(800)		--	(- --)	--	--	--	--
4. <u>Stockpile Acquisition and Disposal</u>															
Direct	55	2,242		69	3,238		70	3,259		+ 1	+ 21	--	--	+ 1	+ 21
Service Direction	(54)	(2,202)		(63)	(3,098)		(63)	(3,094)		--	(- 4)	--	--	(- 4)	(- 4)
	(1)	(40)		(6)	(140)		(7)	(165)		(+ 1)	(+ 25)	--	--	(+ 1)	(+ 25)
Service Direction	(33)	(1,005)		(54)	(1,574)		(55)	(1,701)		(+ 1)	(+ 27)	--	--	(+ 1)	(+ 27)
TOTALS	979	40,373		995	45,095		999	45,521		+ 4	+ 426	--	--	+ 4	+ 426

Federal Property Resources Service
Operating Expenses
(Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principle Categories	1979 Actual	1980 Estimate	1981 Estimate	CHANGE FOR 1981		Other
				Total	Program	
Managerial & Administrative Officer	53	56	56	-	-	-
Admin. Officer/Procurement Analyst	32	46	46	-	-	-
Property Utilization/Disposal	234	299	301	+2	-	+2
Property Marketing	61	63	63	-	-	-
Procurement/Contracting	36	43	45	+2	-	+2
Quality Assurance Inspector	59	63	65	-	-	-
Storage Specialist	56	63	63	-	-	-
Realty Officer/Specialist	83	86	86	-	-	-
Appraiser	54	13	13	-	-	-
Strategic Materials Management	22	26	26	-	-	-
Laborer/Warehousing	61	69	69	-	-	-
Typist/Steno/Clerical	123	148	146	-	-	-
Electrician	4	4	4	-	-	-
Industrial Hygienist	1	1	1	-	-	-
Mining Engineer	2	2	2	-	-	-
Marketing Analyst	5	5	5	-	-	-
Computer Programmer	1	1	1	-	-	-
Environmental Protection Specialist	1	1	1	-	-	-
Community Planner	1	1	1	-	-	-
Civil Engineer	1	1	1	-	-	-
Sub-Total	952	993	997	+4	-	+4
Part-time and Temporary	27	2	2	-	-	-
Total Workyears	979	995	999	+4	-	+4

Operating Expenses, FPHS
(Direct)

SELECTED WORKLOAD DATA
(\$M)

Activity and Principal Workload Factors	1979 Actual	1980 Program in		1981 Budget	Percent of Increase Over 1980
		1980 Budget	1981 Budget		
1. Property Management					
a. Tons Handled (000)	635	1,220	623	680	9.1
b. Inspections	4,980	5,470	5,605	5,605	-
2. Real Property					
a. Dispositions	367	420	420	428	1.9
b. Surveys	207	200	250	255	2.0
c. Disposal Appraisals	256	425	425	425	-
d. Environmental Impact Assessments	180	180	180	180	-
e. Reuse Studies	5	5	5	5	-
3. Personal Property					
a. Utilization and Donations:					
- Transfers and Donations (\$M)	\$1,244.9	\$1,500.0	\$1,370.0	\$1,375.0	0.4
b. Sales: Total Proceeds (\$M)	\$37.6	\$40.0	\$38.0	\$39.0	2.6
c. Property Rehabilitation					
- Service Cost (\$M)	\$59.7	\$65.0	\$60.0	\$60.0	-
- Number of Contracts	2,169	2,400	2,400	2,400	-

FEDERAL PROPERTY RESOURCES ACTIVITIES

OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for carrying out the functions of the Administrator with respect to utilization of excess real property and disposal of surplus real and related personal property: the utilization of excess personal property, the disposal of surplus personal 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 (50 U.S.C. 607); the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166); including services as authorized by 5 U.S.C. 3109 and reimbursement for security guard services, \$3,458,000] of which \$6,526,000 shall be derived from proceeds from transfers of excess real property and disposal of surplus real property and related personal property, subject to the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460 1-5) 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 the 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)).

the utilization survey, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus property;

defense

\$45,521,000

\$6,915,000

, and of which \$19,292,000 for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile shall remain available through fiscal year 1982.

(Independent Agencies Appropriation Act, 1980)

Operating Expenses, FPRS
(Direct)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

The word "activities" is proposed to be replaced with the word "service" in order to provide the correct name for the Federal Property Resources Service.

The phrases "real property and disposal of surplus real and related personal" and "the utilization of excess personal property" are proposed for deletion in order to replace them with a single reference to utilization of excess property.

The word "personal" is proposed for deletion in order to provide a single reference for disposal of surplus property.

The phrase, "the utilization survey, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus property," is proposed for addition since funds appropriated will be expended for this purpose.

The word "defense" is proposed for addition in order to provide consistency with PL 96-41.

The phrase "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)" is proposed for deletion since it is no longer pertinent.

The following provisos have been deleted as they are included in PL 96-41:

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 the 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 beneficiating 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)).

The phrase "and of which \$19,292,000 for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile shall remain available through fiscal year 1982." is proposed for addition in order to be consistent with PL 96-41.

Federal Property Resources Service,
Operating Expenses
(Reimbursable Program)

REIMBURSABLE SERVICES
ANALYSIS OF AUTHORIZED OBLIGATIONS FISCAL YEAR 1981
(Thousands of Dollars)

	<u>Permanent Positions</u>	<u>Work Years</u>	<u>Amount</u>
1980 Level of reimbursable services.....	3	16	\$460
1981 Level of reimbursable services.....	3	3	<u>160</u>
Changes from 1980 to 1981.....	-	-13	-\$300

	Reimbursable Obligations						Increases or Decrease (-) for 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount
Reimbursable Programs	3	212	16	460	3	160	-13	-300	-13	-300		
Permanent Positions	3		3		3		---	---	---	---		

SUMMARY JUSTIFICATION OF FY 1981 ESTIMATE

The reimbursable account provides various services to other Government agencies on a fully reimbursable basis. The primary service provided in the past was the sale of gold for the Department of Treasury. Other reimbursable services accounted for only a small portion of the FPRS 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.

National Defense Stockpile
Transaction Fund

SUMMARY JUSTIFICATION

The National Defense Stockpile Transaction Fund was established by the Strategic and Critical Materials Stock Piling Act (PL 96-41) approved July 30, 1979.

The Fund consists of receipts from stockpile disposal sales and is used to finance the acquisition of strategic and critical materials and related transportation costs, when so appropriated.

Receipts covered into the fund from disposal sales remain until appropriated for acquisitions or until the end of the third fiscal year following the fiscal year in which received. If at the end of the third fiscal year the funds have not been appropriated, they will be transferred to miscellaneous receipts of the Treasury. Any funds appropriated shall be disbursed in the order they were covered into the fund. Moneys in the fund, when appropriated, shall remain available for a period of five fiscal years. Moneys received from the sale of stockpile materials being rotated are covered into the fund. These funds are available for the acquisition of replacement materials, only.

Receipts from stockpile disposals from existing and proposed legislation which are estimated to be covered into the fund are as follows:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Existing Legislation	\$ 7.3	\$64.2	\$ 60.0
Proposed Legislation	-	177.6	203.0
Total	<u>\$ 7.3</u>	<u>\$241.8</u>	<u>\$263.0</u>

(In Millions of Dollars)

Acquisitions planned in 1981 amount to \$169,900,000 including \$18,000,000 for related transportation costs.

Operating expenses are funded under FFRS Operating Expenses.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

For acquisition of strategic and critical materials and for transportation related to such acquisition \$169,900,000 shall be derived from moneys received in the National Defense Stockpile Transaction Fund established by section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), and to remain available until fiscal year 1985.

National Defense Stockpile Transaction Fund

EXPLANATION OF LANGUAGE FOR NEW APPROPRIATION ACCOUNT

This new appropriation language is consistent with the provisions of Public Law 96-41, the Strategic and Critical Materials Stock Piling Revision Act of 1979. The appropriation request for this fund, available for five fiscal years, consists of actual moneys received in the receipt account established for this fund, plus receipts anticipated from the disposal of materials excess to the goals of the National Defense Stockpile. To the extent that anticipated disposal receipts do not materialize the appropriation will not be expended.

Rare Silver Dollars Program

ANALYSIS OF AUTHORIZED LEVEL FOR 1981
(Dollars in thousands)

	Permanent Positions	Work-Years	Amount
1980 Program Estimate	-	28	2,233
1981 Program Estimate	-	4	58
Changes from 1980 and 1981	-	-24	-2,175

DIGEST OF BUDGET ESTIMATE BY ACTIVITIES, FISCAL YEAR 1981

	OBLIGATIONS						INCREASE OF DECREASE (-) for FY 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Sale of Rare Silver Dollars												
Total	2	57	28	2,233	4	58	-24	-2,175	-24	-2,175	-	-
Permanent Positions Established	2											

Funds were appropriated in FY 1973 and the unobligated balance finances activities.

SUMMARY JUSTIFICATION

This program provides for the sale of rare silver dollars authorized by Section 205 (a) 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 1931. To date, GSA has conducted five sales and sold approximately 1.92 million coins with receipts of \$53.3 million. The remaining 978,163 coins are broken into six categories, each of which has been offered to the public at least twice during previous sales.

Public Law 96-2, approved March 7, 1979, authorized disposal of the remaining Carson City Silver Dollars.

The sales program will be concluded in 1980 with correspondence pertaining to customer/sales follow-up extending into 1981.

RARE SILVER DOLLARS PROGRAM

Two sales will be conducted to liquidate the remaining coins. The first sale will run from February 8 through April 8, 1980. During this sale, 923,287 coins will be offered for sale by mail at fixed prices. Three categories of coins will be offered with no limit to the number of coins purchased from each category. These categories and the fixed prices are: 1883 mint year group at \$42.00 each, 1884 mint year group at \$40.00 each and mixed years at \$20.00 each. Receipts for this sale will approximate \$31 million.

The second sale will be conducted in the spring of 1980. Three mint year categories will be offered for sale by public auction by mail. Prices will be set shortly before the sale. These categories are: 1880, 1881 and 1885. Buyers will be limited to five coins from each of the three categories.

Expenses, Disposal of Surplus Real and
Related Personal Property
(Direct Only)

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Funds made available under this heading finance contractual services of appraisers, auctioneers, and brokers familiar with local markets to supplement the regular staff of GSA who are financed through the "Operating Expenses, Federal Property Resources Service" appropriation, to accelerate the sale of surplus real property. Funds are made available by appropriations 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 only during the year in which they are approved.

1. Appraisers Fees. This 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 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 appropriation process, no annual appropriation action by Congress is required.

Expenses, Disposal of Surplus Real
and Related Personal Property
(Reimbursable Program)

REIMBURSABLE SERVICES
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Thousands of Dollars)

	Permanent Positions	Work Years	Amount
1980 Level of reimbursable services.....	-	-	200
1981 Level of reimbursable services.....	-	-	-0-
Changes from 1980 to 1981.....	-	-	- 200

	REIMBURSABLE OBLIGATIONS						INCREASE OF DECREASE (-) for 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Reimbursable Programs	-	-	-	200	-	-	-	-200	-	-	-	-
Permanent Positions	-	-	-	-	-	-	-	-	-	-	-	-

The FFPS reimbursable account provides various services to other Government agencies on a fully reimbursable basis.

William Langer Jewel Bearing Plant

WILLIAM LANGER JEWEL BEARING PLANT REVOLVING FUND
(In Thousands of Dollars)

<u>Income/Cost Comparison:</u>	1979 Actual	1980 Estimate	1981 Estimate
Revenue.....	\$1,783	2,200	\$2,500
Expense.....	1,877	2,200	2,500
Prior Year Adjustments.....	1	--	--
Profit or Loss.....	-94	--	--
Net Outlays.....	--	--	--

	DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1981			INCREASE OR DECREASE (C) FOR FY 1981		
	1979 Amount	1980 Amount	1981 Amount	Total Change Amount	Program Changes Amount	Other Changes Amount
1. Jewel Bearing Production	1,926	2,200	2,500	+ 300	+ 300	--
(No employment - Contractor Operated Plant)						

SUMMARY JUSTIFICATION OF FY 1981 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 1981.

AMERICAN LANGUAGES
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 bearing 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....."

TUESDAY, MARCH 11, 1980.

TRANSPORTATION AND PUBLIC UTILITIES SERVICE

WITNESSES

RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS, AND FINANCIAL MANAGEMENT

WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

ALLAN W. BERES, COMMISSIONER, TRANSPORTATION AND PUBLIC
UTILITIES SERVICE

IRA JEKOWSKY, EXECUTIVE DIRECTOR, TRANSPORTATION AND
PUBLIC UTILITIES SERVICE

Mr. STEED. We will now take up the Transportation and Public Utilities Service. We have the operating expenses, no money under this title was made available this year; \$13,758,000 has been transferred from other accounts. There is a pay increase supplemental of \$829,000 pending bringing the fiscal year 1980 budget total to \$14,587,000. The request for fiscal year 1981 is \$14,989,000, which is an increase over 1980 of \$402,000. This will be the item that replaces the \$15 million reduction in the Federal Supply Service and that still leaves us a net gain of a million dollars.

Mr. FONTAINE. We have requested increases that will offset the million dollars.

Mr. STEED. I am reading it right when I say it will cost us a million dollars less in 1981 than in the current year?

Mr. EARLY. There is a \$402,000 increase in this account and the \$523,000 increase in the Federal Supply Service.

Mr. BERES. I do have a brief statement I would like to read for the record.

Mr. STEED. If you will identify your colleague first for the record and then proceed.

Mr. BERES. I am accompanied by Mr. Ira Jekowsky.

Mr. FONTAINE. We will submit a biographical sketch for him. [The information follows:]

BIOGRAPHICAL SKETCH OF IRA JEKOWSKY

Education.—Harvard University, 1977-78, Cambridge, Mass., Master of Public Administration (MPA). University of Rhode Island, 1966-71, Kingston, Rhode Island, B. S. Industrial Engineering (BSIE).

Experience

Feb. 1, 1979 thru present: Executive Director, Transportation and Public Utilities Services.

Sept. 1, 1978 thru Jan. 31, 1979: Policy Analyst, Office of the Administrator.

June 15, 1979 thru Aug. 31, 1979: Chief Analyst, Contract Assurance Task Force, Public Buildings Service.

Aug. 1, 1977 thru June 14, 1979: Attended Harvard University under Education for Public Management Program.

June 14, 1971 thru July 31, 1977: Six years experience in Office of Executive Director, Public Buildings Service serving as: Chief, Federal Buildings Fund, Man-

agement Divisions Billing and Information Branch, Project Manager for development and implementation, of Federal Building fund standard level user charge system, Operations Research Analyst, responsible for designing, developing and implementing new or improved operational systems and procedures.

June 1, 1969 thru Sept. 1, 1970: Plant Industrial Engineer, International Business Machine (IBM) Co.

Professional societies.—American Institute of Industrial Engineers, Operations Research Society of America.

Award.—Selected to participate in Government-wide education for Public Management Program for 1977-1978 Academic year at Harvard University. Conferred Master of Public Administration June 1978.

Personal Data.—Born: July 12, 1948, Brooklyn, New York.

Marital Status: Married to former Mary Anne Lutz.

Residence: Falls Church, Virginia.

OPENING STATEMENT

Mr. BERES. Mr. Chairman and members of the subcommittee: I am Allan W. Beres, Commissioner of the General Services Administration's Transportation and Public Utilities Service. I want to express my appreciation to the subcommittee for extending the opportunity to report on Transportation and Public Utilities Service (TPUS) activities and to present our annual appropriation request. I am accompanied by Mr. Ira Jekowsky, the Executive Director of TPUS.

In order to reduce the span of control of the Commissioner, Federal Supply Service, and to increase top management attention within the General Services Administration to the Agency's Government-wide transportation and public utilities missions, the Administrator of General Services created the Transportation and Public Utilities Service effective February 1, 1979.

The Transportation and Public Utilities Service is responsible for:

- assisting Federal agencies in improving transportation management and practices;
- negotiating transportation rates;
- auditing Federal transportation documents;
- providing Federal fleet management and assisting in energy conservation in the Federal vehicle fleet;
- assisting Federal agencies in public utilities management (excluding communications);
- negotiating for public utility services on behalf of Federal agencies;
- representing consumer interests of Federal agencies before public utility and transportation regulatory bodies; and
- providing motor vehicle support to Federal activities.

To accomplish these functions, TPUS is organized into four program offices:

OFFICE OF TRANSPORTATION AUDITS

The Office of Transportation Audits provides centralized postaudit of rates charged by the passenger and freight carriers for transportation services furnished for the account of the United States, and prescribes regulations concerning the documentation, billing, payment, and audit of the procurement of transportation services. During fiscal year 1981, the audit function is expected to recover

an estimated \$12 million in transportation overcharges against the Government.

OFFICE OF TRANSPORTATION AND TRAVEL MANAGEMENT

The Office of Transportation and Travel Management provides management assistance to civil executive agencies in the implementation of Government-wide transportation and traffic management policies and regulations; manages a nationwide Household Goods Program; represents civilian agencies before ratemaking and regulatory bodies; and prescribes policy on civilian employee transportation, travel, and relocation allowances.

OFFICE OF PUBLIC UTILITIES

The Office of Public Utilities represents the consumer interests of the Government in regulatory proceedings (primarily electric and gas), and in negotiations with public utility suppliers for all types of services, except communications; conducts rates and billing studies to determine application of proper rate schedules and propriety of other charges; and provides Government-wide policy guidance and technical assistance on a variety of public utilities management and acquisition problems.

OFFICE OF MOTOR EQUIPMENT

The last office, that of Motor Equipment, develops plans and regulations governing the management, operation, maintenance, identification, and safety of the Federal motor vehicle fleet; develops and administers both the U.S. National Credit Card System and fuel efficient motor vehicle program; and conducts studies in Federal activities to improve the efficiency and energy conservation of their motor equipment activities. In addition, this office operates over 98,000 vehicles in the Interagency Motor Pool System which consists of 100 motor pools located throughout the country.

Our fiscal year 1981 appropriation request is \$14,989,000, a net increase of \$402,000 from fiscal year 1980. This net increase principally includes:

- \$195,000 and five additional positions for increased representation before ratemaking and regulatory bodies and contract, procurement assistance, and negotiations activity. This is in the travel and transportation area.

- \$219,000 for increased payments to the Federal Buildings Fund for space.

- \$14,000 for full year cost of the 1979 pay increase.

- \$19,000 for increased cost of communications, printing, and other services.

There is a reduction of \$45,000 for the one less paid day in fiscal year 1981.

ACCOMPLISHMENTS OF NEW ORGANIZATION

Mr. STEED. Since this is new, will you give us an estimate of what you are able to do under this setup as opposed to before? Or if no new things are being done, how much better you can do them this way than before.

Mr. BERES. I can give you a couple of examples that might highlight the focus on these. Just recently, we were able to take advantage of airline discount coupons and reacting very quickly to the market available, bring those coupons in on a consignment basis and assign them to other agencies. The net effect was a saving of \$1 million. Bids will open tomorrow on discount air fares between 17 cities in the United States. Other areas include increased attention now to the manner in which the motor pool systems are operated and reports provided, the general oversight of the motor pool operations. Another one was a national credit card problem that we have. We now have a contract for card embossing and control. For the first time there is a mechanism within the Federal Government informing each of the agencies which cards are out, who they are assigned to, when they expire, and a list of lost and stolen cards.

FUEL FOR MOTOR VEHICLES

Mr. STEED. Do you provide any fuel for the motor vehicles you assign out to other agencies?

Mr. BERES. Yes, sir, we do have some bulk fueling service.

Mr. STEED. How do you get the stations supplied?

Mr. BERES. We had problems when the gasoline crunch hit us early this year. In some instances the contractor who operates under contracts with Defense Fuel Supply Center was unable to deliver our requirements and in many cases, we had to go out on the open market and buy in any fashion we could to supply our needs.

Mr. STEED. Every time I go to a service station I pay a higher price than I did the time before. Are your customers experiencing the same thing?

Mr. BERES. Yes, our regions are coming in and saying adjustments have to be made in the rental rates since gas prices have gone up from 77 cents last year to over a dollar today.

VEHICLE REPLACEMENTS

Mr. STEED. Are you able to make replacements on an economic basis?

Mr. BERES. Sir, we had a shortfall as far as capital for acquisition of replacement vehicles. We now have a fund set aside to capture replacement costs, but this will not be fully operational for another 6 years. We have found we have had to go into the leasing market, particularly in the sedans, subcompacts, and compacts to meet the demands of agencies and get the older not fuel efficient vehicles out of the system. This was the most economical way to go given there were no funds to purchase.

ACQUISITION POLICY

Mr. STEED. Are you familiar with the GAO report which states savings could be achieved by a different acquisition policy?

Mr. BERES. Is this the report that said we should buy rather than lease?

Mr. STEED. Yes.

Mr. BERES. There is another one out, too, that says we should go to a shorter cycle replacement. Both of these reports we endorse conceptually in terms of having a payoff to the Federal agency and to the taxpayer. We do not endorse the 1-year replacement cycle, but did want to start testing 1, 2, and 3-year cycles to determine which one the system could handle and what the costs would show.

Mr. STEED. Is this a problem where the restrictions you run into legally and economically make it difficult for you to have a program of this sort?

Mr. BERES. Yes, sir. Our biggest holdback is lack of capitalization to replace the vehicles.

Mr. FONTAINE. Mr. Chairman, it has been OMB's requirement that replacement be at 6 years, 60,000 miles. We were charging depreciation of one-sixth per year. You can see the problem of trying to buy a 1980 Chevrolet based on a 1974 purchase price. It was an impossibility. So, they were in the position, due to the lack of cash we were generating, of not being able to replace vehicles, and we are forced to hold them longer than we would like to. We did not have legislation last year to change the depreciation pricing to replacement costs rather than acquisition costs. It will be 4 or 5 years before that is fully implemented.

Mr. STEED. If some agency customer wanted you to obtain vehicles for them and they had obtained the appropriation themselves so they could reimburse you, do they have the same situation to contend with, with or without your help?

Mr. BERES. Yes, sir; they basically have the same restrictions that are placed on us.

Mr. STEED. So solving the problem that way is no easier than leaving it the way we had it?

Mr. FONTAINE. It would help if they had the funds available, if they advanced the money or paid for the vehicles themselves.

Mr. STEED. The fact that they had the money would not solve the problem because they are faced with the same restrictions as you are.

Mr. FONTAINE. True.

Mr. STEED. Have you had any studies made as to the revolving fund problem so that you could provide for the record a brief analysis of it?

Mr. FONTAINE. Yes, sir.

Mr. STEED. This inflation is not going away overnight so apparently you will have this headache for a long time.

Mr. FONTAINE. We have taken a number of actions. We will ask for advances from other agencies for large procurements. We have also proposed legislation to allow the return of earnings in the fund. There are a number of steps we will have to take to keep the fund solvent.

VEHICLE REPAIR

Mr. STEED. Have you a capacity to repair your own vehicles?

Mr. BERES. Yes, sir, we have capacity throughout the agency to make repairs.

Mr. STEED. A school is maintained by the University of Oklahoma for a number of skills including motor and truck repair. One post office which operated a large fleet had a turnaround time for

a 2½-ton truck of 6 to 15 days for putting in a water pump or new radiator or something of that sort. After they sent their maintenance crew through the school, they reduced the turnaround time to 6 days. This had the effect of giving them the equivalent of several additional trucks.

Have you any studies on how much your fleet can be improved if your repair times were reduced, or do you think you have the kind of training that makes it minimum already?

Mr. BERES. I do not have overall figures as to the downtime. We have noticed a considerable decrease in downtime simply because we got rid of a lot of older sedans and replaced them with newer sedans. Generally the repairs are done within the motor pool and the rest is contracted out. Those contracts do require a turnaround time which we consider to be within the realm of the possible and also most convenient to the motor pool system.

VEHICLE USAGE

Mr. STEED. Do you have any problem with abuse of the service you provide by those who request it in terms of illegal or improper use of it?

Mr. BERES. I think we continue to experience some misuse or inappropriate use of vehicles. My office continues to receive inquiries from citizens and others concerning what they allege to be misuse.

Mr. STEED. Is that a problem for the agency who employs the person doing the abusing more than yourself?

Mr. BERES. Yes, sir, it is the responsibility of the using agency to make sure their employees adhere to regulations.

Mr. STEED. When a case comes up, what do you do?

Mr. BERES. Refer it to the head of the agency involved.

PUBLIC UTILITIES

Mr. STEED. In public utilities, what are your problems there? They are having inflation impacts, too, are they not?

Mr. BERES. Yes, sir, public utilities is a very important area not only to GSA but to the general population. When we represent the Federal agencies as a consumer sometimes the fallout benefits we receive are of benefit to the consumers in the locality. We are dealing in all cases here with a monopoly which requires a different strategy. An example would be the negotiation of an areawide 10 year contract with a public utilities company.

It is difficult for us to let the public utilities know what benefits they will receive out of it since they are a monopoly regulated by the State commission. I think our employees do an excellent job in making arrangements with public utility companies.

Mr. STEED. In my State, if a public utility company wants an increase, they have to have a hearing. Do your employees participate in hearings when a rate case is before a regulatory body?

Mr. BERES. We can intervene as a representative of the Federal Government, which is what we do in many cases. We take direct intervention action before the regulatory body involved, provide expert testimony, and our legal staff prepares the case for court and does the cross-examination.

COST REDUCTIONS

Mr. STEED. It is very important to save gasoline and save energy and cut costs. What are you able to do in cutting the demand or reducing the cost?

Mr. BERES. It is a difficult problem, and we are addressing it in a number of different ways. The President has mandated that the Federal Government reduce their fuel consumption by 10 percent ending the end of this month. GSA, as far as the vehicles we actually use, fully intends to meet this objective. What we have experienced is an increased demand from the other Federal agencies for vehicle services. Those services can either be met from an interagency motor pool fleet or an agency's own fleets, or through privately owned vehicles that the employees are reimbursed for, or they can be arranged for through short-term rentals or leases with the private sector.

Right now we find we do not have a complete handle on the demand side. In all the studies we have been able to do, and GAO has taken a look at these, is that the motor pool system is the most economical way to provide services. We have asked the agencies when they come to us for increased vehicles that they justify them at the Assistant Secretary level so we do not get conflicting requests. We have addressed this issue with the OMB during the past year and have gotten their consent to take a look at the things that come in from the headquarters level and talk to the agencies so we can get a better handle on the demand side and how it can be met.

Mr. STEED. Do you have any measurement figures that you try to hold to?

Mr. BERES. We have measures as to what our cost per mile is which is demonstrably lower than other fleets have been able to show. We have criteria that show you should use the vehicle 10,000 miles a year. There are other factors as to whether an agency needs a vehicle for other than mileage. For instance we provide support to the Cape Kennedy Space Center. Their mileage figures do not reach the criteria but the personnel do need to get from one end of it to another and it is the most economical way of providing transportation. So we try to look at all the factors in determining whether a vehicle is really needed.

CAR POOLS FOR FEDERAL EMPLOYEES

Mr. STEED. Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

While we are discussing vehicles, you mentioned studies you are making. Apparently you propose such things as carpools for Federal employees. Are you involved in any way in making that type of recommendation?

Mr. BERES. Yes, sir. Recently the President issued an executive order on ride-sharing in Federal facilities, and GSA is the agency charged with implementing that along with the Department of Transportation. That responsibility falls within my organization. We are attempting to maximize the use of not only mass transit and carpools, but also the vanpool concept, to reduce the number of miles driven in vehicles getting people back and forth to work.

Mr. MILLER. Are you involved in a program to purchase vans which would be owned by the Federal Government for vanpooling?

Mr. BERES. No, sir. The purpose of the vanpooling program is to facilitate communication between third party owners of vans and the employees who would have a demand for the vans.

TIRE PRESSURE

Mr. MILLER. You also mentioned making studies concerning energy, and more miles per gallon. In relation to those studies, research and recommendations that you make, I might give you a little background. Just about 2 years ago, we found that with many of the Federal Government employees vehicles, the trucks that they were driving, the cars, the Postal Service units, had tires that were underinflated. We made a little study of that and found out there could be a great savings in motor fuel if somehow we had the proper inflation in the tires. It is like pushing a car in the sand, it requires additional energy because of the low pressure in the tire. As a matter of fact I acquired tire gauges and passed them out to all our House and Senate colleagues. We tried to get them to write in a newsletter that proper inflation in the tires was a very effective way, to get more miles per gallon.

Has any push been put on by your organization to do the same thing with the Federal fleet?

Mr. BERES. Yes, sir. Tire pressure is a very significant thing in terms of energy consumed. That and a list of other items that drivers and managers of fleets can do to improve fuel consumption, was sent to all the agencies including our own motor pool managers as helpful hints to improve the fuel economy of the vehicles.

Mr. MILLER. Have you any way of getting a feedback? It is one of the easiest things to do to start a program and not check back. It is not even easy to get air at the service stations. A few years ago we had air hoses at the fuel pumps. Now you have to go behind the service station to check it. It is quite a problem to get this done, so it is easier not to do it. What kind of routine check do you suggest?

Mr. BERES. We have things that would be constant reminders. We also would affix a little sign on the visor which would constantly remind them of three or four significant items which would aid energy conservation, tire pressure, et cetera. As far as monitoring, the only way we would have of measuring is when the vehicle comes in. After a period of time we could evaluate the effectiveness of the problem.

GASOHOL

Mr. MILLER. Do you encourage the use of gasohol?

Mr. BERES. Yes, we issued a memorandum encouraging the use of gasohol whenever it was available as a fuel.

Mr. MILLER. Do you find your people are able to purchase an appreciable amount of gasohol?

Mr. BERES. The numbers are going up constantly, sir. We have been able to get gasohol into some of our bulk fueling facilities. We started out in the Kansas region, Iowa and so forth, now gasohol is the only fuel available out in that region. It is available here in the National Capital area and some are based out of Chicago and other

areas as well. As it becomes available we will insist it be the fuel used in our motor vehicles.

Mr. MILLER. Provide for the record the amount of gasohol consumed by the Federal fleet.

Mr. BERES. The only information I would have available is what we have at our regular bulk stations.

Mr. MILLER. Indicate for us how much you purchase for the bulk fuel stations. It would enlighten us as to what progress is being made at the present time in order to get over to gasohol.

[The information follows:]

GASOHOL

GSA currently pumps approximately 168,500 gallons of gasohol per month from its 22 bulk gasohol facilities. In the next 60 to 90 days, 9 additional bulk facilities will be converted to gasohol.

USE OF ALCOHOL AS FUEL

Mr. MILLER. But by the same token, we find in such places as Brazil they have a 5-year program. As I recall, by 1985 they hope to have most of their automobiles running on alcohol. They would be building 250,000 automobiles this year that would consume only alcohol, and they will build 300,000 the following year and 350,000 the year after that. They do not have the volume of automobiles that we have, but they have a deadline, and a program. They have a target to shoot at and they will accomplish this goal by a given year. We, through the Department of Transportation, do not seem to have the deadlines. Have you discussed the use of alcohol engines with the Department of Transportation and whether they are setting up guidelines and have a plan for the future so we can be using alcohol in automobiles? In Brazil they have set goals. The first of those 250,000, as I understand it, will be used by fleets such as you people would be handling and they would be able to test them before putting them on the market.

Are we making any headway toward setting up deadlines so we will use alcohol and not be dependent on the OPEC nations?

Mr. BERES. From the point of GSA, that is a little outside our mission responsibility. I cannot speak for the Department of Energy or Transportation as to their plans along these lines.

Mr. MILLER. It seems as though you who purchase and control automobiles would be talking to the Department of Transportation about your plans. We have to make plans a few years ahead to go to alcohol automobiles. Somewhere along the line the right hand and left hand have to know what they are doing if we are to make the progress we need not to be dependent on the OPEC nations. I know you do not set up the policy, but it seems through the use of so many automobiles you can suggest such a policy.

Mr. BERES. We have taken the initiative in the gasohol area and indicated we would use it whenever possible. In other words, we are a market for that fuel when and if it is available, if the percentages can be increased from 10 to 20 percent, we will take advantage of it; we will follow whatever is available in the marketplace.

MODES OF TRANSPORTATION

Mr. MILLER. When you speak of transportation, are you speaking primarily of surface transportation, highway transportation, or are you speaking also of waterways and all railroads?

Mr. BERES. All carriers; yes, sir.

Mr. STEED. How do you become involved with the railroads and waterways?

Mr. BERES. In terms of negotiating with the carriers, rates for transportation of things for the Federal Government, as well as passenger travel. Agencies may come to us on a particular shipment where it is a high-volume, emergency situation and we will negotiate immediately for them; or we may be establishing continued rates over established routes for particular commodity groups. That industry, as you are aware, is a highly regulated one with the tariff situations which apply to different modes and commodities that travel on those modes.

Mr. MILLER. That is true, but on the other hand you would be involved in airlines and transportation by airlines, whether it be cargo or people, but that is deregulated now. So, are you negotiating with them for better prices?

Mr. BERES. Yes, sir. As I mentioned one of our efforts was to contract with airlines for discounts on official business. In fact the increase in the budget is to put ourselves in a better posture to have the capabilities there, experts in transportation from an analytical view to put us in a posture we can deal with it. It is a change in the way the Government has been able to deal with that industry with deregulation under way.

Mr. MILLER. Would you go so far as to be involved in transportation of cargo overseas?

Mr. BERES. To some extent, providing for the carrier and more so in auditing the freight bills, we postaudit all transportation bills for the Government, whether Department of Defense or other agencies.

Mr. MILLER. Would that also be for crude and finished products such as gasoline and refined oil?

Mr. BERES. I cannot answer that specifically, but I will submit that information for the record.

Mr. MILLER. If you would, I would appreciate that.

[The information follows:]

TRAFFIC MANAGEMENT OVERSIGHT

GSA's statutory responsibilities for traffic management oversight are limited to the transportation activities of civilian agencies of the Federal Government. The transportation arrangements for crude oil and petroleum products owned by other countries or private sector companies are the responsibilities of traffic managers outside of the Federal Government.

Generally, the Defense Fuel Supply Center of the Defense Logistics Agency, Department of Defense (DOD), procures the petroleum products consumed by the Federal Government. Shipment routing and other traffic management services, when required, are provided by the Military Traffic Management Command.

We surveyed all of our regional offices, and with the exception of the National Capital Region (Washington, DC), none routed any crude oil or gasoline. The four shipments routed by the National Capital Region were small—approximately 8,000 gallons—and were made under emergency circumstances. These shipments moved from the Curtis Bay, Maryland depot to GSA interagency motor pools in the State of Pennsylvania.

PUBLIC UTILITIES

Mr. MILLER. Tell me a little more what you do about the interest of the public when it comes to the public utilities. You did state there are various public utilities within the States. Of course, in the State of Ohio we have the Public Utility Commission of Ohio, for utilities operating within the State. But if a pipeline or electrical line cross the State lines, then it comes under the Department of Energy at the Federal level, so you seem to be representing consumers at the State level and at the Federal level. That is what I understood from that statement.

Mr. BERES. The consumer interests of the Federal Government. In other words, where the Federal Government is a consumer of the electricity, water, and the PUC files for a rate increase we can, and when we choose to do, intervene in behalf of the Federal Government as a consumer.

Mr. MILLER. So you would be filing along with other consumer organizations, all being consumers. You go in as a group or file separately with the utility commissions.

Mr. BERES. We file separately, sir. We prepare our expert testimony based on our own findings. We have experts in this area who are familiar in depth with the PUCs, their operations, rate of return, cost of capital and other things that are critical in terms of rate increases. We provide our testimony to the commission based on our findings of what the utility company has asked for and what our investigation has shown to be an appropriate rate.

Mr. MILLER. Would your experts be involved in the type of fuel that would be used, to generate steam for electricity? Would you be, in some way, a guiding factor?

Mr. BERES. That is an area that more appropriately belongs to the Department of Energy; ours is a representative of the consumer interest of the Government.

Mr. MILLER. Only the price.

Mr. BERES. Yes, sir, and other factors that would involve delivery of that service.

TRANSPORTATION AUDIT

Mr. MILLER. We have discussed many things that I know you do not have policy control over, but still you can help guide us in the right direction.

You mentioned also in fiscal year 1981 that the audit function is expected to recover an estimated \$12 million in transportation overcharges against the Government. How does that happen?

Mr. BERES. These are from all carriers. This function was originally set up within the GAO. The reason for establishing it in the first place was because of the complex nature of the transportation industry dealing with all the different means of transportation. They felt it was inappropriate for a financial manager who pays the bills to be held responsible for assuring that appropriate tariffs were made under the complex network of rates, and also be responsible for assuring the service was provided. The postaudit activity provided personnel who could take a look at these bills after they had been paid to determine whether the appropriate charges had

been made. That is exactly the function we perform now after it was transferred to us from the GAO back in 1976.

Mr. MILLER. Where would the overcharges have come from? cargo or personnel?

Mr. BERES. Primarily cargo, sir.

Mr. STEED. Mr. Roybal.

FINANCING OF THE INTERAGENCY MOTOR POOL SYSTEM

Mr. ROYBAL. You stated the interagency motor pool system was financed on a reimbursable basis by the general supply fund. Still subsequent testimony leaves me in doubt about that statement.

Will you please clarify it for me?

Mr. BERES. Yes, sir. All the expenses attributable to operating the motor pool system are chargeable to the General Supply Fund. All costs have to be recovered from other agencies so that we meet a break-even situation at the end of the year.

Mr. ROYBAL. You are talking about expenses that you charge to the agency then?

Mr. BERES. Yes, sir.

Mr. ROYBAL. You are not talking about any reimbursable amount for the purchase of a new vehicle?

Mr. BERES. All costs, sir, have to be recovered. I think the problem that we have here is in terms of the undercapitalization of the fund. There were only certain incomes that we were allowed to apply to new purchases, that was a depreciation expense of the vehicle and the money we receive back when we sell the vehicle at the end of the specified period of time.

Mr. ROYBAL. You depreciate the vehicle over 6 years, then you sell the vehicle, and that is applied to purchase of a new one.

But on the other hand the new vehicle will cost considerably more, so how can you then say it is financed on a reimbursable basis? I cannot see how you can do it.

Mr. BERES. Sir, we have a shortage of funds to buy new vehicles. We have had to make up the difference in terms of leasing vehicles.

Mr. FONTAINE. Plus supplementals for additional capital.

Mr. BERES. We are \$120 million short, based on what the new purchase price is.

Mr. ROYBAL. Here is where the supplemental comes in.

Mr. BERES. Right.

PURCHASES FAVORED OVER LEASING

Mr. ROYBAL. With regard to leasing or buying, it is not clear to me whether you favor one or the other. Will you tell the committee what your position is with regard to that?

Mr. BERES. My position is that ownership is the most favored position to be in. The GAO report indicated that. Our earlier cost estimates showed there perhaps was not a significant difference in the terms of lease over ownership, but as we enter the new era of spiraling inflation as well as the prime interest rate, the cost to lease will become greater.

Mr. ROYBAL. So you favor buying over leasing?

Mr. BERES. Yes, sir.

FOREIGN AUTOMOBILES

Mr. ROYBAL. Do you use any foreign cars at all?

Mr. BERES. We have a number of quarter-ton trucks, Japanese-manufactured.

Mr. ROYBAL. Will you get rid of those one of these days?

Mr. BERES. Yes, sir, but we are continuing to buy those.

Mr. ROYBAL. I have received criticism.

Mr. BERES. The domestic manufacturer will be operating next year.

Mr. ROYBAL. The domestic manufacturer is still foreign. The assembly may take place in the United States, but it is not considered to be an American-made product. I believe Volkswagen is now building a quarter-ton pickup in the United States, but it is still a Volkswagen and in the minds of everyone I know including myself it is not an American-made product.

Are you leaning toward strictly American-made products?

Mr. BERES. We are. Where we are in a bind is the mandate of the fuel economy. We have put out orders to use the smallest-size vehicle that will do the job. We are under constraints to use the smaller fuel average for the truck fleet as well as the sedan fleet. The quarter-ton fleet gives us the flexibility to buy the larger vehicles we need but still meet the fuel economy standards.

FUEL EFFICIENT VEHICLES

Mr. ROYBAL. All the manufacturers then are not really producing the fuel efficiency vehicles they should have started to produce years ago?

Mr. BERES. In terms of trucks?

Mr. ROYBAL. Or in terms of anything else. Would that be a correct statement in your opinion?

Mr. BERES. We are supposed to buy more fuel efficient vehicles than what the manufacturers are told they have to deliver in terms of fleet averages.

Mr. ROYBAL. I just hate the idea of buying this equipment from Japan or any other country. Not only that, but our constituency complains when they see a Toyota or any other foreign vehicle in the fleet, particularly if they happen to be employed in the automobile industry. A plant was closed in my district and these are people who will complain about this. If this continues we will continue to have complaints.

Mr. BERES. I would prefer not having to go to the Japanese manufacturers for a quarter-ton truck.

Mr. ROYBAL. But you are making every effort not to go to them?

Mr. BERES. We are minimizing that.

Mr. ROYBAL. I wish you would tell the committee you will make every effort instead of minimizing it.

Mr. BERES. We will make every effort.

Mr. STEED. Gentlemen, we have had two good hearings. We appreciate your appearance and cooperation. We will insert the justifications in the record at this point.

[The justifications follow.]

Operating Expenses, TPUS
(Direct Only)

ANALYSIS OF AUTHORIZED LEVEL FOR FY 1981
(Dollars in thousands)

	Perm. Pos.	Work Years	Amount
1980 Appropriation Enacted by Congress.....	-	-	-
Transfer from Operating Expenses, FSS.....	539	527	\$13,773
Adjustments:			
Transfer to S+E, Administrative and Staff Support Services.....	-1	-1	-15
Proposed Supplemental for Pay Increases.....	-	-	829
1980 Revised.....	538	526	14,587
Estimated 1981.....	543	531	14,989
Changes from 1980 to 1981.....	+ 5	+ 5	+ 402

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FISCAL YEAR 1981*

	SUMMARY									
	FY 1979 ACTUAL		FY 1980 EST.		FY 1981 EST.		TOTAL CHANGES		INCREASE OR DECREASE (-) FOR 1981	
	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount
1. Transportation and Travel Management.....	76	\$ 2,407	178	\$ 5,310	183	\$ 5,586	5	\$ 276	5	\$ 195
2. Motor Equipment.....	15	391	46	1,659	46	1,659	-	-	-	-
3. Transportation Audits.....	136	3,352	277	6,622	277	6,738	-	116	-	-
4. Public Utilities.....	10	355	25	996	25	1,006	-	10	-	10
Total	237	\$ 6,505	526	\$14,587	531	\$14,989	5	\$ 402	5	\$ 195
Permanent Positions Established (Total).....		(538)		(538)		(543)	(5)	(5)		(-)

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

The Transportation and Public Utilities Service was established in GSA on February 1, 1979. This Service is responsible for the development and execution of all programs concerned with transportation and traffic management, audit of all U.S. Government transportation bills, processing of transportation claims by and against the U.S. Government, operation and maintenance of motor equipment, and public utilities to meet the requirements of Federal agencies. Funding for FY 1980 was transferred from the OE, FSS appropriation to the OE, TPUS appropriation. FY 1979 data represents a six-month period. Direct obligatory authority for FY 1981 is estimated at \$14,989,000, an increase of \$402,000 from the proposed authorized level for FY 1980. The increased funding requirements over FY 1980 consist of: \$195,000 for increased representation before rate-making and regulatory bodies and contract, procurement assistance, and negotiations activity; \$219,000 for increased payments to the Federal Buildings Fund for space; \$14,000 for full year cost of 1979 pay increase; and \$19,000 for increased cost of communications, printing, and other services. There is a reduction of \$45,000 for the one less paid day in FY 1981.

*SEE EACH ACTIVITY FOR PROPOSED AMOUNT OF SERVICE DIRECTION.

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Transportation and Travel Management Activity 1		Motor Equipment Activity 2		Transportation Audits Activity 3		Public Utilities Activity 4		Total	
	PO	WY'S	PO	WY'S	PO	WY'S	PO	WY'S	PO	WY'S
Operating Expenses, TPUS (Direct Only)										
Program Changes:										
INCREASES:										
a. Increased intervention, procurement assistance and negotiation activities	5	195	-	-	-	-	-	-	5	195
Total Program Changes	5	195	-	-	-	-	-	-	5	195
Other Charges:										
INCREASES:										
a. Increased payment to Federal Building Fund for space	-	78	-	4	-	127	-	10	-	219
b. Full year cost of 1979 pay increase	-	5	-	2	-	6	-	1	-	14
c. Increased cost of communications, printing, and other services	-	15	-	-	-	3	-	1	-	19
Total Increases	-	98	-	6	-	136	-	12	-	252
DECREASES:										
a. One less paid day	-	-17	-	-6	-	-20	-	-2	-	-45
Total Other Changes	-	81	-	-	-	116	-	10	-	207
Total, Increases or Decreases 1981 Compared with 1980 Appropriation (Revised)	5	5	276						10	5
										402

Operating Expenses, TPUS
(Direct Only)

Program Changes:

INCREASES:

a. Increased intervention, procurement assistance and negotiation activities

Total Program Changes

Other Charges:

INCREASES:

a. Increased payment to Federal Building Fund for space

b. Full year cost of 1979 pay increase

c. Increased cost of communications, printing, and other services

Total Increases

DECREASES:

a. One less paid day

Total Other Changes

Total, Increases or Decreases 1981 Compared with 1980 Appropriation (Revised)

Operating Expenses, TPUS
(Direct Only)

TRANSPORTATION AND TRAVEL MANAGEMENT
(Dollars in thousands)

Program	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Activity	74	\$2,370	173	\$5,116	178	\$5,392	5	\$276	5	\$195	-	\$81
Service												
Direction	2	37	5	194	5	194						
Total	76	\$2,407	178	\$5,310	183	\$5,586	5	\$276	5	\$195	-	\$81

BACKGROUND

This activity is responsible for planning, directing, and coordinating managerial and operational programs and activities involving Government-wide transportation, traffic, and travel management and acquisitions.

JUSTIFICATION

A. Highlight - The Office of Transportation and Travel Management provides management assistance to civil executive agencies in the implementation of Government-wide transportation and traffic management policies and regulations; and provides transportation services to those civilian agencies where economies can be achieved under a centralized support concept. This activity is also involved in managing a nationwide household goods program; performing special studies and seminars; conducting traffic management surveys; providing regulatory representation; negotiating rates; and contracting for specialized transportation services. Economies in excess of \$80 million were effected during FY 1978 and 1979 at a cost of less than \$10 million through innovative transportation management techniques, regulatory intervention, carrier negotiations, contracting, routing, and procurement assistance. Relocating Federal employees via the

price-competitive centralized household goods program resulted in a cost avoidance in excess of \$10 million. Negotiations consummated with AMIRAK in June 1979 for the movement of Federal passengers in the Washington, D.C., - New York corridor at a 20 percent rate reduction should result in economies of \$650,000 per year (FY 1979 - \$162,500). In FY 1980 we will propose a regulation mandating that all shipments of general commodities over 10,000 pounds and all office relocations be managed by USA which will result in increased regional contracting, shipment routing, and rate negotiation activity. Annual savings to the Government are estimated to be \$40 million. We will also finalize a solicitation which would guarantee all Federal travel between 12 selected high volume city pairs to the airline offering the lowest unrestricted fares. If the discounts offered are only 5 percent, the annual savings Government-wide will exceed \$1.2 million. Five additional personnel in FY 1981 would enable us to save civil agencies an additional \$14 million each year by increasing regulatory intervention activity; increasing contract, procurement assistance, and rate negotiation activity; developing an operational structure to cope with problems expected to accompany transportation deregulation; and supporting, before regulatory agencies, the entry of greater numbers of minority firms (and other disadvantaged persons) into the transportation industry.

Operating Expenses, TPUS
(Direct Only)

TRANSFORMATION AND TRAVEL MANAGEMENT
(Dollars in Thousands)

B. Explanation of changes, FY 1980 vs. FY 1981

1. Program Changes - An increase of \$195,000 and 5 work years for additional intervention, procurement assistance and negotiation activities.

2. Other Changes - A net increase of \$81,000 for full year cost of 1979 pay raise increases, \$5,000; increased payment to the Federal Buildings Fund for space, \$78,000; increased cost of communications, printing, and other services, \$15,000; and savings of \$17,000 resulting from one less paid day.

WORKLOAD FACTORS

	1979 Actual	1980 Program In		% Change
		1980 Budget*	1981 Budget	
Contracts	167	—	184	—
Procurement Assistance	7,284	—	5,800	—
Invoice Verifications	13,791	—	13,324	—
Shipments Processed	20,188	—	24,722	—
Transportation Info.				
Services	250,192	—	279,379	—
Negotiations	1,152	—	1,220	—
Surveys	49	—	20	—
HHC Routings	17,546	—	25,805	—
Dockets Reviewed	133,957	—	148,234	—
Docket Actions	381	—	509	—
Regulatory Actions	39	—	41	—

* TPUS was not established until February 1, 1979, therefore, no workload factors appeared in the 1980 Budget.

Operating Expenses, THIS
(Direct Only)

TRANSPORTATION AND TRAVEL MANAGEMENT
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$4,038,000. - For 182 permanent positions (178.0 Workyears) distributed as follows:				
	<u>1979</u>	<u>1980</u>	<u>1981</u>	
Central Office	35	35	40	24 Printing and Reproduction. - \$51,000. - Provides \$43,400 for printing supplements to Federal Travel Regulations, and Commuted Rate Schedules and other recurring printing requirements; and \$7,600 for general use printing.
Field Offices	142	142	142	25 Other Services. - \$231,000. - Includes \$5,000 for payments to commercial contractors for technical training; \$164,400 to the ADP Fund; \$8,000 to other Government agencies for training, and security investigations; and \$53,600 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.
Total Positions	177	177	182	26 Supplies and Materials. - \$63,000. - Includes \$22,000 for office supplies, \$3,000 for technical publications, and \$38,000 for tariffs.
Workyears	74	173	178	
12 Personnel Benefits. - \$393,000. - Includes \$288,000 for direct contribution to the retirement fund, \$86,300 for health benefits, and \$18,700 for group insurance.				
21 Travel and Transportation of Persons. - \$30,000. - Provides \$30,000 for approximately 300 days of travel in connection with transportation functions, review of agency requirements, central office management activities, and travel associated with training.				
23 Rents, Communications, and Utilities. - \$586,000. - Includes \$74,500 for telephone service, \$15,500 for office machine rentals, \$26,000 for postage, \$7,000 for depreciation of furniture and equipment, \$463,000 for payments to the Federal Buildings Fund for space.				

"EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS"

Operating Expenses, TPUS
(Direct Only)

MOTOR EQUIPMENT
(Dollars in Thousands)

Program	FY 1979		FY 1980		FY 1981		Total Changes		Program Charges		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Activity	4	\$ 133	10	\$ 353	10	\$ 357	-	\$ 4	-	\$ -	-	\$ 4
Service												
Direction	11	258	36	1,306	36	1,302	-	-4	-	-	-	-4
Total												
Resources	15	\$ 391	46	\$1,659	46	\$1,659	-	\$ -	-	\$ -	-	\$ -

BACKGROUND

This activity is responsible for motor vehicle fleet management. The projected program for 1981 also provides for the management of the Interagency Motor Pools System which is financed through the General Supply Fund. This system provides vehicles and vehicle services to Government agencies on a reimbursable basis.

JUSTIFICATION

A. **Highlight** - The Federal Fleet Management Division, Office of Motor Equipment, provides management assistance and guidance to more than 70 Federal executive agencies which operate more than 440,000 motor vehicles. This activity is also involved in administering the provisions of the Energy Policy and Conservation Act (EPCA) and Executive Order 12003 which require the acquisition of fuel-efficient passenger automobiles and light trucks; administering a centralized management control system for the U.S. Government National Credit Card (SF 149) program; implementing energy initiatives such as the alternative fuel programs; conducting fleet management studies; publishing the annual Federal Motor Vehicle Fleet Report (FMVFR); issuing regulations, bulletins, and guides necessary to improve the operating efficiency of the Federal Fleet; and administering the Motor Vehicle Accident Reporting System. The fleet average fuel economy established by Executive Order 12003 was exceeded by 1.0 miles per gallon (MPG) in FY 1978 and by .4 MPG in FY 1979. The

program was extended in FY 1979 to include light trucks up to 6,000 Gross Vehicle Weight Rating (GVWR). A Government-wide energy conservation project was implemented "constant speed accessory drive", preliminary tests indicate a 6.1 percent fuel saving. Centralized control over the SF 149 program was also initiated in FY 1979. The Federal Motor Vehicle Fleet Report (FMVFR) was published and the results of data analyzed were provided to five agencies or bureaus. We conducted a fleet management study for a cost avoidance of \$75,000. A passenger retread tire test program was implemented in our Region 4 Office in Atlanta, Georgia, for an estimated savings of \$76,000 in FY 1979. A contract was awarded for five vehicles under the electric and hybrid vehicle demonstration program (three to Denver and two to Kennedy Space Center). Cross-servicing for fuel and services in the Federal Fleet resulted in savings of over \$1.5 million in FY 1979. An estimated \$265,000 was saved in FY 1979 as a result of reduced accidents effected by our Defensive Driving Techniques Courses. In FY 1980, we will implement the final phase of EPCA and Executive Order 12003, extending the program to include light trucks up to 8,000 GVWR. The first complete inventory of SF 149's issued in the Federal Government will be provided to all agencies in FY 1980. A statistical sampling technique for detecting potential fraud in the use of the SF 149 will be implemented. In FY 1981, we will continue maintenance of EPCA and Executive Order 12003; expand the constant speed accessory vehicle demonstration program; continue maintenance of the SF 149 program; and publish the FMVFR. We will also issue six additional regulations, guides, and bulletins in FY 1981 to assist agencies in

Operating Expenses, TPUS
(Direct Only)

MOTOR EQUIPMENT
(Dollars in Thousands)

Improving their fleet operations. Issuance of a guide for the reconditioning of vehicles prior to sale could save over \$2 million. An additional fleet management study will be conducted in FY 1981 for estimated savings of \$75,000.

B. Explanation of changes, FY 1980 vs. FY 1981

- Other Changes - There is no increase in FY 1981; however there are three offsetting changes. An increase of \$4,000 for increased payment to the Federal Buildings Fund for space, \$2,000 for full year cost of 1979 pay increase, and \$6,000 for one less paid day.

WORKLOAD FACTORS

	1979 Actual	1980 Program In Budget* Budget	1981 Estimated	% Change
EPCA Vehicle Acquisitions	20,689	—	41,000	—
Regulations/Guides/ Bulletins	11	—	12	—
Energy Initiatives	2	—	2	—
SF 149 Actions	6,000	—	6,000	—
Management Studies and EMVFR	2	—	4	—
IMEVC Staff Support Actions	6	—	6	—
IMEAC Staff Support Actions	8	—	8	—
Motor Vehicle Accident Reports	10,000	—	10,000	—
Retread Tire Program Actions	210	—	210	—
Cross-Servicing Agreements	276	—	298	—
Employee suggestions	83	—	90	—

* TPUS was not established until February 1, 1979; therefore, no workload factors appeared in the 1980 Budget.

Operating Expenses, TRUS
(Direct Only)

MOTOR EQUIPMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1979</u>	<u>1980</u>	<u>1981</u>	
11 Personnel Compensation and Staffing. - \$285,000. - For 10 permanent positions (10 workyears) distributed as follows:				
Central Office	10	10	10	
Field Offices	--	--	--	
Total Positions	<u>10</u>	<u>10</u>	<u>10</u>	
Workyears	4	10	10	
12 Personnel Benefits. - \$24,000. - Includes \$17,600 for direct contribution to the retirement fund, \$5,300 for health benefits, and \$1,100 for group insurance.				
21 Travel and Transportation of Persons. - \$4,000. - Includes \$4,000 for approximately 40 days of travel in connection with Central Office Motor Equipment management activities, and travel associated with training.				
23 Rents, Communications, and Utilities. - \$30,000. - Includes \$2,000 for telephone service, \$2,000 for office machine rentals, depreciation of furniture and equipment, and postage, and \$26,000 for payments to the Federal Buildings Fund for space not included in standard space rental rate.				
24 Printing and Reproduction. - \$9,000. - Provides \$9,000 for printing the annual Federal Motor Vehicle Fleet report.				
25 Other Services. - \$3,000. - Includes \$1,000 for payment to other Government agencies for training, and security investigations; and \$2,000 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.				
26 Supplies and Materials. - \$2,000. - Includes \$1,500 for office supplies, and \$500 for periodicals and technical publications.				

"EXCLUDES PROMPTED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS"

Operating Expenses, TPUS
(Direct Only)

TRANSPORTATION AUDITS
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Program Activity	134	\$3,294	268	\$6,318	268	\$6,434	-	\$116	-	\$-	-	\$116
Service												
Direction	2	58	9	304	9	304	-	-	-	-	-	-
Total												
Resources	136	\$3,352	277	\$6,622	277	\$6,738	-	\$116	-	\$-	-	\$116

BACKGROUND

This activity is responsible for auditing all Federal transportation documents.

JUSTIFICATION

A. Highlight - The Office of Transportation Audits provides for the centralized postaudit of rates charged by the passenger and freight carriers for transportation services furnished for the account of the United States. This activity is also responsible for the adjudication of transportation claims by or against the Government, and for prescribing regulations concerning the documentation, billing, payment, and audit of the procurement of transportation services procured by Federal agencies. In FY 1979, 680,000 payment items were audited, recovering 100 percent of all overcharges or approximately \$11.5 million. Also, the audit backlog was reduced from 18 months behind the paid date to 16 months in FY 1979. In FY 1980 and 1981, we will continue to audit and adjudicate claims at the FY 1979 level and maintain the same rate of return of \$2.31 on each \$1 spent. The backlog will be further reduced with manhours saved by any increase in productivity.

B. Explanation of Changes, FY 1980 vs. FY 1981

1. Other Changes - A net increase of \$116,000 for full year cost of 1979 pay raise increases, \$6,000; increased payment to the Federal Buildings Fund for space, \$127,000; increased cost of communications, printing, and other services, \$3,000; and savings of \$20,000 resulting from one less paid day.

WORKLOAD FACTORS

	1979		1980 Program In		1981	Estimated	Change
	Actual	Budget*	1980	1981			
Desk-audit items (000)	680	-	680	680	680	-	-
No. of overcharges stated (000)	52.2	-	52.2	52.2	52.2	-	-
Amount of overcharges stated (\$M)	11.5	-	11.5	11.5	11.5	-	-
Savings per man-year (\$)	42,900	-	42,900	42,900	42,900	-	-

* TPUS was not established until February 1, 1979; therefore, no workload factors appeared in the 1980 Budget.

Operating Expenses, THUS
(Direct Only)

TRANSPORTATION AUDITS

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$4,911,000. - For 274 permanent positions (268 Workyears) distributed as follows:			
	1979	1980	1981
Central Office	274	274	274
Field Offices	-	-	-
Total Positions	274	274	274
Workyears	134	268	268
12 Personnel Benefits. - \$436,000. - Includes \$319,500 for direct contribution to the retirement fund, \$95,700 for health benefits, and \$20,800 for group insurance.			
21 Travel and Transportation of Persons. - \$9,000. - Provides \$9,000 for approximately 90 days of travel in connection with audit responsibilities throughout CONUS and overseas installations, central office management activities, and travel associated with training.			
23 Rents, Communications, and Utilities. - \$933,000. - Includes \$83,700 for telephone service, \$38,000 for office machine rentals, \$18,600 for postage, \$11,000 for depreciation of furniture and equipment, \$733,100 for payments to the Federal Buildings Fund for space, and \$48,600 for services not included in standard space rental rates.			
24 Printing and Reproduction. - \$24,000. - Provides \$24,000 for printing issuances and/or updating GSA handbooks, forms and other recurring printing requirements.			
25 Other Services. - \$72,000. - Includes \$2,000 for payments to commercial contractors for technical training; \$10,000 to other Government agencies for training and security investigations; and \$60,000 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.			
26 Supplies and Materials. - \$49,000. - Includes \$7,000 for office supplies, \$40,000 for tariffs, and \$2,000 for technical publications.			

"EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS"

Operating Expenses, TPUS
(Direct Only)

PUBLIC UTILITIES
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Program Activity	10	\$ 350	24	\$ 972	24	\$ 982	-	\$ 10	-	\$ -	-	\$ 10
Service Direction	-	-	1	24	1	24	-	-	-	-	-	-
Total Resources	10	\$ 355	25	\$ 996	25	\$ 1,006	-	\$ 10	-	\$ -	-	\$ 10

BACKGROUND

This activity is responsible for the public utilities programs (less communications) of GSA.

JUSTIFICATION

A. Highlight - The Office of Public Utilities provides nationwide leadership and program direction for public utilities management services (except communications), and regulatory intervention programs. This activity also plans, directs, and coordinates managerial and operational programs and insures effective public utilities management services to Federal executive agencies nationwide; develops long-range objectives and Government-wide policies on the management, acquisition, utilization, conservation, and cost reduction of public utilities services; directs engineering and financial analyses of proposed construction projects; and directs surveys of Federal executive agency requirements. In the public utilities services area, 90 contract negotiations and assistance actions, including 9 areawide contracts, were completed in FY 1979 for a total annual cost avoidance of approximately \$1.4 million. Also in FY 1979 an average of 17 pieces of testimony was submitted in regulatory proceedings which produced an annual cost avoidance to the Government of approximately \$7.35 million and approximately \$100 million to the

American public. In FY 1980 100 contract negotiation and assistance actions will be completed for a cost avoidance of approximately \$1.4 million, and 104 will be completed in FY 1981 for a cost avoidance of approximately \$1.5 million. In both FY 1980 and 1981 25 pieces of testimony will be completed for an annual cost avoidance of approximately \$9.75 million to the Government and approximately \$130 million to the American public.

B. Explanation of changes, FY 1980 vs. FY 1981

1. Other Changes - A net increase of \$10,000 for full year cost of 1979 pay raise increases, \$1,000; increased payment to the Federal Buildings Fund for space, \$10,000; increased cost of communications, printing, and other services, \$1,000; and savings of \$2,000 resulting from one less paid day.

Operating Expenses, TPUS
(Direct Only)

PUBLIC UTILITIES
(Dollars in Thousands)

WORKLOAD FACTORS

	1979 Actual	1980 Program In		1981 Estimated	%	Change
		Budget**	Budget			
Contract Negotiations and Assistance Actions Completed	90	—	100	104	4.0	
Contract Negotiations and Assistance Actions Pending	123	—	160	226	41.3	
Areawide Contracts Completed	9	—	10	10	—	
Areawide Contracts Active	35*	—	30	32	6.7	
Testimony Submitted						
Rate of Return	13	—	20	20	—	
Rate Design/Accounting	4	—	5	5	—	
Audit/Review Completed	2	—	4	4	—	

* The projected number of active areawide contracts for the end of FY 1979 was 28, whereas the actual figure was 35. The larger actual figure is the result of more contracts initiated by this office in response to the needs of the Government. New mandatory supplementary clauses have delayed the completion of contracts.

** TPUS was not established until February 1, 1979; therefore, no workload factors appeared in the 1980 Budget.

Operating Expenses, TPUS
(Direct Only)

PUBLIC UTILITIES

EXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1979</u>	<u>1980</u>	<u>1981</u>	
11 Personnel Compensation and Staffing. - \$684,000. - For 25 permanent positions (24.0 Workyears) distributed as follows:				
Central Office	25	25	25	24 Printing and Reproduction. - \$2,000. - Provides for printing various Federal Regulations and other recurring printing requirements.
Field Offices	—	—	—	25 Other Services. - \$123,000. - Includes \$75,000 for payment to commercial contractors for transcripts of rate hearings; \$5,600 to other Government agencies for training, and security investigations; and \$42,400 to SSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.
Total Positions	<u>25</u>	<u>25</u>	<u>25</u>	26 Supplies and Materials. - \$6,000. - Includes \$3,700 for office supplies, and \$2,300 for technical publications.
Workyears	10	24	24	
12 Personnel Benefits. - \$60,000. - Includes \$43,900 for direct contribution to the retirement fund, \$13,200 for health benefits, and \$2,900 for group insurance.				
21 Travel and Transportation of Persons. - \$25,000. - Includes \$25,000 for approximately 250 days of travel in connection with regulatory proceedings and intervention in utility rate cases, Central Office management activities, and travel associated with training.				
23 Rents, Communications, and Utilities. - \$82,000. - Includes \$4,500 for telephone service, \$10,000 for machine rentals, \$1,000 for depreciation of furniture and equipment, \$1,600 for postage, \$64,300 for payments to the Federal Buildings Fund for space, and \$600 for services not included in standard space rental rate.				

"EXCLUDES PROMOTED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS"

Operating Expenses, TPUS
(Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Service Direction												
Distribution by Program:												
Transportation and Travel Management	2	\$ 37	5	\$ 194	5	\$ 194	-	\$ -	-	\$ -	-	\$ -
Motor Equipment	11	258	36	1,306	36	1,302	-	-4	-	-	-	-4
Transportation Audits	2	58	9	304	9	304	-	-	-	-	-	-
Public Utilities		5	1	24	1	24	-	-	-	-	-	-
Total Resources	15	\$358	51	\$1,828	51	\$1,824	-	\$-4	-	\$ -	-	\$-4

BACKGROUND

This activity provides overall direction, management and coordination for comprehensive Government-wide programs concerned with transportation and travel management, audit of all U.S. Government transportation bills, processing of transportation claims by and against the U.S. Government, operation and maintenance of motor equipment, and public utilities. In addition, this activity provides budgetary, financial, administrative and personnel support for the Transportation and Public Utilities Service (TPUS). The magnitude of programs supported by this activity are as follows:

Program Costs (\$000)	1979		1980		1981	
	Pos.	Amnt.	Pos.	Amnt.	Pos.	Amnt.
1. Operating Expenses, TPUS (Excluding Service Direction)	6	1,147	12	759	13	1,165
2. General Supply Fund (Motor Pools)	175	340	206	600	210	500
Total Programs	181	487	219	359	223	665
3. Service Direction	\$	358	\$	1,828	\$	1,824
Percent Service Direction to Total Programs	0.20		0.83		0.82	

JUSTIFICATION

A. Highlight - The Office of the Commissioner was established to plan and direct the conduct of all TPUS programs and activities through the Assistant Regional Administrators for TPUS and through the Executive Director and the Regional Administrators and their staffs. The positions and funds requested for this activity in 1981 are distributed as follows:

	1979		1980		1981	
	Actual Pos.	Amnt.	Estimated Pos.	Amnt.	Estimated Pos.	Amnt.
Overall Program Direction	9	114	9	340	9	340
Management of Regional Operations	22	111	22	1,001	22	997
Other Service Direction	21	133	21	487	21	487
Total	52	\$358	52	\$1,828	52	\$1,824

Operating Expenses, TTUS
(Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

During 1979 the Transportation and Public Utilities Service effected cost avoidances of approximately \$63.5 million in its various programs as follows:

Program	Cost Avoidance	Program	Cost Avoidance
1. Transportation regulatory actions	\$23,000.0	10. Recovery of overcharges for transportation services	\$11,500.0
2. Negotiated rate reductions	9,300.0	11. Public utility contract negotiations and assistance actions	1,400.0
3. Transit arrangements, shipment consolidations, and other improved shipping practices	3,900.0	12. Testimony in regulatory proceedings	7,350.0
4. Routing shipments by Government-wide Centralized Household Goods Management and Quality Control Program	5,000.0	Total	\$63,528.5
5. Federal employees directed to use AMTRAK in the Washington, DC-New York City corridor	162.5	B. Explanation of Changes, FY 1980 vs. FY 1981	
6. Fleet management studies	75.0	1. Other Changes - A net decrease of \$4,000 resulting from one less paid day, \$6,000; and an increase of \$2,000 for full year cost of 1979 pay raise increases.	
7. Motor Vehicle Accident Reporting System	265.0		
8. Retread Truck Tire Program	76.0		
9. Cross-servicing for fuel and services in the Federal Fleet	1,500.0		

Operating Expenses, TFOE
(Direct Only)

SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

	<u>1979</u>	<u>1980</u>	<u>1981</u>	
11 Personnel Compensation and Staffing. - \$1,591,000. - For 52 permanent positions (51.0 Workyears) distributed as follows:				
Central Office	30	30	30	
Field Offices	22	22	22	
Total Positions	52	52	52	
Workyears	15	51	51	
12 Personnel Benefits. - \$155,000. - Includes \$116,000 for direct contribution to the retirement fund, \$32,000 for health benefits, and \$7,000 for group insurance.				
21 Travel and Transportation of Persons. - \$32,000. - Includes \$32,000 for approximately 320 days of travel in connection with regional administration, Central Office management activities, and travel associated with training.				
23 Rents, Communications, and Utilities. - \$18,000. - Includes \$12,000 for normal telephone and teletype services, \$3,600 for office machine rental, and \$2,400 for depreciation of furniture and equipment.				
24 Printing and Reproduction. - \$8,000. - Provides \$8,000 for recurring printing requirements and related distribution charges.				
25 Other Services. - \$14,000. - Includes \$1,000 for payments to commercial contractors, for technical training; \$10,600 to other Government agencies for training, health services, and security investigations; \$2,400 to CSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.				
26 Supplies and Materials. - \$6,000. - Includes \$5,000 for office supplies, and \$1,000 for periodicals and technical publications.				

Operating Expenses, TPUS
(Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

PRINCIPAL CATEGORIES	Actual 1979	Estimated 1981		Increase for 1981		
		1980	1981	Total	Program Increase	Other
Managerial	5	21	21	--	--	--
Analysts	7	16	16	--	--	--
Specialist	188	415	420	5	5	--
Secretarial/Clerical	32	74	74	--	--	--
SUB-TOTAL	232	526	531	5	5	--
Part-time and Temporary Average Employment	5	--	--	--	--	--
TOTAL	237	526	531	5	5	--

Operating Expenses, TPUS

TRANSPORTATION AND PUBLIC UTILITIES SERVICE

OPERATING EXPENSES

For necessary expenses for transportation and public utility activities as authorized by law, including services as authorized by 5 U.S.C. 3109, \$14,989,000. (40 U.S.C. 481, 491.)

Justification for Change in the GSA Appropriation Language For FY 1981

In FY 1980 the Transportation and Public Utilities Service activities were included in the Appropriation Language for Operating Expenses, Federal Supply Service. On January 5, 1979, the Administrator, GSA signed an order establishing the Transportation and Public Utilities Service effective February 1, 1979, and transferred the functions under the Transportation and Public Utilities activity from the Federal Supply Service to the new service. A separate budgetary account was established for the new service, consequently, appropriation language for that account is required.

Operating Expenses, TPUS
(Reimbursable Program)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Permanent Positions	Work Years	Amount
1980 Level of reimbursable services.....	4	4	76
1981 Level of reimbursable services.....	4	4	76

DIGEST OF BUDGET ESTIMATES FISCAL YEAR 1981

	Reimbursable Obligations				Increases or Decreases (-) for 1981			
	FY 1979 Work Yrs Amount	FY 1980 Work Yrs Amount	FY 1981 Work Yrs Amount	Total Changes Work Yrs Amount	Program Changes Work Yrs Amount	Other Changes Work Yrs Amount		
Reimbursable Programs	2 63	4 76	4 76	- -	- -	- -		
Permanent Positions Established (Total)	(4)	(4)	(4)	--	--	--		

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

The reimbursable program for FY 1981 is estimated at \$76,000—a level which is commensurate to the request for FY 1980. The program in FY 1981 will perform technical examination and adjudication of paid transportation documents, on a reimbursable basis, for the United States Postal Service.

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, TPUS
(Reimbursable Program)

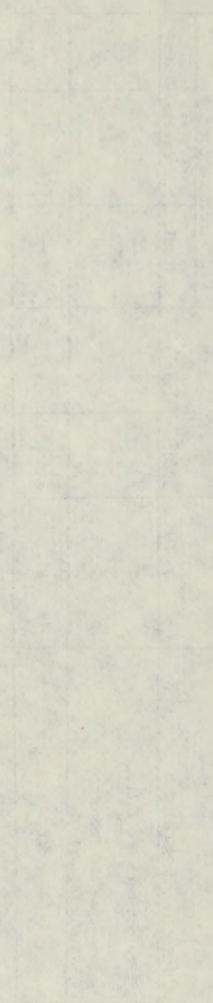
REIMBURSABLE SERVICES
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing, - \$70,000. - For 4 permanent positions (4.0 Workyears) distributed as follows:			
	1979	1980	1981
Central Office	4	4	4
Field Offices	4	4	4
Total Positions	4	4	4
Workyears	2	4	4
12 Personnel Benefits, - \$6,000. - Includes \$5,000 for direct contribution to the retirement fund, and \$1,000 for health benefits and group insurance.			

Operating Expenses, IFUS
(Reimbursable Program)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

PRINCIPAL CATEGORIES	Actual 1979	Estimated		Increase for 1981		
		1980	1981	Total	Program Increase	Other
Freight Rate Specialist	2	4	4	--	--	--
Part-time and Temporary Average Employment	--	--	--	--	--	--
TOTAL	2	4	4	--	--	--



THURSDAY, MARCH 6, 1980.

TESTIMONY OF THE ADMINISTRATOR

WITNESSES

ROWLAND G. FREEMAN III, ADMINISTRATOR
RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS, AND FINANCIAL MANAGEMENT
WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET
ALLIE B. LATIMER, GENERAL COUNSEL
ALBERT R. MARSCHALL, COMMISSIONER, PBS
JOHN F. GALUARDI, DEPUTY COMMISSIONER, PBS
WOLFGANG ZOELLNER, ASSISTANT COMMISSIONER, PROGRAM SUP-
PORT, PBS
THOMAS D. MORRIS, COMMISSIONER, FEDERAL SUPPLY SERVICE
LESTER L. MITCHELL, DEPUTY COMMISSIONER FOR PROCUREMENT,
FEDERAL SUPPLY SERVICE
HERBERT W. McCARTHY, DEPUTY COMMISSIONER FOR REQUIREMENTS
AND SUPPLY, FEDERAL SUPPLY SERVICE
LEONARD E. FAGAN, DEPUTY ASSOCIATE COMMISSIONER, OFFICE OF
PROGRAM REVIEW AND RESOURCE MANAGEMENT, FEDERAL
SUPPLY SERVICE
ALLAN W. BERES, COMMISSIONER, TRANSPORTATION AND PUBLIC
UTILITIES SERVICE
IRA JEKOWSKY, EXECUTIVE DIRECTOR, TRANSPORTATION AND
PUBLIC UTILITIES SERVICE
JAMES E. O'NEILL, ACTING ARCHIVIST OF THE UNITED STATES, NA-
TIONAL ARCHIVES AND RECORDS SERVICE
JOHN J. LANDERS, EXECUTIVE DIRECTOR, NATIONAL ARCHIVES AND
RECORDS SERVICE
FRANK J. CARR, COMMISSIONER, ADTS
ROBERT A. COYER, ACTING DEPUTY COMMISSIONER, ADTS
LEONARD YONKLER, EXECUTIVE DIRECTOR, ADTS
ROY MARKON, COMMISSIONER, FEDERAL PROPERTY RESOURCES
SERVICE
KURT W. MULLENBERG, INSPECTOR GENERAL, OFFICE OF INSPECTOR
GENERAL
GERALD McBRIDE, ASSISTANT ADMINISTRATOR FOR ACQUISITION
POLICY, OFFICE OF ACQUISITION POLICY
PAUL W. NEWTON, ASSISTANT ADMINISTRATOR FOR EXTERNAL AF-
FAIRS, OFFICE OF EXTERNAL AFFAIRS

Mr. STEED. The committee will be in order.

The committee is in session today to take up the 1981 budget request for the GSA.

The first items would be the general activities, General Management and Administration. Salaries and expenses appropriated so far for FY 1980, \$6,675,000. For the pay increase supplemental, \$5,137,000 pending, making the 1980 total \$11,812,000.

The budget estimate for FY 1981 is \$111,821,000, an increase over 1980 of \$100,009,000.

We have Admiral Freeman with us today. If you would like to identify your colleagues for the record, we will be pleased to have your opening statement on this item, and then we will have some questions and go into further divisions of your program as the day advances.

Mr. FREEMAN. Mr. Chairman, I have with me at the table Mr. Raymond Fontaine, the Assistant Administrator for Plans, Programs and Financial Management; to his left, Mr. Early, my Budget Officer; behind me are the Commissioners of the various services and the Administrators of GSA who will join me at the table as the hearings progress.

I personally plan to be at all the budget hearings except for Tuesday, when I have to go to Philadelphia.

OPENING STATEMENT

Mr. STEED. You may make your statement or put it in the record as read.

Mr. FREEMAN. Since this is my first appearance before the committee, I would prefer to read my statement, Mr. Chairman.

Mr. STEED. All right.

Mr. FREEMAN. Mr. Chairman and members of the committee: It is a pleasure for me to appear before this committee today to discuss the fiscal year 1981 budget for the General Services Administration. I have now completed 7 months as Administrator of General Services. They have been fast moving months with many needed changes made which I believe will restore confidence in GSA and make it a model agency.

I am proud to be the Administrator of GSA. In the process of assessing the Agency's mode of operation I personally talked to many rank and file GSA employees. I found them professional and honest and eager to deliver a good day's work. The past 2 years have been very hard on GSA employees, as the honest, hard working ones were viewed in the same light as the small group of dishonest, self-serving employees.

In my assessment I found a complete absence of mission understanding. The Agency had lost sight of its reason for existence, which is to provide administrative services to the other Federal agencies in a timely and efficient manner, at the lowest overall cost to the taxpayer. Many GSA employees could describe their specific function, but very few of them could relate their efforts to the overall mission of GSA.

There was a lack of clear policy on decisionmaking and procedure. Important decisions were being made without proper study and analysis. Business was transacted on an informal basis. Existing management information systems were totally inadequate.

This unsatisfactory situation had evolved from an almost total lack of long-range planning. GSA was a completely reactive agency, operating on an ad hoc basis, and worrying about tomorrow's problems when they became critical. The absence of an adequate planning process had destroyed management controls and resulted in an environment which permitted malfeasance.

GSA's relations with its customers were at an all time low level. Lack of timely delivery of services led our client agencies to sometimes turn to other sources for the basic services we should have been providing. The Agency lacked training at all levels, and in recent years had done little to upgrade the skills of its most valuable resource, its 38,000 employees.

I have set in place the basic management policy by which GSA will be administered and have clearly defined the roles and responsibilities of each organizational segment of the Agency. A 5-year plan for operation of the Agency is being fully implemented. These program plans will be reviewed annually, and I hope will be of assistance to this committee, particularly in looking at how we are progressing.

I have decentralized GSA. Total operating responsibility for the Agency's programs is now vested in the Regional Administrators of the 11 regions within the limits of policy prescribed by headquarters. The headquarters Commissioners of each of our six Services are developing national program guidance and monitoring regional activities in their respective functional areas. By relieving the Commissioners of responsibility for the day-to-day operation of the Agency, I have freed them for the important tasks of policy planning and program oversight, which is what the headquarters office of a national logistics operation should be doing.

Financial management of the Agency has been streamlined along the same pattern. The budget is being built from the regional input for each major program area from which an integrated and consolidated budget is developed.

The Regional Administrators are now held accountable for their programs and the way the money is being spent. An effective agencywide performance measurement system is being put in place. Management audits of all functions at the regional level are being conducted by the Service Commissioners and the Inspector General to assure that operations are functioning within the policies provided.

Another result of decentralization is the establishment of commodity management centers in the regions. The centers are principally being placed in product market areas where the industrial base is conducive to high management productivity—keeping in mind the factors of economies of scale, the distribution system, and distribution processes.

An extensive training and employee development program has been put into action. We have established a nucleus civil rights group to assure full support to the employee affirmative action programs as well as to expedite solutions to equal employment opportunity complaints.

We have established customer relations groups which are a focal point for ironing out problems with our clients. Also a small nucleus group reports directly to me to assure prompt followup on internal audit reports and General Accounting Office audit reports. And I might mention here, this was done with complete concurrence of my Inspector General.

In the area of our internal automatic data processing mechanisms we are establishing a linkage between each location to permit prompt relay of current information essential to informed

and accurate decisionmaking. We are applying research and development techniques and technological advances in assessing the most effective ways to accomplish our programs. An example is the preservation effort of the National Archives and Records Service.

In addition to setting the Agency in order with these functional improvements we have been focusing in on the most effective way to accomplish our programs. Oversight of major procurements is imperative in restoring confidence in GSA. For example, in our review of furniture requirements it was apparent that the data supporting the generation of requirements were such that we were not able to continue the procurement. This led to a review and revision of our procedures for determining requirements, contracting, and contract review. Here again our first efforts were not satisfactory, which has led to a second moratorium which is in place at the present time under the OMB.

The Public Buildings Service is embarking on long-range planning involving facilities and acquisition policy, an annual catalog of space available, renewed emphasis on the energy conservation programs, and the completion of its program to make all buildings under GSA's control accessible to handicapped persons. Within the Public Buildings Service actions have been taken to assure contract oversight and procurement integrity.

The Federal Supply Service has shifted its emphasis to fulfilling needs of customers rather than measuring its success by the quantity of sales. Long-range planning will help FSS improve its services through the commodity center concept, consolidation of distribution and warehousing and adapting their management information system to a new profit center method of operation throughout the regions.

The Automated Data and Telecommunications Service has the potential to provide increased service while at the same time allowing for substantial cost avoidance. We are emphasizing the competitive procurement of automatic data processing and telecommunications equipment and services. We must provide the services in a much more rapid fashion. We are increasing planning to shorten the acquisition cycle for automatic data processing and telecommunications equipment.

We have reviewed the National Archives and Records Service to insure that it is a cost effective operation and to provide for improved customer services. In this connection legislation has been introduced in H.R. 6334 to require that proceeds from fees or from sales of historical materials having to do with a Presidential archival depository, shall be paid into a fund in the name of such depository, for expenditure for the benefit of and in the interest of such depository. This legislation also provides that the National Archives Trust Fund Board shall utilize on a reimbursable basis the services and personnel of the GSA necessary to assist the Board in the administration of the functions of the National Archives Trust Fund. In addition, H.R. 6335 was introduced to amend the membership of the National Archives Trust Fund Board to include the Administrator of General Services as Chairman of the Board and the Secretary of the Treasury as a member. The other member is the Archivist of the United States. This legislation also provides that the exclusive purpose of the Board is to support the

functions and operations of the National Archives and Records Service, especially in the area of the preservation of records. This provision thereby eliminates the current autonomy of the Board. The word "autonomy" is not as correct as the fact that it is not under anybody's control at the present time. This will aid in audit, IG review and so forth.

The Transportation and Public Utilities Service offers many opportunities for cost avoidance. Their activities relating to Federal travel regulations, the purchase of energy-efficient automobiles, and intervention in utility rate cases all have an economic effect that impacts far beyond the realm of this agency.

The Federal Property Resources Service was created in 1978 from existing agency resources to combine property management and disposition and to improve management of the stockpile of strategic and critical materials. The Strategic and Critical Materials Stock Piling Revision Act of 1979 gave this Service a mandate to restructure the Nation's stockpile. Overall policy direction belongs to the Federal Emergency Management Agency (FEMA), but the Federal Property Resources Service manages the stockpile inventory of strategic and critical materials and is responsible for the disposal and acquisition of stockpile materials.

The Office of Acquisition Policy is emphasizing regulatory and acquisition management oversight, upgrading the contracting workforce, and small and disadvantaged business utilization to solidify the acquisition processes in GSA.

The Office of External Affairs coordinates GSA's activities with the news media, the consumer, the Congress, the business community, our client agencies and the public to provide the necessary cohesion of our varied activities.

The Office of Plans, Programs, and Financial Management, represented by Mr. Fontaine, is instituting a 5-year planning mechanism in GSA, establishing a system to provide executive-level decisionmaking information and overall cost-estimating relationships to check the validity of the more detailed cost analyses performed throughout the Agency. This office also provides strong financial management and sound budgeting practices for the Agency.

The Office of Human Resources and Organization provides for prudent use of the Agency's human resources with attention to the work environment, employee training and development, employee security, occupational safety and health, management studies of organizations, administrative services, and an integrated equal employment opportunity office.

The Office of General Counsel is now reviewing all contracts before they are consummated instead of the previous procedure of participating in only those contracts where legal assistance was required.

The Office of Inspector General is an invaluable asset to the Agency and is getting us on the right track in performing the sorely needed auditing of the programs of this Agency. And hopefully concluding the major investigations which are still under way.

With your continued interest in 1981 we will move GSA closer to becoming the model agency intended by the Hoover Commission. As I mentioned previously, I have with me key members of my

staff who will assist in responding to any questions this committee may wish to ask about our fiscal year 1981 request. Since some of my staff are new to this committee I will introduce them as we progress into the hearings next week.

Our fiscal year 1981 appropriation request is \$618,239,000, a net increase of \$182,405,000 from the comparable total for 1980 which excludes the proposed program supplementals. This net increase principally includes:

- \$151.9 million for acquisition of strategic and critical materials and \$18 million for the transportation and handling costs involved, out of receipts from disposal sales of excess stockpile materials. This is in accordance with the Strategic and Critical Materials Stock Piling Revision Act of 1979;

- \$4 million for the standard level user charge;

- \$2.8 million for the Office of the Inspector General consisting of \$1.2 million for full year costs of approved positions in 1980 and \$1.6 million for systematic management reviews of agency missions and programs;

- \$1.6 million for support provided through the Federal Procurement Data Center transferred from Department of Defense;

- \$3 million for expenses to carry out the Presidential Transition Act of 1963;

- \$1 million additional capital for the Working Capital Fund;

- \$1 million for the preservation of archival records;

- \$4.5 million for other miscellaneous increases.

These increases are offset by decreases totaling \$5.4 million.

We are asking for \$1.6 billion of new obligational authority for the Federal Buildings Fund in 1981. This will provide \$37.5 million for Construction and Acquisition of Facilities, \$180 million for Repairs and Alterations, \$108.4 million for Purchase Contract Payments, \$680.7 million for Rental of Space, \$536.5 million for Real Property Operations, and \$77.4 million for Program Direction.

Thank you for this opportunity to make this brief statement, Mr. Chairman, and we will be happy to respond to the questions of this committee.

Mr. STEED. First off, I think as we go through the whole budget that it would be helpful, under each separate item, if you started off with a—you can provide it for the record—with a summary of what this particular department is now doing after the reorganization.

Mr. FREEMAN. If it is satisfactory with you, Mr. Chairman, what I intend to do is introduce each member as you cover the appropriations and let him give a short summary.

Mr. STEED. That will make it easy for anybody wanting to check how the workload is divided up.

Mr. GUNNELS. Mr. Chairman, before you proceed, I have a biographical statement of the Admiral for the record.

Mr. STEED. We will make the biographical statement a part of the record at this point. We will also insert the summary material and an organization chart reflecting employment.

[The information follows:]

REAR ADMIRAL ROWLAND G. FREEMAN III, USN (RET)
Administrator, General Services Administration

RADM Rowland G. Freeman III, USN (RET), was nominated as the eleventh Administrator of General Services by President Carter on March 23, 1979, confirmed by the Senate on June 27 and received the oath of office July 2 from Chief Justice of the Supreme Court Warren Burger.

The 38,000-employee General Services Administration manages federal facilities and supplies on a \$5 billion annual budget. The agency is called the business arm of the federal government, for which it constructs and manages buildings, procures and distributes supplies, oversees disposal and reuse of surplus property, provides computer, telecommunications and transportation services, monitors public utilities and keeps records.

Freeman came to GSA from the Defense Systems Management College at Fort Belvoir, Va., where he had been Commandant since June 1977. DSMC trains military and civilian acquisition management personnel, including personnel from the various civil agencies.

After attending the University of Massachusetts, Freeman entered the Navy in 1942. During World War II, he was a night-fighter pilot on the carriers USS Lexington and Wasp. He participated in numerous engagements including Peleliu, Palau, Tarawa, the Marianas, the Philippines, Okinawa and Iwo Jima. Freeman was shot down during the Battle of Okinawa and spent one month as a crewman on board the U.S. submarine that rescued him.

From 1947 through 1949, Freeman served as an inspection officer at the Naval Air Station Overhaul and Repair Depot at Jacksonville, Fla., the first of several assignments involving test pilot flying duties. Following a one-year tour at the Navy General Line School, he returned to Norfolk as the assembly division officer in the overhaul and repair depot. In 1950, Freeman was selected for post-graduate education at Harvard and in 1953 was a distinguished graduate with a master's degree in business administration. This formal education coupled with his test pilot background were put to use in successive tours as a contracting officer, contract negotiator, and head of the components purchase division and workload and statistics section in the Bureau of Aeronautics. In 1957, then Commander Freeman was ordered to the Naval Missile Center at Point Mugu, Calif., as head of the air-to-air missile division and subsequently of the missile test department. This assignment entailed a great amount of flying as senior test pilot on the Sparrow missile program as well as extensive involvement in research and development.

Freeman returned to operational duties and for three years served as both commanding officer of an attack squadron and as the navigator and then "air boss" of the USS Oriskany. From early 1963 through 1964, Freeman was assigned as the Bureau of Weapons Plant representative at McDonnell Douglas Aircraft Corp. in St. Louis. In this capacity, he was responsible for contract administration of all government contracts at the St. Louis plant. During his tenure, McDonnell Douglas was involved with the F-4 Phantom for both the Navy and the Air Force, the space program for the Mercury and Gemini space vehicles and several smaller Army programs.

Once again Freeman returned to the operational Navy where for the next 18 months he served as the commanding officer of the USS Procyon, a fast Navy refrigerator supply ship. In early 1966 he assumed the responsibilities of the project manager of the F-111B fighter aircraft (the Navy version of the Air Force F-111A) at Dayton, Ohio. From 1968 through 1973, he was assigned as deputy chief of naval material for procurement and production. In this position, he was responsible for the approval of naval procurement issued within the Naval Material Command for aircraft, ships, electronics and some facilities engineering programs. These procurements exceeded \$3 billion annually. In addition to these contract responsibilities, Freeman was the chairman of the suspension and debarment committee, as well as chairman of the contract adjustment board. He was intimately involved in drafting new acquisition procurement regulations for the Department of Defense. Freeman was promoted to rear admiral early in this assignment.

In mid-1973, he was assigned to head a study in the Bureau of Naval Personnel which resulted in modernization of the Navy enlisted classification system. Following completion of this study, Admiral Freeman was assigned as commander of the Naval Weapons Center at China Lake, Calif., the largest laboratory in the Navy, with an annual budget of \$200 million.

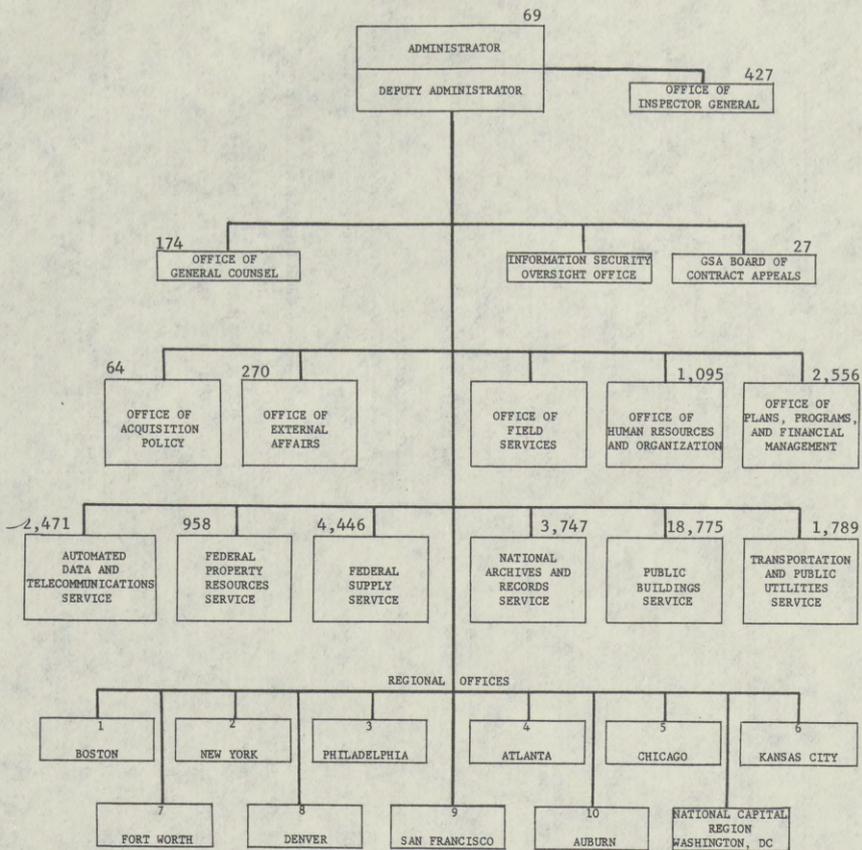
In addition to the Distinguished Service Medal, the Navy's highest award for other than combat service, Admiral Freeman has been awarded the Defense Superior Service Medal, the Legion of Merit with Oak Leaf Cluster, two Distinguished Flying Crosses, eight Air Medals, and numerous other area, theater, and distinguished unit citations.

A resident of California, Freeman was born in New York City on Feb. 11, 1922. He is married to the former Dorothy Gleason of Baldwin City, Kan. They have four children, Christopher, Geoffrey, Rowland and Diana.

July 1979

Employment On-Board as of January 31, 1980

GENERAL SERVICES ADMINISTRATION



GRAND TOTAL - 36,868

SUMMARY ANALYSIS OF FY 1981 ESTIMATES FOR SERVICES AND STAFF OFFICES

PUBLIC BUILDINGS SERVICE:Federal Buildings Fund, New Obligational Authority--(\$1,620,477,000)

Net increase of \$133,633,000 from the proposed FY 1980 obligational authority. (FY 1980 enacted by Congress, \$1,427,266,000; plus proposed pay increase supplementals of \$7,76,000 for classified employees and \$1,320,000 for wageboard employees. Program Supplementals of \$15,320,000 for Construction of Facilities; \$4,000,000 for Purchase Contract Payments and \$25,644,000 for Repairs and Alterations).

Construction and Acquisition of Facilities--(\$27,249,000)

Decrease of \$14,151,000 from the FY 1980 level. Funding in 1981 will provide for the purchase of 1000 units of office space in New Jersey and California, San Luis Arizona and the acquisition by transfer of 7 U.S. Postal Service Buildings to satisfy the continuing space needs of Federal agencies, particularly the U.S. Courts.

Repairs and Alterations--(\$180,000,000)

Net increase of \$8,403,000 from the 1980 level. Increases consist of:
 -- \$20,600,000 for basic work to correct deterioration, malfunction, and obsolescence.

-- \$3,603,000 for special energy conservation measures.

These increases of \$24,003,000 are offset by decreases of:

-- \$6,600,000 for special fire prevention, life safety and property protection.

-- \$400,000 for special aids for the handicapped.

-- \$5,600,000 for improvements to space to promote utilization.

-- \$3,000,000 for special environmental protection measures.

Purchase Contract Payments--(\$108,374,000)

Increase of \$4,674,000 provides \$4,848,000 for increased payments of principal and interest offset by a decrease in taxes of \$174,000.

Rental of Space--(\$680,700,000)

Net increase of \$106,000,000 from the FY 1980 level. Increases consist of:

-- \$39,600,000 for agency expansion space to be acquired in FY 1981.

-- \$33,600,000 for leased space acquired in earlier time periods.

-- \$37,700,000 for commercial rental rate increases.

-- \$1,300,000 for payments to USFS.

-- \$3,000,000 for lump-sum payments to lessors.

These increases of \$115,400,000 are offset by decreases of:

-- \$2,500,000 due to release of leased space.

-- \$1,300,000 decrease in payment to lessors for services that will now be provided by the Government.

-- \$5,600,000 for FY 1980 savings due to leased space released in earlier time periods.

Real Property Operations--(\$536,501,000)

Net increase of \$27,141,000 from the FY 1980 level. Increases consist of:

-- \$7,722,000 for provision of building services in newly acquired space.

-- \$16,612,000 for fuel and utility costs.

-- \$10,224,000 for service contracts, supplies and materials.

-- \$4,178,000 for annularization of classified and wageboard pay increases.

These increases of \$38,736,000 are offset by decreases of:

-- \$11,332,000 for a more austere level of service.

-- \$263,000 in savings from release of space.

Program Direction--(\$77,333,000)

Net increase of \$1,566,000 from the FY 1980 level for increased support services (\$1,514,000) and annularization of the classified pay increase (\$52,000).

SUMMARY ANALYSIS OF FY 1981 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

Advances and Reimbursements, FFS

No change from the FY 1980 level.

Construction Services Fund

Increase of \$86,000 from the FY 1980 level for annualization of pay act costs.

FEDERAL SUPPLY SERVICE:

Operating Expenses -- \$133,410,000

Net increase of \$23,000 and 24 average positions of employment from the FY 1980 level. Increases consist of:

-- \$781,000 and 24 average positions for an improved and expanded contract administration program throughout FSS nationwide.

-- \$62,000 for additional cost of pay raises related to the Contract administration program.

-- \$408,000 for common distributable costs.

These increases are offset by decreases of:

-- \$363,000 for one less paid day in 1981.

--\$365,000 related to wage grade retroactive increases.

Advances and Reimbursements, FFS

Net increase of \$17,000 from the FY 1980 level due to the additional cost of the pay raise.

General Supply Fund

Net increase of \$132,200,000 and 17 average positions from the FY 1980 level. Increases consist of:

-- \$127,400,000 due to anticipated increase in stores, non-stores, and export sales to agencies.

-- \$7,176,000 and 20 average positions for increased sales of motor pool services to other agencies.

-- \$500,000 for administrative equipment.

-- \$500,000 for material handling and lab equipment.

-- \$28,000 for full-year cost of pay.

-- \$209,000 for payment to the Federal Buildings Fund for space.

These increases of \$135,813,000 are offset by decreases of \$3,613,000 for:

-- \$100,000 and 3 average positions for personal property disposal activities.

-- \$3,400,000 for motor pool equipment.

-- \$113,000 for one less paid day.

TRANSPORTATION AND PUBLIC UTILITIES SERVICE:

Operating Expenses -- \$14,982,000

Net increase of \$402,000 and 5 average positions from the FY 1980 comparable level. Increases consist of:

-- \$195,000 and 5 average positions for increased intervention, procurement assistance and negotiation activities.

-- \$219,000 for payment to the Federal Buildings Fund for space.

-- \$14,000 for full-year cost of the pay raise.

-- \$19,000 for communications, printing and other services.

These increases of \$447,000 are offset by a decrease of \$45,000 for one less paid day in FY 1981.

Advances and Reimbursements, TUS

No change from the FY 1980 comparable level.

NATIONAL ARCHIVES AND RECORDS SERVICE:

Operating Expenses-- \$53,727,000

Net increase of \$384,000 from the FY 1980 level. Increases consist of:

-- \$2,804,000 for payment to the Federal Buildings Fund for standard level user charges (\$2,342,000) and recurring reimbursable (\$462,000).

-- \$987,000 for preservation of records.

-- \$117,000 for common distributable costs.

SUMMARY ANALYSIS OF FY 1981 ESTIMATES FOR SERVICES AND STAFF OFFICES (Contd.)

Operating Expenses, NARS (Contd.)

These increases are offset by decreases of:

- \$2,668,000 for relocation of the Mechanicsburg Federal Records Center.
- \$156,000 for one less paid day.
- \$700,000 for shelving.

Advances and Reimbursements, NARS

No change from the FY 1980 level.

Records Declassification -- \$3,423,000

Net increase of \$190,000 from the FY 1980 level consisting of \$200,000 for review of classified records offset by \$10,000 for one less paid day.

National Archives Trust Fund

Net increase of \$535,000 from the FY 1980 level. Increases consist of:
-- \$470,000 for the reproduction of microfilm publications, re-productions, and other publications.

- \$65,000 for Presidential Libraries and Museums maintained for public use.

National Archives Gift Fund

No change from the FY 1980 level.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE:Operating Expenses -- \$13,382,000

Net increase of \$1,759,000 and 4 average positions from the FY 1980 level.

- \$68,000 and 2 average positions to implement competition in procurement of telecommunications.
- \$20,000 for payment to the Federal Buildings Fund for space.

- \$27,000 for full-year cost of the pay increase (\$10,000) and common-use costs (\$17,000).

-- \$1,607,000 for reimbursement to the ADP Fund for support provided through the FDIC transferred from DDB.

- \$70,000 for ADP and telecommunications acquisition policies and regulations.

These increases of \$1,792,000 are offset by a decrease of \$33,000 for one less paid day.

Advances and Reimbursements, ADTS

Net increase of \$50,000 from the FY 1980 level for travel associated with the USA Agency Liaison Officer program.

Federal Telecommunications Fund--\$5,000,000 (Additional capital requested)

Net increase of \$40,247,000 from the FY 1980 level.

- \$13,882,000 to handle projected increase in FTS traffic.
- \$5,743,000 to handle projected increase in record traffic.
- \$12,066,000 for tariff increases.
- \$1,979,000 for circuit requirements.
- \$3,039,000 for equipment maintenance.
- \$5,442,000 for CSN termination liability.
- \$177,000 for payment to the Federal Buildings Fund for space.
- \$43,000 for full-year cost of pay.

These increases of \$42,369,000 are offset by decreases of \$2,000,000 in capital outlay and \$121,000 for one less paid day.

Automatic Data Processing Fund

Net increase of \$2,369,000 and 12 average positions from the FY 1980 level.
-- \$233,000 and 12 average positions for the new FDIC transferred from DDB by P.L. 96-83.

SUMMARY ANALYSIS OF FY 1981 ESTIMATES FOR SERVICES AND STAFF OFFICERS (Contd.)

ADP Fund (Contd.)

- \$598,000 for increased utilization of the teleprocessing services program.
- \$330,000 for data processing services contracts.
- \$14,000 for full-year cost of the pay act.
- \$961,000 for the multiyear lease activity.
- \$178,000 for payment to the Federal Buildings Fund for space. These increases of \$2,404,000 are offset by a decrease of \$32,000 for one less paid day.

FEDERAL PROPERTY RESOURCES SERVICE:Operating Expenses -- \$45,521,000

- Net increase of \$426,000 and 4 average positions from the FY 1980 comparable level. Increases consist of:
 - \$49,000 for economic adjustments in the cost of goods and services.
 - \$431,000 for payment to the Federal Buildings Fund for space.
 - \$25,000 and 1 average position for transfer of the stockpile inventory from the General Supply Fund and 3 average positions transferred from the General Supply Fund.
 - \$32,000 for annualization of the pay raise.
- These increases of \$537,000 are offset by decreases of \$88,000 for one less paid day and \$25,000 for wage grade pay adjustments.

Advances and Reimbursements, FPS

- Net decrease of \$300,000 and 13 average positions from FY 1980 due to a lower level of activity.

National Defense Stockpile Transaction Fund -- \$169,900,000

- Net increase of \$169,900,000 from 1980 for acquisition of strategic and critical materials (\$151,900,000) and transportation and handling (\$18,000,000).

Rare Silver Dollars Program

- Decrease of \$2,175,000 and 24 average positions due to conclusion of the silver dollars sales program.

Expenses, Disposal of Surplus Real and Related Personal Property

- No change from the FY 1980 level. Decrease of \$200,000 in the reimbursable program due to a lower level of activity.

EXECUTIVE DIRECTION AND STAFF OPERATIONS:General Management and Administration -- \$111,821,000

- Net increase of \$1,688,000 and 19 average positions of employment from the FY 1980 comparable level. Increases consist of:
 - \$279,000 and 8 average positions to augment the responsibility and staff of the Regional Administrators.
 - \$409,000 and 10 average positions for a centralized training program.
 - \$425,000 for payments to the Federal Buildings Fund for space.
 - \$870,000 for ADP maintenance contracts.
- These increases of \$1,974,000 are offset by decreases of \$279,000 for one less paid day and \$7,000 and increase of 1 average position for miscellaneous.

Advances and Reimbursements, GSA

- Net decrease of \$352,000 and an increase of 8 average positions from the FY 1980 level for the direct funding of activities funded in FY 1980 as reimbursable (increase of 2 average positions) and 6 average positions are provided for adequate accounting support to new client agencies and commissions.

Inspector General -- \$21,913,000

- Net increase of \$2,167,000 and 75 average positions from the FY 1980 comparable level. Increases consist of:
 - \$1,211,000 and 30 average positions related to annualization of 220 positions included in FY 1980.
 - \$1,556,000 and 45 average positions to provide staffing to begin systematic reviews of agency missions and programs.

SUMMARY ANALYSIS OF FY 1981 ESTIMATES FOR SERVICES AND STAFF OFFICES (Contd.)

Advances and Reimbursements, IC

No change from the FY 1980 comparable level.

Indian Trust Accounting -- \$2,886,000

No change from the FY 1980 level.

Allowances and Office Staff for Former Presidents -- \$798,000

Increase of \$38,000 from the FY 1980 level.

-- \$12,000 for increased travel costs for former President Nixon (\$5,000) and former President Ford (\$7,000).

-- \$89,000 for space charges for former President Nixon's move to New York.

These increases of \$101,000 are offset by decreases of:

-- \$58,000 in former President Ford's office staff compensation (\$54,000 personnel compensation and \$2,000 for personnel benefits.)

-- \$2,000 for pension for Mrs. Eisenhower.

-- \$3,000 for office supplies, communications, postage and equipment.

Expenses, Presidential Transition -- \$3,000,000

This increase is to carry out the provisions of the Presidential Transition Act of 1963, as amended. Provides \$2,000,000 for the President-Elect and Vice President-Elect and \$1,000,000 for the former President and former Vice President.

Public Services -- \$7,469,000

Increase of \$469,000 and 19 average positions of employment from the FY 1980 level.

-- \$108,000 and 3 average positions to open a new Business Service Center in Miami (\$68,000) and to conduct women and business conferences in 10 cities (\$40,000).

-- \$829,000 and 16 average positions for the full-year cost of three new Federal Information Centers and statewide Inward WATS service in 5 States.

These increases of \$937,000 are offset by a decrease of \$468,000 from elimination of the Florida Complaint Handling experiment and other services.

Working Capital Fund -- \$1,000,000 (Additional capital requested)

Increase of \$792,000 and 6 average positions from the FY 1980 level for equipment replacement (\$700,000) and personnel costs (\$92,000).

GENERAL SERVICES ADMINISTRATION
SUMMARY OF BUDGET ESTIMATES FOR FY 1981

	1979		1980		1981		1981		1981		1981		Other Changes Avail. Post. Amount
	Budget Authority AVG. Post. Amount	Authorized Level AVG. Post. Amount	Comparabile Level AVG. Post. Amount	1980 AVG. Post. Amount	1981 AVG. Post. Amount	1981 AVG. Post. Amount	1981 AVG. Post. Amount	Total Changes AVG. Post. Amount	Increase or Decrease (C) AVG. Post. Amount	Program Changes AVG. Post. Amount	Other Changes AVG. Post. Amount		
Federal Building Fund: Z/													
Direct Appropriation	13,545	\$ 82,150	13,741	13,741	13,741	13,741							
Obligational Authority	4,028	(1,472,606)	3,783	3,783	3,783	3,783							
Reimbursable													
Operating Expenses, FSS	855		896		896								
Construction Services Fund ..	4,319	130,417	4,014	4,014	4,014	4,014							
Operating Expenses, FSS	493		489		485								
Adv. & Reimb. FSS	1,333	10,000	1,415	1,415	1,415	1,415							
General Supply Fund	237	6,842	526	526	531	531							
Operating Expenses, TRIS	2		4	4	4	4							
Adv. & Reimb., TRIS													
Operating Expenses, NMS Z/ ..	2,421	75,733	2,517	2,517	2,517	2,517							
Records Reclassification	89	1,855	167	167	167	167							
National Archives Trust Fund ..	215		191	191	191	191							
Operating Expenses, AITS	266	9,782	317	317	317	317							
Federal Telecommunications Fund 1,880			1,975	1,975	1,975	1,975							
Automatic Data Processing Fund 214			284	284	284	284							
Operating Expenses, FRS	979	41,177	995	45,095	999	45,321							
Adv. & Reimb., FRS	3		16	16	16	16							
Mat. Inf. Stockpile Trans. Fund													
Rare Silver Dollar Program	2		28	28	28	28							
Salaries & Expenses, GMA	(3,073)	(95,421)	(3,207)	(110,133)	3,207	3,226							
Adv. & Reimb., GMA	(85)		547	19,146	540	615							
Office of Inspector General	273	10,786	106	2,886	106	2,886							
Former Presidents		4,771		760		760							
Expenses, Presidential Trans.			260	7,000	260	7,000							
Public Services	339	2,201	417	102,702	417	102,702							
Salaries & Expenses Admin	397												
& Staff Support Service	2,932	89,238	3,040										
Adv. & Reimb., ASSS	85		92										
Support & Agency Operations	161	6,183	167	7,431	167	7,431							
Total	35,271	840,458	36,204	843,834	36,204	843,834							

1/ Includes proposed pay supplementals only.
 2/ Excludes proposed supplemental of \$17,000 for FY 1980.
 3/ Excludes proposed supplemental of \$87,000 for FY 1980.
 4/ Excludes proposed program supplemental of \$3,000,000 for FY 1980.
 5/ Excludes proposed program supplemental of \$66,000 for FY 1980.

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF CHANGES IN ACCOUNTS - FY 1981 OVER FY 1980 IN APPROPRIATION ACCOUNTS

PROGRAM CHANGES:	TOTAL	OE		OE		OE		OE		STOCKS-		INDIAN			
		FSS	FPS	MMS	ADTS	RECL	ADTS	OE	FPS	OE	FILE	TRUST	INSPECTOR	PUBLIC	
										OPER	TRANS	ACTUE	GENERAL	SERVICES	MF
Increases:															
Expanded contract admini- stration.....	781														
Procurement.....															
Registration.....	195			987											
Preservation of records....	987														
Service of classified.....	200				200										
Reimbursement for FPDC.....	1,607						1,607								
Commodities for.....	68							68							
ADP & telecommunications.....	70							70							
acquisition policies & SACN acquisitions.....	151,900								151,900						
Transportation & handling..	18,000								18,000						
Augment Regional Admini- strative capabilities.....	279								279						
Centralized training program	400								400						
Presidential Transition....	3,000									3,000					
New Regional Office.....	48													68	
Work in Rumsfeld Conference	48													48	
Additional Capital.....	1,000													40	1,000
Mission oriented reviews of agency programs.....	2,767													2,767	
Decreases:															
Relocation of Mechanicsburg Regional Office.....	-2,668			-2,668											
Shelving.....	-700			-700											
TOTAL PROGRAM CHANGES.....	177,994	781	195	-2,381	200	1,745	-	-	169,000	679	-	3,000	-	2,767	108
OTHER CHANGES:															
Increases:															
Common distributable costs..	561	408	19	117		17									
Economic adjustments.....	9						49								
Elimination of Florida Com- mission.....	3,986		219	2,800		20				425					
Full-year cost of pay.....	118	62	14			10	32								
Stockpile inventory.....	25						25								
Threatening contacts.....	870									870					
Threatening contacts..... in 5 States.....	829													829	
Decreases:															
One less paid day.....	-874		-365	-45	-156	-10	-33	-88							
Wage grade pay adjustment..	-388		-365				-23								
Elimination of Florida Com- mission.....										-279					
Elimination of Florida Com- mission.....															
Elimination of Florida Com- mission.....															
Miscellaneous.....	-468													-468	
Pension for Mrs. Eisenhower	-7													-7	
Office staff.....	-2													-2	
TOTAL OTHER CHANGES.....	4,152	-258	207	2,765	-10	14	426	-	-	1,009	-38	-	-	-	361
TOTAL INCREASES & DECREASES IN APPROPRIATION ACCOUNTS	182,146	523	402	384	190	1,759	426	-	169,000	1,688	38	3,000	-	2,767	469
Base Silver Dollar pay.....														-26	
Base Silver Dollar pay.....														-115	
FBI Direct Apprn.....															
TOTAL	182,146														

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF CHANGES IN AVERAGE POSITIONS - FY 1981 OVER FY 1980 IN APPROPRIATION ACCOUNTS

	TOTAL	OE, FSS	OE, TRUS	OE, MARS	Records Decl.	OE, ADTS	OE, FRSS	S&F, CMA	Insp. Gen.	Inciden. T. Accel.	Public Services	
PROGRAM CHANGES:												
INCREASES OR DECREASES:												
Augment Regional Administrator's responsibilities.....	8	-	-	-	-	-	-	8	-	-	-	
Centralized training program.....	10	-	-	-	-	-	-	10	-	-	-	
Competitive procurement for tele-communications.....	2	-	-	-	-	2	-	-	-	-	-	
ADP equipment acquisition.....	2	-	-	-	-	2	-	-	-	-	-	
Full-year staffing.....	30	-	-	-	-	-	-	-	30	-	-	
Management reviews of agency missions & programs.....	45	-	-	-	-	-	-	-	45	-	3	
New BSC in Miami.....	3	-	-	-	-	-	-	-	-	-	-	
Acceleration of intervention, procurement assistance & negotiation activities....	5	-	5	-	-	-	-	-	-	-	-	
Expanded contract administration.....	24	24	-	-	-	-	-	-	-	-	-	
TOTAL PROGRAM CHANGES.....	129	24	5	-	-	4	-	18	75	-	3	
OTHER CHANGES:												
INCREASES OR DECREASES:												
Stockpile inventory transfer.....	1	-	-	-	-	-	1	-1	-	-	-	
Three PIC's & WATS service in five states. Miscellaneous.....	3	-	-	-	-	-	3	-2	-	-	16	
TOTAL OTHER CHANGES.....	21	-	-	-	-	4	-	1	-	-	16	
TOTAL INCREASES OR DECREASES 1981 COMPARED WITH 1980 IN APPROPRIATION ACCOUNTS.....	150	24	5	-	-	4	4	19	75	-	19	

GENERAL SERVICES ADMINISTRATION
 ANALYSIS OF CHANGE IN AVERAGE POSITIONS - FY 1981 OVER FY 1980 IN NON-APPROPRIATION ACCOUNTS

	TOTAL	AGR, FFE	AGR, FFE	AGR, CSF	AGR, FSS	AGR, CSF	AGR, FSS	AGR, FFS	AGR, CSF	AGR, FSS	AGR, FFS	NA TIME	AGR, ADTS	FTF	ADP	AGR, FFS	SILVER POLICE	AGR, PMA	WCF
<u>PROGRAM CHANGES:</u>																			
FDFC transfer from DOD.....	12	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
Motor pool services to other agencies....	20	-	-	-	-	-	20	-	-	-	-	-	-	-	-	-	-	-	-
Conclusion of sales programs.....	-24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-24
Reduction of reimbursable services.....	-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-13
Personal property disposed.....	-3	-	-	-	-	-	-3	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROGRAM CHANGES.....	-8	-	-	-	-	-	17	-	-	-	-	-	-	-	12	-13	-24	-	-
<u>OTHER CHANGES:</u>																			
Accounting support to new client agencies & commissions.....	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
Workload support.....	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
Miscellaneous.....	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
TOTAL OTHER CHANGES.....	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
TOTAL INCREASES OR DECREASES, 1981 COMPARED WITH 1980 IN NON-APPROPRIATION ACCOUNTS.....	6	-	-	-	-	-	17	-	-	-	-	-	-	-	12	-13	-24	8	6

NET INCREASE FOR BOTH APPROPRIATION AND NON-APPROPRIATION ACCOUNTS IS 156

GENERAL SERVICES ADMINISTRATION
Source of Appropriations, FY 1979
(in \$ thousands)

	1979 Annual Apprn. Act.	1979 Suppl. Apprn. Act	1979 Suppl. Apprn. Act (Pay Increase)	Apprn. Transfers	GRAND TOTAL
Federal Buildings Fund	\$21,150	-	-	-	\$21,150
Operating Expenses, Disposal of Real Property	7,549	-	-	-	7,549
Operating Expenses, FSS General Supply Fund	165,350	\$10,000	\$5,116	-\$40,049	130,417
Operating Expenses, NARS Records Declassification	74,000	-	1,938	-205	75,733
	1,565	-	90	200	1,855
Operating Expenses, ADTS	8,500	-	386	896	9,782
Operating Expenses, TFUS	-	-	-	6,842	6,842
Operating Expenses, FFRS	-	-	1,279	32,349	33,628
Salaries and Expenses, GHAO Inspector General	14,800	-	732	1,546	17,078
Former Presidents	-	1,700	-	-	1,700
Indian Trust Accounting	771	-	-	-	771
Salaries and Expenses, ASSS	2,600	-	115	-	2,715
	<u>90,000</u>	<u>-</u>	<u>3,492</u>	<u>-4,254</u>	<u>89,238</u>
Total	\$386,285	\$11,700	\$13,148	- <u>1</u>	\$408,458

1/ Excludes Federal Preparedness transfer of \$2,675 thousand.

GENERAL SERVICES ADMINISTRATION
Analysis of 1980 Appropriations
(Dollars in thousands)

	1980 Appropriation ACE	Appropriation Transfers	Pending Pay Increase Supplemental	Pending Program Supplemental	Total 1980 Budget Authority
Federal Buildings Fund					
Direct Appropriations	(\$ 1,427,268)	-	(\$ 14,612)	(\$ 44,964)	(\$ 1,486,844)
	115	-	-	-	115
Operating Expenses, FSS	143,028	-16,345	6,204	-	132,887
General Supply Fund	-	-	-	-	-
Operating Expenses, TFUS	-	13,758	829	-	14,587
Operating Expenses, NARS	80,446	39	2,858	3,000	86,343
Records Declassification	3,055	-	178	-	3,233
Operating Expenses, ADTS	9,200	1,782	641	-	11,623
Federal Telecommunications Fund	5,000	-	-	-	5,000
Operating Expenses, FFRS	43,453	33	1,609	-	45,095
Rare Silver Dollar Program	-	-	26	-	26
Office of Inspector General	18,874	-588	860	-	19,146
Indian Trust Accounting	2,725	-	161	-	2,886
Former Presidents	760	-	-	66	826
Public Services	6,669	-	331	-	7,000
S&E, Admin. & Staff Support Serv.	97,000	1,010	4,692	-	102,702
S&E, General Mgmt. & Agency Oper.	6,675	311	445	-	7,431
TOTAL	\$417,000	-	\$18,834	\$3,066	\$438,900
Reconciliation:					
1980 total from above \$438,900					
Less program supplementals -3,066					
<u>\$435,834</u>					
12.					

GENERAL SERVICES ADMINISTRATION
STATEMENT OF BUDGET AUTHORITY FOR 1979, 1980 AUTHORIZED, 1980 COMPARABLE AND ESTIMATES FOR 1981
(In thousands of dollars)

	1979 Actual	1980 Authorized	1980 Comparable	1981 Estimate	Change from 1980 Comparable
Federal Building Fund: ^{1/}					
Direct Appropriation	\$ 21,150	\$ 115	\$ 115	-	-\$ 115
Operating Expenses, FSS	130,417	132,887	132,887	\$133,410	523
General Supply Fund	10,000	-	-	-	-
Operating Expenses, TPUS	6,842	14,587	14,587	14,989	402
Operating Expenses, MARS ^{1/}	75,733	83,343	83,343	83,727	384
Records Declassification	1,855	3,233	3,233	3,423	190
Operating Expenses, ADIS	9,782	11,633	11,633	13,382	1,759
Federal Telecommunications Fund	-	5,000	5,000	5,000	-
Operating Expenses, FPRS	41,177	45,095	45,095	45,521	425
National Defense Stockpile	-	26	26	169,900	169,900
Rare Silver Dollar Program	-	-	-	-	-26
Salaries and Expenses, GMA	-	-	110,133	111,821	1,688
Office of Inspector General	1,700	19,146	19,146	21,913	2,767
Indian Trust Accounting	2,715	2,886	2,886	2,886	-
Allowance and Office Staff for Former Presidents ^{1/}	771	760	760	798	38
Expenses, Presidential Transition	-	-	-	3,000	3,000
Public Services	-	7,000	7,000	7,469	469
Working Capital Fund	-	-	-	1,000	1,000
Salaries and Expenses, ASSS	89,238	102,702	102,702	-	-
Salaries and Expenses, GMAO	17,078	7,431	-	-	-
Totals	\$408,458	\$435,834	\$435,834	\$618,239	\$ 182,405

^{1/} Excludes proposed program supplementals.

^{2/} Includes proposed pay supplementals of \$18,834,000.

GENERAL SERVICES ADMINISTRATION
SUMMARY OF PERMANENT POSITIONS

	1979	1980	1981	Increase or Decrease (-) for FY 1981 from		
				Total Changes	1980 Program Changes	Other Changes
Federal Buildings Fund (Direct)				-	-	-
Federal Buildings Fund (Reimbursable)	13,878	13,733	13,733	-	-	-
Construction Services Fund	3,743	3,698	3,698	-	-	-
	841	876	876	-	-	-
Operating Expense, FSS	3,867	3,966	3,992	26	26	-
Reimbursable, FSS	445	451	451	-	-	-
General Supply Fund	1,264	1,267	1,264	-3	-3	-3
Operating Expenses, TPUS	538	538	543	5	5	-
Reimbursable, TPUS	4	4	4	-	-	-
Operating Expense, MARS	2,117	2,067	2,079	12	12	-
Reimbursable, MARS	130	139	139	-	-	-
Records Declassification	111	111	111	-	-	-
National Archives Trust Fund	180	180	180	-	-	-
Operating Expenses, ADTS	322	321	325	4	4	-
Federal Telecommunications Fund	1,860	1,860	1,860	-	-	-
Automatic Data Processing Fund	282	287	289	12	12	-
Operating Expenses, FPMS	1,019	998	1,002	4	4	-
Rare Silver Dollars	2	-	-	-	-	-
Salaries and Expenses, GMA	3,216	3,249	3,258	9	18	-9
Reimbursable, GMA	93	82	90	8	8	-
Inspector General	374	572	622	50	50	-
Indian Trust Accounting	105	113	108	-5	-5	-
Public Services, Direct	65	251	254	3	3	-
Public Services, Reimbursable	147	-	-	-	-	-
Working Capital Fund	403	417	432	35	35	-
TOTAL	35,006	35,266	35,426	160	160	-

GENERAL SERVICES ADMINISTRATION
 Summary of Actual and Estimated
 APPROPRIATIONS AND FUNDS
 by Object Classification
 for Fiscal Years 1979, 1980, and 1981
 (In thousands of Dollars)

Code & Object Classification	1979		1980		1981		1981 Estimates Compared with	
	Actual	% of Total Obligations	Estimates	% of Total Obligations	Estimates	% of Total Obligations	1979	1980
11 Personnel Compensation	622,566	15.5	687,058	14.9	712,006	13.8	89,440	24,848
12 Personnel Benefits	56,895	1.7	68,241	1.5	70,464	1.4	3,569	2,223
13 Benefits for Former Personnel	319	*	312	*	310	*	-9	-2
21 Travel & Transportation of Persons	10,921	3	13,617	3	14,613	3	3,692	996
22 Transportation of Things	15	0	63,728	1.4	87,257	1.7	28,444	23,529
23 Buildings	782,083	19.2	884,612	19.2	1,000,641	19.2	224,958	121,642
24 Printing and Reproduction	8,404	2	10,052	2	10,494	2	2,090	1,086
25 Other Services	911,440	22.6	1,122,543	24.3	1,201,607	23.3	290,167	79,064
26 Supplies and Materials	1,410,234	35.0	1,532,627	33.2	1,814,047	35.2	403,813	281,420
31 Equipment	77,938	1.9	106,189	2.3	102,537	2.0	24,599	-3,652
32 Land and Structures	34,243	0.9	49,498	1.1	27,393	0.5	-6,850	-22,105
41 Insurance, Claims and Indemnities	21,765	0.5	29,794	0.6	29,594	0.6	8,226	-110
42 Insurance Claims and Indemnities	65	*	94	*	94	*	29	0
43 Interest and Dividends	57,033	1.4	61,279	1.3	65,431	1.3	8,398	4,152
44 Refunds	414	*	451	*	222	*	-192	-229
92 Undistributed	-	-	-	-	3,000	*	3,000	3,000
Total Costs, Funded	4,062,738	100.9	4,630,261	100.4	5,145,409	99.9	1,082,671	515,148
94 Changes in Selected Resources	-37,053	-0.9	-17,192	-0.4	2,000	*	39,053	19,192
TOTAL Obligations	4,025,685	100.0	4,613,069	100.0	5,147,409	100.0	1,121,724	534,340

* Less than .1%

/ May not add due to rounding.

NOTE: Includes Consumer Information Center.

GENERAL SERVICES ADMINISTRATION
 Statement of Actual & Estimated
 GENERAL AND SPECIAL FUNDS (Operating Appropriations)
 by Object Classification
 for Fiscal Years 1979, 1980, and 1981
 (In thousands of dollars)

Code & Object Classification	1979 Actual	1980		1981		1981 Estimates Compared with	
		% of Total Obligations	Estimates	% of Total Obligations	Estimates	1979	1980
11 Personnel Compensation	239,123	59.1	274,955	57.6	277,470	38,267	3,515
12 Personnel Benefits	24,148	6.0	26,624	5.6	26,895	2,747	271
13 Benefits for Former Personnel	194	*	182	*	180	-14	-2
21 Travel & Transportation of Persons	4,166	1.0	6,402	1.4	6,897	2,731	485
22 Travel & Transportation of Property	1,006	0.3	1,156	0.2	1,107	18,022	17,961
23 Rent, Communications & Utilities	87,333	21.5	101,459	21.2	101,459	16,986	2,192
24 Printing and Reproduction	4,594	1.1	5,702	1.2	5,580	1,922	2,192
25 Other Services	27,169	6.7	43,019	9.1	44,763	17,594	1,744
26 Supplies and Materials	9,080	2.2	9,890	2.1	161,343	152,263	151,453
31 Equipment	1,075	.3	2,294	0.5	242	-833	-52
32 Buildings & Structures	1,524	.4	2,400	.5	320	-1,619	-2,080
41 Grants, Subsidies & Contributions	4,044	1.0	4,007	0.8	4,000	-44	-77
42 Insurance Claims and Indemnities	146	*	74	*	37	-109	-37
43 Interest and Dividends	414	.1	451	*	222	-192	-279
44 Refunds	414	.1	451	*	222	-192	-279
92 Undistributed	414	.1	451	*	222	-192	-279
TOTAL Obligations	404,534	100.0 <u>I/</u>	475,272	100.0 <u>I/</u>	654,105	3,000	3,000
Reconciliation:						249,571	178,811
Appropriation	381,623	94.3	414,200	87.1	614,671	614,671	614,671
Appropriation Transfers	-2,675	-0.6	-	-	-	-	-
Proposed Supplemental for Pay Raises	378,948	93.7	18,871	4.0	614,671	614,671	614,671
Reversions	36,297	9.0	39,392	8.3	39,392	39,392	39,392
Receipts & Reimbursements	3,782	.9	3,126	.6	317	317	317
Unobl. bal. available, Start of Year	-	-	-	-	-	-	-
Unobl. bal. to Other Accounts	-3,126	-0.8	-317	*	-	-	-
Unobl. bal. available, End of Year	-11,357	-2.8	-	-	-	-	-
Unobl. bal. lapsing	-	-	-	-	-	-	-
TOTAL Obligations	404,534	100.0	475,272	100.0	654,105	654,105	654,105

* Less than .1%
I/ May not add due to rounding.
 NOTE: Includes Consumer Information Center.

GENERAL SERVICES ADMINISTRATION
 Statement of Actual & Estimated
 Revolving (Public Enterprise & Intragovernmental), Management, and Trust Funds
 by Object Classification
 for Fiscal Years 1979, 1980, and 1981
 (in thousands of dollars)

Code & Object Classification	1979 Actual	% of Total Obligations	1980 Estimate	% of Total Obligations	1981 Estimate	% of Total Obligations	1981 Estimates Compared with 1979	1980
11 Personnel Compensation	383,443	10.6	413,103	10.0	434,536	9.7	51,093	21,433
12 Personnel Benefits	42,747	1.2	41,617	1.0	43,369	1.0	822	1,932
13 Benefits for Former Personnel	125	*	130	*	130	*	5	-
21 Travel & Transportation of Persons	6,755	2	7,215	2	7,716	2	961	501
22 Transportation of Property	57,728	1.6	62,582	1.5	68,150	1.5	10,422	5,568
23 Communications & Utilities	694,732	19.2	783,816	18.9	902,095	20.1	207,363	118,279
24 Printing and Reproduction	3,810	.1	4,350	.1	5,114	.1	1,304	764
25 Other Services	884,271	24.4	1,079,524	26.1	1,156,844	25.7	272,573	77,320
26 Supplies and Materials	1,401,154	38.7	1,522,737	36.8	1,652,704	36.8	251,550	129,967
31 Equipment	76,863	2.1	102,098	2.4	107,075	2.3	30,212	16,112
32 Lands and Structures	17,324	.5	25,627	.6	25,594	.6	8,270	-33
42 Grants, Subsidies & Contributions	61	*	90	*	90	*	29	-
43 Insurance Claims & Indemnities	56,887	1.6	61,205	1.5	65,394	1.5	8,507	4,189
44 Refunds	-	-	-	-	-	-	-	-
92 Undistributed	-	-	-	-	-	-	-	-
Total Costs, Funded	3,658,204	101.0	4,154,989	100.4	4,491,304	99.9	833,100	336,315
94 Changes in Selected Resources	-37,053	-1.0	-17,192	-.4	2,000	*	39,053	-19,192
TOTAL Obligations	3,621,151	100.0	4,137,797	100.0	4,493,304	100.0	872,153	355,807

* 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. 401f), 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 to 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 contract, or any other common user shared facilities authorized under section 111 of the Federal Property and Administrative Services Act of 1949.)

(Independent Agencies Appropriation Act, 1980)

Not to exceed 5 per centum of any appropriations made available for the current fiscal year for General Services Administration activities (excluding the new obligations authority limitation for the Federal Building Fund) may be transferred between such appropriations, but no such appropriation, except as otherwise provided, shall be increased or decreased by more than 5 per centum by any such transfers, and any such transfers shall be reported promptly to the Appropriations Committees of the House and Senate.

General Provisions

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

Former Section 3 is proposed for deletion to permit GSA to resume pursuit of goals which are within its authority and responsibility. This proviso prohibits us from establishing any new common user shared facilities. The language was incorporated in the General Provisions in 1974 as a result of our proposed New Equipment Project, commonly known as FEDNET, a Joint USDA/GSA procurement. Since that time, the Privacy Act of 1974 was passed and it legislated adequate safeguards of personal data. Currently, where new requirements are identified for Federal Data Processing Centers that offer Governmentwide economies, GSA is prohibited from establishing common-use facilities. If this restrictive language is eliminated, some potential benefits will be the availability of adequate data communication capability; the advantage of centralized management and accountability; the reduction of redundant facilities and staffing; and the advantages of volume purchasing.

The proposed new section has precedent in other agencies appropriation acts. This modest level of transfer authority could reduce the magnitude of program supplementals required to implement responsibilities delegated to this agency after the President's Budget has been transmitted and will minimize the efficient utilization of funds provided in our various appropriation accounts. In addition, it will provide for unforeseen emergencies immediately, thereby eliminating delays while waiting for supplemental appropriations to be enacted. This proposed provision provides for oversight on the purpose of its usage by requiring that "...any such transfers shall be reported promptly to the Appropriations Committees of the House and Senate."

REORGANIZATIONS

Mr. STEED. You have given some discussion on the purpose of the reorganization that you have done or propose to do. What more do you think remains? Will this be a sort of ongoing approach or do you think you will get it firmed up and then cemented?

Mr. FREEMAN. Mr. Chairman and Members of Congress, the first 7 months I spent in the Agency, was addressed to what programs I wanted to get into place. At the present time my objective is to solidify those programs, make sure they work and only make adjustments where necessary. We have developed a roadmap as to actions to be taken. I only intend to modify those actions as needed but no major changes. I had originally proposed an office for field operations. As I have reviewed what I have, I do not think it appropriate to do that within this fiscal year. If I find it necessary, I will come back to this committee before we execute such a change.

DATA SYSTEMS

Mr. STEED. In your Office of Data Systems, is your total computer program covered there?

Mr. FREEMAN. Not entirely. This office is primarily responsible for the internal agency programs. However, I have required that internal agency programs proceed as any outside agency would have to proceed. Therefore, they have to coordinate their requirements for systems with the Automated Data and Telecommunications Service headed by Mr. Carr.

Mr. STEED. How would the Public Building Service and Federal Supply Service handle their computers?

Mr. FREEMAN. They would coordinate with the Office of Data Systems.

Mr. STEED. Would it be possible for you to give a brief outline of what you hope to accomplish by the computer operation?

Mr. FREEMAN. Yes, sir. Mr. Ray Klein came from an organization with a fine ADP background. We in GSA were about to make a substantial procurement of equipment, but without a real plan for our internal agency system. We had created a system in the Archives, in the Federal Supply Service, in the PBS, but I could find very little relationship between these. In looking at the computer system available for our accounting, only a portion of our accounting process was on that system. In the regions, there was no interface of their operations feeding into a central data source. There had been no systems designed. So I asked that we stop that procurement and go back and do what I call a systems study of what the informational needs are of the Agency.

We have that plan in being now. We anticipate going forward with an RFP for a system which will not require all of the system but provide for the beginnings of it. We will go out with a functional request to industry saying, "Here are our requirements. How would you propose we solve our problem?"

Our attempt here is to get an integrated GSA system so each of the modules will fit together rather than be the separate entities we have now; and be pragmatically controlled from a central center.

Mr. STEED. You provide an automated data and telecommunications service to all the Government but you are in a sense becoming a customer of your own service.

Mr. FREEMAN. That is why I wanted a second look-see at that service in the same fashion any other customer would be looked at.

TRAINING POSITIONS

Mr. STEED. You are asking for 12 positions. Is that for a new Office of Human Development and Organization?

Mr. FREEMAN. These are for training. I found as we reviewed our training in the Agency it was very fragmented. It appeared to me that we could establish a small office which could coordinate the entire training activities on a cohesive basis not only from my view but from that of the Congress, and thereby improve our professionalism.

Mr. STEED. Give an example.

Mr. FREEMAN. Our contracting officers had no way in which they were trained to become contract officers. If you had the training, it was more luck than planning. So with the Assistant Administrator for Acquisition Policy, Mr. McBride, we are building our training which requires completion of certain programs and course requirements before you can receive that classification.

I found we did not have a good training program to bring aboard new talent in the trades. We are now working with the unions to establish better programs. There are several of these which my board is reviewing.

Mr. STEED. It might be helpful to give a dollar figure and a personnel count on the extent of this type of training. How much business are you training people to handle, and how many people improve their work as a result of this training?

Mr. FREEMAN. I would be happy to provide you with a copy of the training plan.

[The information follows:]

GSA TRAINING PLAN FOR FISCAL YEAR 1981

Training needs	Number to be trained	Number of classes
Executive development	110	6
Management development	800	40
Supervisory development	3,000	150
Acquisition (contracting, et cetera)	3,100	155
Crafts and trades	800	40
Service to public	4,000	200
Building managers career program	500	25
Store management career program	100	5
Other career programs	2,000	100
Clerical/technical skills	4,000	200
All other training (ADP, EEO, engineering, and other specialized training)	8,190	410
Total	26,600	1,331

¹ For planning purposes, we used equivalency figure of 1 class for every 20 persons. In reality, classes will vary from one-on-one individualized instruction through auditorium sessions.

Note.—The additional resources requested for fiscal year 1981 will be concentrated on centrally directed training targeted to areas offering the most immediate opportunities for work force improvement and productivity enhancement.

OFFICE OF GENERAL COUNSEL

Mr. STEED. In the General Counsel's office, you have a special division for ADTS. Do you feel your organization may be too functionally fragmented because you have ADTS on your office and the General Counsel's office?

Mr. FREEMAN. The special division for ADTS in the General Counsel's office is responsible for providing legal services to ADTS. That division functions as a house counsel to ADTS. While the house counsel has the same name as the organization served, Automated Data and Telecommunications Service (ADTS), there is no duplication of functions nor is there a fragmenting of responsibility.

BOARD OF CONTRACT APPEALS

Mr. STEED. How is the Board of Contract Appeals working out?

Mr. FREEMAN. It is improving its professionalism greatly. First of all, we had a pool of judges in order to handle the backlog of appeals. DOD and Justice set up a joint committee to qualify candidates and our recruiting efforts have been quite successful. I believe within a year, you will see substantial improvements in reduction of backlog.

Mr. STEED. Provide this for the record: In connection with the Board of Contract Appeals, tell how many times it finds for the Government, how many times for the contractor, and how many cases are settled by compromise.

Mr. FREEMAN. We will be happy to do so.

[The information follows:]

The GSA Board of Contract Appeals is an administrative/judicial tribunal charged with the responsibility of adjudicating contract disputes arising between private contractors and certain agencies and commissions of the United States Government.

In accordance with the Contract Disputes Act, claims are submitted to the contracting officer or his representative for negotiation and settlement. After review of the claim, the contracting officer issues a final decision. In most cases if the final decision denies the contractor's claim, appeal would be taken to the Board of Contract Appeals. The number of claims which are negotiated to settlement or resolved in some fashion in the field bears no relationship to the statistics of the Board, and therefore, can only be obtained through the assistance of the contracting Services of GSA.

Failing to reach accord at the contracting officer level, a contractor may appeal the final decision to the GSA Board of Contract Appeals. Under the expanded jurisdiction of the Contract Disputes Act, this appeal may occur subsequent to the contractor receiving a written final decision or in the event of undue delay on the part of the contracting officer, a contractor may request this Board to direct the contracting officer to issue the final decision in a specified period of time. Any failure by the contracting officer to issue a decision on a contract claim within the period required will be deemed to be a decision by the contracting officer denying the claim, and as such, will commence the appeal.

At the time an appeal from a final decision or the request for a final decision is received by the Board, the case is docketed with the clerk of the Board. The appeal process will commence at this point, but future settlement of the case by the parties is not precluded by the Board's jurisdiction.

Since the enactment of the Contract Disputes Act of 1978 on March 1, 1979, the GSA Board of Contract Appeals has received 323 appeals and has resolved 273. Of those 273 cases, eighty were by written opinion and 193 were resolved by the issuance of a written order of dismissal. The issuance of an order of dismissal by the Board is a result of settlement, withdrawal by appellant of his appeal citing his desire to drop his claim, or a finding by the Board of a lack of jurisdiction to adjudicate the claim. Because the Board dismisses very few appeals for lack of jurisdiction, the majority of dismissals are as a result of the other two cited reasons.

The legislative history of the Contract Disputes Act does address the question of settlement rather than litigation of disputes in the "Senate Explanation of Amendments." This document states in part: "Executive agency comprises and settlement authority is not addressed in this Act as this is a matter considered to be included in their existing procurement/acquisition authority under established precedents."

Thus, the Act neither reduces nor expands the existing authority of the Executive Agencies to comprise and settle claims. Within GSA, the responsibility for this action rests with the Contracting Officer and the Office of General Counsel. All valid data in this regard, because of the nature of settlement actions, is not easily quantifiable. Data which is available through the records of the Office of General Counsel indicates that over the period of March, 1979 through February 29, 1980, 35 appeals have been resolved through settlement at the Office of General Counsel level. The Board records indicate an additional 23 appeals have been settled at the Regional Counsel or contracting officer level.

As recorded above, 80 cases were resolved by written opinion. Of that number, 10 were granted and 21 appeals were granted in part. Thus, 31 appeals were resolved in whole or in part in favor of the appellant. Thirty-seven cases were denied, that is resolved in favor of the Government. The remaining 12 cases dealt with debarments, suspensions, or were decisions on issues not clearly within the categories related above.

MANAGEMENT PERFORMANCE OF BOCA

Mr. STEED. Have you had a chance to review the cases brought to the Board in terms of what it indicates about how the management performance of GSA contributes to that?

Mr. FREEMAN. I will give you my perception, although it is still early in the game. I reviewed the caseload when I first came to the Agency, which led me to support the addition of administrative judges to the Board of Contract Appeals. What I found was many cases, which in my humble opinion, should have been solved at the contractor level. There should be other reviews before we get into the forum of debating before the Board of Contract Appeals. I have charged the chairman of the contract appeals to look at ways we can do this to solve these issues in a less legalistic forum. Some of the decisions were arbitrary, resulting in a case before the Board of Contract Appeals. We have a number of them appearing in the construction warranty area. We tend to have more in this area than in other areas with similar volumes of construction work. But I cannot give a specific solution to this until we have had a chance to work on the problem for a longer period of time.

AGENCY MORALE

Mr. STEED. We notice there are instances where guilt by association becomes a matter of some personal concern. Here in the Congress, those of us who feel as if we have behaved ourselves do not particularly appreciate being smeared with a brush that some individual's performance may bring on. In the case of your GSA employees, most of your work force is made up of conscientious, hard-working people, but the broad brush of scandal has smeared all of them.

How is your morale?

Mr. FREEMAN. My personal belief is that morale is improving, particularly the articulation by senior management, which I urge, that we do not have an agency full of crooks; we have very fine people who prosecute good programs, render services on time and provide services to the Federal agencies—this has improved morale.

The firm direction is something that was needed. Providing the Regional Administrators with more authority has increased the morale.

I think, more appropriately, we should address the question to each of the Commissioners and Administrators as they come forward. In some cases, I still have morale problems because we have not been able to get out from under some of the problems we have as promptly as we would like to. As soon as we do, something else gets turned over in the way of something we have done poorly, and we are a pretty hefty target these days. But slowly but surely, we are rebuilding the morale of our employees.

CUSTOMER SERVICES

Mr. STEED. In terms of services to your customers, I assume from what your testimony here shows that you expect to improve in that area and to increase the volume of services you perform.

One thing that is coming up, which from the way I view it must be a little difficult to get a handle on, is the space that will be required for the large number of Federal district judges who have been created. And, of course, the slow process of getting the individual judges appointed, confirmed, and on board has made the problem even a little more difficult than it otherwise would be.

What is your view now of how you are going to face up to this problem? Are you getting it pretty well under control?

Mr. FREEMAN. I think as we have been able to get the judges appointed and the requirements determined, we have been successfully able to meet their requirements. I think as you have commented, the program is going to take a lot longer than intended because of the slowness of appointments, the ability to determine at what level we should resolve cases, at what cost, and so forth.

We have been working very closely with the Judicial Conference here in Washington, as well as working very hard to improve our communication with the judges, which by the way, I found was not the best. We have tended to say this is what we are going to do vice getting together with the legal and judicial community to look with them, at their requirements, and then decide how we would properly program these.

I have had some concerns about their needs and I have worked with the Chief Justice as well as the Judicial Conference here to try and see if we cannot get a better handle on perhaps less, rather than more. This is being discussed with the Judicial Conference and I am not sure where that is going to come out.

ACCOMMODATIONS FOR THE HANDICAPPED

Mr. STEED. In the matter of negotiating Federally occupied quarters equipped to accommodate the handicapped, where are we in that program?

Mr. FREEMAN. Mr. Zoellner, the Assistant Commissioner for Program Support, will answer that.

Mr. ZOELLNER. By the end of this fiscal year, we should be at 99 per cent with respect to Government-owned buildings. We are progressing all the time in retrofitting our older buildings and the

facilities that impact on the handicapped to assure essential accessibility.

Mr. STEED. Are groups and individuals satisfied with the progress?

Mr. FREEMAN. We have our lawsuits, but on the whole, we are doing well. We have cooperation from the handicapped; I have worked with them from the standpoint of the handicapped industry as well as the handicapped themselves, and the consensus is we are trying very hard to solve the problem.

Mr. STEED. Mr. Miller.

MERGING OF ACCOUNTS

Mr. MILLER. We are considering the Agency salary and expense which is very small as to the overall budget.

I understand, too, and you did explain to some degree, why you would go from the \$11,812,000 to \$111 million, apparently the \$100 million increase is for the reorganization.

Now in that reorganization, will we be saving dollars from other activities that took place before the reorganization? Can we say that we add \$100 million to this particular budget of general management, but we take \$100 million out of a number of different areas in order to balance?

Mr. FONTAINE. What we have here is the combining of administrative accounts. The General Management and Agency Operations account is being merged with administrative and staff support services into one operation, General Management and Administration. As a result, the net increase is about \$1 million. There are some offsets. There are increases for training and ADP costs, but there are offsets of about \$4 million.

Mr. MILLER. An offset of about \$4 million, but a total increase of about \$1 million. So it is offset?

Mr. FONTAINE. Yes.

Mr. FREEMAN. I will be able when I come back next year to articulate the cost avoidances and I believe you will be satisfied. Where we have changed management direction it was to give more attention to problems so we can reduce costs.

Mr. MILLER. I hope when you come back you will be able to show that. I recall in a very short period of time we have had three gentlemen in the seat you are in and each time we have heard that same thing. Somehow I get the feeling that GSA is so big that it is hard to get a handle on it.

Mr. FREEMAN. It is not that big.

Mr. MILLER. I am glad to hear that you feel through this new management system you will be able to have policymaking so you will be able to remain in charge.

Mr. FREEMAN. The Senior Executive Service employees, and each of those individuals behind me is a senior executive, have a contract with me in writing. One of the items in the contract deals with cost avoidance for which we have set internal goals. I have no question these will be enacted. I will measure that performance as to how those goals are achieved. I have every confidence in the people seated behind me that we will come back with positive things to report.

Mr. MILLER. Being under contract and it being in writing, I hope that they will accomplish what you have attempted to do. You will set the policy and they will come up with results.

REVOLVING FUNDS

Tell me a little more, while we are talking about management and general management. The budget you are requesting is \$111,821,000. The total for GSA is \$618,239,000 and that is on this particular sheet that was prepared by your people. But you also have the Federal Buildings fund at a billion and a half or so. You have the General Supply Fund, over a billion and a half. Federal Telecommunications Fund, about \$500 million. And these are all revolving funds. I think while your people are here, it would be good for us to look at the total picture as to what is flowing in and what is flowing out. You say in your statement you have a 5-year plan. Are you going to be in for additional money for those trust funds, or are you adjusting the charges so they will come out even in the 5 years?

Mr. FREEMAN. I have two problems with the revolving funds. They are the ones, Mr. Miller, you might expect.

There has been heavy escalation in the volume of business handling by these funds. At the time the funds were capitalized, they were established on a certain level of accomplishment. Some of our efforts have resulted in sales far above what were anticipated when the funds were capitalized.

I have asked in two areas; the Federal Supply Service and the Automated Data and Telecommunications Service to look at their funds to determine whether or not we should be looking at reduced sales and thereby getting ourselves back in the ballpark; or whether the sales base looks as though it might stabilize and therefore we should be requesting additional capitalization from this committee. There is a supplemental pending at OMB for the General Supply fund.

I believe historically, the GSA has operated most of its activities on a sales basis. I think it is time to start looking at what the actual needs are and adjust what we are doing on the basis of needs.

GENERAL SUPPLY FUND

Mr. MILLER. I am sure many of the people in the room have heard before about when I was disturbed a few years ago. We had a recession and we found General Services was canceling out many of the contracts they had because many of the suppliers had dumped supplies on General Services ahead of time because they did not have other sales for it. So when General Services canceled out their contract, it harmed the people back home. We found General Services coming into the committee to request a supplemental for additional funds to buy hardware. But after these contracts canceled out because you did not have the money in the supply fund, we on the floor passed welfare programs, giving money out to the people. Here we could have received some product from the dollar. It appeared the right hand did not know what the left hand was doing.

So, when it comes to being short in the supply fund we should take a look at it so you will not be canceling contracts; then we in the House will not be writing a check to people because they do not have a job.

Mr. FREEMAN. It is my opinion the fund has not been adequately managed. It has to be fiscally managed. It has not had a proper level of cash flow management associated with it. Mr. Fontaine and Mr. Morris will manage that fund and make appropriate adjustments in inventory or sales so we have a balanced program within available resources.

If we closely manage the fund there is no reason we should be involved in any massive cancellation of contracts. If we manage our inventory, there should be no need for that.

So, I hope I never have to come back here and say, "I need to cancel." If I find myself in that position for any reason, this committee shall be informed.

Mr. MILLER. We should at least talk about it. I can see where management might have a problem in managing the fund. But at the same time, what was brought on GSA was not their fault, because the recession created the problem where the supplier did not have a market, so they furnished GSA what was ordered, a little early. By supplying it early, it actually depleted the supply fund. If your management people can handle the economy, we are in good shape.

Mr. FREEMAN. No; I have enough on my hands, Mr. Miller.

Mr. MILLER. At least we should talk about it before contracts are canceled.

Mr. FREEMAN. I appreciate that, Mr. Miller, and I am aware of the circumstances which you relate.

Mr. MILLER. I would make a guess that we paid 10 times as much, if not more, in costs to people without jobs than it would cost to buy and fulfill the contracts and let the contract material be delivered and paid for. Then we would have something instead of just putting out money to help people.

Mr. FREEMAN. I understand, Mr. Miller. In that regard, we have changed the way we write contracts today as opposed to a few years ago. That revolving fund, as the chairman indicated, is woefully undercapitalized. We are monitoring cash daily. Certain steps have been taken. I have been working with Mr. Morris from the Federal Supply Service on big motor vehicles procurement. We obtain advances from agencies up front before we are required to pay the vendors. We are still taking discounts, but we will go to a priority pay if it gets too tight. AAA firms will probably be paid last. We will pay the minority and small business firms first. We may be heading for a crunch in that area.

PURCHASE OF AUTOMOBILES

Mr. MILLER. How many automobiles do you purchase in a year?

Mr. BERES. About 11,000 for the GSA Motor Pool System.

Mr. MILLER. There is some indication where you wanted to purchase 25,000.

Mr. FREEMAN. This budget provides for the purchase of about 11,000 vehicles for GSA, however, there is an overall requirement

of approximately 25,000 primarily to replace some of our high energy users with lower energy users.

Mr. MILLER. Has that worked out?

Mr. FREEMAN. Not completely; no, sir.

Mr. MILLER. Then I guess this is not a question that you bring up when you talk about purchasing automobiles.

We had the Director of GSA say you would go out, hit the street with some kind of announcement that you were going to purchase and bids would come in. Maybe they would come in from GM and Ford, but American Motors could move in and take one-quarter of the amount because they were considered small business.

Mr. FREEMAN. American Motors. SBA considers them a small business.

Mr. MILLER. I did not think American Motors was small business. Is that what happens now?

Mr. FREEMAN. The principal consideration is the EPA miles-per-gallon requirement. Mr. Morris has indicated American Motors has not been able to qualify so far under that requirement.

Mr. MORRIS. The SBA still classifies them as a small business.

Mr. MILLER. I was surprised to hear it, but evidently they do.

TOTAL GSA BUDGET

Give us some totals on how many dollars turn over per year, what the total budget will be for GSA.

Mr. FONTAINE. Let me see if I can summarize this total GSA budget. We do approximately \$5 billion of business or sales within GSA. About \$600 million, as you mentioned, are in the appropriations. Some of these appropriations also support revolving fund activities. The related expenses are generally in the appropriations. There is basically one revolving fund in all the services. In the Federal Buildings Fund we are talking about \$2 billion; in the General Supply Fund, \$1.8 billion; \$500 million in Telecommunications; \$120 million in computer-related; and the Stockpile Transaction Fund, where we have estimated approximately \$170 million in procurement of materials for the National Defense Stockpile. Those are the large funds. They are supported by appropriations of \$600 million. All of that plus the other smaller GSA accounts total about \$5 billion.

Mr. MILLER. We are really talking about the overall picture right now?

Mr. FREEMAN. Yes.

STOCKPILE SALES

Mr. MILLER. I have one other question. Just the other day we heard from the International Commodity Agreements personnel. They wanted to buy natural rubber, \$88 million for natural rubber. That was going to be on the world market and the suppliers and the purchasers or users of this rubber were going together in an agreement. They conveyed to us that is for the purpose of controlling the price. They would stockpile it and this would be an international arrangement.

Now that stockpile could be turned out on the market when the price went up. We have heard both sides.

You people, as an example, have a lot of silver. We heard the argument here on the sale of silver, whether you should sell or buy. But in any way, do you manipulate the market by stockpiling certain items?

Mr. FREEMAN. No, sir. My activities under the stockpile act are determined by the Federal Emergency Management Agency. We manage a strategic stockpile. Therefore, we are not in the business of stabilizing the market. We buy what is needed and determined to be needed annually by the Federal Emergency Management Agency. We would buy or sell various commodities based upon their planning, at their request. Obviously, when you look at the sale of any commodity out of the stockpile, one of the concerns is the impact on the market. This creates a lot of discussion, as our recent proposal sale of tin has. But we in GSA are not in the business of adjusting market prices by virtue of our activities. There may be people who look at the total economic situation of this country and perhaps may direct a sale with something like that in the background. But we are in the strategic stockpile business, not in the cartel business.

Mr. MILLER. We had two important pieces of legislation before this committee; one was to sell silver, the other was to buy silver. So someone was at least considering manipulating the market.

Mr. MARKON. I testified on Congressman McDonald's bill to buy silver and also before the Armed Services Committee to sell silver. Our stockpile goal is zero. We have over 139 million troy ounces of silver in the stockpile.

Mr. MILLER. Did you make money on that?

Mr. MARKON. If we had the authorization, we would have made money. At the time we were talking about——

Mr. MILLER. You still have it on the books and you may make more money as things continue.

Mr. MARKON. At the time we testified, silver was selling about \$10 an ounce. Currently it is \$37 an ounce. It went as high as \$50 an ounce.

Mr. FREEMAN. Not to mislead you, Mr. Miller, we recently sold reclaimed silver, 209 thousand troy ounces, that goes back into the VA fund.

Mr. MILLER. I understood that. I inquired about that and we were satisfied about that because it was a VA operation and you were handling it.

Mr. FREEMAN. Yes, sir.

Mr. MILLER. I think I have used my 5 minutes, Mr. Chairman.

Mr. STEED. Mr. Roybal.

BASIC MANAGEMENT POLICIES

Mr. ROYBAL. I want to commend you for getting the GSA operation on a right track. I realize it is a big job.

I was interested in your basic management policy and how you arrive at such a policy. Will you give us some background as to how you hit on this policy?

Mr. FREEMAN. It stems from several things, Mr. Roybal. I have been associated with the Federal Government for about 37 years. I have watched responsibility and accountability being delegated to

the lowest level with great satisfaction and motivation by not only by employees but by supervision. When I was nominated by the President I had an opportunity to study GSA. One of the first things I did was to ask if there had been studies made of GSA's organization. I found there had been studies annually by everybody since 1949.

I read most of these. The most recent one talked about the dichotomy in the organization as it was last month. I found we had Regional Administrators of substantial stature in the field managing anywhere up to 3,000 people with a budget of \$200 million of which they were responsible and accountable for very little, because the funds did not flow to them but to the Commissioners of my services. These programs were then controlled from Washington.

So in effect I had a field organization of which I questioned the levels and why we needed it.

There had been a very fine study done before I got there by a fine consultant firm in Washington which suggested we go either totally centralized management, which changed the field operation or decentralized management. I looked at both of them and determined we had a fine field operation which had to interface with multiple customers; it is hard to satisfy those needs through a centralized organization here in Washington. So basically, that is the basis of my decision.

LOCATION OF FEDERAL BUILDINGS

Mr. ROYBAL. Thank you.

Last year I discussed with your predecessor that frequently Federal buildings are located downtown, which may be inconvenient to the client population. I was told during fiscal year 1980 budget hearings that some proposed regulations to correct this problem were published in the March 29 Federal Register. Do you know what those regulations were?

Mr. FREEMAN. The basic policy we operate under is because of the deterioration of our cities and the need to make them better, we have had a conscious policy of locating our Federal buildings in what we call the CBA, central business area. This policy has been very successful. In working on this problem with my Public Buildings Commissioner and his staff, I found that in some cases the policy appeared to be arbitrary. That is, we made decisions you will move, regardless, without relationship to cost-benefit analysis as to what the cost would be, and I am including all costs in such movements as well as some concerns about some of the smaller agencies' suboffices which had a constituency to serve where they were located.

In several areas we have come to agreements with Federal agencies and delegated them to make those decisions. One is the Department of Agriculture, and we have worked very closely with the Social Security Administration.

The changes are, we allow a cost differential of roughly 15 percent to locate in the CBA. There are certain intangible things which by their very nature have to be considered when you are moving people around, distance, travel, these sort of things. They

were intended within the executive order, and we are implementing that.

CIVIL RIGHTS PROGRAMS

Mr. ROYBAL. I was interested in your statement that an extensive training and employment program has been put into action and you have established a nucleus civil rights group to assure full support for the employee affirmative action programs; and you go on to say this will expedite solutions to equal opportunity clients.

This, to me, establishes something that you did not have before.

Mr. FREEMAN. Yes, sir, that is correct.

Mr. ROYBAL. You have 32,751 employees.

Mr. FREEMAN. Approximately 36,000 full-time equivalents, sir. There are in addition, almost 1,000 more of a temporary nature. I do not want to conceal the fact that we have almost 37,000 people.

Mr. ROYBAL. My figures are based on your full-time employees. But of those, approximately 34 percent are female, 11,297, or 34.5 percent are black, and in each case, both the women and the black employees seem to be mostly concentrated in the lower income groups.

My statistics which I got from your agency, also show that the total Hispanic employment is 1,115, or approximately 3.4 percent of your employee population.

Now, if this policy is going to be put into effect, these statistics in my opinion should be the first thing they should look at and so determine what could be done to better the situation, as I see it.

Now, what is the composition of this nucleus civil rights group, at the moment?

Mr. FREEMAN. I established an office of civil rights when I came to the Agency. I brought in a fine professional, Mr. Grant Williams, who I had known for a number of years and who is as dedicated as I am to improving equal opportunity for all people in the Federal Government. I reviewed the programs in our Agency and it seemed we had a paper program without much action. Therefore, grant was charged with pulling the elements together; we reviewed referrals to make sure that minorities and women were considered in our selections and that we actively recruited where they were available. I am not comfortable with the number of minority and women we have in the top echelon of the Agency. I have had the difficulties which have been experienced by others in securing those kinds of people even with very active recruiting.

The Office of Civil Rights, in total, now, consists of 63 positions in the central office and the regions. I fenced this area in our budget to make sure they were properly staffed so I would not have the problem of not being able to support the program. I found we had in my opinion far too many over-age grievances, discrimination appeals, and court cases. I instituted a program to erase that problem, to erase the perception of discrimination in the Agency. It is my personal opinion that at least now we are on the way to what I consider a satisfactory environment in the Agency. We can begin now to actively train minorities and the ladies for jobs in management at senior levels.

Mr. ROYBAL. These 63 people are the ones who would make the determination?

Mr. FREEMAN. Yes, sir. They are responsible for prosecuting the civil rights program in the Agency.

Mr. ROYBAL. Please furnish statistics as to blacks, how many Hispanics, how many women, their ages—you know when we pass 39, we start thinking about age discrimination.

Mr. FREEMAN. I have gone past that, and sympathize with that comment. I will provide information for the record on total central office civil rights employment and for EEO staffs in the field.
[The information follows:]

General Services Administration
Total Employment of Regional EEO Staffs (11 Regions)

(As of March 30, 1980)

GS Grade	Total Employees	Total Women	Total Minority	BLACKS		HISPANICS		WHITES				
				Total	Women	Total	Men	Total	Men	Women		
2	1	1	1									
3												
4												
5	1	1	1			1						
6												
7	2	1	2	1	1	1	1					
8												
9	4	4	4	3	3	1						
10												
11	9	6	5	1	1	4	2	2				
12	3	1	2	1	1	1	1	4	1			
								1	3			
13	10	2	7	7	6	1		3	2			
14									1			
15												
TOTAL	29	15	21	13	7	6	8	4	4	8	3	5

NEW HIRES

Mr. ROYBAL. Also provide for the record the composition of those Hispanics who were hired last year. I have the total number——

Mr. FREEMAN. I have the total number, but not the breakdown. I will provide that for the record.

[The information follows:]

09-78 09-79 NEW HIRES REPORT

REPORT NUMBER - RCS

REPORT LEVEL: NATIONWIDE SUMMARY

	TOTAL		BLACK		HISPANIC		AMERICAN INDIAN		ASIAN		WHITE	
	ALL	MINORITIES	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
6611	3	2	0	0	0	0	0	0	0	0	0	2
6612	2	2	0	0	0	0	0	0	0	0	0	2
66TOTAL	33	21	9	4	1	0	0	0	0	0	1	14
6501	1	1	0	0	0	0	0	0	0	0	0	1
6502	118	105	49	37	1	5	0	0	0	0	1	62
6503	285	232	105	66	6	12	0	0	0	0	1	153
6504	572	344	157	83	9	10	0	2	0	4	0	249
6505	517	246	140	61	4	11	0	0	0	5	3	171
6506	69	55	21	14	0	1	0	0	0	0	1	39
6507	131	63	28	16	0	0	1	0	0	2	1	46
6508	12	6	3	1	0	0	0	0	0	0	0	5
6509	131	49	32	16	3	2	0	0	0	2	0	68
6510	3	1	0	0	0	0	0	0	0	0	0	1
6511	159	44	25	10	6	3	1	1	0	4	0	97
6512	210	42	27	12	6	5	1	0	1	2	0	149
6513	131	21	20	11	4	4	0	0	0	1	0	94
6514	77	9	12	8	4	0	0	0	0	0	0	60

09-78 09-79 NEW HIRES REPORT

REPORT NUMBER - RCS

REPORT LEVEL: NATIONWIDE SUMMARY

	ALL		MINORITIES		BLACK		HISPANIC		AMERICAN INDIAN		ASIAN		WHITE	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
MLTOTAL:	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MP04 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MP06 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MP09 :	1	1	0	0	0	0	0	0	0	0	0	0	0	1
MPTOTAL:	3	1	0	0	0	0	0	0	0	0	0	0	0	2
MS01 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MS02 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MS04 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MS07 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MS08 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MS09 :	2	0	1	0	0	1	0	0	0	0	0	0	0	1
MS10 :	1	0	0	0	0	0	0	0	0	0	0	0	0	1
WSTOTAL:	8	0	1	0	0	1	0	0	0	0	0	0	0	7
YV00 :	2	1	2	1	1	1	0	0	0	0	0	0	0	0
YVTOTAL:	2	1	2	1	1	1	0	0	0	0	0	0	0	0

END OF OUTPUT

STOCKPILE ACQUISITIONS

Mr. ROYBAL. One more thing, Mr. Chairman, if I may have just another minute.

In your budget, you state there would be a net increase of \$182,405,000; is that correct?

Mr. FREEMAN. Yes, sir.

Mr. FONTAINE. Primarily the stockpile acquisitions; 95 percent of that would be for the stockpile.

Mr. ROYBAL. Thank you.

Mr. STEED. All right.

PROFIT FROM REVOLVING FUNDS

Mr. MILLER. Mr. Chairman, may I cover another question?

Mr. STEED. All right.

Mr. MILLER. Admiral, the revolving funds that we talk about amount to some \$3 billion, there is bound to be some capital available in those revolving funds. You would be investing it and you would have interest flowing into the fund.

Mr. FREEMAN. No, sir.

Mr. MILLER. You do not?

Mr. FONTAINE. We are required by the law to return any profits to Treasury. There may be a minor loss or profit, but if there is a profit, those funds would go back to Treasury.

Mr. MILLER. So what you are saying then is that the amount of dollars that you called off which would be in the fund, is in the fund, but not liquid capital?

Mr. FREEMAN. It is tied into inventory, commitments for purchases, this type of thing, sir.

PAYMENT OF BILLS

Mr. MILLER. Just one other thing while we are talking about the general functions.

I have had problems back in my district where bills have not been paid. We went through this prior to now, but I am wondering what steps have really been taken. I hear people in my district say, we cannot afford to do business with the Government because we have to tie up our money so long and it takes so many months after we have completed or delivered the goods before we receive our money. It creates a couple of problems when the competition does not seem to be there because the people cannot afford to tie up their money for a long period of time and those who do enter into contracts raise the dollar values of the contract because they know they have to pay the interest on that money while awaiting payment from GSA.

Mr. FREEMAN. I think I can comment. Because of our previous discussions, I went back and took a look. We have a good paying system; once the bill reaches the computer, the payout is rapid. The problem I am finding in our regional organization is we are not doing a proper job of expediting those bills to the computer. This is being changed, but it has not been completed as yet, because I still get a substantial number of complaints from vendors myself. In one instance, I found the reason a vendor had not

received payment was because one of our employees was on sick leave for 3 months. I am going to try to remedy the situation.

Mr. MILLER. I am just trying to put in a punch to keep pushing so the people with small bills owed by GSA will get their money. If so, you may find them coming in at lower contract price.

Mr. FREEMAN. We have managed to make this business of voucher submittal so complicated, that many small businesses do not have the staff to put the paperwork together. This is a problem I am dealing with now, to see if we cannot get a simplified way for small business and minority business to get their bills paid.

Mr. STEED. Mr. Fontaine, we have your statement, which we will make a part of the record at this point. We will also insert the justifications for GMA here.

[The information follows:]

STATEMENT OF THE ASSISTANT ADMINISTRATOR FOR PLANS, PROGRAMS, AND
FINANCIAL MANAGEMENT

Mr. Chairman and members of the committee: I am pleased to appear before this committee to discuss the fiscal year 1981 budget request for the Agency Management Activity and the Centralized Administrative and Staff Support Activities. Our budget proposed a merger of the separate appropriations for these activities into one appropriation to streamline the financial management of the functional areas involved.

We are asking an appropriation of \$111,821,000 for this new General Management and Agency Operations Account. This request is a net increase of \$1,688,000 from the comparable total for fiscal year 1980. This net increase will provide:

\$279,000 to permit our regional administrators to completely implement their new operating and financial management responsibilities.

\$400,000 for development and assessment of a centralized training program in GSA.

\$404,000 in furtherance of a nucleus civil rights group, costs associated with the training consolidation efforts, and increased printing costs.

\$870,000 for increased costs in maintenance contracts for automatic data processing equipment.

\$425,000 for the standard level user charge.

These increases are offset by decreases of \$411,000 generated by management improvements, and \$279,000 due to one less workday in fiscal year 1981.

The budget of \$2,886,000 for the Indian Trust Accounting Appropriation is at the same level as 1981.

We are requesting a capital appropriation of \$1 million to replace worn out printing and duplicating equipment in the working capital fund to enable us to keep up with an ever increasing volume of business. This fund which presently has capital totaling \$400,000 has not received an appropriation since fiscal year 1967.

Thank you for this opportunity to make this brief statement Mr. Chairman, and we will be happy to respond to the questions of this committee.

Salaries and Expenses, GMA
 ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
 (Dollars in thousands)

	Work-Years	Amount
1980 Appropriation enacted by Congress.....	3,141	\$103,675
Adjustments:		
Proposed supplemental for pay increases.....	-	5,137
Transfer of stockpile inventory activities to FPRS.....	-4	-75
Transfer of committee management activities to NARS.....	-4	-100
Transfer of manpower analysis from FSS.....	2	56
Transfer of administrative services for Philadelphia from FSS and PBS.....	18	150
Transfer of administrative services from Office of Inspector General.....	19	540
Transfer of security activities from FSS and Office of Inspector General.....	10	411
Transfer of acquisition activities from FSS and Office of Inspector General.....	1	-
Transfer of audit reports control office from Inspector General.....	-	-
Transfer of civil rights and EEO activities from FSS, PBS, NARS, ADTS, FPRS, and TPUS.....	24	339
Proposed Authorized Level for FY 1980.....	3,207	\$110,133
1981 Estimate.....	3,226	\$111,821
Changes from 1980 to 1981.....	+19	+\$1,688

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1981

ACTIVITIES	FY 1979		FY 1980		FY 1981		Total Changes		INCREASE OF DECREASE (-) FOR 1981			
	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Program Changes	Other Changes		
											Work Yrs.	Amount
Direct Program												
1. Executive Direction ...	92	\$ 4,190	99	\$ 4,467	107	\$ 4,749	8	\$ 282	8	\$ 279	-	\$ 3
2. Management, Policy and Budget	1,866	56,206	1,853	67,548	1,852	67,966	-1	418	-	-	-1	418
3. Human Resources and Organization	873	22,971	973	26,739	985	27,538	12	799	10	400	2	399
4. Legal Services	175	6,213	176	6,739	176	6,889	-	150	-	-	-	150
5. Acquisition Policy	49	951	68	2,964	68	2,964	-	-	-	-	-	-
6. Board of Contract Appeals	18	655	38	1,676	38	1,715	-	39	-	-	-	39
Total Direct	3,073	\$91,186	3,207	\$110,133	3,226	\$111,821	19	\$1,688	18	\$679	1	\$1,009
Permanent Positions Established	(3,216)		(3,249)		(3,258)		(9)		(18)		(-9)	

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Direct obligational authority for FY 1981 is estimated at \$111,821,000, an increase of \$1,688,000 over the level for FY 1980. The increased funding requirements over FY 1980 consist of Program Changes in Executive Direction to augment the Regional Administrator's staff and responsibilities (\$279,000) and in the Office of Human Resources and Organization to develop and assess the centralized training program in GSA (\$400,000). Other Changes consist of the cost of one less pay day in 1981 (-\$279,000); increased payments for standard level user charges (\$425,000); increased payments to commercial contractors for ADP maintenance contracts (\$870,000) and other miscellaneous increases and decreases in activities (-\$7,000).

Salaries and Expenses, GMA

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Executive Direction Activity 1		Mgmt., Policy & Budget Activity 2		Human Resources & Org. Activity 3		General Counsel Activity 4		Acquisition Policy Activity 5		Board of Contract Appeals Activity 6		Total	
	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount
PROGRAM CHANGES:														
(1) To increase Regional Administrator's staff to augment Regional Admin. responsibilities..	8	279	-	-	-	-	-	-	-	-	-	-	-	8 279
(2) Development and assessment of centralized training program in GSA..	-	-	-	-	10	400	-	-	-	-	-	-	-	10 400
Total Program Changes.....	8	279	-	-	10	400	-	-	-	-	-	-	-	18 679
OTHER CHANGES:														
(1) Cost of one less work-day in 1981.....	-	-21	-	-169	-	-84	-	-	-	-	-	-5	-	-279
(2) Increased pymt for SLUC..	-	24	-	128	-	79	-	150	-	-	-	44	-	425
(3) Increased pymt to commercial contractors for ADP maintenance contracts.....	-	-	-	870	-	-	-	-	-	-	-	-	-	870
(4) Miscellaneous decreases/increases.....	-	-	-	-1	-	-411	-	-	-	-	-	-	-	1 -7
Total Other Changes.....	-	3	-	-1	418	2 399	-	150	-	-	-	39	-	1 1,009
Total Changes.....	8	282	-	-1	418	12 799	-	150	-	-	-	39	-	19 1,688

Salaries and Expenses, GMA
Executive Direction

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Change		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
92	\$4,190	99	\$4,467	107	\$4,749	8	\$282	8	\$279	-	\$3

BACKGROUND

The Administrator and Deputy Administrator, aided by a Central Office Staff and eleven Regional Administrators, direct the execution of all programs within GSA. This activity includes the Office of Ethics, which develops and recommends GSA policies, and the Office of External Affairs which coordinates external GSA policies.

agencies, and evaluation of the effectiveness of GSA operations at the regional level.

JUSTIFICATION

A. Highlight

Office of the Administrator - The staff in the immediate office assists the Administrator with particular emphasis on (a) coordination on all major GSA programs and (b) formulation of new policy. The Regional Administrators provide direction and coordination of field activities. Local regional contact with the public and other Government

(1) The Office of Ethics acts as representative of the Administrator in dealing with ethics officials on the immediate staff of the President, Members of Congress and their staffs, etc.; implements the standards of conduct and statutes for GSA; and acts as personal counsel to the Administrator on all legal matters affecting GSA.

(2) The Office of External Affairs is responsible for the planning, implementation, and coordination of (1) the GSA public information and public affairs activities, (2) the legislative,

Executive Direction (cont.)

Congressional, and intergovernmental activities of GSA; (3) all GSA consumer activities, including the Consumer Information Center and Federal Information Centers programs; and (4) industry and customer relations activities within GSA, including the Business Service Centers and a centralized customer relations function.

B. EXPLANATION OF CHANGES, FY 1981 VS. FY 1980

Changes within Executive Direction resulting in an increase of 8 work-years and \$282,000 as follows:

PROGRAM CHANGES:

An increase of 8 work-years and \$279,000 to increase Regional Administrators' staff to augment Regional Administrators' responsibilities.

OTHER CHANGES:

- (1) \$24,000 for increased payment to Federal Buildings Fund for existing space.
- (2) \$21,000 decrease for one less pay day in FY 81.

Salaries and Expenses, GMA
Executive Direction

EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$3,012,000.
For 107 work-years distributed as follows:
- | | 1979 | 1980 | 1981 |
|-----------------|------|------|------|
| Central Office | 65 | 58 | 58 |
| Field Office | 38 | 38 | 46 |
| Total Positions | 103 | 96 | 104 |
| Work-Years | 92 | 99 | 107 |
- 12 Personnel Benefits - \$280,000 - Includes \$219,000 for retirement contributions, \$39,000 for health benefits, \$11,000 for employee's compensation fund, and \$11,000 for group insurance in support of the above employment.
- 21 Travel and Transportation of Persons - \$157,000.
\$100,000 for travel for the Administrator, Deputy Administrator and their staffs, \$50,000 for eleven 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 - \$1,064,000. - Provides \$150,000 for intercity telephone costs and other communication services, \$80,000 for depreciation of administrative furniture and equipment payable to the General Supply Fund, \$379,000 for postage, and \$455,000 for payment to the Federal Buildings Fund.
- 24 Printing and Reproduction - \$65,000 - For GSA orders, regulations, common use forms and other printing requirements.
- 25 Other Services - \$128,000 - For security clearances by the Office of Personnel Management, repairs to equipment and furniture, and payments to commercial contractors for consultant services and public information services (e.g. wire service, clipping service, publicity/press releases).
- 26 Supplies and Materials - \$43,000 - For normal administrative supplies and materials.

Salaries and Expenses, GMA Management, Policy and Budget (Direct)

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	WY	Amt.	WY	Amt.	WY	Amt.
1,866	\$56,206	1,853	\$67,548	1,852	\$67,966	-1	418	-	-	-1	418

BACKGROUND

This activity consists of the management and administrative functions of budgeting, accounting and reporting, credit, insurance, related financial systems, ADP systems development, design and programming, program analysis and long-range planning.

JUSTIFICATION

A. Highlight - The Office of Management, Policy, and Budget 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, and automated data processing. A brief description of the major components follows:

- 1) Immediate Office - The Assistant Administrator for Management, Policy, and Budget and 11 regional counterparts provide overall supervision of financial and administrative support to the GSA services and staff offices.

- 2) Executive Office - plans and directs the budgetary and administrative support activities for the Office of the Administrator, the Office of Management, Policy, and Budget and the Office of Human Resources and Organization.

- 3) Program Coordination Staff - serves as the Office of Management, Policy, and Budget's point of contact on all plans and actions on audit matters and responds to audit inquiries. Is responsible for the coordination and preparation of their proposed annual audit schedule for submission to the GSA Inspector General and the Comptroller General of the United States. Prepares audit replies and action plans to be forwarded through the Administrator to GAO and Congressional committees for the Office of Management, Policy, and Budget. Reviews workload data compiled, recommends changes to workload data, informs Executive Director of significant items and recommends redistribution of resources. Establishes the planning and performance requirements for postimplementation reviews of major ADP systems and participates in such reviews.

Salaries and Expenses, GVA
Management, Policy and Budget (Direct)

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.

Unique accounting, payroll and reporting must be provided for each of the major programs and sub-programs of GSA as well as for thirty-four (34) Presidential Commissions and Small Agencies comprised of over 7,900 employees.

In the areas of measurable workload, during FY 1979 this office processed in excess of 2.8 million vouchers, rendered over 2.3 million bills, and payrolled 44.8 thousand employees.

6) Office of Planning and Analysis is responsible for developing and maintaining planning guidelines and procedures for short- and long-range planning activities such as budgeting, financial planning, data systems planning and program planning.

Develops and maintains agencywide guidelines and procedures for cost-benefit analysis of proposed new major programs and ADP systems or changes to existing programs and systems.

Plans and conducts management and cost-benefit studies of existing and alternative methods of performing the missions, goals and objectives of the agency.

4) Office of Budget carries out responsibilities in centralized budget administration to ensure maximum utilization of available resources. 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 reapportionment requests as well as reviews legislation and regulations for budgetary impact; (5) monitors fund allocations and outlays, and controls agency employment ceilings; and (6) reviews program progress against approved plans and current policies and recommends appropriate changes in plans or operations when necessary.

5) 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 Cycle (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.

In addition, plans, develops and operates an agencywide management information system.

7) Office of Data Systems is responsible 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 4 Central Office ADP Systems Design and Programming Divisions, the Program Support Division, and four ADP Systems Development Divisions. Computer Operations are provided by 11 Regional Data Systems Divisions and the St. Louis Data Center with overall program management vested in the Operations Support Division at Central Office.

Currently, the Federal Supply Service systems are being maintained on a modern B-7700 computer system. Other GSA requirements are being supported through a combination of obsolete in-house computers, contract services and interagency sharing agreements. This dual operation is capable of handling current GSA requirements; however, it is neither cost efficient nor does it provide sufficient capacity to meet GSA's expanding data processing needs. Data Systems' immediate goal is to provide more efficient operational support for GSA services and staff offices through the replacement of obsolete ADP equipment.

B. EXPLANATION OF CHANGES - FY 1980 vs. FY 1981

OTHER CHANGES:

\$128,000 for increase in Standard Level User Charge. Increase is due primarily to a change in building classification system rather than increased square footage.

-\$169,000 for one less compensable day in FY 1981.

\$870,000 for increase in payments to commercial contractors. This applies mainly to increased costs in maintenance contracts for ADP equipment.

-\$411,000 which is comprised of miscellaneous decreases/increases in Management, Policy, and Budget activities, such as overtime, travel, and utilities and communications services.

Salaries and Expenses, GMA
Management, Policy and Budget (Direct)

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing - 40,089,000
For 1,852 work-years distributed as follows:
- | | | | |
|-----------------|-------|-------|-------|
| Central Office | 1979 | 1980 | 1981 |
| Field Offices | 657 | 554 | 551 |
| Total Positions | 1,279 | 1,303 | 1,297 |
| | 1,936 | 1,857 | 1,848 |
| Work-Years | 1,866 | 1,853 | 1,852 |
12. Personnel Benefits - \$3,937,000 Includes \$2,736,200 retirement contributions; \$884,800 for health benefits; \$122,500 for group life insurance; \$146,100 for payment to the Employees Compensation Fund; and \$47,400 for FICA as required by law in support of the above employment.
21. Travel and Transportation of Persons - \$650,000 Includes \$635,000 for travel for overall supervision and management of the 11 regional offices in the areas of finance, budget and ADP. Also includes \$15,000 for motor pool travel.
22. Transportation of Things - \$153,000 Provides for shipping charges covering equipment; records and transportation of household goods in connection with transfers of personnel.
23. Rents, Communications, and Utilities Services - \$8,079,000 Provides \$431,300 for postage and fees; \$834,500 for payment to GSF for depreciation of administrative equipment; \$1,193,900 for inter-city telephone and teletype service; \$4,086,000 for standard level user charges; \$958,300 for equipment rental; and \$575,000 for payment to FBF which includes security services for non-government buildings, utilities applicable to after-hours-usage of computer facilities and non-recurring space alterations.
24. Printing and Reproduction - \$305,000 Provides for printing of employee handbooks, forms control, inventory reports and procedural guides and manuals.
25. Other Services - \$12,563,000 Provides for \$11,040,000 for payments to commercial contractors which includes contracts for time-shared computer processing in support of operations and maintenance of the Federal Buildings accounting system, and payroll data retrieval and maintenance of ADP equipment; \$379,000 for payments to the ADP fund for equipment costs and depreciation in support of internal GSA data systems; \$1,144,000 for repairs to equipment and furniture and reimbursement to the Public Health Service for health room services.
26. Supplies and Materials - \$2,190,000 Provides for administrative office supplies and materials, and operating supplies, materials, and technical publications.

Salaries and Expenses, GMA
Management, Policy, and Budget (Direct)

SELECTED WORKLOAD DATA				Percent of
Activity and principal workload factors	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimated	Increase Over FY 1980
1. Administration				
a. INVOICE PAYMENTS				
Vouchers Processed.....	2,834,216	2,700,000	2,700,000	
Employment (work-years).....	365	360	360	
Average processed per work-year.....	7,764	7,500	7,500	-
b. BILLINGS AND RECEIVABLES				
Billings processed.....	2,344,242	2,400,000	2,400,000	
Employment (work-years).....	148	150	150	
Average processed per work-year.....	15,839	16,000	16,000	-
c. EMPLOYEES PAYROLLED				
Average number of employees.....	44,840	45,000	45,000	
Employment (work-years).....	98	92	92	
Average number of employees paid per work-year	457	489	489	-

Salaries & Expenses, GMA (Direct)
Office of Human Resources and Organization

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	WY	Amt.	WY	Amt.
873	\$22,971	973	\$26,739	985	\$27,538	12	\$799	10	\$400
								2	\$399

BACKGROUND

Human Resources and Organization - This activity is responsible for the planning, implementation, direction, and coordination of all activities of GSA related to administrative management; personnel management including labor management and relations; training; equal employment opportunity; management and analytical studies, organization, delegations of authority, management improvement and cost reduction, productivity measurement, and position management, committee management, and the procurement of management consulting services by contract; the GSA mobilization emergency relocation, and national civil defense planning programs, including coordination of support services and assistance to other agencies; personnel/document security programs and physical security surveys, the GSA safety program; and the GSA printing and distribution program and the regional program review.

JUSTIFICATION

A. Highlight - The Office of Human Resources and Organization provides planning, management and

organizational expertise essential to the daily operations of the agency, including central staff support and assistance in the areas of equal opportunity employment, personnel, training, physical security, administrative services, and organization and personnel utilization programs. A brief description of the major components follows:

- (1) Assistant Administrator for Human Resources and Organization: This activity is comprised of four major elements:
 - (a) Immediate Office - The Assistant Administrator for Human Resources and Organization provides overall supervision of all equal opportunity, personnel, training, administrative services, and organization and personnel utilization programs within GSA.
 - (b) Executive Resources Staff - Develops and implements agencywide policies and procedures for filling executive positions.

Office of Human Resources and Organization (cont.)

- (c) **Employee Appeals and Review Staff** - Plans, develops and administers GSA's Equal Employment Opportunity complaints processing and adjudication program.
- (d) **Security Staff** - Develops and administers GSA's personnel/document security program, physical security surveys; and the GSA safety program.
- (2) **Office of Personnel**: Responsible for developing, implementing, and administering a nationwide personnel management system that is consistent with laws and regulations such as the Civil Service Reform Act of 1978. Functions of the system include: staffing, recruiting, career development, employee relations, labor/management relations, classification, performance appraisal, merit pay and evaluation of personnel management.
- (3) **Office of Employee Development and Training**: Responsible for developing and administering a centrally coordinated training program designed to enhance organizational and individual productivity. This office is developing, in cooperation with the Office of Personnel Management, criteria for training and evaluation techniques that will enable GSA to assess benefits derived from training dollars spent.
- (4) **Office of Civil Rights**: Plans, develops, and administers GSA's Equal Employment Opportunity (EEO) Affirmative Action Program. This office promotes, through special emphasis programs such as the Federal Women's Program and Hispanic
- Employment Program, an action-oriented civil rights activity within GSA.
- (5) **Office of Administrative Services**: Performs economical, centralized administrative services for activities within GSA. Principal functions and programs are described below:
- (a) **Paperwork Management** - Administers a comprehensive program within GSA for agencywide management of records, correspondence, word processing, micrographics, 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 11 GSA regional offices.
- (b) **Administrative Operations** - Administers space, telecommunications, and personal property programs for GSA and for Congressional State and District offices. In addition, it provides administration of the Working Capital Fund which includes the centralized graphic services; centralized mail and library services; and centralized office, building, travel, and related services.
- (c) **Emergency Preparedness** - Advises on and administers GSA's mobilization emergency relocation and national civil defense planning and disaster assistance programs.

Office of Human Resources and Organization (cont.)

(6) Office of Organization and Management: Approves and/or recommends appropriate action on the establishment, disestablishment, and modification of organizations, functions, and delegations of authority within GSA. Conducts management studies, analyses and evaluations of organizations, functions, programs, management systems and procedures (except financial management systems and procedures); human resources utilization practices; and internal and external relationships to ensure efficiency and effectiveness of agency operations. Administers the staff utilization program, which includes Position Management and Productivity Measurement Programs; coordinates the agencywide management improvement program; administers the GSA Committee Management Program; and provides guidelines for the procurement of management consulting services by contract.

- \$84,000 for one less compensable day in FY 1981.

\$404,000 which is comprised of miscellaneous decreases/increases in Human Resources and Organization activities. Specifically, increased printing costs and enhanced efforts in EEO/Civil Rights programs and training consolidation efforts.

B. EXPLANATION OF CHANGES - FY 1980 vs. FY 1981

PROGRAM CHANGES:

\$400,000 for development and assessment of a centralized training program in GSA. This program will enable the agency to assess benefits derived from training dollars spent.

OTHER CHANGES:

\$79,000 for increase in Standard Level User Charge. Increase is due primarily to a change in building classification system rather than increased square footage.

Human Resources and Organization

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing - \$21,354,000
For 985 work-years distributed as follows:
- | | | | |
|-----------------|------|-------|-------|
| | 1979 | 1980 | 1981 |
| Central Office | 358 | 390 | 400 |
| Field Offices | 561 | 622 | 622 |
| Total Positions | 919 | 1,012 | 1,022 |
| Work-Years | 873 | 973 | 985 |
12. Personnel Benefits - \$2,078,000 Includes \$1,446,000 retirement contributions, \$465,000 for health benefits, \$65,000 for group life insurance, \$77,000 for payment to the Employee's Compensation Fund, and \$25,000 for FICA as required by law in support of the above employment.
21. Travel and Transportation of Persons - \$300,000 Includes \$300,000 for travel for overall supervision and management of the 11 regional offices in the areas of personnel training, EEO, administrative services, and regional program review.
22. Transportation of Things - \$40,000 Provides for shipping charges covering equipment; records and transportation of household goods in connection with transfers of personnel.
23. Rents, Communication, and Utilities Services - \$2,718,000 Provides \$92,000 for postage and fees; \$179,000 for payment to GSF for depreciation of administrative equipment; \$256,000 intercity telephone and teletype service; \$1,863,000 for standard level user charges; \$205,000 for equipment rental and \$123,000 in payments to the FBF for nonrecurring/recurring services such as space alterations, daytime cleaning and protection services for non-government facilities.
24. Printing and Reproduction - \$370,000 Provides for classification guides, wage board schedules, employee handbooks, forms control, inventory reports, and procedural guides and manuals. Also includes Xerox services.
25. Other Services - \$557,000 Provides \$557,000 for payments to commercial contracts, payments to other government agencies, and reimbursement to the Public Health Services for health room services, and other miscellaneous services.
26. Supplies and Materials - \$121,000 Provides for administrative office supplies and materials, and operating supplies, materials, and technical publications.

Salaries and Expenses, GMA
Office of Human Resources and Organization

SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimated	Percent of Increase Over FY 1980
<u>I. Administration</u>				
<u>a. Personnel Functions:</u>				
- Employment Processing Units	87,500	87,500	92,000	5.1%
- Compensation Units	30,500	27,500	30,000	9.1%
- Employee/Labor Rel Units	6,100	6,100	6,500	6.5%
<u>b. Training Functions:</u>				
- Training/Employee Devel Units	20,800	20,800	26,600	27.9%
<u>c. Civil Rights Functions:</u>				
- EEO Units	3,900	3,900	4,400	12.8%
<u>d. Administrative Services Functions:</u>				
- Number of Congressional offices supported	1,290	1,310	1,310	-
- Requisitions processed (line items in thousands)	178	190	190	-
- Mail handled (lbs. in millions)	7.2	7.4	7.6	2.7%
- Directives cleared and prepared (thous. of pages)	30.6	32.0	32.0	-
<u>e. Org. & Management Functions:</u>				
- Management Studies	11	11	11	-
- Post. Management Reviews	-	-	3	-

Salaries & Expenses,
Office of General Counsel

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work Years	Amt.	Work Years	Amt.	Work Years	Amt.	Work Years	Amt.	Work Years	Amt.	Work Years	Amt.
175	6,213	176	6,739	176	6,889	-	150	-	-	-	150

BACKGROUND

The Office of General Counsel in the Central Office and the Regional Counsel's Office in each of the eleven regions provide complete legal services for the GSA Services and Staff Offices in the accomplishment of their program objectives.

JUSTIFICATION

A. Highlight

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 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. The

following are major activities within the Office of General Counsel:

1. Claims and Litigation (LC) - This division 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. LC assists the Department of Justice in representing GSA in litigation in the Federal Courts involving both contract and tort claims against the Government; challenges to GSA regulations; discrimination complaints; environmental actions; Freedom of Information actions; anti-trust actions, bankruptcies, reorganizations, foreclosures; and collections and various other matters. LC 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.

LC tries adverse actions before the Federal Employee Appeals Authority and employment discrimination cases.

before the Office of Personnel Management.

2. Public Buildings (LB) - 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.

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 during the past years as well as a general tendency to resort to litigation to contest government contract actions.

3. Disposal (LE) - Legal assistance is provided by this division to all elements of the Federal Property Resources Service. To fully implement the President's new stockpile policy, major programs of both acquisition and disposals must be conducted. This major policy development will continue to have a significant impact on the legal workload for FY 81.

The Stockpile Area provides legal services in the procurement of stockpile commodities and in the sale of excess stockpile commodities.

The Real Property Area provides legal assistance in all matters relating to maximizing utilization of excess real property and the disposal of surplus real property for public benefit or by sale. The volume of work in this area is expected to increase because of the emphasis on the part of the Federal Property Resources Service to reduce its inventory of surplus real property and an increase in the number of excess properties reported to GSA by other agencies.

The Personal Property Area provides legal services on all matters relating to the Government-wide utilization of excess personal property, the donation and sale of surplus personal property, and the maintenance, repair, and rehabilitation of Government-owned personal property. Legal advice is also given on stockpile management, foreign gifts, and abandoned wrecked and derelict property and on the Carson City Silver Dollar sales program.

All areas assist in drafting legislation, contract negotiations, contract awards, mistake-in-bid cases, protests, contract defaults and contract administration. Legal assistance is also provided to the Federal Property Resources Service in carrying out the Memorandum of Understanding with the Department of the Treasury for the sale of U.S. Government gold.

4. Transportation Audit (LF) - This division 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

OFFICE OF GENERAL COUNSEL (cont.)

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. Attorneys provide advice and assistance in the drafting and implementation of governmentwide regulations for use in the procurement and payment for transportation services.

This division also provides proofs of claim to the Department of Justice for its use in asserting government claims in carrier general bankruptcies, liquidations and insolvencies.

5. Labor Law (LM) - The mission of this division is to provide complete legal services to the agency nationwide in labor management relations. LM is 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. LM serves as counsel in all administrative and court proceedings involving contested unit determinations and unfair labor practice charges. LM represents the agency before the National Labor Relations Board and in courts under the GSA

construction program and is responsible for the ex-peditious 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 the expanded role of Labor lawyers in Labor-Management Relations under the "Civil Service Reform Act of 1978".

6. Procurement (LP) - This division acts as "house" counsel to all elements of the Federal Supply Service. The Contract Operations Area assists in all aspects of contracting for FSS stock, nonstock, and Federal Supply Schedule programs. In addition, it provides comprehensive legal services to FSS managements.

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 areawide and special public utility and transportation contracts. Assists in the development and issuance of the Federal Travel Regulations and other regulations relating to public utility services, motor pool operations, and other transportation matters. Provides counsel in developing criteria for the acquisition of fuel-efficient vehicles in support of the Energy Conservation laws.

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. Analyses and reviews interagency agreements, corporate reorganizations and mergers, proposed debarments and suspensions, and furnishes advice to the Regional Counsel offices on procurement matters.

7. Administration and Records (LR) - The responsibilities of this division are to provide legal support to the Office of the Administrator, Office of Deputy Administrator, Office of the Assistant Administrator, Office of Information, Office of Congressional Affairs, Office of Management, Policy, and Budget, Office of General Counsel, National Archives and Records Service, and approximately 40 commissions, boards, and independent agencies. Legal services are provided in highly complex legal problems involving jurisdictional questions, funding of the Presidentially appointed boards and commissions, effect of changes in the Copyright Act upon holding 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 1981 in the areas of accesses to the Nixon papers, implementation of the Civil Service Reform Act and the Ethics in Government Act, and matters involving the Privacy Act and Freedom of Information Act.

8. Regulatory Law (LT) - This division represents the Federal Government's interest 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 regula-

tory commissions pursuant to authority contained in the Federal Priority and Administrative Service Act of 1949 (as amended). The increase in utility rate filings; increasing procedural complexity and the wide variety of issues involved in each case have caused a rapid escalation in the workload of this division; an approximate 20 percent increase in workload for FY 81 over FY 80 is projected.

Considering the Federal Government's potential exposure to tens of millions of dollars in rate increases, the potential for discriminatory pricing treatment, an increased number and sophistication of rate filings at both Federal and State levels, as well as the Administrator's statutory responsibility for responsible representation of the Federal consumer's interest active and effective representation in regulatory proceedings on behalf of the executive agencies by GSA is imperative.

9. Automated Data and Telecommunications (LX) - This division provides legal services in connection with the establishment of mandatory schedules for time-sharing services; negotiating and awarding government-wide ADP schedules and contracts for the procurement of ADP equipment, software and maintenance; the operation and management of the ADP lease-back and ADPE reutilization programs; planning, coordinating and the operation of communications programs for Federal-Civilian agencies; the 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 for Federal agencies.

The FY 1981 workload will increase significantly due

OFFICE OF GENERAL COUNSEL (cont.)

to continuing organizational changes within GSA which result in ADIS's taking over certain functions previously performed by FSS, administrative requirements for the legal review of contractual actions and with continuing emphasis on service to agencies in the ADP and telecommunications areas.

Because of this additional workload, we are evaluating office priorities and capabilities to determine proper staffing and funding levels.

B. EXPLANATION OF CHANGES, FY 1980 VS. FY 1981
OTHER CHANGES - \$150,000 is budgeted for an increase
in SLUC.

Since the preparation of the Fiscal Year 1981 Budget, the Office of General Counsel has experienced an increased demand for legal service due to organizational changes and new program initiatives in GSA. There also have been a number of new statutes which are causing a substantial strain on our resources, as well as those of our clients. Some of these statutes, (1) The Inspector General's Act; (2) The Government Ethics Act; (3) The Contract Disputes Act; and (4) The Civil Service Reform Act, have already increased our workload. Others relating to such matters as (1) The sale of Carson City Silver Dollars; (2) Garnishments; (3) Bankruptcy; (4) Stockpile Acquisitions; and (5) mandatory small business subcontracting programs are expected to increase our workload to an even greater extent.

However, the immediate and perhaps the most direct impact on our workyears and resources are the management reforms which have been initiated in GSA, especially those related to protecting the Government's interest in GSA's contracting programs, such as (1) increasing the legal review of contracts; (2) increasing management and legal review of contract claims; and (3) standardizing contract clauses and formats.

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing - \$5,331,000 -- for 176 work-years distributed as follows:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Central Office	108	115	115
Regional Offices	56	61	61
Total Positions	<u>164</u>	<u>176</u>	<u>176</u>
Work-Years	175	176	176

12 Personnel Benefits - \$520,000 -- Includes \$338,000 for direct contribution to the retirement fund, \$105,000 for health benefits, \$23,000 for group insurance, \$12,000 for FICA, and \$42,000 for payment to employees' compensation fund.

21 Travel and Transportation of Persons - \$180,000 -- Includes \$171,000 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 \$9,000 for motor pool service.

22 Transportation of Things - \$1,000 -- Provides for shipping charges.

23 Rents, Communications and Utility Services - \$641,000 -- Includes \$530,000 for payment to the Federal Buildings Fund; \$96,000 for normal telephone and teletype service; and \$15,000 for postage and fees.

24 Printing and Reproduction - \$34,000 -- Provides for recurring printing requirements.

25 Other Services - \$99,000 -- Includes \$61,000 for payment to commercial contractors; \$30,000 for payment to other Government agencies for training, health services, and security investigations; and \$8,000 for repairs to equipment and furniture, reimbursement to Public Health Service and other miscellaneous services.

26 Supplies and Materials - \$71,000 -- Includes \$49,000 for law books and technical publications required by the Library; and \$22,000 for operating supplies, administrative office supplies and materials.

31 Equipment - \$12,000 -- Provides for office and administrative equipment.

Salaries and Expenses, GMA
Office of Acquisition Policy

(Dollars in thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Chges	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
49	951	68	2,964	68	2,964	--	--	--	--	--	--

BACKGROUND

Until September 1978, the General Services Administration was the only Federal Agency with major acquisition responsibilities without a centralized acquisition policymaking organization. The Agency's acquisition practices were, at best, loosely-coordinated, varying by Service and region. For example, there was no agency-wide acquisition information system to identify the number of contracts awarded by the agency and their total dollar value, the number awarded noncompetitively; no profiles on the firms winning the awards; no independent examination of contracts before or after award; no systematic monitoring of acquisition activities; no agency guidelines on sole source procurements; and no certification standards for contracting officers. Even though it has been over 2 years since the issuance of OMB Circular A-109, "Major Systems Acquisition," real implementation is only just beginning. This lack of centralized control and policymaking has been one of the contributing factors to the Agency's recent revelations of fraud and corruption.

JUSTIFICATION

A. Highlight

The Office of Acquisition Policy was created to establish, maintain, and oversee comprehensive GSA-wide acquisition policies. In addition, the Office of Acquisition Policy is responsible for ensuring that major system acquisitions are carried out in accordance with OMB Circular A-109. The Office serves as the primary GSA point of contact with the Office of Federal Procurement Policy and the Federal Acquisition Institute. The Office establishes standards and requirements for use by the Office of Personnel in the development of programs to enhance recruitment, acquisition training and career development of employees engaged in acquisition activities and establishes certification policy for these employees. It also serves as a principal advisor to the Administrator on socioeconomic matters, and as the overall coordinator for socioeconomic acquisition policies and programs administered by GSA. There are no changes from the FY 1980 funding level.

EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$2,315,000
for 68 work-years distributed as follows:
- | | 1979 | 1980 | 1981 |
|------------------|------|------|------|
| Total Positions | 72 | 72 | 72 |
| Total Work-years | 49 | 68 | 68 |
- 12 Personnel Benefits - \$201,000 Provides for retirement contributions, health benefits, and group life insurance in support of the above employment.
- 21 Travel and Transportation of Persons - \$105,000.
Includes \$5,000 for motor pool services.
- 23 Rent, Communications and Utilities - \$184,000
Provides \$91,000 for telephone and teletype service, and for payment to the General Supply Fund for depreciation of administrative equipment. Also provides \$ 93,000 for payment to the Federal Buildings Fund (SLUC).
- 24 Printing and Reproduction - \$88,000 Provides for reproduction of issuances, forms, and other printing requirements.
- 25 Other Services - \$41,000 For payments to other Government agencies, and for commercial contractors support.
- 26 Supplies and Materials - \$30,000 For administrative supplies and materials.

Salaries and Expenses, GMA
Board of Contract Appeals

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
18	\$655	38	\$1676	38	\$1715	-	\$39	-	-	-	\$39

BACKGROUND

The General Services Administration Board of Contract Appeals is an administrative/judicial tribunal mandated to accomplish the timely, inexpensive and fair resolution of disputes arising between private contractors and certain agencies and commissions of the United States Government. In accordance with the Contract Disputes Act of 1978, the GSA Board of Contract Appeals has jurisdiction over any dispute relating to a contract for the provision of goods and services to the Government, inclusive of but not limited to: disputes clause cases having to do with contract performance in terms of goods and/or services; time or money damages; appeals of disappointed bidders; and proposed debarment or suspension actions.

JUSTIFICATION

A. Highlight.

The number of cases on the Board's active docket has increased dramatically over the past years from an active case load of 166 cases at the beginning of fiscal year 1974 to 368 at the beginning of fiscal

year 1980. During this same five-year time period, the number of highly technical and complex cases has increased at an even higher rate. Since the beginning of fiscal year 1979, the Board has made a concerted effort to reduce the significant backlog of cases; that is, cases on the Board docket of more than one year in age. The impact of the contract disputes Act has made this case load situation an even more serious problem in that the Act requires that cases under \$10,000 be disposed of in less than 120 days and that cases between \$10,000 and \$50,000 be disposed of in less than 180 days, a major portion of these cases will be heard in the field, thus substantially increasing travel requirements for the Board.

B. EXPLANATION OF CHANGES, FY 1980 VS. FY 1981

OTHER CHANGES:

- (1) *\$44,000 for the increase in standard level user charges for commensurate space as allocated in FY 1980.
- (2) -\$5,000 for the decreased personnel compensation and benefits as a result of one less paid work day within the fiscal year.

Case Load Statistics

	1979	1980	1981
	Actual	Est.	Est.
Number of cases filed during year	306	400	450
Number of cases backlogged beginning of year	157	175	200
Number of cases closed during year	265	450	500
Number of hearings	82	150	200

Salaries and Expenses, GMA
Board of Contract Appeals

EXPLANATION OF DISTRIBUTION BY OBJECTS

	For 38 work years distributed as follows:		
	<u>1979</u>	<u>1980</u>	<u>1981</u>
11 Personnel Compensation and Staffing - \$1,239,000			
Positions (all central office)	22	36	36
Work Years	18	38	38
12 Personnel Benefits - \$119,000 - Includes \$98,000 for retirement contributions, \$14,000 for health benefits and \$7,000 for group life insurance.			
21 Travel and Transportation of Persons - \$53,000. For necessary travel associated with case adjudication.			
23 Rent, Communications and Utilities - \$206,000. Includes \$189,000 for payment to the Federal Buildings Fund and \$17,000 for local telephones and teletype services.			
24 Printing and Reproduction - \$12,000. For printing forms, materials and reports necessary to carry out the function of the Board of Contract Appeals program.			
25 Other Services - \$82,000. For commercial reporting services in connection with hearings of the Board, repairs to equipment and furniture, and other miscellaneous expenses.			
26 Supplies and Materials - \$4,000. For administrative office supplies and materials, operating supplies, and technical publications.			

Salaries and Expenses, GMA

SUMMARY OF EMPLOYMENT
(Number of Work-Years)

<u>Principal Categories</u>	<u>Actual</u> <u>1979</u>	<u>Estimated</u>		<u>Change from 1980 to 1981</u>		
		<u>1980</u>	<u>1981</u>	<u>Total</u>	<u>Program</u>	<u>Other</u>
Management and Administrative Direction	227	235	242	7	7	-
Professional	1,156	1,267	1,279	12	11	1
Clerical	1,544	1,628	1,628	-	-	-
Sub-Total	<u>2,927</u>	<u>3,130</u>	<u>3,149</u>	<u>19</u>	<u>18</u>	<u>1</u>
Part-Time and Temporary	146	77	77	-	-	-
Total	<u>3,073</u>	<u>3,207</u>	<u>3,226</u>	<u>19</u>	<u>18</u>	<u>1</u>

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, \$97,000,000: *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)

[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, \$6,675,000: *Provided*, That not to exceed \$2,500 shall be available for reception and representation expenses

(Independent Agencies Appropriation Act, 1980)

GENERAL MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of agency management of activities under the control of the General Services Administration, and general administrative and staff support services, not otherwise provided for, \$111,821,000: *Provided*, That not to exceed \$2,500 shall be available for reception and representation expenses: *Provided* further, 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).

Salaries and Expenses, GMA
(Direct)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

Appropriation Language is deleted for Salaries and Expenses, General Management and Agency Operations and Salaries and Expenses, Administrative and Staff Support Services as these appropriations have been merged and now exist as Salaries and Expenses, General Management and Administration. These activities are associated with overhead support for agencywide operations and were merged to eliminate confusion, increase and promote efficiency and reduce paperwork and cost accounting expenses.

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in Thousands)

Salaries and Expenses, GMA
(Reimbursable)

1980 Level of Reimbursable Services	Permanent Positions	Work-Years	Amount
	<u>97</u>	<u>92</u>	<u>\$10,624</u>
1981 Level of Reimbursable Services	<u>105</u>	<u>100</u>	<u>10,272</u>
Changes from 1980 to 1981	<u>8</u>	<u>8</u>	<u>-352</u>

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1981

ACTIVITIES	FY 1979 <u>1/</u>		FY 1980		FY 1981		INCREASE OR DECREASE (-) FOR 1981					
	Work Yrs.		Amount		Amount		Total Changes		Program Changes		Other Changes	
	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount
<u>Reimbursable Program:</u>												
1. Management, Policy, & Budget	73	\$4,221	63	\$5,738	69	\$5,738	6	-	-	-	6	-
2. Human Resources & Organization	12	2,567	29	4,886	31	4,534	2	-\$352	-	-	2	-\$352
3. Acquisition Policy <u>1/</u>	-	946	-	-	-	-	-	-	-	-	-	-
Total Reimbursable	85	\$7,734	92	\$10,624	100	\$10,272	8	-\$352	-	-	8	-\$352
Permanent Positions Established	(93)		(97)		(105)		(8)		-		(8)	

1/ Represents transfer of activities, previously funded as reimbursable, to direct funding.

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

The reimbursable program for 1981 is estimated at \$10,272,000, a decrease of \$352,000 from the FY 1980 comparable level. Detailed justification is provided under the Office of Human Resources and Organization.

Salaries and Expenses, GMA
(Reimbursable)

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Management, Policy, and Budget Activity I		Human Resources and Organization Activity 2		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
<u>Program Changes:</u>						
Other Changes:						
Additional work-years provide for adequate accounting support to new client agencies and commissions. Funding to be absorbed.	6	-	-	-	6	-
Transfer of activities funded in FY 1980 as reimbursable to direct funding.	-	-	2	-\$352	2	-\$352
Total Other Changes	6	-	2	-\$352	8	-\$352
Total Changes	6	-	2	-\$352	8	-\$352

Salaries and Expenses, GMA
Management, Policy, and Budget
(Reimbursable)

(Dollars in Thousands)

FY 1979 Work Years	FY 1980 Amount/Work Years	FY 1981 Amount/Work Years	Total Changes Amount/Work Years	Program Changes Amount/Work Years	Other Changes Amount/Work Years
73	4,221 63	5,738 69	5,738 6	-	6

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 financial support services to commissions and small agencies. Services provided include data processing, payroll, and accounting 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.

Justification

A. Highlight - The Office of Management, Policy and Budget provides, on a contract basis, administrative support for more than 34 independent commissions, committees, study groups and special offices created by the President or the Congress. It also provides data processing services on a contract basis.

Source of Income (in thousands of dollars)

1980	1981
Estimate	Estimate
3,859	3,859
Data Processing	1,479
Commissions	1,479
Export Packing	400
	5,738

B. EXPLANATION OF CHANGES - FY 1980 VS. FY 1981

OTHER CHANGES:

Six (6) additional work-years for adequate accounting support to new client agencies and commissions.

Salaries and Expenses, GMA
Management, Policy, and Budget
(Reimbursable)

EXPLANATION OF DISTRIBUTION OF OBJECTS

11. Personnel Compensation and Staffing - \$1,638,000
For 69 work-years distributed as follows:
- | | <u>1979</u> | <u>1980</u> | <u>1981</u> |
|------------------|-------------|-------------|-------------|
| Central Office | 18 | 16 | 17 |
| Field Offices | 61 | 52 | 57 |
| Total positions | <u>79</u> | <u>68</u> | <u>74</u> |
| Work-years (FTE) | 73 | 63 | 69 |
12. Personnel Benefits - \$156,000. Includes \$124,000 for retirement contributions; \$23,000 for health benefits, and \$9,000 for group insurance.
21. Travel and Transportation of Persons - \$4,000
For normal travel relating to support of reimbursable programs.
22. Transportation of Things - \$3,000. For normal commercial transportation services.
23. Rents, Communications, and Utilities Services - \$1,130,000. Provides \$145,000 for payment to GSF for depreciation of administrative equipment; \$844,000 for local telephone and teletype services; \$93,000 for payment to the Federal Buildings Fund; and \$48,000 for equipment rental.
24. Printing and Reproduction - \$77,000. Provides for printing forms, issuances, reports, and other materials.
25. Other Services - \$2,491,000. Provides for payment to commercial contractor, which includes contracts for maintenance of ADP equipment.
26. Supplies and Materials - \$239,000. Provides for administrative office supplies and materials, and operating supplies.

Salaries and Expenses, GMA
Human Resources and Organization
(Reimbursable)

(Dollars in Thousands)

FY 1979 Work Yrs.	Amount	FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
		Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount	Work Yrs.	Amount
12	\$2,567	29	\$4,886	31	\$4,534	2	-\$352	-	-	2	-\$352

Background

Section 601 of the Economy Act of 1932, as amended provides basic authority for reimbursable services to be performed by Government agencies. One function this activity provides is reimbursable administrative and liaison support services to commissions and small agencies. Services provided include budget administration, 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. This activity also provides for disaster assistance relief efforts by GSA in response to the provisions of P.L. 93-288; The Disaster Relief Act of 1974 (31 U.S.C. 1264) and to the Federal Emergency Management Agency (FEMA) overall emergency preparedness policy guidelines.

Justification

A. Highlight - The Office of Human Resources and Organization provides, on a contract basis, administrative support for more than 34 independent commissions, committees, study groups and special offices created by the President or the Congress. It also provides disaster relief assistance and emergency preparedness efforts administered by GSA. This office also administers the Congressional Furnishings program for the U.S. Senate and House of Representatives.

A minor reimbursable training service accounts for the remainder of the Human Resources and Organization reimbursable activity.

Source of Income (in thousands of dollars)

	1980	1981
	<u>Estimate</u>	<u>Estimate</u>
Activity Transfers	352	-
Commissions	437	437
Disaster Assistance	1,000	1,000
Congressional		
Furnishings	2,335	2,335
Training	762	762
	<u>\$4,886</u>	<u>\$4,534</u>

EXPLANATION OF CHANGES - FY 1980 vs. FY 1981

OTHER CHANGES:

\$352,000 for decreases resulting from a transfer of activities funded in FY 1980 as reimbursable to direct funding.

Salaries and Expenses, GMA
Human Resources and Organization
(Reimbursable)

EXPLANATION OF DISTRIBUTION OF OBJECTS

11. Personnel Compensation and Staffing - \$576,000.
For 31 work-years distributed as follows:
- | | <u>1979</u> | <u>1980</u> | <u>1981</u> |
|--------------------|-------------|-------------|-------------|
| Central Office | 14 | 29 | 31 |
| Field Offices | - | - | - |
| Total positions | 14 | 29 | 31 |
| Work - years (FTE) | 12 | 29 | 31 |
12. Personnel Benefits - \$58,000. Includes \$46,000 for retirement contributions, \$8,000 for health benefits, and \$4,000 for group insurance.
22. Transportation of Things - \$93,000. For normal commercial transportation services.
23. Rents, Communications, and Utilities Services - \$1,505,000. Provides \$550,000 payment to GSF for depreciation of administrative equipment; \$200,000 for local telephone and teletype services; and \$755,000 for equipment rental.
24. Printing and Reproduction - \$43,000. Provides for printing forms, issuances, reports, and other materials.
25. Other Services - \$1,909,000. Provides for payment to commercial contractor and other miscellaneous services. \$1,000,000 - for disaster assistance. Funds which are utilized by GSA to respond to immediate support needs arising from agreements with the Federal Emergency Management Agency (FEMA) in the event of natural disaster. A major example of this support was GSA's immediate response to recovering efforts following "Hurricane Fredrick" in FY 1980.
26. Supplies and Materials - \$350,000. Provides for administrative office supplies and materials, and operating supplies.

Salaries & Expenses, GMA
(Reimbursable)

SUMMARY OF EMPLOYMENT
(Number of Work-Years)

<u>Principal Categories</u>	<u>Actual 1979</u>	<u>Estimated</u>		<u>Change from 1980 to 1981</u>		<u>Total</u>
		<u>1980</u>	<u>1981</u>	<u>Program</u>	<u>Other</u>	
Management and Administrative Direction	7	8	8	-	-	-
Professional	65	66	74	-	8	8
Clerical	<u>11</u>	<u>16</u>	<u>16</u>	-	-	-
Subtotal	83	90	98	-	8	8
Part-time and Temporary	<u>2</u>	<u>2</u>	<u>2</u>	-	-	-
Total	85	92	100	-	8	8

GENERAL MANAGEMENT AND ADMINISTRATION

Mr. STEED. I want to emphasize one important item on its face. This item shows an increase of about \$100 million. Actually it is only an increase of \$1,688,000, because there are offsets or deletions in other places in the bill to make way for this since this is a consolidation.

INDIAN TRUST ACCOUNTING

Having done that, I think we will take up the several items under this section, the first of which would be the Indian Trust Accounting. The appropriation for FY 1980 to date is \$2,725,000 with a pay increase supplemental pending of \$161,000, bringing the 1980 total to \$2,886,000. That is the exact amount of the FY 1981 budget request.

Would you give a brief statement on what the situation is here? I notice that you are decreasing the work force by five. What brings this about?

Mr. FONTAINE. Basically, this is a hold-your-line budget for this account. As you are aware, we more or less act as agents for the Justice Department. The workload in this area is pretty much out of our hands as it depends on the Court of Claims and the Justice Department. Presently we have 76 cases pre-1946, of which 53 have been completed and we are still working on 23. We are holding the line here and not showing any growth depending on courts' decisions on cases after 1946. So, this program will probably either phase out or get very large, depending on how the courts rule in cases after 1946. The workload in this area is really out of our hands. We are in a kind of react mode, if you will, depending on the Justice Department and the courts maintaining the status quo budget at this time, and no supplementals are contemplated.

Mr. EARLY. We reduced the five in employment; we no longer are asking for the five employees. The Justice Department is doing the search requirements for us.

Mr. STEED. I remember when this program started, and it has helped in getting some of the claims cases out of the way. Have they developed a background of information which is interchangeable, and has this improved their ability to make the research?

Mr. FONTAINE. Yes, sir, we had some growing pains at first. We have now been able to bring the records together, and we see certain patterns in some of these cases. We have a year of experience under our belt and now have a better idea of what to look for.

Mr. STEED. The supposition is after the Court of Claims finishes its work there will not be any need for this program. Do you see any light at the end of the tunnel in this regard?

Mr. FONTAINE. There has been more desire on the part of more of the tribes to go into court. There is more suing and litigation. Again, we are in the hands of the courts depending on how they rule in these cases.

INDIAN HISTORY INTEREST

Mr. STEED. Having some need to be interested in Indian matters from time to time, I am told a considerable amount of Indian history, a lot of it not exactly available, has been developed as a result of this research. Do you see any indication that people

interested in Indian history have taken advantage of the research that has been done?

Mr. FREEMAN. I think the University of Oklahoma has shown lots of interest.

I would say, there has been much interest shown by those interested in these affairs in the establishment of museums and archival facilities. I will be seeing a delegation this afternoon who are interested in a customs house in New York, for example. So there is a lot more interest in this not only from Indians but from those interested in early American history.

Mr. STEED. This is the first time an organized effort has been made?

Mr. FREEMAN. Even just the treaties.

Mr. STEED. Mr. Miller, have you any questions on this item?

LEGAL SERVICES

Mr. MILLER. Yes, Mr. Chairman.

Just how far do we go? Do you have people who will be in court following the case?

Mr. FONTAINE. We basically provide expert testimony for the Justice Department. We are trying to do an impartial reconstruction of all the financial transactions between the Indians and those involved. We try to be very objective and present the facts for the court to decide whether the Indians were treated fairly.

Mr. MILLER. I can visualize the Justice Department working on one side and the Indians' claims working on the other, the taxpayers paying for the personnel and salary in the Justice Department. Does the Legal Services Corporation pay for the other side? Do we find that the taxpayers are paying for both sides of the case?

Mr. FONTAINE. No; the Indians get private legal service.

Mr. FREEMAN. The only time we would get involved would be in discovery—where we for some reason might decide something was not available, in which case we provide our own defense.

Mr. MILLER. It is quite alarming, but I have found cases where the taxpayers were paying for attorney fees on both sides.

Mr. FONTAINE. Not in this case.

Mr. STEED. Mr. Roybal.

Mr. ROYBAL. No questions.

Mr. STEED. We will insert the justifications in the record.

[The information follows:]

Indian Trust Accounting

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(\$ in thousands)

	Perm. Pos.	Work- Years	Amount
1980 Appropriation Enacted by Congress ...	113	106	\$2,725
Proposed Supplemental for Pay Increase ...	-	-	161
Total 1980	113	106	\$2,886
Estimate, 1981	108	106	\$2,886
Changes from 1980 to 1981	-5	-	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

Activity	FY 1979		FY 1980		FY 1981		Increase or Decrease (-) for 1981		
	Work- Years	Amt.	Work- Years	Amt.	Work- Years	Amt.	Total Chg.	Prog. Chg.	Other Chg.
Direct Program:									
Indian Trust Acctg.	95	2,373	106	2,886	106	2,886	-	-	-
Total	95	2,373	106	2,886	106	2,886	-	-	-
Permanent Positions	(105)		(113)		(108)		(-5)		(-5)

Indian Trust Accounting

BACKGROUND

The GSA Indian Trust Accounting Division has been in operation for over seven years. It was established in December of 1972 to provide accounting expertise and reports on Indian Tribal claims pending before the Indian Claims Commission. At that time the case workload appeared to be limited to 42 dockets requiring a general accounting of Trust Funds prior to August 13, 1946. However, actual case workload involved other Dockets in addition to the 42 original accounting cases. Decisions by the Commission concerning accounting for tribal property and tribal enterprise accounts have added considerably to the workload.

In September 1978, the Indian Claims Commission was abolished and all pending Indian Tribal cases were transferred to the U. S. Court of Claims.

In May 1979, the Supreme Court of the United States refused the government's request for a review of a Court of Claims decision concerning a post-1946 accounting in the Navajo and Nez-perce cases. This means that we will have to account for funds of Indian tribes with active accounting claims from August 13, 1946 to present.

JUSTIFICATION

Highlight - Workload is generated by the decisions of the U. S. Court of Claims and controlled (assigned) by the Department of Justice (DOJ). 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 may eventually require additional accounting work based on motions filed by plaintiffs.

It is difficult to estimate the workload for a particular case at a given time or anticipate the number of high priority (short deadline) cases forthcoming. As a result priorities are sometimes shifted from one case to another based on trial dates or court-imposed deadlines. At this time, the accounting workload for FY 1981 can not be estimated. However, we anticipate an increase in our workload relating to accounting requirements after August 13, 1946.

The original 42 accounting dockets still represent a major portion of the workload. These accounting cases generally involve a full accounting of trust funds and property held and managed for the Indians by the Government. When accounting reports

Indian Trust Accounting

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 tribal preparation phase of a case adds to the workload significantly. Tribal preparation generally involves a review and analysis of Plaintiff's accounting exhibits and reports and the preparation of rebuttal evidence. During trial, accounting personnel provide expert witness testimony on accounting reports rendered. Once a case has been tried, the amount awarded to a tribe may be reduced by certain gratuity expenditures made by the Government on behalf of a tribe. This phase requires additional work to analyze and identify allowable offsets against awards.

Cases have varied from a simple request to provide supporting documents and research material involving less than 40 staff-hours to a full accounting of all tribal funds involving as much as 40 staff-years of work.

Indian Trust Accounting

EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$2,208,000. For 106 work-years distributed as follows:
- | | 1979 | 1980 | 1981 |
|-------------------------------|------|------|------|
| Position (All Central Office) | 105 | 113 | 108 |
| Work-Years | 95 | 106 | 106 |
- 12 Personnel Benefits - \$220,000. Includes \$157,600 for retirement contributions, \$41,300 for health benefits, \$14,800 for Employee's Compensation Fund, and \$6,300 for group life insurance.
- 21 Travel and Transportation of Persons - \$91,000. Provides \$78,000 for researching records at field offices of the Bureau of Indian Affairs and Indian agencies and \$13,000 for motorpool charges.
- 23 Rents, Communications, and Utilities - \$281,000. Includes \$164,000 for payment to the Federal Buildings Fund, \$70,000 for local telephone and teletype services and \$47,000 for equipment rental.
- 24 Printing and Reproduction - \$55,000. Provides for reproducing copies of Indian records.
- 25 Other Services - \$21,000. Provides for repair and preservation of old records.
- 26 Supplies and Materials - \$10,000. Provides for supplies required in the recovery and treatment of records.

Indian Trust Accounting

Key Workload Items
as of December 31, 1978

as of December 31, 1979

Status of Accounting Work:

Cases in Process	27	23
Cases completed	<u>48</u>	<u>53</u>
TOTAL	75	76

It is estimated that at this level of funding most pre-1946 accounting work can be completed by the end of FY 1982. Trial preparations and post trial assistance to DOJ will continue after FY 1982. Post 1946 accounting work will probably increase significantly by the end of FY 1982.

Indian Trust Accounting

Summary of Employment
(Number of Work-Years)

Principal Categories	Actual 1979	Estimated 1980-1981		Change from 1980 to 1981		
		1980	1981	Program	Other	Total
Managerial and Administrative Direction	2	2	2	-	-	-
Professional	51	50	50	-	-	-
Clerical	<u>40</u>	<u>50</u>	<u>50</u>	-	-	-
Subtotal	93	102	103	-	-	-
Part-time and Temporary	<u>2</u>	<u>4</u>	<u>3</u>	-	-	-
Total	95	106	106	-	-	-

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 United States Court of Claims, ~~\$2,725,000~~ \$2,886,000. That none of these funds shall be available for transfer to any other account.

(Independent Agencies Appropriation Act, 1980)

PUBLIC SERVICES

Mr. STEED. Public services. The appropriation to date for FY 1980 is \$6,669,000 with a pay increase supplemental pending of \$331,000, bringing the 1980 total to \$7 million.

The budget estimate for FY 1981 is \$7,469,000, an increase over 1980 of \$469,000.

Do you want to make a general statement of this item?
[The information follows:]

We are requesting \$7,469,000 for the public service appropriation, an increase of \$469,000 from fiscal year 1981. This increase will provide:

\$108,000 for the Business Service Centers' program to provide for its functions in Miami, Florida, and women in business conferences and counseling which is part of the program's mission.

\$829,000 for the Federal Information Centers' program, principally to provide for operation of three new centers. This increase is offset by a decrease of \$468,000 principally from conclusion of the Florida complaint handling experiment.

PUBLIC SERVICES

Mr. FONTAINE. This covers the Business Service Centers and Federal Information Centers. There are 38 Federal Information Centers around the country with tie lines to an additional 47 cities providing information on Federal programs, services, and procedures to the general public. Business Service Centers which are located in 13 cities provide guidance to the business sector, especially small and minority-owned firms, on how to do business with the Government. We are requesting a small increase for opening a new Business Service Center in Miami, Florida, and for some expansion in the FIC program. There will be three new FIC's; Topeka, Kansas; Des Moines, Iowa; and Anchorage, Alaska; and five States with Statewide coverage: Florida, Missouri, Iowa, Kansas, and Nebraska.

Mr. Paul Newton is the program official in this area and can speak to this in more detail.

Mr. STEED. Are we in a position where the Business Service Centers are changing or adding on any functions?

Mr. FREEMAN. I can speak to that. It would be my desire to provide this facility to as wide a group as we can because I believe they have been very useful, not just for ourselves, but for the entire Federal Government. We have some additional expansion plans, but as yet, Mr. Newton has not had an opportunity to look at this program carefully enough to propose what our plan will be. As soon as we have that completed, we will provide it for the committee.

Mr. STEED. I visited some of your field offices and have had experience with them since they perform a function, especially the information system, that a Member of Congress finds himself doing a lot of. It has been very useful. I think the public generally has appreciated the rapidity in getting answers. I am looking for ways to utilize our telecommunications system to be more effective.

If some of the newer Members of Congress find out how well your people are trained out in the field, they may start stealing your work force, because it is so very similar. How do you get people so well advised that they can answer all the questions that come in?

Mr. FREEMAN. The people are trained to know where to get the answers.

Mr. STEED. You can provide for the record a statement of mission and locations of the FIC's and BSC's.

[The information follows:]

Federal Information Centers (FIC) are a focal point in the community for information about the Federal Government. Centers assist people who have questions about Federal services, programs, and regulations, but do not know where to turn for an answer. FIC information specialists either answer an inquirer's questions directly, or perform the necessary research to locate and put the inquirer in touch with the expert best able to help.

Business Service Centers (BSC) provide advice, counseling, and information on contract opportunities throughout the Federal Government, and step-by-step help with contracting procedures. The BSCs have permanent staffs in 13 major cities across the nation plus a rotating schedule of visits to other towns under the "Circuit Rider Program". From time to time, special conferences are scheduled to explain particular business opportunities or to help potential local federal suppliers, including women and minority entrepreneurs.

BSCs also distribute Federal directories, publications lists, references and regulations, and a variety of technical publications concerning contracts, contracting procedures, contract and bidding forms, specifications and standards, and specialized purchasing programs.

Attached is a list of the addresses and telephone numbers of the FICs and BSCs nationwide. The Des Moines, Iowa and Topeka, Kansas FICs and the toll-free "800" numbers to the Iowa, Kansas, Missouri, and Nebraska FICs will be operational by June 1, 1980. The Anchorage FIC will be operational by July 15, 1980.

FEDERAL INFORMATION CENTER LOCATIONS

ALABAMA

Birmingham
322-8591
Toll-free tieline to
Atlanta, GA

Mobile
438-1421
Toll-free tieline to
New Orleans, LA

ALASKA

Anchorage
(907) 271-3650
Federal Building and
U. S. Courthouse
701 C St.
99513

ARIZONA

Phoenix
(602) 261-3313
Federal Building
230 North First Ave.
85025

Tucson
622-1511
Toll-free tieline
to Phoenix

ARKANSAS

Little Rock
378-6177
Toll-free tieline to
Memphis, TN

CALIFORNIA

Los Angeles
(213) 688-3800
Federal Building
300 North Los
Angeles St.
90012

Sacramento
(916) 440-3344
Federal Building and
U. S. Courthouse
650 Capitol Mall
95814

San Diego
(714) 293-6030
Federal Building
880 Front St.
Room 1S11
92188

San Francisco
(415) 556-6600
Federal Building and
U. S. Courthouse
450 Golden Gate Ave.
P. O. Box 36082
94102

San Jose
275-7422
Toll-free tieline to
San Francisco

Santa Ana
836-2386
Toll-free tieline to
Los Angeles

COLORADO

Colorado Springs
471-9491
Toll-free tieline to
Denver

Denver
(303) 837-3602
Federal Building
1961 Stout St.
80294

Pueblo
544-9523
Toll-free tieline to
Denver

CONNECTICUT

Hartford
527-2617
Toll-free tieline
to New York, NY

New Haven
624-4720
Toll-free tieline
to New York, NY

**DISTRICT OF
COLUMBIA**

Washington
(202) 755-8660
Seventh and
D Sts., S. W.
Room 5716
20407

FLORIDA

Fort Lauderdale
522-8531
Toll-free tieline
to Miami

Jacksonville
354-4756
Toll-free tieline
to St. Petersburg

Miami
(305) 350-4155
Federal Building
51 Southwest
First Ave.
33130

Orlando
422-1800
Toll-free tieline
to St. Petersburg

St. Petersburg
(813) 893-3495
William C. Cramer
Federal Building
144 First Ave., South
33701

Tampa
229-7911
Toll-free tieline to
St. Petersburg

West Palm Beach
833-7566
Toll-free tieline to
Miami

Other locations:

North Florida
(Sarasota, Manatee,
Polk, Osceola,
Orange, Seminole,
and Volusia counties
and north
800-282-8556
Toll-free line to St.
Petersburg)

South Florida
(Charlotte, De Soto,
Hardee, Highlands,
Okeechobee, Indian
River, and Brevard
counties and south)
800-432-6668
Toll-free line to Miami

GEORGIA

Atlanta
(404) 221-6891
Federal Building and
U.S. Courthouse
75 Spring St.
30303

HAWAII

Honolulu
(808) 546-8620
Federal Building
300 Ala Moana Blvd.
P.O. Box 50091
96850

ILLINOIS

Chicago
(312) 353-4242
Everett McKinley
Dirksen Building
219 South
Dearborn St.
Room 250
60604

INDIANA

Gary/Hammond
883-4110
Toll-free tieline to
Indianapolis

Indianapolis
(317) 269-7373
Federal Building
575 North
Pennsylvania
46204

IOWA

Des Moines
(515) 284-4448
Federal Building
210 Walnut Street
50309

Other Iowa locations:
800-532-1556

KANSAS

Topeka
(913) 295-2866
Federal Building &
US Courthouse
444 SE Quincy
66683

Other Kansas locations:
800-432-2934

KENTUCKY

Louisville
(502) 582-6261
Federal Building
600 Federal Place
40202

LOUISIANA

New Orleans
(504) 589-6696
U.S. Postal
Service Building
701 Loyola Ave.
Room 1210
70113

MARYLAND

Baltimore
(301) 962-4980
Federal Building
31 Hopkins Plaza
21201

MASSACHUSETTS

Boston
(617) 223-7121
J.F.K. Federal
Building
Cambridge St.
Room E-130
02203

MICHIGAN

Detroit
(313) 226-7016
McNamara
Federal Building
477 Michigan Ave.
Room 103
48226

Grand Rapids
451-2628
Toll-free tieline
to Detroit

MINNESOTA

Minneapolis
(612) 725-2073
Federal Building
and US Courthouse
110 S. 4th St.
55401

MISSOURI

Kansas City
(816) 374-2466
Federal Building
601 East Twelfth St.
64106

St. Louis
(314) 425-4106
Federal Building
1520 Market St.
63103

Other Missouri locations
within area code 314:
800-392-7711 Toll-free
tieline to St. Louis

Other Missouri locations
within area codes 816 &
417: 800-892-5808 Toll-
free tieline to Kansas
City

NEBRASKA

Omaha
(402) 221-3353
US Post Office and
Courthouse
215 North 17th St.
68102

Other Nebraska
locations 800-642-8383

NEW JERSEY

Newark
(201) 645-3600
Federal Building
970 Broad St.
07102

Paterson/Passaic
523-0717
Toll-free tieline to
Newark

Trenton
396-4400
Toll-free tieline to
Newark

NEW MEXICO

Albuquerque
(505) 766-3091
Federal Building and
US Courthouse
500 Gold Ave., SW
87102

Santa Fe
983-7743
Toll-free tieline to
Albuquerque

NEW YORK

Albany
463-4421
Toll-free tieline to
New York

Buffalo
(716) 846-4010
Federal Building
111 West Huron
14202

New York
(212) 264-4464
Federal Building
26 Federal Plaza
Room 1-114
10007

Rochester
546-5075
Toll-free tieline to
Buffalo

Syracuse
476-8545
Toll-free tieline to
Buffalo

NORTH CAROLINA

Charlotte
376-3600
Toll-free tieline to
Atlanta, GA

OHIO

Akron
375-5638
Toll-free tieline to
Cleveland

Cincinnati
(513) 684-2801
Federal Building
550 Main St.
45202

Cleveland
(216) 522-4040
Federal Building
1240 East Ninth St.
44199

Columbus
221-1014
Toll-free tieline
to Cincinnati

Dayton
223-7377
Toll-free tieline to
Cincinnati

Toledo
241-3223
Toll-free tieline to
Cleveland

OKLAHOMA

Oklahoma City
(405) 231-4868
US Post Office
and Courthouse
201 Northwest
3rd. St.
73102

Tulsa
584-4193
Toll-free tieline
to Oklahoma City

OREGON
 Portland
 (503) 221-2222
 Federal Building
 1220 Southwest
 Third Ave.
 Room 109
 97204

PENNSYLVANIA
 Allentown/Bethlehem
 821-7785
 Toll-free tieline to
 Philadelphia

 Philadelphia
 (215) 597-7042
 Federal Building
 600 Arch St.
 19106

 Pittsburgh
 (412) 644-3456
 Federal Building
 1000 Liberty Ave.
 15222

 Scranton
 346-7081
 Toll-free tieline to
 Philadelphia

RHODE ISLAND
 Providence
 331-5565
 Toll-free tieline to
 Boston, MA

TENNESSEE
 Chattanooga
 265-8231
 Toll-free tieline to
 Memphis

 Memphis
 (901) 521-3285
 Clifford Davis Federal
 Building
 167 North Main St.
 38103

Nashville
 242-5056
 Toll-free tieline to
 Memphis

TEXAS
 Austin
 472-5494
 Toll-free tieline to
 Houston

 Dallas
 767-8585
 Toll-free tieline to
 Fort Worth

 Fort Worth
 (817) 334-3624
 Lanham Federal
 Building
 819 Taylor St.
 76102

 Houston
 (713) 226-5711
 Federal Building
 and US Courthouse
 515 Rusk Ave.
 77208

 San Antonio
 224-4471
 Toll-free tieline to
 Houston

UTAH
 Ogden
 399-1347
 Toll-free tieline to
 Salt Lake City

 Salt Lake City
 (801) 524-5353
 Federal Building
 125 South State St.
 Room 1205
 84138

VIRGINIA
 Newport News
 244-0480
 Toll-free tieline to
 Norfolk

 Norfolk
 (804) 441-3101
 Federal Building
 200 Granby Mall
 Room 120
 23510

 Richmond
 643-4928
 Toll-free tieline to
 Norfolk

 Roanoke
 982-8591
 Toll-free tieline to
 Norfolk

WASHINGTON
 Seattle
 (206) 442-0570
 Federal Building
 915 Second Ave.
 98174

 Tacoma
 383-5230
 Toll-free tieline to
 Seattle

WISCONSIN
 Milwaukee
 271-2273
 Toll-free tieline to
 Chicago, IL

SERVICES AREAS OF

MAILING ADDRESS:

AGENT/TITLE/PHONE NUMBER

C.O.

Agent

Director, Industry and
Customer Relations
Telephone: 202/566-1240

1 Joseph P. Lawless
Assistant Regional Administrator
of External Affairs
Telephone: 617/223-2868

2 Warren E. Gardner
Assistant Regional Administrator
of External Affairs
Telephone: 212/264-1234

NCR Dale Bruce
Assistant Regional Administrator
of External Affairs
Telephone: 202/472-1804

3 Rose-Rita Douds
Assistant Regional Administrator
of External Affairs
Telephone: 215/597-9613

4 W. Quincy Culpepper
Assistant Regional Administrator
of External Affairs
Telephone: 404/221-5103
221-3032

FTS: 8/242-5103
242-3032

5 Benjamin M. Copenhaver
Assistant Regional Administrator
of External Affairs
Telephone: 312/353-5383

General Services Administration
18th & F Streets, NW., Rm. 6030
Washington, DC 20405 XR

Business Service Center
General Services Administration
John W. McCormack Post Office &
Courthouse
Boston, MA 02109 LAV

Business Service Center
General Services Administration
26 Federal Plaza
New York, NY 10007 2AV

Business Service Center
General Services Administration
7th & D Streets, SW., Rm. 1050
Washington, DC 20407 WAV

Mid-Atlantic Business
Service Center
General Services Administration
9th & Market Sts., Rm. 5142
Philadelphia, PA 19107 3AV

Business Service Center
General Services Administration
Richard B. Russell Federal
Building, U.S. Courthouse
75 Spring Street, SW.,
Atlanta, GA 30303 4AV

Business Service Center
General Services Administration
230 South Dearborn Street
Chicago, IL 60604 5AV

Connecticut, Maine, Vermont
New Hampshire, Massachusetts,
and Rhode Island

New Jersey, New York, Puerto
Rico, and Virgin Islands

National Capital Area

Pennsylvania, Delaware,
Virginia, West Virginia,
and Maryland

Alabama, Florida, Georgia,
Kentucky, Mississippi,
North Carolina, South
Carolina, and Tennessee

Illinois, Indiana, Ohio,
Michigan, Minnesota, and
Wisconsin

- 6 F. Howard Whiteley
Assistant Regional Administrator
of External Affairs
Telephone: 816/926-7203
- 7 Lester L. McIntyre
Assistant Regional Administrator
of External Affairs
Telephone: 817/334-3284
- 7 M. Tony Williams
Manager
Telephone: 713/226-5787
FTS: 8/527-5787
- 8 John E. Holden
Assistant Regional Administrator
of External Affairs
Telephone: 303/234-2216
- 9 Martin Perlmutter
Assistant Regional Administrator
of External Affairs
Telephone: 415/556-0877
- 9 Stanley Anderson
Manager
Telephone: 415/556-2122
- 9 Cecil Sanders
Manager
Telephone: 213/688-3210
FTS: 8/798-3210
- 10 Dennis Bracy
Assistant Regional Administrator
of External Affairs
Telephone: 206/442-5556
FTS: 8/399-5556
- Business Service Center
General Services Administration
1500 East Bannister Road
Kansas City, MO 64131 6AV
- Business Service Center
General Services Administration
819 Taylor Street
Fort Worth, TX 76102 7AV
- Gulf Coast Business Service
Center, General Services
Administration
FOB Courthouse, 515 Rusk Street
Houston, TX 77002 7AV-H
- Business Service Center
General Services Administration
Building 41, Denver Federal Ctr.
Denver, CO 80225 8AV
- Business Service Center
General Services Administration
525 Market Street
San Francisco, CA 94105 9AV
- Business Service Center
General Services Administration
525 Market Street
San Francisco, CA 94105 9AV
- Business Service Center
General Services Administration
300 North Los Angeles Street
Los Angeles, CA 90012 9AV-L
- Business Service Center
General Services Administration
440 Federal Building
915 Second Avenue
Seattle, WA 98174 10AV
- Iowa, Kansas, Missouri,
and Nebraska
- Arkansas, Louisiana, Texas,
New Mexico, and Oklahoma
- Gulf Coast from
Brownsville, Texas, to
New Orleans, Louisiana
- Colorado, North Dakota,
Utah, South Dakota,
Montana, and Wyoming
- Northern California,
Hawaii, and all of Nevada,
except Clark County
- Los Angeles, Southern
California, Clark County,
and Arizona
- Alaska, Idaho, Oregon,
and Washington

TRACKING OF MINORITY AND WOMEN BUSINESSES

Mr. STEED. How do you plan to track small, minority or women businesses to bid on contracts?

Mr. FREEMAN. I have a great personal interest in this from my former position, and still do.

One of the weaknesses I found was procurement statistics. This is being repaired now so I hope to have, first of all, a good track of what we are doing, but more importantly, an organized program to make sure that where we have minority and women businesses, they are available.

I will give you an example: We are concerned about work we have to do in the public information area. I have designated this as a small business set-aside.

Also, the women conferences we have had this year, were aimed at gaining more responsiveness in the women's business area.

REQUESTED INCREASE

Mr. STEED. The additional manpower you are asking for is part of your program to expand the availability of services in the field?

Mr. FREEMAN. Yes, sir. There are some three work-years to open a new satellite business center in Miami; \$40,000 to fund 10 Women in Business Conferences to be held across the country, and funds for the FIC's for opening additional facilities.

Mr. FONTAINE. These will be in Des Moines, Iowa; Anchorage, Alaska; and Topeka, Kansas.

TRACKING OF WORK VOLUME

Mr. STEED. Have you a way of keeping track of the volume of work that flows into these offices?

Mr. FREEMAN. Paul Newton.

Mr. NEWTON. We do have a reporting system from the Federal Information Centers. There are monthly statistics of phone inquiries and visits to the Federal Information Centers. Obviously, as we expand the coverage of an FIC, that increases the workload. We expanded to Statewide coverage in Florida. We have not yet received the figures on the number of increased inquiries based on that expansion, but we anticipate it will be substantial.

LOCAL MEDIA

Mr. STEED. What about the attitude of the local media? Are you able to get any help from them in letting the public know you are there?

Mr. NEWTON. We do have a rather organized effort of radio and television spots we provide to the public service directors of the local media. We have had excellent cooperation from them. We have had good media relations with public service Directors in advertising our services.

Also, as a result of our working with the local telephone companies, telephone directories in the various cities in which FIC service is available now highlight the FIC numbers.

Mr. FREEMAN. You asked about workload. In 1979 we had about 7.1 million inquiries; this year we estimate 7.5; and in 1981, we estimate about 8 million, or a 7-percent increase annually.

Mr. STEED. My experience back in my newspaper days was when somebody cannot think of where to call for information, they would call the newspaper offices.

There are those who go to the Chamber of Commerce, too. Are you sure all these information organizations know to get in touch with you?

Mr. NEWTON. The Chamber of Commerce, and the news media, often refer questions about government programs to our organization.

NO OVERLAP WITH BLIND AND HANDICAPPED COMMITTEES

Mr. STEED. Mr. Miller.

Mr. MILLER. Apparently the Business Service Centers are attempting to get more people interested in and knowledgeable about the possibility of GSA making purchases from their organization. Yesterday we heard from the Committee for Purchases from the Blind and Other Severely Handicapped. Do your Business Service Center people work with that same committee, or how do you overlap, or do you overlap?

Mr. FREEMAN. Mr. McBride, Assistant Administrator for Acquisition Policy, has in his office Mr. Bill Madison, who is chartered to work not only on the problem of 8-A minority businesses, but will also be responsible for the handicapped industry. We have taken a great personal interest in increasing this. As a matter of fact, we did very well in encouraging certain areas in the handicapped area during a conference in Clearwater, Florida. We had a representative there to talk to the management of the handicapped industries.

The thing we are looking at now very carefully is, we do not believe the handicapped industries have looked at the rehabilitation of new items. So we are looking very carefully at ways we can increase these. Interestingly enough, we get caught in between an 8-A program and a handicapped program where these two programs meet head-on, and we take from one and place it in another. But other than that small difficulty, we have not seen any problems.

Mr. MILLER. And you do not see any overlap between what the people in the blind and handicapped are doing and what you are doing?

Mr. FREEMAN. No, sir.

Mr. STEED. Mr. Roybal.

MINORITY FIRMS

Mr. ROYBAL. Mr. Freeman, in answer to a question from the chairman, you stated you make an effort to go out and find minority firms?

Mr. FREEMAN. Yes, sir.

Mr. ROYBAL. Firms that would receive a subcontract of some kind?

Mr. FREEMAN. Or prime contracts.

Mr. ROYBAL. There is an organization which has opened up offices here in Washington, D.C., which has only been in existence in this area for the last 3 weeks. I have been going out to various States in the union to talk to people in joining and promoting the organization, and every place I go, I get complaints from small businessmen who tell me they are ineligible to get contracts, that GSA and other agencies of the Government have told them, the Hispanic businessman, that he is not a member of a minority group and therefore he is not eligible. They are very unhappy with the situation. I thought I would give you that information and maybe someone can look into it and at least give me a report as to the number Hispanics have received, either subcontracts or prime contracts.

Mr. FREEMAN. This is part of our effort which I think you will appreciate. I would like to give you these. These are things we are distributing through our Business Service Centers and the office of Small and Disadvantaged Business Utilization in an effort to identify in what areas a qualified firm can come in and do business with the Government. We have funded some \$30,000 nationwide Hispanic conferences, and exhibits to do something in this area. We have now designated in each region a full-time Hispanic program manager. If they are having problems in the Hispanic area, that is the individual with whom they should deal, and I will be glad to identify for you the names of those individuals by regions.

—Mr. ROYBAL. I would like to have the names and addresses of those people.

[The information follows:]

HISPANIC PROGRAM MANAGERS

<u>Region</u>	<u>Name and Address</u>	<u>Telephone Number</u>
1	Dagmar Gomez Post Office Square Boston, MA 02109	223-6658
2	Sandra Vaquez 26 Federal Plaza New York, N.Y. 10007	264-4983
NCR	Vacant 7th & D Sts., NW Washington, DC 20407	472-1588
3	Vacant	-
4	Mildred Quinly 1776 Peachtree, NW Atlanta, Ga. 30309	242-3185
5	Mario Longoria 219 South Dearborn St. Chicago, IL 60604	353-4880
6	John Al Rodriguez 1500 E. Bannister Rd. Kansas City, MO 64131	926-7137
	Linda Hart National Personnel Records Center 9700 Blvd. St. Louis, MO 63132	273-7131
7	Charles Fernandez 819 Taylor Street Fort Worth, TX 76102	334-2336
8	Mary Vasquez Bldg. 41, Denver Federal Center Denver, Colorado 80225	234-2175
9	Shone Martinez 525 Market Street San Francisco, CA 94105	556-4791
10	Ernesto Aguilar GSA Center, Auburn, WA 98002	396-5496
Central Office	Jose Nunez Rm. B-219, 19th & F Sts., NW Washington, DC 20405	566-1385
National Mgr.	Minerva Lopez 19th & F Sts., NW, Wash., DC 20405	566-1368

Mr. ROYBAL. With regard to everything being in Spanish, that is not the correct way to seek out——

Mr. FREEMAN. We were asked for that. That is why it was provided. We had the complaint in California and New York——

Mr. ROYBAL. The young businessman is university-trained, speaks fluent English and perhaps fluent Spanish, and most of the businessmen I know who have college degrees and Ph. D's, prefer to speak English. It is all right to, I think it is helpful, but it is not the prime effort that should be made.

Mr. FREEMAN. It is not the prime effort, it is just one of the examples of ways we are trying to reach the community. If you are having problems from those wanting to talk to me, my phone is available——

Mr. ROYBAL. I will take you up on that, because we are having problems.

Mr. STEED. We will insert the justifications for Public Services in the record at this point.

[The justifications follow:]

Public Services

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in thousands)

1980 Appropriation Enacted by Congress	Perm. Pos. 251	Work-Years 260	Amount \$6,669
Adjustments: Proposed Supplemental for Pay Increases	-	-	331
Proposed Authorized Level for 1980	251	260	\$7,000
Estimate 1981	254	279	\$7,469
Change from 1980 to 1981	+ 3	+19	+ \$469

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1981

ACTIVITIES	FY 1979		FY 1980		FY 1981		INCREASE OR DECREASE (-) FOR 1981						
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Total Changes		Program Changes		Other Changes		
							Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	
Direct Program:													
Business Service Centers 1/	68	2,104	81	2,508	84	2,616	3	108	3	108	-	-	-
Federal Information Centers 2/	171	3,832	179	4,492	195	4,853	16	361	-	-	16	361	361
Total	239	5,936	260	7,000	279	7,469	19	469	3	108	16	361	361
Permanent Positions Established	212		251		254		3		3				

1/ Formerly included as a direct funded activity in S&E, CMAO in FY 1979 and shown for comparability.
2/ Formerly included as a reimbursable activity in S&E, ASS in FY 1979 and shown for comparability.

Public ServicesSUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Direct obligational authority for FY 1981 is estimated at \$7,469,000, an increase of \$469,000 over the comparable level for FY 1980. The increase of funding requirements over FY 1980 consists of program changes of \$108,000 for the Business Service Centers, and other increases of \$42,000 for payment to the Federal Buildings Fund for SLUC, and \$319,000 for miscellaneous increased costs. Detailed justification is provided under the individual activities.

	Business Service Ctrs		Federal Info. Ctrs.		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
<u>Program Changes:</u>						
Increases:						
Business Service Centers - To Open a new Satellite Business Service Center in Miami and to conduct Women and Business conferences in ten cities.....	3	108	-	-	3	108
Total Program Changes	3	108	-	-	3	108
<u>Other Changes</u>						
Increases:						
Federal Information Centers - Full year cost of three new centers and statewide inward WATS service in five states:						
1. Personnel Costs.....	-	-	16	392	16	392
2. Travel.....	-	-	-	41	-	41
3. Communications.....	-	-	-	130	-	130
4. Printing.....	-	-	-	120	-	120
5. Supplies & Materials.....	-	-	-	95	-	95
6. Payment to FBF	-	-	-	42	-	42
7. Rents & Utilities	-	-	-	9	-	9
Decreases:						
1. Federal Information Centers:						
Other Services	-	-	-	468	-	468
Total Other Changes.....	-	-	16	361	16	361
Total Changes.....	3	108	16	361	19	469

PUBLIC SERVICES

BUSINESS SERVICE CENTERS

(\$ in thousands)

FY 1979 1/		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
68	\$2,104	81	\$2,508	84	\$2,616	3	\$108	3	\$108	--	-

BACKGROUND

This activity promotes maximum business interest and participation in Federal procurement and property disposal contracting by providing information, counseling, and assistance to businesspersons, with particular emphasis placed on small business, including businesses owned by minorities and women.

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, and labor surplus and redevelopment areas. Planning and participation is provided for business clinics, procurement conferences and business opportunity meetings.

Explanation of Changes, FY 1981 vs FY 1980

Program Changes:

\$68,000 and 3 work-years to open a new satellite Business Service Center in Miami, which includes \$4,000 in travel limitation.

\$40,000 to fund Women in Business Conference in ten cities across the country, which includes \$10,000 in travel limitation.

Other Changes:

None.

1/ Formerly included as a direct funded activity in S&E,GMAO in FY 1979, and is shown for comparability.

PUBLIC SERVICESFEDERAL INFORMATION CENTERS
(\$ in thousands)

FY 1979 ^{1/}		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
171	\$3,832	179	\$4,492	195	\$4,853	16	\$361	-	-	16	\$361

BACKGROUND

The Federal Information Centers, located throughout the country, assist people in finding answers to their questions about the Federal Government. The Federal Information Centers respond to approximately 590,000 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, has a wealth of information and administers a vast array of laws 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 the search for help. They relieve government offices of the numerous calls which are incorrectly placed to them.

In Fiscal Year 1979 this service was provided through 38 FICs located in major metropolitan areas throughout the country. An additional 47 cities received services through toll-free telephone tielines connecting them to a nearby Center. In Fiscal Year 1980 three new FICs are to be opened in Topeka, Kansas; Des Moines, Iowa; and Anchorage, Alaska. Additionally five states will have statewide toll-free service with Inward Wide Area

^{1/} Formerly included as a reimbursable program in S&E, ASSS, for FY 1979 and is shown for comparability.

Public Law 95-491 authorized direct funding of this activity in FY 1980. In previous years this activity was funded by contributions from 17 participating Federal agencies.

PUBLIC SERVICES

Telephone Service (WATS). These are Florida (operational 1/1/80), Iowa, Kansas, Missouri, and Nebraska.

Inquiries to the FICs have grown from 3 million in Fiscal Year 1971 to over 7 million in Fiscal Year 1979.

To provide the broadest service possible, information specialists are also 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 1981 vs FY 1980Program Changes:

It was decided at the end of Fiscal Year 1979 that the Florida Complaint Handling experiment would be discontinued. Instead, limited expansion of the program to statewide operation is being undertaken in Fiscal Year 1980. To sustain this expansion in Fiscal Year 1981 a complete reprogramming of funds was necessary as described in "Other Changes" below.

Other Changes:

+\$392,000 - Increase in personnel costs necessary for operation of three new FICs and statewide operation in five states and for October 1979 pay raises.

-\$41,000 - Increase in Travel costs to cover travel to promote and monitor statewide operations in five states and the Alaska FIC, to conduct Central Office management review of FIC program in field, and to reflect increased travel costs of presently mandated travel.

+\$42,000 - Increase in SIUC costs for full year operations of three new FICs, and to reflect inflationary costs projected by GSA, Public Building Service for Fiscal Year 1981.

-\$130,000 - Increase in Communications cost to cover inward WATS in five states, local telephone costs for three new FICs, telephone listings in approximately 475 phone books for statewide service and a 5% inflation factor for present communication service.

+\$120,000 - Increase in printing costs for new brochures for states having statewide operations, and to reflect present day printing costs more accurately represented by Fiscal Year 1979 expenditures.

+\$95,000 - Increase in costs of supplies and materials to cover needs of new FICs, to purchase commercial organizational directories for FICs instead of producing them internally, and to reflect actual costs more accurately represented by Fiscal Year 1979 expenditures.

+\$9,000 - Rents and utilities

PUBLIC SERVICES

-\$468,000 - Decrease in costs of Other Services resulting from elimination of Florida Complaint Handling experiment, elimination of costs of automated directory production, reduction of funds in lieu of reimbursement and of funds for purchasing devices for deaf services.

KEY WORKLOAD ITEMS

<u>Workload Item</u>	-	Number of Inquiries per year (in millions)
<u>1979 Actual</u>	-	7.1
<u>1980 Estimate</u>	-	7.5
<u>1981 Estimate</u>	-	8.0
<u>Percentage Change</u>	-	6.7%

PUBLIC SERVICES

FEDERAL INFORMATION CENTERS

EXPLANATION OF DISTRIBUTION BY OBJECTS

11	Personnel Compensation and Staffing - \$2,964,000 for work-years distributed as follows:	1979	1980	1981	23	Rent, Utility and Communication Services - \$1,017,000. Includes \$332,000 for SIJC, \$640,000 for communications, and \$45,000 for use charges on administrative equipment.
		9	11	11		
	Central Office	138	163	163		
	Field Offices	147	174	174		
	Total Positions					
	Work-Years	171	179	195	24	Printing and Reproduction - \$160,000. Provides for printing of FIC literature.
12	Personnel Benefits - \$290,000 - Includes \$212,000 for retirement contributions, \$50,000 for health benefits, and \$28,000 for group insurance.				25	Other Services - \$190,000. Includes \$52,000 for training, \$90,000 for preparation of public service advertising, \$20,000 for communications devices for the deaf, \$8,000 for health room services, and \$20,000 for repair to equipment and furniture and other miscellaneous services.
21	Travel and Transportation of Persons - \$87,000. \$85,000 in travel funds for Central Office review of FIC operations, two trips by FIC managers to each city where FICs have toll-free tieline service or to all major cities in states where there is statewide toll-free telephone service, two supervisory visits by Regional Business Affairs personnel to each FIC, a national conference of FIC supervisors and \$2,000 for motor pool services.				26	Supplies and Materials - \$145,000. Provides for administrative office supplies and materials, operating supplies, reference publications and newspapers.

Public Services

Summary of Employment
(Numbers of Work Years)

Principal Categories	<u>1/</u> Actual 1979	Estimated		Changes from 1980-1981		
		1980	1981	Total	Program	Other
Executive	3	3	3	-	-	-
Management & Administrative Direction	52	57	58	1	1	-
Professional	139	157	171	1	1	-
Clerical	20	20	21	1	1	-
Sub-Total	214	237	253	3	3	-
Part-Time and Temporary	25	23	26	16	-	16
Total	239	260	279	19	3	16

1/ Includes 179 reimbursable work-years which were formerly included in S&E, ASSS in FY 1979 and shown for comparability.

GENERAL SERVICES ADMINISTRATION

PUBLIC SERVICES

For necessary expenses of management and operation of the Business Service Centers and Federal Information Centers, including services authorized by 5 U.S.C. 3109, ~~\$6,669,000~~ \$7,469,000

(Independent Agencies Appropriation Act, 1980)

WORKING CAPITAL FUND

Mr. STEED. We will now take up the Working Capital Fund. No new money was made available in the FY 1980 budget. The FY 1981 budget request is for \$1 million. Would you like to make a general statement on this item?

Mr. FONTAINE. Mr. Chairman, we are asking for a million dollars in capital for this revolving fund we operate in 12 printing and 16 duplicating plants around the country. This fund does approximately \$17 million worth of business with 450,000 in capital, which is woefully inadequate.

We are underfinanced and undercapitalized and need new equipment to keep up with the state of the art.

Mr. STEED. As I understand it, you want \$700,000 of this for new equipment, instead of the whole million. Is there a reason for that?

Mr. FONTAINE. We need additional working capital. We are doing \$17 million worth of sales and it is a day-to-day operation to collect the bills. The working capital is inadequate.

Mr. STEED. The \$92,000 you set up for 6 additional man-years, it is not possible to pass that cost on to the customer?

Mr. FONTAINE. We could adjust our rates, but again the workload and demand in this area is constantly increasing and it would take some time to recoup this. This fund is very, very undercapitalized and the equipment is old.

Mr. STEED. There is an item of \$208,000 in your budget request. Have you any identification on that? Does that involve the \$92,000?

Mr. FONTAINE. The \$92,000 is for six additional positions.

Mr. EARLY. The items shown in the schedule are primarily changes in sales and the obligational levels which are funded and generated from those sales. What it does not show is the capital that is in that fund to carry those sales and to pay the bills. The appropriation that we are asking to add to that capital account of \$1 million would be used to help replace worn-out plant and equipment and also to help in the cash flow, to meet the bills so we do not have to get advances. In addition, some advances have to be repaid.

Mr. STEED. We have inflation. Let us assume inflation goes up 5 or 10 percent. What effect in shriveling or shrinking your revolving capacity would that have? Does it have an effect of shrinking the fund?

Mr. EARLY. It stretches the resources we have. We do increase our rates to pay for the costs. The problem that we have is that we provide services to the customer who in turn pays us for those services. We have to carry that financing. However, from time to time we incur difficulties and are put in a squeeze. Inflation does that and we cannot carry that financing.

Mr. STEED. Provide for the record a list of the equipment you plan to buy.

Mr. EARLY. Yes, sir.

[The information follows:]

PURCHASE

To replace obsolete and worn out and fully depreciated equipment and to update operations to the latest state of the art and reduce operating expenses to combat rising costs.

1. Purchase five (5) addressing machines at \$10,000 each. In 1968 the use of computer generated mailing labels was undertaken. Of the original 10 machines purchased to apply these labels 3 have already been replaced (Regions NCR, 4, and 8). The remaining 7 machines are now over 10 years old, badly worn, obsolete, and parts for maintenance and repairs are no longer stocked by the manufacturer. It is planned in FY 1981 to replace 4 of the machines and provide 1 for the newly established Philadelphia headquarters.

Total: \$50,000.

2. Purchase 3 automatic offset duplex (two side printing) duplicating systems at \$52,000 each. This systems equipment will replace fully depreciated standard offset duplicators and supporting master imaging and collating equipment used in short run duplicating. It will reduce production turn-around time by 50% and will permit reduction in expenses by precluding the necessity to backfill positions vacated by attrition. Their life expectancy is 8 years during which operating costs will be reduced by at least \$300,000 in labor costs.

Total: \$156,000.

3. Purchase 10 collating machines at price range of \$19,000 to \$23,000 each. (Average \$21,000). Sheet collators in use in 10 plants located in Regions 1, 5, 6, 7, 8, and 9 are now over 10 years old and require substantial maintenance and repairs. Their future reliability is questionable. Resources for planned replacement is required.

Total: \$210,000.

4. Purchase of 6 standard basic offset duplicators at a cost of \$10,000 each. Each of the plants utilize one or more basic duplicators to provide for short run requirements of material not suited for production on automated or semi-automated equipment such as envelopes, labels, onionskin paper etc. Six of such presses are over 10 years old, fully depreciated and generally in poor condition.

Total: \$60,000.

5. Purchase 8 automated offset duplicators at cost of \$17,500 each. Each of the plants utilize one or more fully automated offset duplicators. Of the more than 30 in use 8 are in poor condition over 9 years old and fully depreciated. This type equipment is required to efficiently and economically process short run requirements of multi-page material.

Total: \$140,000.

6. Purchase 4 offset perfecting duplicators for use in the Kansas City, Dallas and Fort Worth plants at a cost of \$14,000 each. These duplicators will replace equipment purchased in the 1968 to 1971 period, which have received heavy use and are now in relatively poor condition, fully depreciated and should be replaced.

Total: \$56,000.

7. Exercise purchase option of rental agreements on four (4) electrostatic duplicators. Amount required to acquire title is \$77,000 per machine. These machines are currently being rented at an average monthly cost of \$4,600 each. Purchase will reduce monthly costs to \$2,170 each. (\$1,400 maintenance and \$770 depreciation.) Payoff of purchase price through savings is 32 months. A total of 5 years trouble free service can be expected during which savings will total \$583,200 for the four machines.

Total: \$308,000.

8. There is a recurrent requirement for the replacement of low cost items of peripheral equipment such as table top folders, master converters, staplers, etc., each costing \$500-\$1,000. It is anticipated that \$20,000 should suffice for replacement of such equipment.

Total: \$20,000.

Grand Total: \$1,000,000.

FISCAL YEAR 1980—\$300,00 CAPITAL OUTLAY

1. Purchase film processor to replace one in the Fort Worth Printing Plant. Chemicals have eroded the machine components, i.e., tanks, conveyors, etc., to the point that reliability is questionable.

Total: \$14,000.

2. Purchase three (3) addressing machines for use in Regions 1, 7, and 9. Present machines purchased in 1968 are in poor condition and obsolete. Repair parts no longer stocked by manufacturer.

Total: \$30,000.

3. Purchase 5 collating machines at an average cost of \$21,000 each for use in Regions 2, NCR, 7, 8, and 10. The presently use machines are all over 8 years old, fully depreciated and generally in less than fair condition.

Total: \$105,000.

4. Purchase 6 standard offset duplicators to replace like items now over 12 years old and in poor condition in Regions 1, NCR, 6, 7, and 10.

Total: \$60,000.

5. Purchase 2 offset simplex duplicating systems at \$31,000 each for use in Regions 6 and 8 to replace rented electrostatic duplicators presently used. Offset duplicators of this type will reduce operating and production costs by 30-35 percent and in these applications meet the required schedules.

Total: \$62,000.

6. Exercise purchase options of rental agreements on four electronic documenter/accumulators at \$3,000 each used in high volume plant operation to facilitate pricing of requisitions. Machines currently cost \$250 each per month to rent. Costs will be reduced to \$50 per month when purchased. Pay off period by savings will be 15 months.

Total: \$12,000.

7. There is a recurrent requirement for the replacement of low cost items of peripheral equipment. Typical of these are table top folders, miscellaneous bindery equipment such as staplers and punches, offset duplicator master converters, envelope sealers, etc. It is anticipated that \$17,000 will be adequate to meet these needs.

Total: \$17,000.

Grand Total: \$300,000.

Mr. STEED. We will insert the justifications for the Working Capital Fund in the record at this point.

[The information follows:]

Working Capital Fund
(dollars in thousands)

	1979 Actual	1980 Program	FY 1981 Estimate
	\$14,748	\$16,643	\$16,795
	573	-	-
	15,264	16,643	17,435
	57	-	(640)
Net Outlays	-414	-	750

Income/Cost Comparison - Summary

Sales-in-Plant	397	417	423
Outside Procurement	-	-	-
Cost of Sales - Adjustments	397	417	423
Gain or (Loss)	-	-	-
Net Outlays	-414	-	750

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES

	Funded Costs			Increase or Decrease (-) for 1981								
	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Centralized Printing and Duplicating operations	397	\$15,109	417	\$16,343	423	\$16,435	6	\$ 92	6	\$ 92	0	0
2. Capital Outlay	-	\$ 176	-	\$ 300	-	\$ 1,000	-	\$700	-	\$700	-	-
Total Program Cost Funded ...	397	\$15,285	417	\$16,643	423	\$17,435	6	\$792	6	\$792	0	0

Working Capital Fund

SUMMARY JUSTIFICATION OF FY 1981 ESTIMATE

BACKGROUND

The Working Capital Fund was authorized in 1945 with an initial capital of \$50,000 for a single duplicating plant in Washington, D.C. Subsequently, the Joint Committee on Printing authorized the establishment of Field Printing Plants, including procurement of additional equipment. Additional capital of \$400,000 was appropriated in equal increments, the last being in 1966. It finances on a reimbursable basis central blueprinting, photostating, duplicating and distribution services.

BUDGET PROGRAM

The estimate provides for a continued increase volume of business. The volume and quality of services provided has continued to increase with volume in FY 1979 reaching \$15.2 million. This increase has lead to problems of cash shortages and restricted equipment purchases. To provide for continued volume increase, an additional \$1.0 million in appropriated capital is requested. This increase will provide for the upgrading of equipment to stay abreast of the state of the art and to repay an outstanding loan type advance. Total sales in FY 1980 are estimated at \$16.6 million and \$16.8 million in FY 1981.

EXPLANATION OF CHANGES, FY 1980 VS. FY 1981PROGRAM CHANGES:

There is presently a critical need to replace equipment and to take advantage of improvements in the state of the art. Equipment now in service is 90% depreciated. \$700,000 will be used to replace much of this antique equipment. In addition another \$92,000 will be used for the purpose of adding an additional 6 work-years support in operations.

WORKING CAPITAL FUNDSUMMARY OF EMPLOYMENT
(Number of Work-Years)

PRINCIPAL CATEGORIES	1979 Actual	1980 Estimate	1981 Estimate	Increase or Decrease for 1981	
				Total	Other
Professional	32	37	37	-	-
Clerical	40	42	42	-	-
Duplicating and Crafts/Laborers	<u>315</u>	<u>324</u>	<u>324</u>	-	-
Subtotal	387	403	403	-	-
Temporary and Part-time	<u>10</u>	<u>14</u>	<u>20</u>	<u>6</u>	<u>6</u>
Total	397	417	423	6	6

WORKING CAPITAL FUND

To increase the Working Capital Fund
established by the Act of May 3, 1945,
(40 U.S.C. 293), \$1,000,000.

REGIONAL RESPONSIBILITIES

Mr. STEED. Mr. Addabbo.

Mr. ADDABBO. Thank you, Mr. Chairman.

I wish to commend you and your office for taking on a grave responsibility and still smiling and trying to put it together.

I notice in your statement that you are seeking to give greater regional responsibility, which is sometimes good, but we have also seen that little regional things creep into being. What type of supervision will be given from your office?

Mr. FREEMAN. The basic supervision that I have provided is of three kinds: The first is financial. I assumed, when I came to the Agency, the responsibility of the fiscal operations. I am the accountable official. I have delegated that in writing to each Regional Director. The resources are provided by Mr. Fontaine. They get their money that way and are accountable for its expenditure. They have an agreed-upon program which they have submitted and we have funded. They have to track that program and report monthly either through an ADP system or another method and track against their workload.

In addition, as I have with the headquarters senior executives, I have a contract with the Regional Administrators as to what they are to do from now through the end of the fiscal year. It is in writing, it has time lines on it, and they are accountable to me. In addition the IG and I have agreed on an audit program which covers the audits of an IG nature. Then Mr. McBride, who is in acquisition policy, will be running acquisition reviews.

Lastly, I have one of the best checks and balances, and that is the reaction of the Federal agencies being serviced, and I find they are not loath to tell me when they think they are not getting the services they should have.

Mr. ADDABBO. It seems you are covering all roads and back roads and hopefully everything will mesh together and we will not have to read about what we did in the past.

You have given the Regional Directors important responsibility. Who will be screening these?

Mr. FREEMAN. They are people who were in position when I got there. Under the Civil Service Reform Act not only are they accountable to me, but we do have this contract. I will evaluate them annually against their performance. If I find that performance fails I will take appropriate action under the Civil Service Reform Act up to removal if necessary.

SMALL BUSINESS CONTRACTS

Mr. ADDABBO. Both the chairman and I sit on the Small Business Committee. I was involved with 95-507, expansion of contracts and subcontracts to small business and minority businesses.

As you know, that subcommittee held a hearing earlier this year and pointed out where many of the agencies, including GSA, were not fulfilling responsibilities in seeking out and obtaining as part of their contracts, the provisions as provided in 95-507 as far as contracts with small business. With new regional responsibilities and procurements, are they being fully informed of the law, its implications, and implementation?

Mr. FREEMAN. As I think Mr. McBride testified before the committee, they were not; they are now.

Mr. ADDABBO. I appreciate the comment. Again I have gotten into trouble with some of the charitable organizations, handicapped organizations because I have always raised questions as to increase of contracts to the handicapped and small business contracts. My main concern has always been small business, and of equal import, the handicapped. But my problem was too often we create a new kind of a handicapped person, the small business concern that had a Government contract which was taken away from him and given to a handicapped nonprofit industrial firm, and thereby you make that business handicapped because now he is out of business.

We had an example way back of ballpoint pens. What I had constantly stressed was not to take away that which should be given to the handicapped because they are entitled to protection and aid, but to stop the practice of taking from small business; to build a new place where we can get new contracts to give them rather than old contracts. One of the purposes under 95-507 was to force the greater breakout of small contracts. I know that has been a great dilemma within your shop.

Have the agencies cooperated with you in trying to find new sources of business rather than taking from one?

Mr. FREEMAN. My basic concern, Mr. Addabbo, was we could do a great deal within our agency. It was revealed showed very clearly as I was working in the furniture area that the handicapped have a number of prime products. There is a larger market for them in the rehabilitation of furniture. Working with Mr. Johannsen, one of the chief individuals in the handicapped area, we have been urging they establish this capability. I think within our agency, with the encouragement of Mr. McBride and his staff, we have begun to move them in this direction. I find myself in the middle of a dilemma every time I move a screwdriver, for instance, which was formerly under small business, and he lets me know about that. I would like to have both programs run in cooperation with the other. I believe we have to set the policy and make sure they perform.

Mr. ADDABBO. I commend you on that.

I have no further questions.

Mr. STEED. This will conclude our work for today. We will recess until Monday. The staff will keep you advised as to what we will take up from day to day.

Hearing adjourned.

WEDNESDAY, MARCH 12, 1980.

PUBLIC BUILDINGS SERVICE

WITNESSES

**ROWLAND G. FREEMAN III, ADMINISTRATOR OF GENERAL SERVICES
ADMINISTRATION**

ALBERT R. MARSCHALL, COMMISSIONER, PBS

JOHN F. GALUARDI, DEPUTY COMMISSIONER, PBS

**WOLFGANG ZOELLNER, ASSISTANT COMMISSIONER, PROGRAM SUP-
PORT, PBS**

PUBLIC BUILDINGS SERVICE

Mr. STEED. The committee will be in order.

The committee is in session today to take up further consideration of the fiscal year 1981 budget request of the GSA. Today we will take up the Federal Buildings Fund limitations on availability of revenue. The appropriation to date for fiscal year 1980 is \$1,427,268,000, with a pay increase supplemental pending of \$14,612,000, and a program supplemental pending of \$44,964,000, bringing the 1980 total to \$1,486,844,000.

The budget estimate for fiscal year 1981 is \$1,620,477,000, an increase over fiscal year 1980 of \$133,633,000.

There will be six subdivisions to these figures which we will have the clerk insert in the record.

[The information follows:]

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND
(Basic Program)

SUMMARY OF NEW OBLIGATIONAL AUTHORITY
FY 1980 - 1981

<u>ACTIVITY</u>	<u>1980</u>	<u>1981</u>	<u>INCREASE OR DECREASE (-)</u>
Construction and Acquisition of Facilities	\$ 51,700,000 <u>A/</u>	\$ 37,549,000	\$ - 14,151,000
Repairs and Alterations	171,597,000 <u>E/</u>	180,000,000	8,403,000
Purchase Contract Payments	103,700,000 <u>C/</u>	108,374,000	4,674,000
Rental of Space	574,700,000	680,700,000	106,000,000
Real Property Operations	509,360,000 <u>D/</u>	536,501,000	27,141,000
Program Direction	75,787,000 <u>E/</u>	77,383,000	1,566,000
Total New Obligational Authority	<u>\$ 1,486,844,000</u>	<u>\$ 1,620,477,000</u>	<u>\$ 133,633,000</u>

A/ Reflects proposed supplemental of \$15,320,000

B/ Reflects proposed supplemental of \$25,644,000

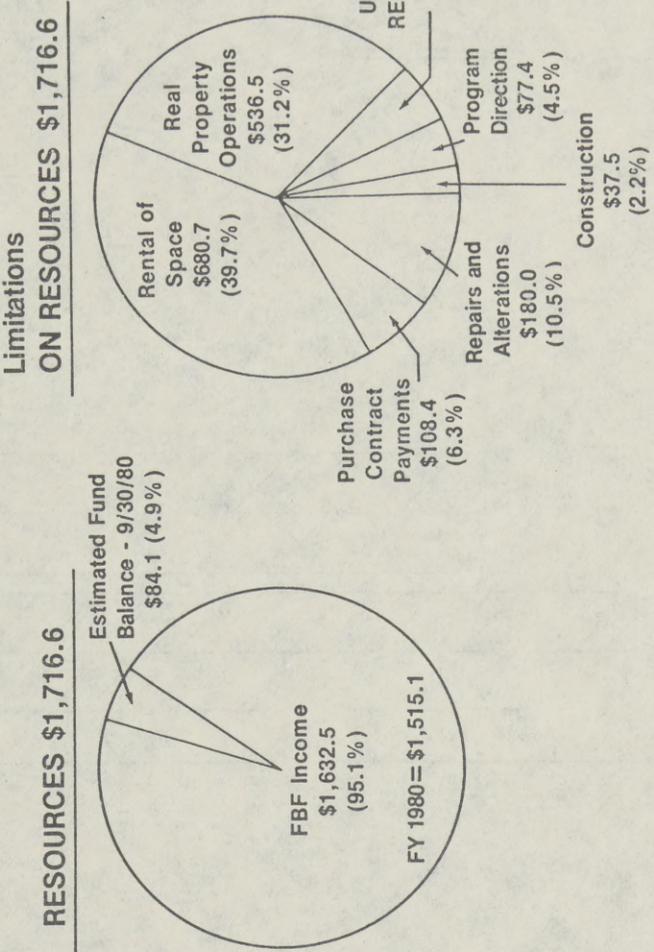
C/ Reflects proposed supplemental of \$4,000,000

D/ Reflects proposed supplemental of \$7,236,000 for wage board increases and \$4,061,000 for classified pay increases

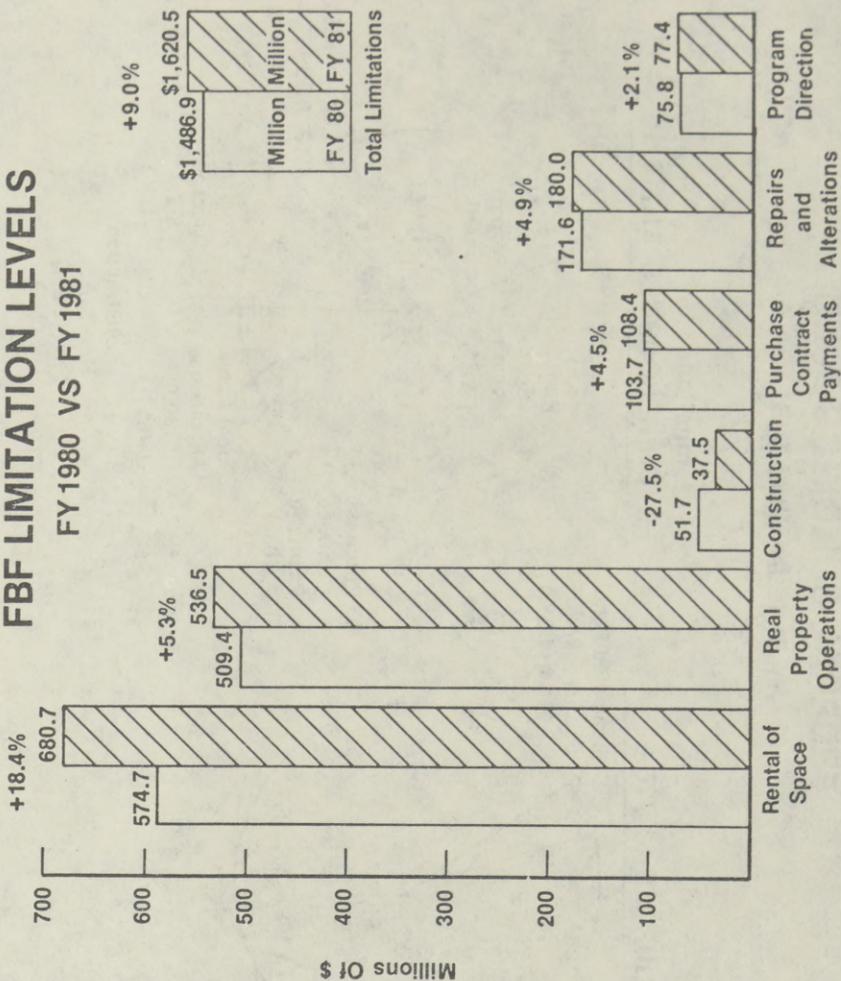
E/ Reflects proposed supplemental of \$3,315,000 for classified pay increases

FEDERAL BUILDINGS FUND

FY 81 (\$ IN MILLIONS)



FBF LIMITATION LEVELS FY 1980 VS FY 1981



Mr. STEED. We are very pleased to welcome the Administrator back again, Admiral Freeman. If you would like to present your colleagues for the record, we will be pleased to have them. I understand we have a new Commissioner of the Public Buildings Service. We will put his biography in the record at this point.

[The information follows:]

REAR ADM. ALBERT R. MARSCHALL, USN (RET.), COMMISSIONER, PUBLIC BUILDINGS SERVICE

Albert Rhoades Marschall, formerly commander of the U.S. Naval Facilities Engineering Command and chief of civil engineers of the Navy, was named commissioner of public buildings for the U.S. General Services Administration on July 5, 1979, by GSA Administrator Rowland G. Freeman III.

The Public Buildings, Service is one of the nation's largest civilian real estate operations. PBS manages about 10,000 buildings nationwide, with nearly 232 million square feet, and operates on a \$1.4 billion annual budget.

For the past two years, Marschall has been vice president of the Goerge Hyman Construction Co. of Bethesda. The last 10 years of his Navy career were spent in a series of senior executive positions, including commanding officer of the Southern Division of the Naval Facilities Engineering Command with headquarters in Charleston, SC; officer in charge of construction in Vietnam, responsible for more than \$1.9 billion in military construction in support of the U.S. Armed Forces; and director of the shore establishment division in the office of the Chief of Naval Operations. In the latter position he directed the Navy Department's facilities planning and programming system.

In his final Navy assignment as head of the Naval Facilities Engineering Command, and the chief facilities engineer, Marschall was responsible for the planning, engineering, design, construction, maintenance and repair of the Navy's worldwide \$56 billion plant account consisting of shore facilities, fixed ocean structures, 70,000 family housing units and utilities, the research and development necessary to support the Navy's shore establishment; energy management; environmental planning; automotive, construction, weight handling and railway equipment acquisition, assignment, utilization, operation, maintenance and repair; and military readiness. He also directed the Navy's worldwide property program, including acquisition, disposal, leasing and out-leasing; and a natural resources program that included soil, forest, fish and wildlife management.

Marschall retired from the Navy on June 1, 1977, after 33 years of active duty spanning World War II, the Korean conflict and two tours of duty in Vietnam. In addition to many unit, service and campaign awards, his personal decorations include the Distinguished Service Medal with gold star; the Legion of Merit with combat distinguishing device; and the Meritorious Service Medal. In 1967, he received the George Goethals Medal from the Society of American Military Engineers for his notable contributions in the field of facilities engineering.

As vice president of the George Hyman Construction Co. he was involved in the management of more than \$1.5 billion in facilities construction.

Marschall is a member of Tau Beta Pi, the National Society of Professional Engineers; and the American Society of Civil Engineers. He also is a past national president of the Society of American Military Engineers, past national director of the American Public Works Association, a member of the MOLES, and a registered professional engineer and land surveyor in Louisiana.

Marschall, born in New Orleans on May 5, 1921, attended Tulane University from 1937 to 1940 and in 1941 entered the U.S. Naval Academy in Annapolis, MD. He was graduated with distinction on June 7, 1944—with the Class of 1945, which was accelerated because of World War II—and commissioned an ensign. He was transferred from the Navy's Civil Engineer Corps in 1948, the same year he received bachelor's and master's degrees in civil engineering from Rensselaer Polytechnic Institute in Troy, NY.

Marschall and his wife, the former Marie Gamard of New Orleans, reside at 807 Vassar Road in Alexandria, VA. They have five children, Thomas Rhoades Marschall, David Gamard Marschall, Mrs. Laurel Patterson, Pamela Joan Marschall, and Albert Louis Marschall II.

OPENING STATEMENT

Mr. FREEMAN. Mr. Mike Marschall comes with an outstanding background of great experience within the public building sector both from the standpoint of within the Federal Government and external thereto. With him, are Mr. John Galuardi, Deputy Commissioner, and Mr. Wolfgang Zoellner, Assistant Commissioner for Program Support. Mr. Marschall has a short statement he would like to read.

Mr. STEED. Welcome, Mr. Marschall. We will be pleased to have your statement, then we will have some questions.

Mr. MARSCHALL. 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 1981 will be our seventh year of operation under the Federal Buildings Fund which finances the space and related services, to enable other Federal agencies to carry out their operational functions.

We project sufficient income in the Federal Buildings Fund (FBF) to request new obligational authority of \$1.62 billion, which is a net increase of \$133.6 million over our requested FY 1980 program level and which will finance the following Federal Buildings Fund activities.

\$37.5 million in new obligational authority for Construction and Acquisition of Facilities will provide for the construction of three border stations (Houlton, Maine, San Diego (Otay Mesa), California, and San Luis, Arizona) and the acquisition of seven properties excess to the needs of the U.S. Postal Service. The acquisition of these properties will ensure uninterrupted housing for agencies, particularly the U.S. courts, and will result in a reduction of \$2.5 million in rental payments and payments to the U.S. Postal Service.

New obligational authority of \$180 million for Repair and Alterations will provide funding for basic work to correct deterioration, malfunction, and obsolescence; improvement to space to promote utilization; fire prevention, lifesafety and property protection; aids for the handicapped; environmental protection, and an increasing emphasis on our energy conservation program.

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 are given primary consideration in carrying out this responsibility. Our level of support for this program is lower than previous years due mainly to the fact that our projects have not been authorized by the Public Works Committees. We would expect to request increased levels in the future as the backlog of authorizations is reduced. Major emphasis in fiscal year 1981 is also placed on energy retrofit projects which will result in more energy efficient GSA-controlled Government-owned buildings in consonance with the goal to reduce energy usage. Continued emphasis is being placed on the recycling of vacant and underutilized Government-owned space for occupancy, and accomplishing the fiscal year 1981 program work in this area is estimated to result in an annual cost avoidance of \$6.4 million.

\$108.4 million in new obligational authority in the Purchase Contract activity will provide for payments of principal, interest,

and taxes. Under this program we have constructed 68 additional Government-owned buildings around the country since 1972.

\$680 million in new obligational authority for the Rental of Space activity will provide for 102.4 million square feet of leased space, including 6.3 million square feet of new space in response to agencies' requests for additional facilities. Of the \$680 million, \$640 million is required to pay the rent on the inventory expected to be in place as of the end of fiscal year 1980.

The 6.3 million square feet of expansion space will enable GSA to honor the balance of the current backlog of agency requests. To reduce our rental bill in the future we have instituted a 5-year planning system to improve our space requirements forecasting system and to develop a balanced facilities acquisition plan which will include a cost-effective mix of construction and leasing alternatives. This 5-year plan envisions funding approximately \$1 billion for new federally owned buildings through 1986.

\$536 million of new obligational authority for Real Property Operations will provide for the operation and protection of 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. Within the Real Property Operation activity GSA has played a leading role in the Government's effort to conserve energy and hold down costs. For example, during fiscal year 1979, GSA's continuing level of energy conservation when compared to fiscal year 1975 has resulted in an annual cost avoidance of approximately \$51.1 million for fiscal year 1979. I would like to add parenthetically at this point that even though we have achieved this cost avoidance and even though we have reduced the consumption of energy, the bills have gone up.

For example, I received a recent report from our Boston Region concerning energy costs. I think the total bill at that time was about \$1.9 million. This was more than the previous year by about \$400,000, yet the total energy consumption had been reduced 10 percent. So we are fighting a real tough battle.

I will continue with my statement.

Through continuation and intensification of the energy conservation methods currently in use, GSA expects to increase its annual cost avoidance to a level of about \$56.2 million in fiscal year 1980 and \$58.1 million in fiscal year 1981.

\$77.4 million of new obligational authority for the Program Direction activity will provide for the increased cost of payments to the Department of Labor for the Employee Accident Compensation Fund, telephone service, postage, ADP service, and annualization of the Classified Pay Act effective October 1979. This 2-percent increase of \$1.6 million is required to provide a minimum level of oversight and direction. In fiscal year 1981, funds requested for the Program Direction activity represent only 4.8 percent of the Federal Buildings Fund appropriation request and only 3.9 percent of the total (direct and reimbursable) estimated obligations of \$1.9 billion.

At this time, I would like to take the opportunity to express my appreciation for all that you, Congressman Steed, have done for the General Services Administration and particularly the Public Buildings Service (PBS). As chairman of this subcommittee your efforts

have been invaluable in assisting us in our goal to provide tenant agencies with the best possible space at the least possible cost to the taxpayer. In particular, your efforts to provide the increased resources necessary for the repairs and alterations program have resulted in a major upgrading of GSA-controlled spaces.

On behalf of all of us at PBS, I would like to say that working with you has been an honor and a pleasure. Upon your retirement at the end of this year you will be sorely missed at PBS. We wish you nothing but the best as you return to private life after 38 years of dedicated public service.

From a purely personal point of view, I thank you for the several years of our association in providing needed Federal facilities. I shall miss you.

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

Mr. STEED. Thank you very much, and I appreciate your kind remarks. I, too, will miss these annual get-togethers, but I hope there will be an offsetting compensation for it. Anyhow, I think the inevitability of it, the sooner we face up to it, the better off we are. But you are very kind and I appreciate your kind words.

POSTAL SERVICE PROPERTIES

You refer to the acquisition of some properties that have been under the jurisdiction of the Post Office Department. In the beginning, there was a give and take in the property area between the GSA, the Public Buildings Service and the Postal Service, with some offsetting, both of property values and rental values. Where are we at this time? Do we still have this swapping going on?

Mr. MARSCHALL. Yes, sir, we still maintain a balanced account between the two services and I think we are a little bit ahead of them, are we not?

Mr. ZOELLNER. At the time we prepared the budget there was a small uncommitted balance left in the account.

Mr. WHITLOCK. We have a credit in our account and will identify projects we would like to acquire from the inventory of the Postal Service.

Mr. STEED. This type of transfer will be going on from time to time with economics ebb and flow.

Mr. MARSCHALL. Yes, sir, I think it will taper off eventually, but for the next 5 years, we can expect this type of transfer to occur.

SPACE UTILIZATION

Mr. STEED. When we went into the deal generally known as the Standard Level User Charge (SLUC) fund where each agency was to get money to pay rent on its space. The major intent was to make them so conscious of the budgetary mode and the space they wanted created, that it would reduce their eagerness or appetite for space. It looks as though we have an additional bureaucracy, just swapping money from one pocket to another, as far as the Government is concerned. Are we saving enough space or is the expense of this type of transaction worth the cost?

Mr. MARSCHALL. I share your view as to the cost of administering the program. I have been interested in a study my people have

made concerning the utilization of space since the Federal Public Building Fund was established. The number of square feet per individual is definitely going down. It took place at about the time agencies had to pay SLUC; it went from 178 square feet in 1974 down to 169 in 1977. Subsequent to that, we have projected for fiscal 1981, 168 square feet. We are at the bottom of the curve now.

Mr. STEED. In the process of doing this, some of our other sub-committees have been a little tight with their agencies in letting them have money to pay their rental bills with. What happens when an agency is unable to get the appropriation approved to pay their rent? Do you have any cases where this has become a serious problem?

Mr. FREEMAN. Yes. EPA is asking for additional expansion space throughout the country and they do not have the money to pay for what they have. What they have asked for in their appropriation we have not determined yet. Their appetite is a lot larger than the availability of space. In commenting on what Mr. Marschall has said, while we have made efforts to reduce occupancy, we are still reducing space requirements. We are 10 million square feet behind throughout the United States and many of the agencies view space as something which is available like anything else. Therefore one of the things Mr. Marschall is trying to do is build a space plan which looks at a stabilized work force.

Mr. STEED. If an agency does not have the money to pay their rent, can you take the space away from them?

Mr. MARSCHALL. We have had no occasion but the shoe has really been on the other foot in the last few years. Agencies have had the requirement for space and the money but we, sometimes, have not been able to provide it.

FEDERAL DISTRICT JUDGES QUARTERS

Mr. STEED. Do you have any control over the specifications for the space they want? We understand, for instance, that some of the people who get elevated to high and mighty positions, such as Federal district judges, have grandiose ideas as to their quarters.

Mr. MARSCHALL. We now have a set of criteria for the judges. As far as I know, we have not had a great problem in keeping them within the limits of the criteria and these criteria have been shown, I think, to the committees. Mr. Gunnels, have you seen the plan?

Mr. GUNNELS. Yes.

Mr. MARSCHALL. We have done our best to keep it down. There are judges just like admirals who demand a little more than they ought to have.

I remember when I was a GSA renter, paying my own SLUC, I tried to get a bigger office and they would not let me do it. They had pretty good discipline on me.

Mr. STEED. I visited with the Chief Justice. I understand he is on your side.

Mr. MARSCHALL. The Administrator and I both visited with the Chief Justice and we are tremendously impressed with his attitude, which is directed toward frugality. He is a strong champion of space criteria for judges.

Mr. FREEMAN. The time of "one judge, one court" has passed. This came up in connection with the concern Mr. Marschall and I had as to bankruptcy courts and the idea you have to have different municipal, circuit, and bankruptcy court facilities when they are working side by side. With the help of the Chief Justice, we believe we can work this space problem out.

Mr. STEED. Will this program help in providing space for the many judges appointed last year?

Mr. MARSCHALL. It will help. The new criteria which limits space within the courts and the number of libraries, et cetera; I think it will be helpful. We have a real good dialogue going with them now.

Mr. FREEMAN. There has been a communication problem between ourselves and the judicial conference and the conferences within the court districts. Some of the adversary situations which previously occurred with the courts could have been avoided with better communications. We try to spend as much time with the judges as possible and I find in many cases, they are not unreasonable.

USE OF FUNDS

Mr. STEED. Currently, are you having any difficulty with the use of the funds made available to you this year? We understand there was some viewpoint that if the funds were not used for a certain purpose, they could not be used at all.

Mr. MARSCHALL. We have frozen \$15 million in our rental of space account. But in all honesty, I do not think we could have obligated all of it by the end of the year. As you recall, we had planned to come in with a \$16 million supplemental request, in order to provide adequately for the rental of space account. In the process of the Appropriations Committees' deliberations, we ended up with \$20.1 million additional. The other body thought that it was reserved for court use only and your committee hammered out in conference that it was untethered.

In addition, we had another windfall, so to speak, by permitting the Department of Defense to go out and do its own leasing for recruiting stations. That made another \$10 or \$15 million available in the rental of space account.

JUDGESHIP REQUIREMENTS

Mr. STEED. In making space available for judges, there are places where you run into a situation where you do some physical adjustments of space, other than for judges, that get involved.

Mr. MARSCHALL. Yes, that is all taken into account. My whole point is, that had we begun right at the beginning of the fiscal year, spending money as quickly as we could, we could not have spent more than \$5 million on the courts, anyway.

Mr. STEED. Do you have a ballpark guess on how far you are along in solving the problem of quarters for the new judges?

Mr. GALUARDI. We will be completed by 1983 with the omnibus judgeship requirements. There are several project locations before the Public Works Committee for authorization.

Mr. STEED. I notice that a nomination for a judge has been turned down. That will cause a delay in one instance. Do you think this will wash itself out by 1983?

Mr. GALUARDI. Portland and Seattle are scheduled for 1983 and they will be the last of the large number. The others are taken care of right now.

FUND ANALYSIS

Mr. STEED. Provide for the record an analysis of the fund in terms of the accounting costs, appraisals and that sort of thing.

Mr. MARSCHALL. Be happy to do so, sir.

[The information follows:]

GSA cannot determine other agencies costs of administering their space and related activities; however in terms of Public Buildings Service costs directly attributable to the Federal Buildings Fund functions such as staffing, billing system and fair annual rental appraisals, it is estimated that the costs will be approximately \$1.5 million in fiscal year 1980.

PROSPECTUS APPROVAL PROGRAM

Mr. STEED. You might, if you can, offset these costs in the fund.

Mr. MARSCHALL. Yes, sir.

Mr. STEED. The whole program.

Mr. FREEMAN. The whole program.

Mr. STEED. And offset it with the savings you are able to realize from the operation of the fund. It might make an interesting comparison.

In the matter of new construction for projects where the prospectuses have not been approved, where are you now with the legislative committees in the prospectus approval program?

Mr. ZOELLNER. In the new construction area for FY 1981 we have three projects. All three have not yet been approved. In fact, one is pending; the other two are to go to the Public Works Committees very shortly.

Mr. STEED. Then we will just carry them on the cuff temporarily and when you get information, keep us up to date.

Mr. ZOELLNER. Yes, we will keep you informed.

ALTERATIONS AND MAJOR REPAIRS

Mr. STEED. Will you give us an analysis for the \$180 million for alterations and major repairs? Will that just be general or will a lot of it be for energy and conservation?

Mr. MARSCHALL. Let me go down the list. Improvement to space, \$37 million, which is 20.6 percent. The basic work to correct deterioration, malfunction, and obsolescence, \$88.7 million or 49.3 percent. Special fire prevention, life safety, and property protection, \$17 million or 9.4 percent. Special aids for the handicapped, \$1.8 million or 1 percent. We are dedicated to removing barriers for the handicapped and we have done a comprehensive job prior to this, and that is why this particular figure is as low as it is. This is a reduction of \$400,000 between 1981 and 1980, and it is simply because we have caught up in this program area.

Special environmental protection measures \$500,000, and special energy conservation measures \$35 million, which is 19.4 percent of the total requirement.

Mr. STEED. Where would the completion of this program leave you in terms of your backlog?

Mr. MARSCHALL. It would pad the backlog, Mr. Chairman, and we recognize that this is a pretty poor way to approach it, but with the necessity to have an approved prospectus for the major work within these categories we are behind the power curve right now and can only handle what we are asking for this year.

Mr. STEED. Do you have a guideline or categorized system? For instance, suppose you have one project where, if you do not do something real soon, the damage will increase, compared to one that could be put off without any additional cost?

Mr. MARSCHALL. We do have that breakdown. Mr. Zoellner was in charge of that program for a long time. He can answer better than I.

Mr. STEED. In the category of most desperate need, what is the backlog we are talking about?

Mr. ZOELLNER. Our most desperate needs are handled on a day-to-day basis. Very few ever get into the inventory because they are handled as they occur. This type of project falls under the category of maintenance and minor repairs. Under the category for basic work to correct deterioration and malfunction, we have programed \$89 million of \$180 million into fiscal year 1981.

The inventory for that category is approximately half of the total in inventory. Out of the \$1.2 billion total inventory, \$643 million of it is in that particular area. In addition to that, our engineers in the field inspect the building and in determining what the project should be, prioritize the work within that building.

Mr. STEED. Provide for the record a summary of this package that you have.

Mr. MARSCHALL. Be happy to.

[The information follows:]

COMPOSITION OF THE 6 PROGRAM AREAS IN THE FISCAL YEAR 1981 BUDGET

[In millions of dollars]

	Program	Inventory Sept. 30, 1979
A. Basic work to correct deterioration, malfunction and obsolescence.....	88.7	643.1
B. Improvement to space to promote utilization	37.0	235.5
C. Special fire prevention, lifesafety and property protection	17.0	207.9
D. Special aids for the handicapped.....	1.8	20.5
E. Special environmental protection.....	.5	8.5
F. Special energy conservation	35.0	118.5
Total.....	180.0	1,234.0

LEASED VERSUS GOVERNMENT-OWNED SPACE

Mr. STEED. What is your current policy in regard to the difference between leased space versus Government-owned space?

Mr. FREEMAN. We have proposed to the OMB this year, it was one of the first acts Mr. Marschall took when he came aboard, the establishment of a better balance between leased space and Government-owned space. We have asked for a substantial increase in public buildings. Mr. Marschall and his staff are developing a long-range plan which will balance out leased space versus Government-

owned space. Government-owned space from a life cycle way of going, is the most cost-effective way of operation.

Mr. STEED. One of the arguments we have had presented here is that since the Government has grown throughout the country, leased space is better because it gives the Government an option of walking off and leaving it.

How much leased space do we abandon?

Mr. MARSCHALL. It is negligible. The big advantage in leasing space is in the smaller places, such as ones dedicated to the black lung program which was established temporarily to register individuals. All that means is that you move from one place to another. I do not think the leasing program should be thrown out. That would be in the nature of throwing the baby out with the bath water. But I do think we should emphasize more heavily the construction of Federal facilities. We could be in for a bigger program right now except that the Federal building fund from which we derive our revenues will not be prepared for a big increase in construction until 1983. It will take us that long to program the projects properly and to accumulate the funds.

Mr. STEED. What amount of space would you normally want in Town A, B, or C, to go from leased space to a Federal building?

Mr. MARSCHALL. I would say in the final analysis we should end up with roughly three-quarters of our Federal employees housed in Government-owned space and 25 percent in leased space. To do this, we are going to have to go almost to the turn of the century with an ever escalating construction program. I think there will be years, when in terms of 1980 dollars, this amount will stagger one's imagination. So, we are going to have to plan carefully, be very pragmatic as to our approach and make sure we can afford what we want to do.

ART FOR FEDERAL BUILDINGS

Mr. STEED. I notice every once in a while you see some newspaper article or magazine article of a critical nature as to acquisition of art for Federal buildings. I notice there is an article in the paper today. Are you involved in acquisition of art?

Mr. MARSCHALL. Yes. If you think the newspaper articles are critical, you should hear what I listen to over the dinner table from my wife.

Mr. FREEMAN. Everybody is an art critic.

Mr. STEED. Do you want to defend yourself here for the record?

Mr. FREEMAN. Why don't I defend myself, since it is easier for me than him. Over the years, it goes all the way back to the support given to WPA, which you and I remember and Mr. Marschall does too—he has the kind of hair that indicates that. It is a program which has allowed for providing within Federal buildings what I would consider fine representative artworks.

It received an additional stimulus over the last 3 or 4 years and there is no question but what we have some controversial art in our public buildings. I have acted to defend this program and will continue to.

I think it is highly desirable that from the quality of life standpoint, our buildings not look sterile nor look like a fortress. I have participated in these decisions with Mr. Marschall and his staff.

I am convinced in my own mind that there is not enough representation in the local area to avoid some of the controversies we have had. There has been a centralization of the program in one particular area of the country from which we have drawn a lot of artists. I have talked to the National Endowment for the Arts which recommends to us the artists. Mike and I then review and select an artist. We do not select an art work; we select a style. There are decisions which he and I have made which we are uncomfortable with. But I do not intend to act as an art censor.

It has stirred the various communities in a proper fashion. Many things like the "Bat Column" in Chicago have wound up being representative of the city of Chicago. The "Calder" out there is the same thing. We had one put up in North Dakota called "Hoe Down" which created some controversy. As a matter of fact Jack Anderson had a little bit in his column. One of his staff had called one of our people who said \$10,000 was minuscule. I do not think that is minuscule. They are Government funds, but it is a good program.

On balance, I think the program has been helpful in stimulating interest.

Mr. STEED. I want to put in the record two experiences I have had with art. The last time the Republicans had control of the Congress, Mr. Auchincloss was chairman of a committee which had to deal with a piece of WPA art in San Francisco. It became famous and was known as the Renncon murals. I guess there was some thought that it was antireligion and procommunist. But poor Mr. Auchincloss, being on the subcommittee with jurisdiction, was in the middle. Being on the subcommittee I moved that we table the whole blooming thing; that got rid of it.

Years later I was chairman of the legislative subcommittee when the matter of the East Front of the Capitol and the construction of the Rayburn and remodeling of the House Chamber came up. Since my name was on the bill that paid for it all, I got all the complaints. I did not have anything to say about what was being spent, I only paid the bills.

So they lined the House Chamber with mahogany. In the process they covered up a painting which was painted on the west side of the chamber by Brumidi who painted the picture in the dome and many other fine objects around the Capitol. After we covered the painting with this lining he became famous. Then they began to remember that this painting we covered up was probably the most perfect historical painting ever made. So the art lovers wanted to reclaim it but it was too expensive to tear down the wall. So they got experts from the Mellon Art Gallery, and they went in from the back side. They put some kind of plastic on that plaster, and they cut it out and removed it. Then they reframed it and it is now in the Members' dining room of the House. That cost a little matter of \$1,700, and when I got the bill on the floor I was jumped on by some good taxpaying Members about throwing \$1,700 worth of money away for a piece of plaster. That got into the papers all over the country.

I did not know how to defend it. There were all these committees that outranked me anyway. But in the process of the publicity, a famous art gallery in New York City came down and wanted the

painting. So they made a firm written offer to buy it for \$174,000. I won the argument on the floor when I brought the conference report back because the people who wanted to protect the taxpayers' money still had not achieved passage to authorize the sale where we could take a \$1,700 investment and make \$174,000 out of it. I then decided the farther I could stay away from art problems the better off I would be.

Mr. FREEMAN. Regrettably I cannot. I would hope this Nation would not become so sterile that it cannot decorate its buildings appropriately. One of the things I have found in this job is that art is not the only area in which I have critics, but critics of art tend to be the most vocal.

Mr. STEED. Mr. Miller.

BORDER STATIONS

Mr. MILLER. You say on page 1 of your statement that you will provide for the construction of three border stations. Who will occupy these stations?

Mr. GALUARDI. Personnel from Agriculture, Justice, Treasury, and Health and Welfare.

Mr. MILLER. Do you have requests from Customs and Immigration for additional buildings?

Mr. WHITLOCK. There are three border stations in question and they have sufficient space to take care of the needed activities at this point in time. We have allowed for expansion space to be created at those border stations.

Mr. MILLER. Are there other requests?

Mr. WHITLOCK. We have in our long-range planning process other border stations intended that will appear in future requests.

Mr. MILLER. From what we have heard I would assume you have had requests for as many as 50 border stations. Apparently you have not had that many.

Mr. GALUARDI. Ambassador Bridge in Detroit is one, in Maine there are a few small ones we need to provide, all the others are upgrading of existing facilities where they have turned out to be inadequate.

Mr. STEED. Will the gentleman yield?

Mr. MILLER. Yes.

Mr. STEED. I have been interested in border stations for some time and you have to deal with two agencies, Customs and Immigration.

Mr. FREEMAN. What we have done in the case of Otay Mesa and the San Luis stations was to provide space for expansion but only the habitable space for employees on-board now.

POSTAL SERVICE PROPERTIES

Mr. MILLER. You say \$37½ million also would be for the acquisition of some property excess to the needs of the U.S. Postal Service. The Postal Service is expanding. How does this happen? Is it because the Postal Service would have constructed new facilities and it would be the old facility you would acquire?

Mr. MARSCHALL. Basically, that is it. The whole operation of the Postal Service has changed in the last few years. With the mecha-

nization and change in transportation patterns, the existing post offices are sometimes totally inadequate to their needs. They move out toward the intersection of major arteries to handle the truck traffic. The spaces inside these post offices can now be converted to office space.

Mr. FREEMAN. Most of these are ideally suited for implementation of the urban policy. They are located in areas we are helping to keep upright and survive economically.

Mr. MILLER. Last year we talked about GSA paying the Postal Service for space, and the Postal Service paying GSA for space. Can you give us something for the record as to the number of dollars, or size of space?

Mr. MARSCHALL. We can provide it for the record.

[The information follows:]

We currently estimate that in fiscal year 1980 GSA will pay Postal Service \$25,900,000 for SLUC for occupying 4.1 million square feet of space in Postal Service buildings. The fiscal year 1981 estimate is \$27,200,000 for occupancy of approximately 4.6 million square feet of space.

It is estimated that the Postal Service will pay GSA for Standard Level User Charges approximately \$23 million in fiscal year 1980 for 5.9 million square feet and approximately \$26 million in fiscal year 1981 for 6 million square feet.

POSTAL SERVICE SPACE

Mr. ZOELLNER. It is estimated that GSA will pay the Postal Service in 1981 approximately \$27 million. We have been meeting with the Postal Service and will soon enter into an agreement which will call for our two agencies to sit down periodically to do joint planning to see what locations they are intending to move to, and which locations they are intending to dispose of, so we can benefit from that information and will not be going off in two different directions. Those meetings have been held for close to a year now.

Mr. MILLER. We have discussed over a number of years the space utilization in Federal buildings and often it is between GSA and the Postal Service. We were told that would be corrected and that the space would be filled. But I find in a number of post offices where GSA is controlling a part of that Federal building, that there are a number of rooms empty, and have been for years. We have been told that efforts would be made to lease that space, but I do not know what has taken place or why it has not been leased. I believe I had it on the record, a year or two ago. We hear from our own people—the taxpayers back home, that there is a building that is empty and it is owned by the taxpayers. Why can that not be leased to private industry?

First of all, they would like the Federal Government, instead of building a new building and moving out of the GSA-controlled building, to stay there. But perhaps parking is a problem. Nevertheless, we still have the empty space.

What is being done to lease or fill that space? Some of it has been empty for a couple of years.

Mr. MARSCHALL. Inasmuch as I am not sure about the precise space of which you are speaking, I cannot answer your question. We can find out from our record what space is available in post offices that has been offered to us.

SPACE UTILIZATION

Mr. MILLER. In my own hometown I have a district office in the Federal building. Just a few years ago other Federal agencies were tenants with us. All of the other agencies have moved out and for about 2 years all of the offices have been empty, other than my district office. I have been questioned about this by the residents who are aware the building is otherwise empty.

Mr. MARSCHALL. One of the things we often run into is the desire of agencies to put all their people together. It may be some of these people were spread around in other places and we were able to consolidate individual agencies as a totality as opposed to being spread around town.

Mr. Whitlock, may have something to add.

Mr. WHITLOCK. You have brought up an area very sensitive to us. It is important to note that several parts of this year's budget deal with that problem, one to acquire postal buildings from the Post Office, some of which the Postal Service has vacated. We would alter it and fill the building with agencies currently in leased space. Another part of the budget was the \$37 million for space improvements which appears in the repairs and alterations program. A great deal of those dollars are for conversion of space in buildings acquired from the United States Postal Service. There is an organized program to bring as many of those buildings into full occupancy as we go through the budget process.

Mr. MILLER. It would be good if we had for the record the amount of leased space, and the amount of space that is now vacant. We had that in the record a few years ago. Could we bring that up to date?

Mr. FREEMAN. You want total leased space, not just that in the Post Office. There is a problem with the Post Office that has to do with vacancy and moving, but there is also the problem of leased space which is empty resulting from a policy in being before we got to GSA. That is, having the lessor provide alterations. This got into attention in the press by one of our areas in New York which had a situation such as this. Do you want the entire—

Mr. MILLER. Across the board.

Mr. MARSCHALL. We will furnish it for the record.

[The information follows:]

PUBLIC BUILDINGS SERVICE -- FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE -- TOTAL

	<u>FY 1979 ACTUAL</u>	<u>CHANGE FROM 1978</u>	<u>FY 1980 ESTIMATE</u>	<u>CHANGE FROM 1979</u>	<u>FY 1981 ESTIMATE</u>	<u>CHANGE FROM 1980</u>
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	9,170,423	(933,132)	9,099,830	(70,593)	8,881,755	(218,075)
PHASE-OUT	620,805	(601,928)	613,300	(7,505)	602,257	(11,043)
COMMITTED: NORMAL	911,168	(230,308)	903,771	(7,397)	881,551	(22,220)
UNDER CONSTRUCTION	<u>1,793,882</u>	<u>442,997</u>	<u>1,783,099</u>	<u>(10,783)</u>	<u>1,734,437</u>	<u>(48,662)</u>
TOTAL, GOVERNMENT-OWNED	12,496,278	(1,322,371)	12,400,000	(96,278)	12,100,000	(300,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	2,477,522	445,590	1,974,139	(503,383)	1,799,468	(174,671)
PHASE-OUT	62,842	35,866	53,357	(9,485)	47,571	(5,786)
COMMITTED: NORMAL	116,803	43,201	88,967	(27,836)	76,982	(11,985)
UNDER CONSTRUCTION	<u>90,602</u>	<u>(22,278)</u>	<u>83,537</u>	<u>(7,065)</u>	<u>75,979</u>	<u>(7,558)</u>
TOTAL, LEASED	2,747,769	502,379	2,200,000	(547,769)	2,000,000	(200,000)
TOTAL, ALL VACANT SPACE	15,244,047	(819,992)	14,600,000	(644,047)	14,100,000	(500,000)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND.
RENTAL OF VACANT SPACE
SUMMARY OF VACANT SPACE - OFFICE

	<u>FY 1979 ACTUAL</u>	<u>CHANGE FROM 1978</u>	<u>FY 1980 ESTIMATE</u>	<u>CHANGE FROM 1979</u>	<u>FY 1981. ESTIMATE</u>	<u>CHANGE FROM 1980</u>
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	3,319,394	78,830	3,353,810	34,416	3,214,068	(139,742)
PHASE-OUT	53,075	(55,014)	53,625	550	51,391	(2,234)
COMMITTED:						
NORMAL	390,501	(11,391)	394,550	4,049	378,110	(16,440)
UNDER CONSTRUCTION	<u>987,773</u>	<u>68,234</u>	<u>998,015</u>	<u>10,242</u>	<u>956,431</u>	<u>(41,584)</u>
TOTAL, GOVERNMENT-OWNED	4,750,743	80,659	4,800,000	49,257	4,600,000	(200,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	1,650,922	153,664	1,222,699	(428,223)	1,048,028	(174,671)
PHASE-OUT	54,691	27,715	40,505	(14,186)	34,719	(5,786)
COMMITTED:						
NORMAL	113,278	48,079	83,895	(29,383)	71,910	(11,985)
UNDER CONSTRUCTION	<u>71,428</u>	<u>(7,123)</u>	<u>52,901</u>	<u>(18,527)</u>	<u>45,343</u>	<u>(7,558)</u>
TOTAL, LEASED	1,890,319	222,335	1,400,000	(490,319)	1,200,000	(200,000)
TOTAL, ALL VACANT SPACE	6,641,062	302,994	6,200,000	(441,062)	5,800,000	(400,000)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - STORAGE

	<u>FY 1979 ACTUAL</u>	<u>CHANGE FROM 1978</u>	<u>FY 1980 ESTIMATE</u>	<u>CHANGE FROM 1979</u>	<u>FY 1981 ESTIMATE</u>	<u>CHANGE FROM 1980</u>
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	4,841,265	(1,044,465)	4,778,246	(63,019)	4,699,913	(78,333)
PHASE-OUT	544,482	(541,102)	537,394	(7,088)	528,585	(8,809)
COMMITTED:						
NORMAL	357,233	(161,371)	352,583	(4,650)	346,803	(5,780)
UNDER CONSTRUCTION	<u>437,472</u>	<u>286,328</u>	<u>431,777</u>	<u>(5,695)</u>	<u>424,699</u>	<u>(7,078)</u>
TOTAL, GOVERNMENT-OWNED	6,180,452	(1,460,610)	6,100,000	(80,452)	6,000,000	(100,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	731,337	365,518	599,230	(132,107)	599,230	0
PHASE-OUT	220	220	180	(40)	180	0
COMMITTED:						
NORMAL	720	(542)	590	(130)	590	0
UNDER CONSTRUCTION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL, LEASED	732,277	365,196	600,000	(132,277)	600,000	0
TOTAL, ALL VACANT SPACE	6,912,729	(1,095,414)	6,700,000	(212,729)	6,600,000	(100,000)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - SPECIAL

	<u>FY 1979 ACTUAL</u>	<u>CHANGE FROM 1978</u>	<u>FY 1980 ESTIMATE</u>	<u>CHANGE FROM 1979</u>	<u>FY 1981 ESTIMATE</u>	<u>CHANGE FROM 1980</u>
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	1,009,764	32,503	967,774	(41,990)	967,774	0
PHASE-OUT	23,248	(5,812)	22,281	(967)	22,281	0
COMMITTED:						
NORMAL	163,434	(57,546)	156,638	(6,796)	156,638	0
UNDER CONSTRUCTION	<u>368,637</u>	<u>88,435</u>	<u>353,307</u>	<u>(15,330)</u>	<u>353,307</u>	<u>0</u>
TOTAL, GOVERNMENT-OWNED	1,565,083	57,580	1,500,000	(65,083)	1,500,000	0
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	95,263	(73,592)	152,210	56,947	152,210	0
PHASE-OUT	7,931	7,931	12,672	4,741	12,672	0
COMMITTED:						
NORMAL	2,805	(4,336)	4,482	1,677	4,482	0
UNDER CONSTRUCTION	<u>19,174</u>	<u>(15,155)</u>	<u>30,636</u>	<u>11,462</u>	<u>30,636</u>	<u>0</u>
TOTAL, LEASED	125,173	(85,152)	200,000	74,827	200,000	0
TOTAL, ALL VACANT SPACE	1,690,256	(27,572)	1,700,000	9,744	1,700,000	0

SPACE

Mr. ZOELLNER. In fiscal year 1979, there was approximately 15 million square feet of vacant space. About 6.6 million square feet of that is office space, 4.6 percent of our total office inventory. By the end of fiscal year 1981, we are trying to reduce the vacant office space by another 800,000 square feet. So there has been a program to reduce the amount of vacant space. When you look at the office space and the vacancy, some of that space is under construction and in a state of flux right now. That is what the Administrator was discussing. When we compare with the Building Owners and Managers Association, we compare favorably.

Mr. FREEMAN. There is another thing, Mr. Chairman. I cannot dictate where agencies should go. We have a space catalog which lists buildings, parking lots etc., which are vacant, but I cannot dictate to agency "X" with 3,000 employees where they should be located. I did write a letter to one agency and indicated there was vacant property in Baltimore. But in many cases the space or the location is not desirable for Federal agencies. Therefore, we have difficulty in backfilling some of our vacant space.

Mr. MILLER. The Agriculture Department built a new building and the Soil Conservation Service, which was in this building moved out to the new building. Our building sits empty. It seems that somewhere along the line, we could utilize that space, and that is what our constituents are concerned about.

There were problems, as I recall. It had to be retrofitted for handicapped, and there could be problems there. Your management people in Columbus, Ohio have treated us very well and they, in turn conveyed a message, when I talked to them about the space, as to what would be done. There would be an advertizing blitz put on to fill this, but no one has moved in.

Mr. FREEMAN. We will provide something for the record on this.

Mr. MILLER. Very good.

[The information follows:]

GSA assigns space to three Federal activities in Lancaster. Two assignments totaling 1,469 square feet (Congressman Miller, 1,099 square feet and the Internal Revenue Service, 370 square feet) are in a building under the custody and control of the U.S. Postal Service (USPS) at 204 South Broad Street. The third assignment (the Social Security Administration (SSA) 2,890 square feet), is in a leased building at 676 East Main Street. Available space in the basement of the USPS building was not considered for SSA because it is inaccessible to the handicapped and the cost to make the necessary modifications could not be economically justified. To our knowledge, the only other Federal activities, in Lancaster are the U.S. Department of Agriculture (USDA) and the Armed Forces Recruiters who occupy space acquired under authority delegated by Federal Property Management Regulations (Section 101-18.102).

Until 1977, USDA occupied about 2,800 square feet in the USPS building. USDA relocated to improve its space accommodations and collocate all of its activities at one location. As there was no further need, the space occupied by USDA in the USPS building was released to USPS. We have been advised by our Chicago Regional Office that there is still no requirement for additional space for Federal agencies in Lancaster.

ENERGY CONSERVATION PROGRAM

Mr. MILLER. Tell us a little more about the energy conservation program. You said it would cost additional dollars, but you still have reduced costs. How have you reduced? Have you used a

method other Federal buildings should use in holding down energy consumption? Is it merely a matter of turning the thermostat down or have you taken other steps?

Mr. MARSCHALL. There have been two methods of approaching energy conservation. One is operational, the turning down of thermostats, making people conscious of lights and things of that sort. The other has to do with the structure of the building itself. For example in your home, if you want to save energy you would put in storm windows and some of the savings devices in your hot water heater and your furnace to prevent the warm air from escaping. This is essentially what we are doing in Federal office buildings. We will achieve this year, I think, the 5-percent savings overall in our buildings which we have as a goal. The year runs from 1 April to 1 April, according to the President's program. I think we are going to make it, but we have much investment to make in the way of alterations to our structures to achieve the long-range goal for energy conservation. Mr. Dibner can explain in some detail about this program. He is the Assistant Commissioner for Design and Construction.

Mr. DIBNER. When we look at energy conservation we have to look at each building individually. Each is constructed differently and has different site orientation and different systems within it. We study the materials, and based on the study determine what is most cost-effective with respect to changes to be made. In many instances, we change the whole ventilating and air conditioning system from a system that uses too much power to one that uses less. Some are converted to use different fuels; many have electric reheat coils and since electricity used for heat is very expensive, we have to convert to a different system. So the problem is the individuality of the various buildings and the studies which must take place before we know which changes will be most cost effective. Unfortunately what appears of high potential in one building might not be in another. In some buildings we are finding leakage through exterior walls to be a problem so that just caulking can be of assistance. Other buildings may need more extensive changes. We have saved energy through operational aspects, turning out lights and things like that. Now comes the hard items because we have to invest money to save money and we want to invest prudently.

SOLAR ENERGY

Mr. MILLER. In investing money are you speaking also of solar heat?

Mr. MARSCHALL. There is a case to be made for passive solar, but quite honestly I do not think the economics are quite right yet for a great use of solar energy. We have an experienced man in that field. He was for 5 years the solar energy man at the Bureau of Standards.

Mr. FREEMAN. One of the things I was asked to do by the White House is to chair a group to look into energy conservation in the Federal Government. It talks to all the actions that can be taken within the Government. While GSA has the major expertise in the area of building conservation, the Post Office Department has been extremely innovative in the work they have done in this area, so we have established a number of working committees under the

individual Mr. Marschall talks about, to see what is possible in the art now. It is my own personal belief that there are a lot more things we can do now that there are broad-based plans which talk about things like gasohol and downstream solar energy, and so forth.

In my previous incarnation, I had a welcome experience with solar, but I had 365 days of sunlight, so it was economic. Mr. Dibner mentioned we are looking at a number of things that will require a long-term investment to save the energy dollar. Regardless of how much energy we save, the dollar cost of the unit is rising so rapidly that we are caught in a real squeeze.

FUEL CONVERSIONS

Mr. MILLER. With all the environmental laws that have been passed, you are caught in a squeeze there, too. Do you have buildings that utilize coal for energy and need to convert to oil and gas?

Mr. FREEMAN. We have gone the other way.

Mr. MARSCHALL. We have the situation in Washington which Mr. Galuardi can speak to at great length. The central heating plants.

Mr. MILLER. We produce a lot of coal in my congressional district and we have a lot of unemployment.

Mr. GALUARDI. The problem with the environmental laws is that they are always trying to keep one step ahead of you. Whatever you plan, they are one step ahead of you.

We have the Central, West, and Pentagon plants here in Washington, D.C. The Clean Air Act came along; we decided we would convert to gas. The gas companies told us they would not hook us up, so we switched to oil. The first oil embargo came along, and we decided that was not the thing to do. So we have put in a multifuel burning system. We can burn oil, coal, gas, and we are even moving toward the possibility of burning paper. We have an excess amount of paper from the Government, and there are times you cannot sell it into the marketplace.

The District of Columbia and others such as Friends of the Earth have brought suit against GSA in an attempt to keep us from burning coal. We have a couple of boilers now with the proper facilities such that we can start to burn coal and switch off to oil. But the environmental laws are strict and they are difficult and expensive to conform to.

Mr. MILLER. We appear to be going in the opposite direction now, after we see the dependence on OPEC for our crude and the problems we have in natural gas and in attempting to get back to coal. So you are still hit with the environmental laws, but are you able to convert where you were using oil?

Mr. GALUARDI. We are converting our major plants.

Mr. MARSCHALL. We do not operate that many major plants, that is the key to the whole situation. We have three major plants here and one in Denver. It is not like we were burning oil or coal on a grand scale.

QUESTIONS FOR THE RECORD

Mr. MILLER. I have other questions. I will submit them for the record.

[The information follows:]

QUESTIONS SUBMITTED FOR THE RECORD BY MR. MILLER

Mr. MILLER. Will you provide for the record information on the status of parking and parking charges for Federal employees on Federal property? Where do we stand today in implementation of the executive order? Have the goals of the order been reached or will they be reached?

Mr. MARSHALL. On April 6, 1979, the Office of Management and Budget (OMB) issued draft Circular A-118, Federal Employee Parking Facilities, which required, among other things, that employees be charged for parking at all Federal facilities where the value of the spaces exceeded \$10 per month. The circular was officially issued on August 15 and, under its provisions, GSA is charged with developing guidelines and establishing the rate structure. Federal Property Management Regulations, Temporary Regulation D-65, implementing the circular, was issued on September 6 and by the end of that month Federal agencies occupying GSA-controlled space were advised of employee parking rates at all locations where the value exceeded \$10 per month. On November 1 the charge parking policy became effective. A revised version of Temporary Regulation D-65, based on comments received from agencies and interested parties, will be published in April and a final rule issued by August 15.

Agencies are required to submit to OMB by March 31, reports detailing the effects of the Federal employee parking policy. Therefore, we are unable to provide specific information, at this time, as to the impact of the policy. However, preliminary information indicates that there has been an increase in ridesharing among employees at Federal facilities, especially vanpooling.

Mr. MILLER. Recently it was learned that about \$500,000 has been paid by GSA for property in New York City that has not been utilized. Will you provide background as to how this occurred and what steps have been taken to preclude this happening again?

Mr. MARSHALL. The space referred to (51,180 square feet) at 1 Lefrak City Plaza, Flushing, New York, was sub-leased for the Social Security Administration's (SSA) Northeast Program Center, which is responsible for insuring timely payment to Social Security recipients throughout the northeastern United States. The space is located in a building, which is part of a two building complex, where the Government already has a total of approximately 441,000 square feet of space under lease. With renewal options we could occupy the space through August, 1990. We also have cancellation rights which permit release of all or part of the space covered by the prime lease on 180 days' notice to the lessor.

In view of the flexibility we enjoy under the prime lease, we moved to obtain the additional space when it became available and after confirming that SSA needed the space. The space was sub-leased on an "as is" basis at a rental well below the market rate. In addition, negotiations are underway with the prime lessor to add this space to the prime lease when the sub-lease expires.

Alterations required by SSA took longer than expected, partly because of changes in procedures for altering leased space that were instituted, on a nationwide basis, shortly after the sub-lease was executed. However, the space has been altered and is now occupied. It should be noted that the 51,180 square feet of space that was vacant represented only 1.65 percent of the total space, approximately 3,100,000 square feet, under lease to the Government in New York City. All leased space in New York City is now fully occupied.

We have issued instructions to all our Regional offices which emphasize that agreeing to pay rent for space which cannot be used until it is altered is a measure of last resort. A copy of those instructions is provided for the record.

[The information follows:]



General
Services Administration Public
Buildings Service Washington, DC 20543

MAR 7 1970

Reply to
Attn of Office of Space Management - PR

Subject Leasing "As-Is" Space

To All Regional Administrators, GSA

On several recent occasions we have been severely criticized for leasing space on an "as-is" basis and paying rent while it is vacant during layout preparation and the completion of alterations, at times up to 20 months.

This is to emphasize that our policy continues to be one of leasing space fully meeting client agencies' needs, with any necessary alterations contracted for as part of the lease award. Rental payments begin when the altered space is delivered ready for occupancy, not before.

Exceptions to policy (in the form of agreements to pay rent for space which is unuseable because alterations are needed) may be taken upon the judgement of the contracting officer and approval of the Regional Administrator. However, such exceptions are appropriate only in extraordinary circumstances and must be supported by a written determination that space would otherwise be unavailable. Accompanying the determination there must be a fully documented rationale which considers the economics of the case and other pertinent factors.

Experience has shown that decisions to lease "as-is" space are most questionable when the required alterations are special purpose in nature and not yet designed at the time of lease award, or when the alterations are for general purpose space and are permitted to assume a routine, priority among other projects. Therefore, in the rare event an exception to policy is taken, we would suggest that the rationale contain a realistic assessment of the time which space layout and construction will consume. Furthermore, subsequent administration of an "as-is" lease should ensure the time frame imposed by the rationale is met. Lastly, all program officers who will share the responsibility for timely delivery of the alterations should concur in the proposed action.

A. R. Marschall

A. R. MARSCHALL
Commissioner

cc: All Assistant Regional Administrators, PBS
All Regional Directors, SMD

SOCIAL SECURITY SPACE

Mr. STEED. Mr. Roybal.

Mr. ROYBAL. For the last 6 years I have been corresponding with GSA and the Social Security Administration in an effort to find suitable space for the East Los Angeles Social Security Branch office. Are you familiar with that?

Mr. MARSCHALL. No, sir.

Mr. ROYBAL. Is there anyone on the staff who is?

Mr. WHITLOCK. Not in detail, sir.

Mr. ROYBAL. I would like to be placed in touch with someone who is familiar with that. I would like to discuss that particular problem. It has been a problem for a number of years. Social Security Administration moved to a location which is inadequate. We have been trying to get another place. They tell me the reason for not doing it is that there is difficulty in finding available space in an urban area. Well, that could be true. The next is difficulty in finding a landlord who is willing to rent to an agency that serves the public. I did not know there were any landlords who felt this way.

Mr. MARSCHALL. There are some here in town. We are going through a rather fat period for landlords right now. They have space much in demand and we have certain requirements for a Government lease which are a little bit more stringent than, say, the average occupier of an office would have in dealing with a landlord. So we find there are some developers in town who say sorry about that, GSA, we do not want to do business with you.

Mr. ROYBAL. Washington may be very different from other sections of the country.

Mr. MARSCHALL. I only use it as an example.

Mr. ROYBAL. In Los Angeles, especially in East Los Angeles, I do not think that is the situation. However, I would like to talk to someone about this particular problem. I would like to know the sites they were supposed to have turned down. I would like to go take a look at them myself and just find out the reasons for the turndown and see if we can work together to get something done in that area. The situation is critical and we have just been toying around with it with letters back and forth and nothing has happened.

Mr. MARSCHALL. I am sorry about that and am sorry it has taken so long. We will certainly get ourselves up to date on it and get with you at an early time.

Mr. ROYBAL. Do you think that will be done so I can meet with somebody in the Los Angeles office during the April district work week?

Mr. MARSCHALL. Yes, sir, I think we can arrange that.

Mr. ROYBAL. I would appreciate that because I would like to go out Monday of that week to look at the various spots.

I would like to know what your requirements are for such a building that makes it so difficult to get good property?

Mr. MARSCHALL. Well, there are so many things that enter into one of our leases that books have been written about them. But essentially, we have the Economy Act of 1932, which restricts the amount of rent we can pay; we have the barrier program for the

handicapped, which we are very interested in. We want to make sure our buildings, even leased buildings, are barrier-free. We have concerns about fire safety that sometimes are not evidenced in city codes, many times we go beyond city codes. This sounds like a litany of bureaucratic Hoo-Molly-Molly, but those are some of the reasons.

Mr. ROYBAL. The building inspector in the city of Los Angeles has told me the Federal building did not meet city specifications.

Mr. MARSCHALL. We do not always agree with cities.

Mr. ROYBAL. It seems to me that we ought to comply with city code.

Mr. FREEMAN. There is hardly a building in Los Angeles that meets the city earthquake codes.

Mr. MARSCHALL. In 1958 we put up a building in San Diego and because of earthquake criteria it is totally inadequate.

Mr. ROYBAL. At the time I built them they met requirements. I am talking about at the time you built them and they did not meet requirements, and in Los Angeles that includes the Federal building.

Mr. GALUARDI. You mean 300 North Los Angeles?

Mr. ROYBAL. Yes.

Mr. GALUARDI. I believe it met specification.

Mr. ROYBAL. I was a member of the city council and that was a bone of contention that you were not meeting code.

But that is not what we are discussing today. I want to know what can be done to get something started in Los Angeles.

Mr. FREEMAN. I am as surprised as Mr. Marschall is. We had a number of problems with the Social Security Administration which we believe we have largely settled.

Mr. ROYBAL. My first correspondence was in 1974. We have been going back and forth now for quite a long time. It seems to me we have been shadowboxing long enough.

Mr. GALUARDI. Is this in east Los Angeles or one of the small communities?

Mr. ROYBAL. It is in east Los Angeles and serves a vast majority of poor, senior citizens. When the move was made from the location, which was a central location, it was moved 4 miles away, where there was no transportation. This is why I am surprised that with all the requirements you have you still place this building so far away.

Mr. MARSCHALL. That is inexcusable.

Mr. ROYBAL. That is why I think there has been a lack of communication.

Mr. MARSCHALL. You can count on our cooperation.

Mr. ROYBAL. Then we have an appointment at 10 o'clock Monday morning the first day of the district work week.

Mr. FREEMAN. We will get together before then.

Mr. ROYBAL. I would like to meet with someone who would tell me what they saw and why it was turned down. Is it profitable for someone to construct a building to your specifications and have it pay off under your rent structure?

Mr. FREEMAN. It is possible. It is done all the time.

Mr. ROYBAL. I do not know that there is anybody out there who can do it, but we will look.

Mr. FREEMAN. We are willing to look at alternatives.

Mr. ROYBAL. Thank you.

Mr. STEED. Thank you very much for your appearance. We will insert the Justifications in the record.

[The justifications follow:]

Public Buildings Service, Federal Buildings Fund
(Basic Program)

GENERAL SERVICES ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(dollars in thousands)

	Perm. Pos.	Workyears	Amount
1980 Obligational Authority Enacted by Congress. (Public Law 96-74).....	13,733	13,741	\$ 1,427,268
Adjustments: Supplemental Appropriation required for:			
Classified Pay Act Increases	-	-	7,376
Wage board increases effected during FY 1980	-	-	7,236
Construction and Acquisition of Facilities	-	-	15,320
Purchase Contract Payments	-	-	4,000
Repairs and Alterations	-	-	25,641
Total Proposed New Obligational Authority for FY 1980.....	13,733	13,741	\$ 1,486,844
Unobligated Balance Carried forward from FY 1979.....	-	-	240,205
Total Proposed Obligational Authority for FY 1980.....	-	-	\$ 1,727,149
Unobligated Balance Carried forward to FY 1981.....	-	-	- 159,166
Estimated Obligational Level for FY 1980.....	13,733	13,741	\$ 1,567,983
Proposed New Obligational Authority for 1981.....	13,735	13,741	\$ 1,620,477
Unobligated Balance Carried forward from FY 1980.....	-	-	159,166
Proposed Total Obligational Authority for FY 1981.....	13,735	13,741	\$ 1,779,643
Unobligated Balance Carried forward to FY 1982.....	-	-	- 80,046
Estimated Obligational Level for FY 1981.....	13,733	13,741	\$ 1,699,597
Change in New Obligational Authority from 1980 to 1981.....	-	-	\$ 133,653
Changed in Obligational Level from 1980 to 1981.....	-	-	\$ 131,614

Public Buildings Service, Federal Buildings Fund
(Basic Program)

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FY 1981
(dollars in thousands)

	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			F o r 1 9 8 1				
	FY 79 Actual		FY 80 (Est.)		FY 81 (Est.)		TOTAL CHANGES			PROGRAM CHANGES		OTHER CHANGES		
	Work	Yrs. Amount	Work	Yrs. Amount	Work	Yrs. Amount	Work	Yrs. Amount	Work	Yrs. Amount	Work	Yrs. Amount	Work	Yrs. Amount
1. Construction and Acquisition of Facilities	-	\$ 14,767	-	\$ 104,347	-	\$ 116,669	-	\$ 12,322	-	\$ 12,322	-	\$ 12,322	-	-
2. Repairs and Alterations	-	198,638	-	200,089	-	180,000	-	-20,089	-	-20,089	-	-	-	-
3. Purchase Contract Payments	-	89,180	-	103,700	-	108,374	-	4,674	-	-	-	-	-	\$ 4,674
4. Rental of Space	-	519,424	-	574,700	-	680,700	-	106,000	-	37,300	-	68,700	-	-
5. Real Property Operations	5,524	153,257	5,463	167,811	5,463	178,324	-	10,513	-	2,833	-	7,680	-	-
a) Cleaning & Fuel	-	143,086	-	156,860	-	167,475	-	10,615	-	-	-	5,997	-	16,612
c) Maintenance & Minor Repairs	2,691	84,009	2,661	92,240	2,661	96,981	-	4,741	-	931	-	3,810	-	-
d) Protection Other Bldg.	2,080	44,847	2,072	49,830	2,072	51,124	-	1,294	-	-	-	74	-	1,368
e) Services	1,459	40,626	1,629	42,619	1,629	42,597	-	-	-	-	-	1,544	-	-
Sub-total, Real Property Operations	11,754	\$466,216	11,825	\$509,360	11,825	\$536,501	-	\$27,141	-	-\$5,873	-	\$31,014	-	-
6. Program														
a) Construction	152	6,356	108	4,804	108	4,807	-	3	-	-	-	3	-	-
b) Repairs and Alterations	85	2,217	100	2,912	100	2,915	-	3	-	-	-	3	-	-
c) Rental of Space	329	9,654	458	12,669	458	12,681	-	12	-	-	-	12	-	-
d) Real Property Operations	865	22,154	885	25,870	885	25,894	-	24	-	-	-	24	-	-
e) Centralized Services	-	18,607	-	20,239	-	21,753	-	1,514	-	-	-	1,514	-	-
f) Overall Direction	360	9,334	365	9,293	365	9,303	-	10	-	-	-	10	-	-
Sub-total, Program Direction Total	1,791	\$ 68,922	1,916	\$ 75,787	1,916	\$ 77,353	-	\$ 1,566	-	-	-	\$ 1,566	-	-
Total Direct.....	13,545	\$1,356,747	13,741	\$1,567,983	13,741	\$1,699,597	-	\$131,614	-	\$25,660	-	\$105,954	-	-
Permanent Positions Established (Total)	13,878	-	13,733	-	13,733	-	-	-	-	-	-	-	-	-

Public Buildings Services, Federal Buildings Fund
(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1980 to FY 1981
(dollars in thousands)

Program Changes:	Construction		Repairs & Alterations		Purchase Contract		Rental		Real Property Operations		Program Direction	
	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7	Activity 8	Activity 9	Activity 10	Activity 11	Activity 12
	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Po. W's Amount	Total Po. W's Amount
Increases:												
1. Net increase in workload												
a. Obligation of Construction Funds for new projects proposed for direct repair, const. & eqpt. of facilities	\$17,229											\$17,229
b. Obligation of funds for new Repairs and Alterations Projects		\$180,000										180,000
c. Obligations for part-year cost of leased space acquired in FY 1981							\$39,800					39,800
d. Increase in Real Property Operations related to new workload									\$7,722			7,722
Sub-total, Program Increases	\$17,229	\$180,000					\$39,800		\$7,722			\$244,751
Reductions:												
1. Obligations for FY 1980 Repairs and Alterations Projects												(\$200,489)
2. Release of Government-owned and commercial leased space in 1981												(\$2,763)
3. Decrease to reflect funding at approximate FY 1980 level												(11,332)
4. Net decrease in obligations for prior year construction projects and acquisition of facilities												(4,907)
Sub-total, Program Decreases												(\$219,491)
Total Program Changes												\$ 25,660

Public Buildings Services, Federal Buildings Fund
(Basic Program)

Other Changes:	Construction Activity 1		Repairs & Alterations Activity 2		Purchase Contract Activity 3		Rental Activity 4		Real Property Operations Activity 5		Program Direction Activity 6		Total Po. WY's Amt.
	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.	Po. WY's Amt.		
Increases necessary to maintain current levels	-	-	-	-	-	-	-	-	-	-	-	-	-
Increased payments of principal and interest for Purchase Contract trust indentures	-	-	-	-	-	\$4,848	-	-	-	-	-	-	\$4,848
Annualized cost of leased space acquired during FY 1980	-	-	-	-	-	-	\$35,600	-	-	-	-	-	35,600
Amortification for rental rate increases occurring in FY 1980, part-year costs of rental rate increases in FY 1981	-	-	-	-	-	-	37,700	-	-	-	-	-	37,700
Increase to annualize the October 1979 civilian classified pay increase	-	-	-	-	-	-	-	-	\$	62	-	\$	52
Wage board pay increases	-	-	-	-	-	-	-	-	-	4,116	-	-	4,116
Utility rate and fuel cost increases	-	-	-	-	-	-	-	-	-	16,612	-	-	16,612
Increased cost of supplies, materials, and contracts	-	-	-	-	-	-	-	-	-	10,224	-	-	10,224
Increased costs of supportive services	-	-	-	-	-	-	-	-	-	-	1,514	-	1,514
Increased costs of lump-sum payments to lessors	-	-	-	-	-	-	-	-	-	-	3,000	-	3,000
Increased costs for space in USPS facilities	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500
Sub-total, Other Increases	-	-	-	-	-	\$4,848	-	\$75,600	-	\$31,014	-	\$1,566	\$113,028
Reductions:	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in services and utilities to be provided by the lessor	-	-	-	-	-	-	-	(\$1,300)	-	-	-	-	(\$1,300)
Decrease in taxes for projects required by Purchase Contract	-	-	-	-	-	(\$174)	-	-	-	-	-	-	(\$ 174)
Release of leased space in FY 1980	-	-	-	-	-	-	(\$5,600)	-	-	-	-	-	(\$5,600)
Sub-total, Other Reductions	-	-	-	-	-	(\$174)	-	(\$6,900)	-	-	-	-	(\$7,074)
Total, Other Changes	-	-	-	-	-	\$4,674	-	\$68,700	-	\$31,014	-	\$1,566	\$105,954
Total, Increases or Decreases 1981 compared with 1980	\$12,322	-	(\$20,089)	-	\$4,674	-	-\$106,000	-	\$27,141	-	-\$1,566	-	\$131,614

Public Buildings Service, Federal Buildings Fund
(Basic Program)

Summary of New Obligational Authority (Continued)
FY 1980 - 1981

Net increase of \$133,633,000 from the proposed FY 1980 obligational authority (FY 1980 enacted by Congress, \$1,427,268,000, plus supplemental appropriation for classified pay increases of \$7,376,000; wage board increases of \$7,236,000; Construction and Acquisition of Facilities of \$15,320,000; Purchase Contract Payments of \$4,000,000; and Repairs and Alterations of \$25,644,000).

-- Decrease of \$14,151,000 in new obligational authority for the Construction and Acquisition of Facilities activity. The proposed program for FY 1981 consists of additional funding for three border stations (Houston, Maine; San Diego (Oay Bay) and San Diego (Arizona) and the acquisition of the building at 7 U. S. Postal Service buildings by transfer of 7 U. S. Postal Service buildings. The continuing space needs of Federal agencies, particularly the U.S. Courts.

-- Net increase of \$8,405,000 in new obligational authority in the Special Fire Prevention, Lifesafety and Property Protection, and Obsolescence, Improvement To Space To Promote Utilization, Special Fire Prevention, Lifesafety and Property Protection, Special Aids for the Handicapped, Special Environmental Protection, and the Special Energy Conservation Program.

-- Increase of \$4,674,000 in the Purchase Contract Payments activity. This increase provides \$4,848,000 for increased payments of principal and interest offset by a \$174,000 decrease in taxes.

-- Net increase of new obligational authority of \$106,000,000 for the Rental of Space activity. This increase provides \$39,400,000 for 6.9 million square feet of agency expansion space to be leased in 1981; \$35,600,000 for agency expansion space (6.4 million square feet) acquired in 1980; \$37,700,000 for commercial rental rate increases in 1980 for increase in U.S.P.S. space; and \$35,000,000 for other increases. The increase in U.S.P.S. space of \$115,400,000, is offset by decreases of \$2,500,000 for release of space no longer required resulting from agencies moves to new Federal Buildings and to consolidated locations; \$1,300,000 for services to be provided for by the Government rather than the lessor; and \$3,600,000 for space released in FY 1980.

Net increase of \$27,141,000 in the Real Property Operations activity. Increases in FY 1980 for operations in newly acquired GSA operated space; \$4,116,000 for wage board increases, \$16,612,000 for increased cost of utilities and fuel; \$10,224,000 for increased costs of supplies and materials and building maintenance. The increase in the cost of the October 1979 classified pay for additional benefits, totaling \$38,736,000, are offset by these increases, totalling \$11,595,000 consisting of \$263,000 for costs related to GSA operated space scheduled to be released in FY 1980; and \$11,332,000 to maintain funding at approximate FY 1980 level.

Net increase of \$1,566,000 in the Program Direction activity. This provides for an increase of \$600,000 for payments to the Department of Labor for Employee Accident Insurance, \$400,000 for P.S. Intercity Charges, Local Telephone Service, and Postage, and \$566,000 for Automatic Data Processing for both increased costs and usage; and \$52,000 annualization of classified pay act effective October 1979.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND
(Basic and Reimbursable Programs)

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

- 11 Personnel Compensation and Staffing - \$332,100,000 for positions and workyears distributed as follows:

	1979	1981
Central Office	566	
Field Offices	17,047	16,865
<u>Total Positions</u>	<u>17,621</u>	<u>17,431</u>
Workyears	17,573	17,524
- 12 Personnel Benefits - \$35,200,000. Includes \$19,460,000 for direct contribution to the retirement fund; \$7,842,000 for health benefits; \$1,452,000 for group insurance; \$299,700 for FICA; and \$1,156,700 for payment to the Department of Labor for Employees Compensation Fund.
- 13 Benefits for Former Personnel - \$30,000 - For severance pay and unemployment compensation.
- 21 Travel and Transportation of Persons - \$6,230,000 - Includes \$3,355,000 for approximately 47,400 days of travel and \$75,000 for local transportation for the Direct Program; \$1,000,000 for all aspects of the Real Property Reimbursable Program; and \$1,600,000 for motor pool services.
- 22 Transportation of Things - \$2,400,000 - Includes transportation for movement of household goods, end supplies and materials related to Public Buildings Service programs and projects.
- 23 Rents, Communications and Utilities - \$881,400,000 - Includes \$653,500,000 for the rental of office or other space from commercial sources and \$27,200,000 for payments to the U. S. Postal Service for space occupied by Federal agencies for which GSA is responsible for providing space; \$167,475,000 for telephone and leased buildings; \$2,100,000 for depreciation of administrative furniture and equipment; \$80,000 for telephone and teletype services; and \$530,000 for postage and fees; \$25,095,000 for overtime building operations and other similar reimbursable services not subject to Standard Level User Charges.
- 24 Printing and Reproduction - \$3,400,000 - 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 - \$508,287,000 - Includes \$493,455,000 for payments to commercial contractors for architect-engineering services, contract cleaning and protection, and maintenance services in connection with construction, other commercial contracts; \$11,642,000 for payments to the Architectural Services Fund; \$2,900,000 for payments to other Government agencies for health services, training and supply services; \$300,000 - payment to the Federal Telecommunications Fund for relocation costs and \$980,000 for payments to the Working Capital Fund for photocopying and similar processing.
- 26 Supplies and Materials - \$75,000,000 - Provides for office supplies and for operating supplies for the real property program.
- 31 Equipment - \$2,900,000 - For purchase of operating equipment necessary to maintain and operate real property.
- 32 Land and Structures - \$63,713,000 - Includes \$30,000,000 for capital improvements to buildings and equipment; \$16,309,000 for costs incident to the new construction program; and \$17,404,000 for payments of principal under the purchase contract program.
- 41 Grants, Subsidies, and Contributions - \$25,453,000 - Provides for payments of taxes and assessments relating to the purchase contract program.
- 42 Insurance Claims and Indemnities - \$00,000 - Provides for payment of tort claims and other losses.
- 43 Interest and Dividends - \$65,394,000 - Payment of interest for purchase contracts as follows: \$57,214,000 for the first, second, third, and fourth, fifth, sixth and seventh indentures of dual system projects and \$8,180,000 for the 28 package projects.

Public Buildings Service, Federal Buildings Fund
(Basic Program)

SUMMARY OF EMPLOYMENT
(Compensable Workyears)

Principal Categories	Actual 1979	Estimated 1981		Change for 1981		
		1980	1981	Total	Program Increases	Other
<u>Permanent</u>						
Managerial and Administrative	537	550	550	-	-	-
Engineers and Architects	85	90	90	-	-	-
Realty Officers and Specialists	291	330	330	-	-	-
Clerical and Technical	2,099	2,358	2,358	-	-	-
Elevator Operators	147	132	132	-	-	-
Cleaners	5,434	5,402	5,402	-	-	-
Mechanics	2,572	2,572	2,572	-	-	-
Guards, Protective Officers and Firefighters	2,068	2,042	2,042	-	-	-
Subtotal	13,233	13,476	13,476	-	-	-
Part-time and Temporary	312	265	265	-	-	-
Total Workyears	13,545	13,741	13,741	-	-	-

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

SELECTED WORKLOAD DATA

	1979 ACTUAL	1980 PROGRAM IN		1981 BUDGET	1981 ESTIMATE	PERCENT OF CHANGE 1980 VS. 1981
		1980 BUDGET	1981 BUDGET			
1. Construction						
a. New Starts (Direct Federal Funding)	1	8	5	10	-	100.00
b. New Starts (Purchase Contract Funding)	-	-	-	-	-	-
c. Direct Federal Construction (On-going Projects)	10	18	18	16	-	-11.11
2. Repairs and Alterations						
a. Total Obligations (CSA Responsibility (million Sq. Ft.) $\frac{1}{2}$)	230.7	234.2	236.0	242.9	-	2.92
b. Total Obligations (\$ Millions)	\$198.6	\$200.0	\$200.1	\$186.0	-	-10.04
3. Purchase Contract Payments						
a. Number of Projects	73	73	73	73	-	-
b. Total Contract Payments	\$14,892,739	\$ 8,797,276	\$ 16,745,123	\$ 17,403,658	-	3.93
c. Total Contract Payments	56,886,631	65,180,324	61,205,048	65,393,942	-	6.84
d. Total Tax Payments	17,330,124	25,599,400	25,624,829	25,453,200	-	-.68
e. Total Administrative Expense	70,543	123,000	123,000	123,000	-	-
f. Total Payments	\$89,180,057	\$99,700,000	\$103,700,000	\$108,394,000	-	4.51
4. Rental of Space						
a. Total Number of Leases	6,889	7,177	5,400	6,000	-	11.11
b. Net Occupiable Space (Million Sq. Ft.)	95.3	94.7	96.1	102.4	-	6.56
c. Total Obligations (\$ Millions)	\$519.4	\$554.6	\$574.7	\$680.7	-	18.44
5. Real Property Operations						
a. Total Occupiable Square Feet (000)						
Cleaning	183,274	185,856	185,856	188,271	-	1.40
Utilities and Fuel	213,529	217,069	217,069	218,655	-	.75
Maintenance and Minor Repairs	183,539	187,322	187,322	188,517	-	.63
Protection	208,761	212,294	212,294	214,065	-	.83
Other Building Service	283,900	286,200	286,200	287,480	-	.45
b. Unit Cost Per Square Foot						
Cleaning	\$0.84	\$0.88	\$0.90	\$0.95	-	5.56
Utilities and Fuel	0.67	0.72	0.72	0.77	-	6.94
Maintenance and Minor Repairs	0.46	0.48	0.49	0.51	-	4.08
Protection	0.21	0.22	0.23	0.24	-	1.19
Other Building Services	0.14	0.14	0.15	0.15	-	-
6. Program Direction						
a. Total Space In Inventory (Million Sq. Ft.) $\frac{1}{2}$	230.7	234.2	236.0	242.9	-	2.92
Government-Owned	137.4	139.5	139.9	140.5	-	.43
Leased	93.5	94.7	96.1	102.4	-	6.56
b. Personnel Housed	867,834	895,000	889,575	915,580	-	2.92
c. Number of Leases	6,889	7,177	5,400	6,000	-	11.11

$\frac{1}{2}$ Excludes outside parking of 52 million square feet.

RP-9

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

LIMITATIONS ON AVAILABILITY OF REVENUE

The revenues and collections deposited into the 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 the expenses of repair, maintenance, and minor alterations to the most critical sites, including construction and 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; construction of new buildings; construction of new buildings; 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 provided by law; construction of new buildings; construction of 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 or otherwise. The amount available for such purposes shall not exceed \$346,380,000, which 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:

Massachusetts: Boston, Motor Pool, \$387,000	Arizona: San Luis, Border Station, \$6,242,000
Texas: El Paso, Federal Office Building, \$21,578,000	California: Otay Mesa, Border Station, \$12,106,000
Utah: Salt Lake City, Motor Pool, \$282,000	Maine: Houlton, Border Station, \$3,409,000
Massachusetts: Acquisition and Improvements of United States Postal Service Properties, \$15,792,000	
Provided: That the immediately foregoing limit of costs may be exceeded to the extent that savings are effected in other such projects but by not to exceed 10 per centum. <i>Provided further</i> , That all funds for direct construction projects shall expire on September 30, 1982.	1982
Provided: That the total amount of such savings shall not exceed the whole or in part prior to such date; (2) not to exceed \$145,983,000 which shall remain available until expended, for alterations and major repairs. <i>Provided</i> , That funds in the Federal Buildings Fund	\$180,000,000
	repairs and alterations
	\$1,620,477,000
	\$37,549,000

for alterations and major repairs shall, for prospectus projects, be to the amount by which the amount shown in the budget justification exceeds 10 per centum. *Provided further*, That all funds for alterations and major repair prospectus projects shall expire on September 30, 1958. Except funds for projects as to which funds have been obligated in whole or in part prior to such date; (3) not to exceed \$99,700,000 for prospectus projects entered into prior to July 1, 1957; (4) not to exceed \$74,700,000 for projects entered into on or after July 1, 1957; (5) not to exceed \$498,068,000 for real property operations, and (6) not to exceed \$72,472,000 for program direction and centralized services. *Provided*, That for the purposes of this authorization, buildings constructed pursuant to the Public Buildings Purchase Contract Act of 1954, U.S.C. 490, and the Public Buildings Amendments of 1972 (40 U.S.C. 480) and buildings constructed by the Federal Government 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 none of the funds available to the General Services Administration shall be expended for construction of buildings with any project for which a prospectus is required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for each project for required expenses in connection with the development of a proposed prospectus. *Provided further*, That amounts necessary to provide reimbursements for such services under section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to provide such reimbursements for fence, 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 for such purposes. *Provided further*, That any revenues and collections and any other sums accruing to this fund during fiscal year 1960 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 \$1,427,268,000 shall remain in the Fund and shall not be available for expenditure except as provided in this authorization. *Provided further*, That for additional expenses in connection with the operations of the Fund pursuant to section 210 of the Federal Property and Administrative Services Act of 1949, as amended, for expenditures made under 210(f) of said Act, \$115,000,000 to be deposited to said fund.

Repairs and Alterations

repairs and alterations

1982

\$108,374,000

\$680,700,000

\$536,501,000

\$77,353,000

1981

\$1,620,477,000

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES
(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Workyears	Amount	Workyears	Amount	Workyears	Amount	Workyears	Amount	Workyears	Amount	Workyears	Amount
-	\$14,767	-	\$ 104,347	-	\$ 116,669	-	\$ 12,322	-	\$ 12,322	-	-

BACKGROUND

The proposed FY 1981 Construction program was developed in concert 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

For FY 1981 Construction program proposes new obligational authority of \$37,548 thousand and contemplates an obligational level of \$116,669 thousand. The new projects consist of three border stations (Houlton, Maine; San Diego, (Otay Mesa), California and San Luis, Arizona) and the acquisition by transfer of 7 U.S. Postal Service buildings to satisfy the continuing space needs of Federal agencies, particularly the U.S. Courts.

Additional information regarding the construction program is arranged in the following order:

- (1) Project Listing for FY 1981
- (2) Project Description - FY 1981 New Projects
- (3) Analysis of Construction Obligational Authority and Obligational Level
- (4) Explanation of changes in obligational level, FY 1980 vs. FY 1981 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)			Total	Prospectus Status
		Arch. Plans & Specifications	Management Inspection	Construction		
<u>ARIZONA</u> New Construction San Luis, Border Station	G-0	\$ 360	\$ 300	\$ 5,562	\$ 6,242	To be submitted to PWC's in January 1980.
<u>CALIFORNIA</u> San Diego (Otay Mesa) Border Station	210	678	455	10,763	12,106	To be submitted to PWC's in January 1980.
<u>MAINE</u> Houlton, Border Station	7	205	176	3,021	3,409	To be submitted to PWC's in January 1980.
Subtotal, New Construction	217	\$1,263	\$ 931	\$ 19,346	\$21,757	To be submitted to PWC's in January 1980.
<u>Acquisition of Excess U.S. Postal Service Properties</u>						
<u>GEORGIA</u> Atlanta, Federal Annex	5,000	-	-	-	5,000	Not Required
<u>ILLINOIS</u> Peoria, Post Office and Courthouse	1,400	-	-	-	1,400	Not Required
<u>LOUISIANA</u> Lafayette, Post Office and Courthouse	2,250	-	-	-	2,250	Not Required
<u>NEW HAMPSHIRE</u> Manchester, Post Office	2,000	-	-	-	2,000	Not Required
<u>TEXAS</u> Dallas, Terminal Annex	4,457	-	-	-	4,457	Not Required
<u>VIRGINIA</u> Big Stone Gap, Post Office and Courthouse	325	-	-	-	325	Not Required
<u>WASHINGTON</u> Port Angeles, Post Office	360	-	-	-	360	Not Required
Subtotal, Acquisition of Excess U.S. Postal Service Properties	\$ 15,792	-	-	-	\$ 15,792	
Total	\$ 16,009	\$ 1,263	\$ 931	\$ 19,346	\$ 37,549	

CONSTRUCTION/ACQUISITION (Cont'd)
PROJECT DESCRIPTIONS FY 1981 NEW PROJECTS

Public Buildings Service
Federal Buildings Fund

CONSTRUCTION

San Luis, Arizona - Border Station

GSA proposes to construct a new border station facility on the existing 11.87 acre Government-owned site and demolish the existing improvements. The estimated total project cost is \$6,242,000. The present station cannot efficiently accommodate the current or anticipated traffic flow. The proposed border station will provide 43,495 occupiable square feet, including canopies, booths and dock. The project will satisfy the special purpose space requirements of the Departments of Justice, Treasury, and Agriculture, Federal Customs, and the Agency for International Development. The project will include provisions for handicapped persons, fire safety features, energy conservation, primary and secondary vehicle inspection facilities, truck inspection facilities and parking.

San Diego (Otay Mesa), California - Border Station

GSA proposes to construct a new commercial truck complex and additional primary and secondary inspection facilities on a site to be acquired. The estimated total project cost to construct this border station is \$17,106,000. The new border station will contain approximately 124,148 occupiable square feet, including canopies, booths and docks. The new facilities will be located on the new site in San Diego County. The project will be processed for the Otay Mesa area of San Diego County. The new complex will serve as the primary border crossing point for long-distance commercial vehicles, thereby reducing traffic at the existing border crossing. Construction of the proposed border station will provide the flexibility required to assign, operate, alter, expand and otherwise provide for efficient and economical long and short range space requirements of the inspection agencies.

Houlton, Maine - Border Station

GSA proposes to construct a new border station facility on a site to be acquired near Houlton, Maine. The new border station will provide 27,975 square feet of occupiable space at an estimated total project cost of \$3,409,000. Direct Federal construction will also ensure that the inspection agencies can carry out their respective missions under conditions of optimum personal safety and operational security and that the requirements for handicapped accessibility, fire safety, environmental protection, and energy conservation will be met. The onsite parking to be provided will accommodate both the employees and a limited number of anticipated visitors.

Transfer of Excess U.S. Postal Service Buildings

The General Services Administration has studied the Federal space situation in seven communities throughout the Nation and it has determined that the best interests of the Government and the Federal agencies involved will be served by acquiring custody and control of properties excess to the needs of the U.S. Postal Service. The acquisition of these properties will ensure uninterrupted housing for agencies and result in total annual savings of more than \$2,500,000 decrease in rental payments and payments to U.S. Postal Service. A description of each project follows:

Atlanta, Georgia

It is proposed that GSA acquire the U.S. Postal Service Federal Annex in Atlanta, Georgia at an estimated cost of \$5,000,000. Needed repair and alteration funds will be programmed in a future year's budget. The Postal Service plans to declare this building excess to its needs during FY 1980 and to vacate the building during FY 1981. Agencies now located in approximately 243,400 square feet of leased space will be relocated to the Federal Annex after acquisition. The amount of leased space released will result in an annual rental savings of approximately \$1,531,000. This building, which is located adjacent to the new Richard B. Russell Federal Building, will permit relocation of many agencies from leased space into a Federally-owned facility within the central business district.

CONSTRUCTION/ACQUISITION (Cont'd)
PROJECT DESCRIPTIONS FY 1981 NEW PROJECTS

Public Buildings Service
Federal Buildings Fund

Peoria, Illinois

It is proposed that GSA acquire the U.S. Post Office and Courthouse in Peoria, Illinois, at an estimated cost of \$1.4 million. The Postal Service declared this building excess in February 1979. The U.S. Courts and other Federal agencies are currently housed in 20,630 square feet of space in this building. This acquisition will allow GSA to release 36,000 square feet of leased space and, thus, will result in annual rental savings of approximately \$235,000. The acquisition of this building will permit GSA to alter this building to ensure continued housing for the U.S. Courts and to consolidate other Federal agencies. Needed repair and alteration funds will be requested in a future year's budget.

Manchester, New Hampshire

The acquisition by GSA of the U.S. Post Office, Manchester, New Hampshire, is estimated to cost \$2,000,000. The acquisition of this building, which was declared excess in July 1978, will satisfy the continuing space needs of Federal agencies in Manchester. Of the approximately 30,100 square feet of space available in the building, agencies will occupy 19,300 square feet, the remainder being held for expansion purposes. The leased space released will result in an annual rental savings of \$74,992. Needed repair and alteration funds will be requested in a future year's budget.

Lafayette, Louisiana

It is proposed that GSA acquire the U.S. Post Office-Courthouse in Lafayette, Louisiana, at an estimated cost of \$2,250,000. The U.S. Postal Service has not yet declared the building excess but plans to vacate the facility in May 1980. In addition to the Postal Service, the building is occupied by the U.S. Courts, Attorney/Marshal, and four other agencies. Acquisition of the building will provide for additional U.S. District Courts and housing for Federal agencies now in 9,519 square feet of leased space at six scattered locations. This will result in an annual rental savings of \$48,865. The FY 1981 RGA costs are estimated at \$1,582,900.

Big Stone Gap, Virginia

The acquisition by GSA of the U.S. Post Office, Big Stone Gap, Virginia, is estimated to cost \$325,000. The occupants of the building will be relocated to the new facility. GSA intends to upgrade the facility for the U.S. Courts. The building is 41,770 square feet. The other major occupant, the U.S. Postal Service, occupies 3,460 square feet. The remaining 1,930 square feet are occupied by various Federal entities, and includes service areas. RGA funds for major renovation will be programmed in a future year's budget.

Port Angeles, Washington

GSA proposes to acquire the U.S. Post Office, Port Angeles, Washington, at an estimated cost of \$360,000. The U.S. Postal Service declared this building excess and vacated the facility in November 1978. The building is presently occupied by several agencies in 13,365 square feet. Agencies will be relocated in 4,285 square feet of leased space at three locations. The remaining 9,080 square feet of leased space after acquisition. The leased space released will result in an annual rental savings of \$20,069. RGA funds for renovation will be programmed in a future year's budget.

Dallas, Texas

The acquisition by GSA of the Terminal Annex in Dallas, Texas, is estimated to cost \$4,457,000. The U.S. Postal Service declared this building excess in March 1978, and vacated the facility in April 1979. Agencies now located in 151,653 square feet of leased space at four locations will be relocated to the Terminal Annex after acquisition. The space released will result in an annual rental savings of \$647,897. This relocation will result in an annual rental savings of \$647,897. This relocation will result in an annual rental savings of some now located outside the central business district. A federally owned facility located at the west end of the central business district. Needed repair and alteration funds will be requested in a future year's budget.

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES
 ANALYSIS OF OBLIGATIONAL AUTHORITY
 AND OBLIGATIONAL LEVEL
 (in thousands of dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Future Years
Projects Authorized Prior to FY 1979	\$10,467	\$ 52,959	\$ 47,840	\$ 1,300
FY 1979 Construction Program	4,300	26,057	27,889	55,768
FY 1980 Construction Program	-	25,331	23,711	2,658
FY 1981 Construction Program	-	-	17,229	20,320
Total Obligational Level	\$ 14,767	\$104,347	\$116,669	\$80,046
Recoveries of prior year obligations	- 1,669	-	-	-
Unobligated balance available, start of year	-110,897	-211,813	-159,166	-
Unobligated balance available, end of year	211,813	159,166	80,046	-
New Obligational Authority	\$114,014	\$ 51,700 1/	\$ 37,549	-

1/ Includes FY 80 Supplemental of \$15,320,000

Public Buildings Service, Federal Buildings Fund

(CONSTRUCTION AND ACQUISITION OF FACILITIES (Cont.))

Explanation of Changes in Obligational Level FY 1980 vs. FY 1981

1. Program Changes, increase of \$12,322 thousand

a. An increase of \$17,229 thousand in obligational level is attributable to the proposed FY 1981 construction program.

Need for increase. This increase will provide for site acquisitions of the excess U. S. Postal Service buildings, and award of design contracts for the new projects authorized

b. A decrease of \$4,907 thousand represents a net decrease in the obligational level for projects prior to FY 1979 and the construction programs for FY 1979 and FY 1980

Workload Factors
(Dollars in Thousands)

Number and Value of Design Contracts:	1979 Actual		1980 Estimated		1981 Estimate		Percent Change
	No.	Amount	No.	Amount	No.	Amount	
In effect at beginning of period	2	\$530	2	\$1,146	8	\$7,042	300
Awarded during the period	1	652	11	7,103	3	1,270	-72
Complete during the period	1	36	5	1,207	7	4,723	40
Number and Value of Construction Contracts:							
In effect at beginning of period	4	10,444	3	8,315	6	35,315	100
Awarded during the period	1	756	5	33,187	10	90,850	100
Complete during the period	2	2,885	2	6,187	5	8,762	150
							41

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

REPAIRS AND ALTERATIONS
(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Change	
Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount	Man Years	Amount
-	\$198,638	-	\$200,089	-	\$180,000	-	\$-20,089	-	\$-20,089

BACKGROUND

Under this activity, the General Services Administration executes its responsibility for repairs 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 are given primary consideration in carrying out the responsibility. A major portion of the FY 1981 program is devoted to the basic work necessary to meet this goal and to keep for FY 1981 in an occupiable condition. Major projects for FY 1981 is also being placed on the program for district and circuit judges in accordance with P. 95-488 Omnibus Judgeship legislation. 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 the FY 1981 program work in this area is estimated to result in \$6.4 million rental cost avoidance annually.

Since 1962, the Repairs and Alterations workload inventory has grown more than 232% from \$370.7 million to \$1,234.0 million as of the end of FY 1979. The reasons for this increase are the increase in the inventory of space from 195.0 million square feet to 250.0 million square feet (approximately 16%) and the severe impact of inflation in the construction industry of 196% which has occurred since 1962.

Repairs and Alterations workload requirements originate with scheduled, on-site, inspections of buildings by qualified regional

engineers and Building Managers. The work identified through these inspections is programmed and prioritized into the Repairs and Alterations Construction Automated Tracking System (RACKS) on a five-year basis. Programmed work is deleted from the (Repairs and Alterations) inventory when obligations are made only, except for high priority work large volume work. Other projects remain in the R&A inventory and add to the budget. The status of the Repairs and Alterations inventory is shown in the following table:

Fiscal Year	Opening Inventory		New Work Generated		Work Performed		Closing Inventory
	(\$ In Millions)	(\$ In Millions)	(\$ In Millions)	(\$ In Millions)	(\$ In Millions)	(\$ In Millions)	
1979	\$1,084.1	\$338.5	\$198.6	\$1,234.0			
1980	1,234.0	238.7	200.1	1,243.6			
1981	1,243.6	238.0	180.0	1,301.6			

JUSTIFICATION

The Repairs and Alterations 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, life safety and property protection; (4) Special aids for the handicapped; (5) Special environmental protection measures; and (6) Special energy conservation measures.

1/ This amount includes proposed supplemental of \$25,644,000 in FY 1980

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDING FUND

REPAIRS AND ALTERATIONS
(Dollars in Thousands)

Funding in the amount of \$88,700 thousand is proposed for the Basic Work to Correct Deterioration, Malfunction, and Obsolescence program in FY 1981. The work items included in this program area will insure operation continuity and protect the Government's investment in its facilities. Typical projects include repairs and replacement of the building structure, mechanical, electrical and air-conditioning systems, and the repair or replacement of defective masonry.

In FY 1981 \$37,000 thousand is proposed for work related to the Improvement to Space to Promote Utilization program which is a part of the total cost to recycle vacant space for occupancy and improve the utilization of existing space for which GSA has assignment responsibility. This program includes the cost of space alterations which are incident to the relocation of agencies and realignments. Also, included in the program are \$10,715 thousand for court alterations related to the Omnibus legislation and \$106 thousand for art-in-architecture.

Funding of the Special Fire Prevention, Lifesafety and Property Protection program is proposed to be \$17,000 thousand in FY 1981. This category includes primarily work items for the protection of Lifesafety and Property Protection such as fire detectors, sprinkler systems in high rise buildings, elevator capture systems, and the enclosing of exposed stairwells.

Approximately \$1,800 thousand is proposed for the Special AIDS for the Handicapped program in FY 1981. This work will continue our program of providing full access to GSA-controlled, Government-owned buildings and facilities. Projects in this program include providing access to the physically handicapped and related repairs and alterations projects. Examples of this work include making all restrooms totally accessible during a major restroom modernization project and providing accessible controls when elevators are installed or replaced.

The Special Environmental Protection program provides for environmental control projects to eliminate all the water pollution

sources. Installation of precipitators on boilers to eliminate air pollution and upgrading of sewage treatment facilities are examples of work included in this category. Proposed funding for this program area is \$300 thousand for FY 1981.

The Special Energy Conservation program consists of repairs and alterations to retrofit existing building for the purpose of reducing the use and loss of energy in GSA-controlled space. The retrofit budget for Fiscal Year 1981 is a continuation of GSA's ten-year plan for energy conservation for buildings owned or controlled by GSA. This program is consistent with Section 381 (e)(2) of the Energy Policy and Conservation Act, Public Law 95-602, signed by the President to develop and to the extent of his authority under other laws, a national energy plan for energy conservation with respect to buildings owned or leased by an agency of the United States. Such a plan shall include mandatory lighting efficiency standards, mandatory thermal efficiency standards and insulation requirements, restrictions on hours of operation, thermostat controls, and other conditions of operation, and plans for replacing or retrofitting to meet such standards. The proposed funding for this program area in FY 1981 is \$35,000 thousand.

The above six major program areas amount to \$180,000,000.

The table below presents the proposed program by function area for FY 1981

Construction	\$162,500,000
Design, and Management and Inspection	\$17,500,000
	\$180,000,000

The Repairs and Alterations program is presented by project in the Exhibit reflecting amount, project description and program area. Listed are the actual obligations incurred in FY 1979, programmed for FY 1980, and proposed for FY 1981 for each prospectus project where the obligations are \$500,000 or greater. The amounts shown for these projects include Design, Construction Management and Inspection. The exhibit also reflects the individual FY 1981 projects for which construction contracts have been awarded. The actual obligations for the program areas Design, and Management and Inspection activities are provided as a single line entry at the end of the listing to reflect the total repairs and alterations program cost for these projects.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

REPAIRS AND ALTERATIONS
(Dollars in Thousands)

An analysis of obligational authority and obligation level is shown in the following table:

	FY 1979	FY 1980	FY 1981
Total obligational level	\$198,638	\$200,089 ^{1/}	\$180,000
Recoveries of prior year obligations	- 4,332	-	-
Unobligated balance available start of year	-22,798	-28,492	-
Unobligated balance available end of year	28,492	-	-
New obligational authority	<u>\$200,000</u>	<u>\$171,597 ^{1/}</u>	<u>\$180,000</u>

Explanation of Changes FY 1980 vs FY 1981 - A net decrease of \$20,089 thousand is proposed as follows:

1. Program changes

a. An increase of \$180,000 thousand for projects included in the FY 1981 Repairs and Alterations Program.

Need for Increase - This will provide for essential projects needed to keep Federal facilities in a tenable condition.

b. A decrease of \$200,089 thousand for obligations in connection with the FY 1980 Repairs and Alterations Program.

Explanation of decrease - FY 1980 authority provided for projects in the FY 1980 Repairs and Alterations Program.

Square Footage under GSA responsibility (million square feet)	Workload Factor		Percent Increase (FY 81 vs. FY 80)
	1979 Actual	1981 Estimate	
236.7	236.0	242.9	2.9

^{1/} This amount includes proposed supplemental of \$25,644,000 in FY 1980.

PUBLIC BUILDINGS SERVICE, FEDERAL BUILDINGS FUND

REPAIRS AND ALTERATIONS

ABBREVIATIONS USED IN FOLLOWING EXHIBIT:

Short Form

AS
C
OO
CT
CU
FB
FS
GS
GSA
H
HEW
HVAC
I
FO
RO
S

Long Form or Explanation

Appraisers Stores
Carryover project from prior year
Central Office
Courthouse
Customhouse
Federal Building
Federal Center
Geological Survey
General Services Administration
Approved, House Public Works and Transportation Committee
Health, Education, and Welfare
Heating, Ventilating, and Air-conditioning
Includes carryover project from prior year
Post Office
Regional Office
Approved, Senate Environment and Public Works Committee

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DEFICIENCIES OR MALFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL FIRE PRE- VENTION LIFESAFETY PROTECTION	SPECIAL AIDS FOR THE HANDICAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROGRAMS STATUS RE- LATING TO PROPOSED PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
ARIZONA Phoenix, PO CT	\$ 827,000	-	-	-	-	-	-	-	-	-	-
CALIFORNIA Orange County, Civic Building, FB	\$984,000	-	-	-	-	-	-	-	-	-	-
Los Angeles, CT	-	\$ 827,000 C	\$ 900,000	-	\$ 900,000	-	-	-	-	H - 6/71 S - 7/70	Provide alterations for U.S. Courts.
Memlo Park, GS B2	-	1,542,000 C	-	-	-	-	-	-	-	H - 5/79 S - 7/79	Replace ceilings and lights; install partitions and new floors; paint walls; install fire out buildings; upgrade electrical, HVAC, and plumbing systems; install new carpeting; paving repairs; provide new furniture for courtrooms, library and offices for U.S. Courts;
Pasadena, FC	-	-	9,864,000	\$ 6,724,000	2,149,000	\$ 991,000	-	-	-	-	Replace fire sprinkler and emergency power.
Sacramento, FB	-	1,069,000	-	-	-	-	-	-	-	-	-

BUILDING LOCATION	ACTUAL FY 77	PROPOSED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT FUNCTIONAL DEFICIENCIES AND MALFUNCTIONS	THROAT- NECK SPACE	SPECIAL FIRE PRE- VENTION & PROTECTIVE MEASURES	SPECIAL HANDLING EQUIPMENT NEEDED	SPECIAL VENTILATION CONSER- VATION MEASURES	SPECIAL STATUS RE- LATED TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
CALIFORNIA (Cont'd)										
San Bruno, PB	-	\$ 3,398,000	-	-	-	-	-	-	-	-
San Francisco, Ct of Appeals	-	897,000	-	-	-	-	-	-	-	-
San Francisco, CU	\$913,000	-	-	-	-	-	-	-	-	-
San Francisco, PB CT	-	567,000	-	-	-	-	-	-	-	-
COLORADO										
Denver, DPC #21, 40, 46	\$2,619,000	\$	-	-	-	-	-	-	-	-
Denver, DBC #A7	-	561,000	-	-	-	-	-	-	-	-
CONNECTICUT										
Hartford, PB	\$1,415,000	-	-	-	-	-	-	-	-	-

BUILDING LOCATION	ACTUAL FY 79	FORWARDED FY 80	FORWARDED FY 81	BASIC WORK TO CORRECT DEFERRED MAINTENANCE	IMPROVE- MENT TO SPACE	SPECIAL VENTILATION LIFE SAFETY PROTECTION	SPECIAL AIDS FOR THE HANDICAPPED	SPECIAL ENTRANCE MEASURES	SPECIAL ENERGY- CONSERVATION MEASURES	PROSPECTUS FOR LATING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 81
<u>DETROIT OF COLLEGE</u>											
Agriculture South	\$ 1,792,000	\$ 3,703,000 I	\$ 2,345,000			\$ 2,345,000				H 4/78 S 9/77	Install fire doors, alarms, fire alarm systems, and particulate in the lab unit, sub- basement, basement, and decks A, B, and C.
Archives	-	1,252,000	-								
Central Heating Plant	1,010,000	2,843,000	-								
Commerce	1,579,000	-	-								
Federal Building #6	808,000	-	-								
Federal Building 12th and Pennsylvania Avenue (New FO Building)	869,000	-	1,892,000	\$ 1,892,000						H - 5/74 S - 12/73	Convert manual elec- trical fire alarm vectors to automatic.
Federal Trade Commission	2,309,000	-	-								
General Accounting Office	2,613,000	2,360,000 I	-								
General Services Administration	500,000	-	-								

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK CORRECTION AND DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL FOR THE HANDI- CAPPED	SPECIAL MENTAL PRO- TECTION MEASURES	SPECIAL CONSER- VATION MEASURES	PROJECTS STATUS RE- FERRED TO PROGRAM FY 81	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
DISTRICT OF COLUMBIA (Cont'd)			\$ 4,000,000	\$ 4,000,000							Repair and upgrade air-conditioning system.
General Services Administration Support Office Building											
HEW North		\$ 1,276,000	\$ 1,734,000	2,087,000		\$ 1,270,000	\$ 218,000		\$ 359,000	H - 4/78 S - 6/77	Repair electrical systems and replace wiring. Repair condensate return system, flushometers, exhaust fans and exhaust ducts. Re- place air-handling units; repair plumbing ceiling, lighting, and flooring; improve fireproofing by instal- ling fire doors, fire fire dampers, and enclosing escalator shafts; provide espe- cial lighting for operation; and provide facilities for the handicapped.

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK CORRECTION AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL HAND- HELD PRO- TECTION MEASURES	SPECIAL CONSER- VATION MEASURES	PROSPECTIVE STATUS RE- COMMEN- DED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
<u>DISTRICT OF COLUMBIA (Cont'd)</u>										
Interior	\$1,756,000	\$ 798,000	-	-	-	-	-	-	H - 5/74 S - 6/74	Repair roof and ceiling.
International Trade Building	-	-	\$ 1,300,000	\$ 1,300,000	-	-	-	-	H - 5/76 S - 5/76	Repair courtyard walks and modify stairs in accordance with fire safety requirements.
Justice	2,392,000	-	1,760,000	1,572,000	-	\$ 168,000	-	-	H - 4/78 S - 9/77	Repair heating system pump; repair toilets; replace lighting; downfall sprinkler, fire alarm in hallway, hose outlets, and elevator fire capture controls.
Lafayette	-	-	864,000	604,000	-	260,000	-	-	H - 7/77 S - 6/77	Exterior site development.
NYA #159	966,000	-	-	-	-	-	-	-	-	-
Old Post Office	14,271,000	-	747,000	747,000	-	-	-	-	-	-

BUILDING LOCATION	ACTUAL FY 72	PROPOSED FY 73	FY 81	BASIC WORK TO CORRECT DETERIORATION AND MAINTENANCE	IMPROVE- MENTS TO SPACE	SPECIAL FIRE PRE- VENTION LIFESAFETY PROTECTION	SPECIAL AIDS FOR THE BLIND	SPECIAL ENVIRON- MENTAL PRO- VISIONS	SPECIAL ENERGY CONSER- VATION MEASURES	PROVISIONS RELATING TO PROPOSED PROGRAM	DESCRIPTION OF OTHER WORK PERFORMED IN FY 1981
DISTRICT OF COLUMBIA (Cont'd)											
1 Mary E. Switzer, FB	\$ 1,133,000	\$ 1,907,000	\$ 3,928,000	\$ 3,329,000	-	\$ 479,000	\$ 120,000	-	-	H - 4/78 S - 12/76	Repair heating, vent- ilating, air-condition- ing, and chilled water systems; convert 6 from manual to automatic operation; replace ceilings, lights, and water system; replace sewage ejectors; im- prove fire and life- safety systems; install fire doors, dampers, and a new alarm system, and an emergency generator; provide facilities for the handicapped.
U.S. Courthouse	\$ 866,000	-	-	-	-	-	-	-	-	-	-
West Heating Plant	-	\$ 1,894,000	-	-	-	-	-	-	-	-	-
320 1st Street	617,000	-	-	-	-	-	-	-	-	-	-

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DEFICIEN- TION AND MALFUNCTIONS	IMPROVE WORKING SPACE	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL AIDS FOR HANDI- CAPPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROSPECTIVE STATUS RE- LATING TO FEDERAL FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
FLORIDA Miami, PO CT	-	\$ 904,000 c	\$ 2,670,000	\$ 2,342,000	-	\$ 280,000	\$ 13,000	-	\$ 75,000	H - 5/79 S - 9/79	<p>Repair windows; upgrade entrance doors; in- stall new lighting; ceiling; flooring; ceiling; ceiling; repair air-conditioning; replace toilet fix- tures; replace sump pumps; restore patio fountain area; in- stall new street com- munications; replace exit lights, sprink- lers, standpipes, fire alarms and fire alarm detectors; install emergency generator; provide handicapped access to building; conduct energy audit and install energy efficient A/C and electrical controls.</p>

BUILDING LOCATION	ACTUAL FY 79	PROGRAMMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DEFICIEN- CY AND MAINTENANCE	DEMOLIT- ION AND RECON- STRUCTION SPACE	SPECIAL FIRE PRE- VENTION & PROTECT- ION	SPECIAL AIDS FOR THE HANDI- CAPED	SPECIAL ENVIRON- MENTAL PROTE- CTION MEASURES	SPECIAL ENERGY SAVING MEASURES	PROGRESSIVE STATUS RE- LATING TO PROGRAMMED FY 81
FLORIDA (Cont'd.) Tampa, FS CT To	-	-	\$ 2,008,000	\$ 280,000	\$ 998,000	\$ 90,000	\$ 40,000	-	\$ 600,000	H - 10/79 S - 9/79

DESCRIPTION OF WORK TO
BE PERFORMED IN FY 1981

Replace lower level roof; install new ceiling, lighting, and doors; provide Court with new carpet; replace toilet fixtures; install smoke detectors, fire dampers, sprinkler system; install dual fuel boiler; repair and modify air conditioning system; conserve energy; provide separate air-conditioning for 24-hour work shifts for the handicapped; and provide art-in-architecture.

BUILDING LOCATION	ACTUAL FY 79	PROGRAMMED FY 80	PROPOSED FY 81	BASIC WORK REPAIRS, DETERIORA- TION AND MALFUNCTIONS	REMOVE- MENT TO SAFE	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL FOR THE HANDI- CAPED	SPECIAL SEWAL PRO- TECTION MEASURES	SPECIAL CONSER- VATION MEASURES	PROSPECTUS STATUS RE- COMMEN- DATIONS PROPOSED PROGRAM
GENERAL SERVICES, PB-47	-	-	\$1,463,000	\$ 265,000	\$ 918,000	\$ 180,000	-	-	-	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981 Replace entrance doors, windows, and rainleaders; fumigate building to eliminate pest infestations; inspect all sewage pumps; provide Court alterations related to accessibility; install handicap restrooms and install alarm system and upgrade fire detection and alarm systems.

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT OVERLORD- MISFUNCTIONS	IMPROVE- MENTS TO SPACE	SPECIAL VENTILATION LIFESAFETY PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY- CONSER- VATION MEASURES	PROSPECTS FOR SALVING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
ILLINOIS 721, 236 S. Clark St.	-	- \$ 550,000	\$ 550,000							H - 3/76 S - 5/76	Upgrade cafeteria
INDIANA South Bend, 72-C2	-	\$2,985,000 C	-								

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DEFICIEN- CY AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL FOR VENTILATION, LIFESAFETY & PROPERTY PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPPED	SPECIAL ENTILON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY- CONSER- VATION MEASURES	PROPERTIES RELATING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
KENTUCKY Lexington, PO-CT	-	-	\$1,300,000	\$ 500,000	\$ 700,000	\$ 200,000	\$ 100,000	-	-	H - 4/78 S - 6/78	Repair air-condition- ing system; replace ceiling tiles; repair flooring and install wall covering; paint interior and exterior; install emergency lighting; install smoke detectors and water-flow alarm and fire detectors; extend fire sprinkler system; install mechanical and mechanical areas and provide facilities for the handicapped.
Louisville, PO-CT-CH	-	-	800,000	300,000	420,000	-	80,000	-	-	H - 6/61 S - 6/61	Repair entrance doors and air-conditioning system; provide special space to office and space for U.S. Courts; and provide facilities for the handicapped.

BUILDER LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC LINK TO COBERT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL VENTI- LATION LIFESAFETY & PROPERT PROTECTION	SPECIAL AIDS FOR THE HANDI- CAPED	SPECIAL ENTION - MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROSPECTS RELATING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
LOUISIANA											
Bald Boggs FH-CF New Orleans	-	-	\$1,425,000	-	\$1,425,000	-	-	-	-	H - Pending S - 9/79	Provide court altera- tions related to Omnibus legislation.
Baton Rouge, FH-CF	-	-	700,000	-	700,000	-	-	-	-	H - Pending S - 9/79	Provide court altera- tions related to Omnibus legislation.
MAINLAND Baltimore, Germany	-	\$ 1,518,000	-	-	-	-	-	-	-	-	-
Suitland, FH #3	\$579,000	789,000	\$ 1,392,000	\$ 1,092,000	-	\$ 300,000	-	-	-	H - 9/72 S - 10/71	Fare courtyards; re- place water mains; replace elevators; and install sprinklers.
Suitland, Omnibus	-	841,000 C	-	-	-	-	-	-	-	-	-

BILLING INFORMATION	ACTUAL FY 79	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK REPAIRS RECONSTRUCTION AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION	SPECIAL FIRE PRE- VENTION & PROPERTY PROTECTION CAPPED	SPECIAL REPAIRS AND RECONSTRUCTION MEASURES	SPECIAL REPAIRS AND RECONSTRUCTION MEASURES	SPECIAL REPAIRS AND RECONSTRUCTION MEASURES	PROSPECTIVE STATUS RE- ACTING TO FUNDING FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
MASSACHUSETTS												
Boston, MA	-	\$ 1,573,000	-	-	-	-	-	-	-	-	-	-
Boston, MA CT	\$ 600,000	-	-	-	-	-	-	-	-	-	-	-
MISSOURI												
Kansas City, MO	-	-	\$ 735,000	-	\$ 735,000	-	-	-	-	-	H - Pending S - 9/79	Provide court altera- tions Omnibus legislation.
1500 E. Summister Rd. St. Louis, MO	\$1,832,000	\$ 1,203,000 I	-	-	-	-	-	-	-	-	-	-
St. Louis, MO	593,000	14,209,000 C	-	-	-	-	-	-	-	-	-	-
St. Louis, MO	573,000	-	-	-	-	-	-	-	-	-	-	-
601 E. 12th St. St. Louis, MO	944,000	-	-	-	-	-	-	-	-	-	-	-
4300 Goodfellow #101 St. Louis, MO	894,000	-	-	-	-	-	-	-	-	-	-	-
4300 Goodfellow #105 St. Louis, MO	-	1,400,000 C	-	-	-	-	-	-	-	-	-	-
NEW JERSEY												
Newark, NJ	-	\$ 618,000	\$ 560,000	\$ 295,000	-	\$ 285,000	-	-	-	-	H - 6/78 S - 6/77	Install partitions flooring and ceilings; install printers.
Washington Plaza												

BUILDER LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROGRAMED FY 81	BASIC WORK TO CORRECT DEFERRED MAINTENANCE	IMPROVE-MENTS TO SPACE	SPECIAL FIRE PRE-VENTION PROTECTION	SPECIAL AIDS FOR THE MENTALLY HANDICAPPED	SPECIAL ENVIRON-MENTAL MEASURES	SPECIAL ENERGY CONSER-VATION MEASURES	PROJECTS STATUS RE-LATING TO PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
<u>NEW YORK</u> ✓ New York - W38 201 Varick St.	\$14,456,000	\$ 6,873,000	\$ 5,661,000	\$ 5,661,000	\$ 5,661,000					H - 7/77 S - 4/77	Provide final phase of alterations for office building at 201 Varick St. and the installation of flooring, ceiling, lighting and air conditioning.
New York, CT One Bowling Green	528,000	-	7,192,400	7,192,000						H - 7/79 S - 9/79	Install new heating, electrical and plumbing systems; install partitions; install freight elevator; paint and upgrade windows; replace windows and exterior doors; and install fireproofing system.
New York 26 Federal Plaza	\$ 4,554,000	-	-	-	-	-	-	-	-	-	-

PROSPECTUS
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DESCRIPTION OF WORK TO
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SPECIAL
STATUS RE-
LATENCY
PROGRAM
FY 81
DESCRIPTION OF WORK TO
BE PERFORMED IN FY 1981

Convert postal spaces to
offices for U.S. Courts;
in accordance with
Federal Office Building
Act of 1956. Re-
location. Relocate main-
bar; modify elevator for
handicapped use; re-
place existing elevators
with efficient type;
and install window
washing equipment

H - Pending
S 97%

\$ 739,000

\$ 275,000

\$ 1,396,000

\$ 224,000

\$ 32,694,000

857,000

613,000

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SHILO

Columbus, TN-GT

Dayton, FASC

GREEN
Portland, HECT (New)

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROGRAMED FY 81	BASIC WORK TO CORRECT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENT SPACE	SPECIAL FIRE PRE- VENTION LIFESAFETY PROTECTION	SPECIAL AIDS FOR THE HEARING IMPAIRED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROVISIONS RELATING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
<u>RIODE ISLAND</u> Providence, PR CT	\$1,580,000	-	-	-	-	-	-	-	-	-	-
<u>KENTUCKY</u> Nashville, Union Station	\$ 801,000	-	-	-	-	-	-	-	-	-	-
<u>TEXAS</u> Dallas, TX 1114 Commerce	\$ 917,000	\$1,651,000 C	-	-	-	-	-	-	-	-	-
Ft. Worth, TX	523,000	1,884,000 C	-	-	-	-	-	-	-	-	-

BUILDING LOCATION	ACTUAL FY 77	PROGRAMED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DETERIORA- TION AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL WORK FOR LIFESAFETY & PROPERTY PROTECTION	SPECIAL ALIAS FOR THE HANDI- CAPPED	SPECIAL MENTAL PRO- TECTION MEASURES	SPECIAL CONSER- VATION MEASURES	PROSPECTUS STATUS RE- COMMEN- DED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
TEXAS (Cont'd) Dallas, Marie Cabell PS-2T	-	-	900,000	-	900,000	-	-	-	-	H - Pending S - 9/13	Provide court alterations related to Omnibus legislation
Houston, PS-213, 315 Bush Ave.	-	-	2,446,000	227,000	2,219,000	-	-	-	-	H - Pending S - 9/13	Upgrade air condition- ing and restrooms; provide tenant alterations on the interior and provide court alterations related to Omnibus legislation

BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROGRAMED FY 81	BASIC WORK TO CORRECT INTERIOR- ENVIRONMENTAL MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL FIRE PRE- VENTION LIFESAFETY PROTECTION	SPECIAL AIDS FOR THE HEARING IMPAIRED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROJECTS SCHEDULED DURING FY 81 PROGRAM	DESCRIPTION OF WORK BE PERFORMED IN FY 1981
<u>VERGINIA</u>											
Hunting Plant	\$ 877,000	\$ 1,353,000	-	-	-	-	-	-	-	H - 4/78 S - 4/77	Repair floor drain system and floors, replace ceiling tiles, and install in production area and provide separate air-conditioning for cassette-circuit TV area.
Arlington, Pentagon	5,693,000	4,665,000 I, \$ 2,969,000	\$ 2,969,000	\$ 2,969,000	-	-	-	-	-		
<u>FRANCONIA, GA</u>											
McLean, CIA Headquarters	992,000 1,102,000	- 1,567,000 C	2,274,000	2,082,000	-	\$ 192,000	-	-	-	H - 3/77 S - 4/77	Upgrade electrical system; install fire racks in manholes; replace ceiling tiles; place portion of roof; install condensate drains and chilled water system; modify plumbing to provide automatic capture and emergency service.

BUILDING LOCATION	ACTUAL FY 78	PROPOSED FY 80	PROPOSED FY 81	BASIC WORK TO CORRECT DEFICIEN- CIES AND MALFUNCTIONS	IMPROVE- MENT TO SPACE	SPECIAL VENTILATION FOR LIFESAFETY & PROPERTY PROTECTION	SPECIAL ALIS FOR THE HANDI- CAPED	SPECIAL ENVIRON- MENTAL PRO- TECTION MEASURES	SPECIAL ENERGY CONSER- VATION MEASURES	PROJECTS RELAT- ING TO PROPOSED FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
WASHINGTON Seattle, WA-GT	-	-	\$1,585,000	138,000 \$	\$1,310,000 \$	141,000	-	-	-	H - Pending I - 9/79	Convert 8th & 9th floors to comply with fire pre- code. Install fire pre- code wide adjacent offices in accordance with Seattle City Ordinance 1978-01-01. Upgrade Ombus Courts legis- lation. Upgrade lighting & electrical systems, install new lighting & electrical systems, install new floor covering and floor covering on 10th floor; install fire alarm system A/C on the 10th floor; install fire sprinklers.
Seattle, WA	\$1,935,000	\$1,842,000 I	-	-	-	-	-	-	-	-	-
WEST VIRGINIA Wheeling, WV-GT	\$1,315,000	-	-	-	-	-	-	-	-	-	-

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BUILDING LOCATION	ACTUAL FY 79	PROGRAMED FY 80	PROGRAMED FY 81	WORK SCHEDULED FOR CONSTRUCTION AND MAINTENANCE	SPECIAL FIRE PRE- VENTION MEASURES & PROPERTY PROTECTION	SPECIAL AIDS HAND- CAPPED	SPECIAL ENVIRON- MENTAL TECTION MEASURES	SPECIAL SOUND CONSER- VATION MEASURES	CONSERVATION STATUS RE- LATED TO PROGRAM FY 81 PROGRAM	DESCRIPTION OF WORK TO BE PERFORMED IN FY 1981
Total Proprietary Projects Construction Management and Inspection	\$ 82,095,000	\$ 96,658,000	\$ 872,039,000	646,158,000	\$ 12,812,000	\$ 886,000	-	\$ 1,787,000		
Projects Under \$500,000:										
Construction	105,148,000	93,339,000	97,434,000	38,395,000	19,113,000	830,000	\$452,000	29,976,000		
Design, Management and Supervision	11,350,000	10,092,000	10,423,000	4,167,000	2,055,000	90,000	48,000	3,237,000		
TOTAL	\$196,638,000	\$202,089,000	\$180,000,000	\$88,700,000	\$37,000,000	\$1,800,000	\$150,000	\$33,000,000		

/ This amount includes proposed supplemental of \$25,644,000 in FY 1980.

Public Buildings Service, Federal Buildings Fund

PURCHASE CONTRACT PAYMENTS
(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
-	\$89,180	-	\$103,700 1/2	-	\$108,374	-	\$ 4,674	-	-	-	\$ 4,674

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. The Act of 1954 provided for the construction of such projects in periodic payments on the facilities over varying periods until title is vested with the Government. 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. 6226).

JUSTIFICATION

A. **HIGHLIGHT.** - 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). The package 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 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

1/2 Includes Supplemental request of \$4,000 thousand.

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 securities 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 to the Federal Financing Bank for the purchase of the purchase contract. This commitment is a direct, non-recourse loan. 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 principal of the purchase contract. This procedure provides for a predictable purchase contract price for each group of projects (which includes all projects' costs plus capitalized interest) as amortized over the remaining life of the purchase contract according to an established sinking fund.

For FY 1981 \$108,374 thousand is requested for this activity. This is an increase of \$4,674 thousand over the FY 1980 program. The resources will be devoted to:

1. Payment of principal, interest and taxes (\$2,479 thousand) on five purchase contracts authorized by the Public Buildings Purchase Contract Act of 1954 (Exhibit A).

Public Buildings Service, Federal Buildings Fund

PURCHASE CONTRACT PAYMENTS

2. Payment of principal, interest and taxes (\$12,018 thousand) on twenty-three package system purchase contracts authorized by the Public Buildings Amendments of 1972 (Exhibit A).

3. Payment of principal and interest (\$71,536 thousand) on six Public Buildings Purchase Contract and Trust Indentures authorized by the Public Buildings Amendments of 1972 (Exhibit A).

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).

5. Payment of taxes only, (\$22,218 thousand) on dual system projects included under Public Buildings Purchase Contract and Trust Indentures (Exhibit A).

B. Explanation of Changes FY 1980 vs FY 1981 - a net increase of \$4,674 thousand is requested in order to provide for the following:

1. Other Changes
 - a. An increase of \$4,848 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 (\$659 thousand) due to first full-year payments on 6th Indenture and increased interest (\$4,189 thousand) due to first full-year payments on the 6th Indenture.

- b. A decrease of \$174 thousand for taxes.

Need for Decrease - Taxes will be less based on latest estimates of assessments and tax rates. Decreased taxes on 45 dual system projects (\$318 thousand), and increased taxes on 28 Package System Projects (\$144 thousand).

WORKLOAD FACTORS
(\$ in millions)

	FY 1979 Actual	FY 1980 Program	FY 1981 Estimated	% Change FY 80 - FY 81
a. Number of projects for which construction commenced.....	-0-	-0-	-0-	-0-
b. Project completions.....	3	4	1	-75.0
c. Estimated total project costs of projects completed.....	\$62.6	\$165.6	\$71.5	-56.8

PERMANENT CONTRACT AGREEMENTS' CONTRACTS
 FINANCING AGREEMENTS & PROJECTS

Date of Contract	Amount of Contract	FY 1959 ACTUAL				FY 1960 ESTIMATES				FY 1961 ESTIMATES				Total	Net Change	Remarks		
		Principal	Interest	Less	Amor. Expend.	Principal	Interest	Less	Amor. Expend.	Principal	Interest	Less	Amor. Expend.					
6-27-60	10,100,000	375,425	332,666	113,225	-	527,544	160,246	144,000	-	611,482	132,638	144,000	-	831,294	-	2		
1-31-60	1,980,000	86,108	61,823	-	-	102,437	36,999	76,000	-	208,418	112,661	74,000	-	282,978	+ 4,000		Tax increase	
8-31-60	7,597,600	374,878	134,869	241,335	-	382,491	117,153	276,000	-	348,484	61,284	282,000	-	801,265	+ 17,000		Tax increase	
4-31-60	4,441,600	165,879	57,479	86,388	-	231,402	66,674	87,000	-	398,076	242,648	86,000	-	386,077	- 3,999		Adjustment reflecting experience with tax rate and amortization	
2-18-60	2,819,800	182,022	47,862	54,728	-	189,025	61,624	81,000	-	243,224	136,825	65,000	-	245,224	+ 3,100		Tax increase	
		1,144,991	668,509	559,509	-	1,468,178	438,186	632,000	-	2,686,782	1,477,410	308,996	632,000	-	2,479,266	+ 22,004		
3-26-74	6,501,001	78,850	430,272	115,616	-	86,520	424,202	131,900	-	641,222	62,255	125,500	-	645,423	+ 4,201		Tax increase	
6-18-74	2,882,401	29,022	134,615	21,591	-	31,286	174,227	71,700	-	273,247	31,401	171,487	71,000	222,448	- 699		Adjustment reflecting experience with tax rate	
4-21-75	12,608,000	151,766	635,619	134,241	-	163,224	824,228	186,000	-	1,234,285	175,844	911,742	128,400	1,221,286	+ 12,309		Adjustment reflecting experience with tax rate & amortization.	
8-31-74	7,871,000	97,237	555,405	57,700	-	104,275	542,272	76,000	-	647,022	112,722	54,971	76,000	573,431	+ 831		Tax increase	
1-19-74	1,871,301	26,510	166,812	19,003	-	28,398	127,295	19,000	-	176,463	30,427	120,183	21,700	172,284	+ 1,901		Tax increase	
2-26-74	5,151,727	42,960	107,666	65,501	-	26,665	172,646	26,000	-	248,644	30,254	171,545	26,000	245,644	-			
2-16-74	5,481,719	42,960	107,666	65,501	-	46,315	220,029	40,000	-	301,333	30,254	221,586	40,000	281,234	-			
10-27-71	2,709,643	21,128	112,225	81,660	-	36,845	221,544	61,700	-	310,500	38,960	162,550	61,000	310,510	-			
8-26-74	2,286,246	29,218	122,225	71,710	-	31,487	157,477	61,700	-	284,144	31,225	161,519	61,000	284,144	-			

PERMANENT CONTRACT AGREEMENTS' CONTRACTS
 FINANCING AGREEMENTS & PROJECTS
 Periodic Contract Act of 1958

Projects under Purchase
 Contracts Authorized by the
 Public Utility Contracts Act of 1937

- Arizona
- California
- Illinois
- Indiana
- Michigan
- Minnesota
- Mississippi
- Montana
- Nebraska
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- South Carolina
- South Dakota
- Tennessee
- Texas
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming

Date of Purchase Contract	Ft. 1979 Bonds				Ft. 1980 Estimates				Ft. 1981 Estimates				Totals	Totals	Totals	Totals	Totals	
	Principal	Interest	Admin. Expenses	Total	Principal	Interest	Admin. Expenses	Total	Principal	Interest	Admin. Expenses	Total						Principal
10/1/79 Spartan, Inc., FR	-	-	344,220	344,220	-	-	390,000	390,000	-	-	422,000	422,000	-	-	21,000	21,000	-	-
10/1/79 New Orleans, N.O. Reg. FR CT	-	-	478,395	478,395	-	-	516,000	516,000	-	-	542,000	542,000	-	-	21,000	21,000	-	-
10/1/79 Spartan, Inc., N.O. Reg. FR	-	-	1,977,876	1,977,876	-	-	2,400,000	2,400,000	-	-	2,600,000	2,600,000	-	-	200,000	200,000	-	-
10/1/79 MPC/AMA Crown, CT FR 1-99	-	-	404,192	404,192	-	-	453,000	453,000	-	-	489,000	489,000	-	-	36,000	36,000	-	-
12-18-72 Zed Industries	3,429,370	11,602,075	11,253	14,942,678	3,860,705	12,793,495	18,000	16,703,100	3,890,705	12,664,428	18,000	16,564,233	-	-	129,967	129,967	-	-
10/1/79 Hess, Inc., Prince J.C. Oil Refinery FR CT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10/1/79 New York, CT FR Ames Systems, FR	-	-	1,907,002	1,907,002	-	-	2,100,000	2,100,000	-	-	2,100,000	2,100,000	-	-	50,000	50,000	-	-
10/1/79 Spartan, Inc., N.O. Reg. FR	-	-	499,411	499,411	-	-	544,000	544,000	-	-	544,000	544,000	-	-	-	-	-	-
10/1/79 Spartan, Inc., N.O. Reg. FR	-	-	538,000	538,000	-	-	538,000	538,000	-	-	538,000	538,000	-	-	62,000	62,000	-	-
10/1/79 Zed Industries	2,232,688	7,703,750	5,484	9,941,922	2,423,688	8,142,250	13,700	10,594,638	2,432,688	7,965,000	13,700	10,412,388	-	-	-	-	-	-
10/1/79 California Program Corp.	-	-	399,860	399,860	-	-	373,000	373,000	-	-	381,100	381,100	-	-	7,000	7,000	-	-
11/15/79 Illinois Program Corp.	-	-	2,075,879	2,075,879	-	-	2,197,329	2,197,329	-	-	1,775,000	1,775,000	-	-	891,329	891,329	-	-
10/1/79 Illinois Program Corp.	-	-	601,213	601,213	-	-	607,300	607,300	-	-	664,000	664,000	-	-	66,700	66,700	-	-
10/1/79 Alabama Program Corp.	3,305,000	12,812,265	25,861	16,143,126	3,401,303	13,209,068	30,000	16,640,366	3,401,303	13,209,264	30,000	16,366,275	-	-	274,765	274,765	-	-
10/1/79 Zed Industries Spartan, FR	-	-	64,000	64,000	-	-	64,000	64,000	-	-	64,000	64,000	-	-	600	600	-	-

30-47

Adjustments reflecting differences with tax rate and assumptions

Interest reduced due to prior redemptions

Interest reduced due to prior redemptions

Interest reduced due to prior redemptions

PERIODIC CONTRACT PAYMENTS CURRENTLY IN ARREARS
UNRECORDED CONTRACTS

Name of Contract Company	F.Y. 1979 Actual					F.Y. 1980 Estimate					F.Y. 1981 Estimate					No. Months	Remarks
	Principal	Interest	Taxes	Admin. Expenses	Total	Principal	Interest	Taxes	Admin. Expenses	Total	Principal	Interest	Taxes	Admin. Expenses	Total		
OTIS, CT 09	-	-	103,112	-	103,112	-	-	104,000	-	104,000	-	-	104,000	-	104,000	...	
Norwalk, Edward A. Gennet FR CT	-	-	651,146	-	651,146	-	-	660,300	-	660,300	-	-	670,300	-	670,300	...	
Middlebury, Hartford 64 FR FR	-	-	62,724	-	62,724	-	-	70,000	-	70,000	-	-	71,500	-	71,500	...	Tax Increase
Windsor, 08	-	-	126,324	-	126,324	-	-	140,000	-	140,000	-	-	150,000	-	150,000	...	Tax Increase
New Canaan, Merritt Cotton 0106	-	-	666,672	-	666,672	-	-	665,000	-	665,000	-	-	680,000	-	680,000	...	Tax Increase
North Carolina 0106-20-0106, CT 08	-	-	141,854	-	141,854	-	-	170,000	-	170,000	-	-	170,000	-	170,000	...	
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Tax Exempt Tax Exempt
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Adjustment reflecting experience with tax rate and assessment
0106-20-0106, CT 08	-	-	199,541	-	199,541	-	-	209,000	-	209,000	-	-	200,000	-	200,000	...	
0106-20-0106, CT 08	-	-	146,463	-	146,463	-	-	147,700	-	147,700	-	-	147,700	-	147,700	...	
0106-20-0106, CT 08	-	-	131,853	-	131,853	-	-	118,000	-	118,000	-	-	141,000	-	141,000	...	
0106-20-0106, CT 08	-	-	21,137	-	21,137	-	-	21,000	-	21,000	-	-	11,000	-	11,000	...	
0106-20-0106, CT 08	-	-	200,000	-	200,000	-	-	200,000	-	200,000	-	-	210,000	-	210,000	...	
0106-20-0106, CT 08	-	-	64,000	-	64,000	-	-	64,000	-	64,000	-	-	64,000	-	64,000	...	
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Tax Increase
0106-20-0106, CT 08	-	-	572,873	-	572,873	-	-	570,000	-	570,000	-	-	580,000	-	580,000	...	
0106-20-0106, CT 08	-	-	170,000	-	170,000	-	-	180,000	-	180,000	-	-	200,000	-	200,000	...	
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Tax Increase
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Tax Exempt
0106-20-0106, CT 08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	Tax Exempt

6-27-75

PERMANENT CONTRACTS - MONITOR
ESTIMATED PAYMENT BY PROJECTS

Date of Contract	FY 1979 ACTUAL				FY 1984 ESTIMATES				FY 1981 ESTIMATES				Special
	Principal	Interest	Admin. Expenses	Total	Principal	Interest	Admin. Expenses	Total	Principal	Interest	Admin. Expenses	Total	
02/01/79 Troy, RI CT FF	-	-	-	-	-	-	282,000	282,000	-	-	284,000	284,000	+ 2,000
03/10/74 6th. Johnson Comm. Serv. New Haven, Pa	-	-	6,000	6,000	604,000	5,402,027	-	5,817,407	10,000	-	-	11,443,444	+ 6,171,489
07/01/74 Pittsburgh, Pa CT FF	-	-	42,000	42,000	-	-	170,000	170,000	-	-	194,000	194,000	+ 14,000
08/01/74 Pittsburgh, Pa	-	-	-	-	-	-	375,000	375,000	-	-	375,000	375,000	-
08/01/74 Pittsburgh, Pa	-	-	31,652	31,652	-	-	40,000	40,000	-	-	70,000	70,000	+ 5,000
08/01/74 Pittsburgh, Pa	-	-	60,597	60,597	-	-	50,000	50,000	-	-	56,000	56,000	+ 6,000
08/01/74 Columbus, Pa	-	-	-	-	-	-	300,000	300,000	-	-	300,000	300,000	-
08/01/74 Columbus, Pa	-	-	-	-	-	-	395,000	395,000	-	-	385,000	385,000	-
08/01/74 Columbus, Pa	-	-	54,970	54,970	-	-	128,200	128,200	-	-	148,500	148,500	+ 20,300
08/01/74 Columbus, Pa	-	-	8,000	8,000	-	-	9,100	9,100	-	-	8,000	8,000	- 1,100
08/01/74 Columbus, Pa	-	-	3,570	3,570	-	-	10,000	10,000	-	-	10,000	10,000	-
08/01/74 Columbus, Pa	-	-	82,138	82,138	-	-	90,000	90,000	-	-	90,000	90,000	-
08/01/74 Columbus, Pa	-	-	-	-	-	-	2,000,000	2,000,000	-	-	2,000,000	2,000,000	-
08/01/74 Columbus, Pa	-	-	-	-	-	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000	-
08/01/74 Columbus, Pa	-	-	302,000	302,000	-	-	225,000	225,000	-	-	225,000	225,000	-
08/01/74 Columbus, Pa	12,186,978	48,286,160	14,778,875	75,252,013	13,487,847	52,886,742	22,625,219	89,247,118	14,231,772	17,271,264	22,271,000	93,278,248	+ 4,527,280

Adjustment reflecting experience with the rate and assessment

Tax Increase

Adjustment reflecting experience with the rate and assessment

Tax Increase

RENTAL OF SPACE

Public Buildings Service, Federal Buildings Fund

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Man Yrs. Amount											
-	\$519,424	-	\$574,700	-	\$680,700	-	\$105,000	-	\$37,300	-	\$68,700

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 where GSA has delegated its leasing authority (e.g., the Departments of Agriculture and Health, Education and Welfare, and Housing and Urban Development). 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 new space; when the 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 space savings. 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 1979 the reduction of vacant space continued to be a major concern. As of September 30, 1979, 3,000,000 square feet of vacant space were included which represented a reduction of about 9.7 million square feet since the inception of our program in June 1975. Specifically, the amount of unneeded storage (warehouse) space was reduced during this period by 8.7 million and vacant office space by .9 million square feet. At the close of FY 1979 our total vacant office space including that available for assignment was 6.6 million square feet. This is only 4.6% of the office space under our control which compares very favorably with the current private sector vacancy rate of 6.4% as reported by the Building Owners and Managers Association. The reduction of vacant space will continue to be a high priority effort and our goal for FY 1980 is to further reduce the total by .6 million

square feet to 14.6 million square feet. By the end of Fiscal Year 1981, we plan to reduce the vacant space level to 14.1 million square feet.

JUSTIFICATION

A. HIGHLIGHT - This activity provides for all costs related to the acquisition, assignment, and management of vacant space. The program includes the leasing of new leases to be negotiated in FY 1981, rental rate increases estimated to occur in FY 1981, and for all related services furnished by lessors under the terms of the lease agreements, including tenant alterations performed by the lessee for 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 for FY 1981 inventory at the end of FY 1981 (102.4 million square feet) compared to the end of FY 1980 (96.1 million square feet).

The table below reflects actual costs for FY 1979, the program for FY 1980, and the estimate for FY 1981.

	1979		1980		1981	
	Actual	Program	Actual	Program	Estimate	Estimate
Rental of leased space and related services	\$495,097	\$548,800	\$495,097	\$548,800	\$655,300	\$655,300
Payment to USPS	24,327	25,900	24,327	25,900	27,200	27,200
Total	\$519,424	\$574,700	\$519,424	\$574,700	\$680,700	\$680,700

Public Buildings Service, Federal Buildings Fund

RENTAL OF SPACE (Cont'd)

B. Explanation of Changes, FY 1980 vs. FY 1981. A net increase of \$106,000 thousand is required for Rental of Space in FY 1981 in order to provide for the following:

1. Program Changes: \$37,300 thousand.

a. An increase of \$39,800 thousand for an estimated 6.9 million square feet of agency expansion space to be leased in FY 1981.

Need for Increase - This increase represents the estimated FY 1981 part-year cost of space to be acquired from October 1, 1980, through September 30, 1981.

b. A decrease of \$2,500 thousand for the release of an estimated .6 million square feet of leased space in FY 1981.

Need for Decrease - This leased space is no longer required due to completions of new Federal Buildings in FY 1981.

2. Other Changes: \$68,700 thousand.

a. An increase of \$33,600 thousand for the costs of agency expansion space which was acquired in FY 1980 (6.4 million square feet).

Need for Increase - This increase provides for the annualized cost in FY 1981 of agency expansion space which was leased in FY 1980.

b. An increase of \$37,700 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 the annualization of the rate increases which occurred in FY 1980 for 30.3 million square feet, \$13.7 million) and the part-year costs of such mandatory lease actions which occur in FY 1981 (for 40.1 million square feet, \$24.0 million).

c. An increase of \$1,300 thousand in the payment to the USPS for a projected increase in the USPS rental space.

Need for Increase - This increase represents the FY 1981 cost associated with continued agency occupancy of 4.0 million square feet of space in USPS facilities.

d. A decrease of \$1,300 thousand for services funded from the rental of space account.

Need for Decrease - This decrease reflects a transfer of funding responsibility to buildings operations.

e. A decrease of \$5,600 thousand due to space released in FY 1980.

Need for Decrease - This decrease results from the annualization of savings in leased costs due to the release of approximately 3.6 million square feet of space in FY 1980 resulting from agencies' moves to new Federal Buildings or to consolidated locations and the release of recruiters' space because DOD was delegated leasing authority.

f. An increase of \$3,000 thousand for other leasing costs.

Need for Increase - This increase results from lump-sum payments to lessors for lease buy-outs, condemnations, and restorations.

Exhibits containing further information about the Rental of Space program follow:

- Exhibit I - Changes in the Rental of Space program, 1980 to 1981
- Exhibit II - Rental of Space - Workload Factors
- Exhibit III - List of leases requiring prospectus approval for payments in FY 1981
- Exhibit IV - Summary of total space assigned, by agency, FY 1979 - 1981
- Exhibit V - Summary of government-owned space assigned, by agency, FY 1979 - 1981
- Exhibit VI - Summary of leased space assigned, by agency, FY 1979 - 1981
- Exhibit VII - Vacant space FY 1979-1981, by category (total, office, storage, special)
- Exhibit VIII - Buildings with vacant space

Public Buildings Service, Federal Buildings Fund

CHANGES IN THE RENTAL OF SPACE PROGRAM
FY 1980 - FY 1981
(IN MILLIONS)

	SO. FT.	COST
FY 1980 Program	96.1	\$574.7
1. Part-year cost of Expansion Space to be acquired in FY 1981	6.9	39.8
2. Part-year savings due to cancellation of leases occurring in FY 1981	-.6	- 2.5
3. Amount needed in FY 1981 to annualize cost of Expansion Space occurring in FY 1980	(6.4)	33.6
4. Amount needed in FY 1981 to annualize cost of rental rate increases occurring in FY 1980	(30.3)	13.7
5. Part-year cost for rental rate increases occurring in FY 1981.	(40.1)	24.0
6. Reduction in payments to lessors for services now to be provided by the Government	-0-	- 1.3
7. Increased cost for space in USFS facilities	-	1.3
8. Adjustments needed in FY 1981 to annualize savings due to cancellation of leases in FY 1980	(3.6)	- 5.6
9. Net change in lump-sum payments to lessors for lease buy-outs, condemnations, and restorations.	-	3.0
FY 1981 Program	102.4	\$680.7

Square footage amounts in () are non-add because they relate to annualizations or rental rate increase for space already in inventory.

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
(Million Square Feet)

WORKLOAD FACTORS	FY 1979 ACTUAL	FY 1980 PROGRAM	FY 1981 ESTIMATE	FY 1980 vs. FY 1981	
				CHANGE	% CHANGE
Total Space in Inventory* (Million Sq.Ft.)	230.7	236.0	242.9	5.9	2.9
Total Assigned	215.5	221.4	228.8	7.4	3.3
Total Vacant	15.2	14.6	14.1	-.5	-3.4
Government-owned	137.4	139.9	140.5	.6	.4
Total Assigned	124.9	127.5	128.4	.9	.71
Total Vacant	12.5	12.4	12.1	-.3	-2.4
Leased Space**	93.3	96.1	102.4	6.3	6.6
Total Assigned	90.6	93.9	100.4	6.5	6.9
Total Vacant	2.7	2.2	2.0	-.2	-9.1
Total Personnel Housed	867,834	889,575	915,580	26,005	2.9
Number of Leases	6,889	5,400	6,000	600	11.1

* Does not include outside parking.

** Includes space occupied in USFS facilities.

EXHIBIT III

LIST OF LEASES BY LOCATION WITH NET ANNUAL RENTAL OF \$500,000 OR MORE
REQUIRING PROSPECTUS APPROVAL IN FISCAL YEAR 1981PUBLIC BUILDINGS SERVICE

Location	Present Net Annual Rental	Expiration	Estimated Date for Submission to PWC	Estimated Net Annual Rental	Remarks
Arizona					
3030 N. Central Avenue, Phoenix, AZ	\$ 345,457	4-22-81	10-22-80	\$ 1,320,526	
California					
400 Ocean Gate, Long Beach, CA	489,695	5-23-81	11-23-80	1,245,012	
World Trade Center 350 Figueroa Street, Los Angeles, CA	564,147	11-25-80	5-25-80	705,546	
Colorado					
Executive Tower 1405 Curtis Street, Denver, CO	442,166	3-31-81	9-30-80	501,000	
Lincoln Tower 1860 Lincoln Street, Denver, CO	350,455	6-30-81	12-31-80	501,000	
District of Columbia					
2000 M Street, NW., Washington, DC	985,439	11-30-81	5-31-81	2,993,751	Expires in FY 1982, but calendar year 1981
Tamul Building 4232 Wisconsin Avenue, NW., Washington, DC	303,450	2-5-81	8-5-80	832,475	
Federal Triangle 9th & D Street, NW., Washington, DC	273,936	7-31-81	1-31-81	1,565,445	
1900 Half Street, SW., Washington, DC	2,372,355	8-14-81	10-14-80	11,032,241	Notice to lessor to renew due 4-14-81

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Location	Present Net Annual Rental	Expiration	Estimated Date for Submission to FWC	Estimated Net Annual Rental	Remarks
711 14th Street, NW., Washington, DC	\$ 351,024	8-31-81	8-31-80	\$ 1,542,565	Notice to lessor to renew due 2-28-81
Capitol Mall North 500 N. Capitol Street, NE., Washington, DC	974,091	4-20-81	10-20-80	2,734,705	
1325 G Street, NW., Washington, DC	214,682	5-6-81	9-6-80	844,849	
Logan Building 1111 18th Street, NW., Washington, DC	238,442	2-21-81	8-21-80	1,008,338	
One McPherson Square 1425 K Street, NW., Washington, DC	757,871	9-21-81	3-21-81	2,953,427	
Professional Building 2100 K Street, NW., Washington, DC	242,536	11-14-81	5-14-81	1,274,000	Expires in FY 1982, but calendar year 1981
Shoreham Building 15th & H Street, NW., Washington, DC	249,174	3-30-81	9-30-80	1,197,310	
1310 L Street, NW., Washington, DC	497,940	12-14-80	6-14-80	2,268,000	
Illinois					
One North Wacker Drive Building 1 North Wacker Drive, Chicago, IL	384,315	6-30-81	12-11-80	510,998	
Maryland					
Phillips Building 7920 Norroli Avenue, Bethesda, MD	317,715	7-29-81	1-29-81	1,165,700	

<u>Location</u>	<u>Present Net Annual Rental</u>	<u>Expiration</u>	<u>Estimated Date for Submission to PWC</u>	<u>Estimated Net Annual Rental</u>	<u>Remarks</u>
East-West Towers 4350 East-West Highway, Bethesda, MD	\$ 280,649	5-31-81	11-30-80	\$ 726,315	
Phillips Building Annex 4915 St. Elmo Avenue, Bethesda, MD	188,020	5-15-81	11-15-80	687,000	
Century XXI 20200 Century Blvd., Germantown, MD	254,563	2-8-81	8-8-80	654,165	
Scuderi Building 4235 28th Avenue, Hillcrest Heights, MD	233,824	11-14-81	5-14-81	791,730	
World Weather Building 5200 Auth Road, Hillcrest Heights, MD	447,316	10-31-80	4-30-80	827,400	
Presidential Building 6525 Belcrest Road, Hyattsville, MD	276,634	3-22-81	9-22-80	911,880	
Gramax Building 8060 13th Street, Silver Spring, MD	640,094	4-10-81	10-10-80	2,388,870	
Massachusetts					
Bulfinch Building 15 New Chardon Street, Boston, MA	461,511	3-31-81	9-30-80	581,150	
Oregon					
319 South West Street, Portland, OR	436,733	11-30-80	5-31-80	3,162,300	
Pennsylvania					
Limestone Mine Boyers, PA	398,147	11-30-80	5-31-80	750,000	
19-27 Main Street, Wilkes Barre, PA	312,419	9-30-81	3-31-81	501,000	RP-57

<u>Location</u>	<u>Present Net Annual Rental</u>	<u>Expiration</u>	<u>Estimated Date for Submission to PMC</u>	<u>Estimated Net Annual Rental</u>	<u>Remarks</u>
<u>Virginia</u>					
Architect Building 1400 Wilson Blvd., Arlington, VA	\$ 312,483	11-30-81	5-31-81	\$ 1,207,600	Expires in FY 1982, but calendar year 1981
Ames Center 1820 N. Ft. Myer Drive, Arlington, VA	423,511	1-23-81	5-23-80	2,181,440	Notice to lessor to renew due 11-23-80
Crystal Plaza 5 2211 Jefferson Davis Highway, Arlington, VA	495,092	2-28-81	8-31-80	1,888,560	
4015 Wilson Blvd. Arlington, VA	463,499	4-1-81	9-30-80	2,187,056	Notice to lessor to renew due 3-31-81
Ballston Center Tower I 800 N. Quincy Street, Arlington, VA	530,423	5-6-81	11-6-80	2,089,680	
Rosslyn Plaza East 621 N. Kent Street, Arlington, VA	560,169	9-30-81	7-31-81	1,918,080	
Arlington Center Building 4600 Fairfax Dr., Arlington, VA	379,032	11-20-80	5-20-80	1,184,000	
Key Building 1200 Wilson Blvd., Arlington, VA	430,670	12-31-80	6-30-80	1,424,300	
Meiper Building 7700 Arlington Blvd., Falls Church, VA	257,226	4-4-81	5-4-80	1,434,560	Notice to lessor to renew due 11-4-80
<u>Washington</u>					
Park Place Bldg., 1200 Sixth Avenue, Seattle, WA	286,306	6-30-81	12-31-80	665,000	

EXHIBIT IV

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND

RENTAL OF SPACE
SUMMARY OF SPACE ASSIGNED, TOTAL
FY 1979 - 1981 (SQ. FT. IN THOUSANDS)

AGENCY	FY 1979 ACTUAL	FY 1980		FY 1981		INCREASE OR DECREASE (-)
		ESTIMATE	INCREASE OR DECREASE (-)	ESTIMATE	INCREASE OR DECREASE (-)	
LEGISLATIVE BRANCH	1,527,483	1,537.5	10.0	1,537.5	0	
U.S. COURTS	8,998,805	9,515.1	516.3	10,057.2	542.1	
EXECUTIVE OFFICE OF THE PRESIDENT	3,053,842	3,038.7	- 15.1	3,044.1	5.4	
AGRICULTURE	11,249,870	11,593.0	343.1	12,038.4	445.4	
COMMERCE	6,300,099	6,421.3	121.2	6,592.4	171.1	
DEFENSE	28,224,472	28,495.9	271.4	28,991.3	495.4	
HEW	26,139,075	26,615.9	476.8	27,382.8	766.9	
HUD	3,766,178	3,807.7	41.5	3,884.6	76.9	
INTERIOR	10,958,188	12,361.0	1,402.8	13,867.1	1,506.1	
JUSTICE	11,236,576	11,875.3	639.7	12,577.8	702.5	
LABOR	5,205,108	5,462.2	277.1	5,801.9	319.7	
STATE	2,408,147	2,139.2	- 268.9	2,061.7	- 77.5	
TRANSPORTATION	5,690,377	4,604.5	- 1,085.8	4,121.7	- 582.8	
TRADING COMPANY	3,690,864	2,183.5	- 1,507.4	1,676.1	- 531.4	
TREASURY	2,192,771	3,395.5	2,027.7	3,695.2	299.7	
ENERGY	2,401,048	2,486.9	85.9	2,627.0	130.1	
EPA	34,542,715	35,011.2	468.5	35,693.4	544.1	
NASA	6,693,406	6,693.4	0	6,693.4	0	
VETERANS ADMINISTRATION	6,800,185	7,088.2	288.0	7,371.6	303.4	
USFS	4,282,635	4,282.6	0	4,282.6	0	
ALL OTHER AGENCIES	14,295,041	14,861.4	566.4	15,481.3	619.9	
TOTAL	215,457,745	221,400.0	5,942.3	228,800.0	7,400.0	

EXHIBIT V

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
 RENTAL OF SPACE
 SUMMARY OF SPACE ASSIGNED, GOVERNMENT-OWNED
 FY 1979 - 1981 (SQ. FT. IN THOUSANDS)

AGENCY	ACTUAL AS OF 9/30/79		EST AS OF 9/30/80		CHANGE FROM 1979		EST AS OF 9/30/81		CHANGE FROM 1980	
	SQ.FT.	% OF TOTAL	SQ.FT.	% OF TOTAL	SQ.FT.	SPACE	SQ.FT.	SPACE	SQ.FT.	SPACE
LEGISLATIVE BRANCH	1,555,713	89	1,537,16	87	18.1		1,537.6	87	0	
U.S. COURTS	2,513,236	44	2,587.0	93	73.6		2,587.0	93	263.8	
OFFICE OF THE PRESIDENT	2,513,236	77	2,292.0	47	140.9		2,292.0	47	-39.0	
AGRICULTURE	5,288,804	47	5,439.7	47	140.9		5,439.7	47	21.1	
COMMERCE	3,394,004	54	3,439.6	54	45.6		3,434.9	52	-4.7	
DEFENSE	15,372,303	54	15,549.7	55	177.4		15,591.1	54	41.4	
HEW	9,306,027	36	9,583.8	36	277.8		9,449.0	34	-104.8	
HUD	1,698,186	45	1,696.8	45	-1.4		1,696.9	43	-1.9	
INTERIOR	7,530,742	42	7,537.4	42	6.7		7,537.4	42	0	
LABOR	2,733,180	53	2,881.9	53	148.7		2,865.7	51	-16.5	
STATE	1,538,881	70	1,528.1	69	-10.8		1,511.6	69	-16.5	
TRANSPORTATION	2,620,964	39	2,703.3	40	82.3		2,730.9	39	27.6	
TREASURY	12,143,921	51	12,277.4	52	133.5		12,323.5	51	46.1	
- ENERGY	1,594,481	50	1,683.1	50	88.6		1,718.8	47	35.7	
EPA	30,357,495	16	30,707.2	16	349.7		30,707.2	16	0	
GSA	30,433,546	63	30,293.9	62	-139.7		30,293.9	62	-140.0	
NSA	4,654,245	68	4,771.1	68	116.8		4,817.1	65	46.0	
VETERANS ADMINISTRATION	4,185,358	98	4,111.3	96	-74.1		4,111.3	96	0	
USPS	6,021,860	42	6,303.9	42	282.0		6,336.6	42	32.7	
ALL OTHER AGENCIES	124,868,313	58	127,500.0	58	2,631.7		128,400.0	56	900.0	

EXHIBIT VI

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND

SUMMARY OF SPACE ASSIGNED, LEASED
FY 1979 - 1981 (SQ.FT. IN THOUSANDS)

AGENCY	ACTUAL AS OF 9/30/79		EST AS OF 9/30/80		CHANGE FROM 1979		EST AS OF 9/30/81		CHANGE FROM 1980	
	SQ.FT.	% OF TOTAL SPACE	SQ.FT.	% OF TOTAL SPACE	SQ.FT.	% OF TOTAL SPACE	SQ.FT.	% OF TOTAL SPACE	SQ.FT.	% OF TOTAL SPACE
LEGISLATIVE	171,370	11	199.9	13	28.1	199.9	13	199.9	0	0
U.S. COURTS	1,462,913	16	1,640.6	17	177.7	1,640.6	19	1,916.9	276.3	276.3
EXECUTIVE OFFICE OF THE PRESIDENT	635,604	21	656.7	22	21.1	656.7	23	701.1	44.4	44.4
AGRICULTURE	5,961,066	53	6,163.3	53	202.2	6,163.3	55	6,587.6	424.3	424.3
COMMERCE	2,906,095	46	2,981.7	46	75.6	2,981.7	48	3,157.5	175.8	175.8
DEFENSE	12,852,169	46	12,946.2	45	94.0	12,946.2	46	13,400.2	454.0	454.0
HEW	16,833,048	64	17,162.1	64	329.1	17,162.1	66	18,033.8	871.7	871.7
HOUSING	2,067,992	55	2,110.9	55	42.9	2,110.9	57	2,221.7	110.8	110.8
INTERIOR	5,345,535	38	5,424.8	38	79.3	5,424.8	39	5,740.5	315.7	315.7
JUSTICE	2,475,918	37	2,570.3	47	94.4	2,570.3	55	2,835.2	264.9	264.9
LABOR	2,475,918	37	2,570.3	47	108.4	2,570.3	49	2,835.2	264.9	264.9
STATE	2,669,366	30	2,671.1	31	1.7	2,671.1	31	2,690.1	19.0	19.0
TRANSPORTATION	4,070,173	61	4,133.2	60	63.0	4,133.2	61	4,321.6	188.4	188.4
TREASURY	11,546,943	49	11,534.1	48	12.8	11,534.1	49	11,810.8	276.7	276.7
ENERGY	1,598,290	50	1,712.4	50	114.1	1,712.4	53	1,906.4	194.0	194.0
EPA	2,015,563	84	2,089.7	84	74.1	2,089.7	85	2,240.5	150.8	150.8
GSA	4,499,185	13	4,806.4	14	307.2	4,806.4	15	5,334.7	528.3	528.3
NSA	259,760	37	263.5	38	3.7	263.5	38	263.5	0	0
VETERANS ADMINISTRATION	2,145,940	52	2,237.1	52	91.3	2,237.1	53	2,354.3	117.2	117.2
USPS	2,777,717	47	2,771.3	47	5.4	2,771.3	47	2,771.3	0	0
ALL OTHER AGENCIES	8,273,161	58	8,537.3	58	264.3	8,537.3	58	9,044.7	507.4	507.4
TOTAL	90,589,432	42	93,900.0	42	3,310.6	93,900.0	44	100,400.0	6,500.0	6,500.0

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - TOTAL

EXHIBIT VII

	FY 1979 ACTUAL	CHANGE FROM 1978	FY 1980 ESTIMATE	CHANGE FROM 1979	FY 1981 ESTIMATE	CHANGE FROM 1980
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	9,170,423	(933,132)	9,099,830	(70,593)	8,881,755	(218,075)
PHASE-OUT	620,805	(601,928)	613,300	(7,505)	602,257	(11,043)
COMMITTED: NORMAL	911,168	(230,308)	903,771	(7,397)	881,551	(22,220)
UNDER CONSTRUCTION	<u>1,795,882</u>	<u>442,997</u>	<u>1,783,099</u>	<u>(10,783)</u>	<u>1,754,437</u>	<u>(48,662)</u>
TOTAL, GOVERNMENT-OWNED	12,496,278	(1,322,371)	12,400,000	(96,278)	12,100,000	(300,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	2,477,522	445,590	1,974,139	(503,383)	1,799,468	(174,671)
PHASE-OUT	62,842	35,866	55,357	(9,485)	47,571	(5,786)
COMMITTED: NORMAL	116,803	43,201	88,967	(27,836)	76,982	(11,985)
UNDER CONSTRUCTION	<u>90,602</u>	<u>(22,278)</u>	<u>83,537</u>	<u>(7,065)</u>	<u>75,979</u>	<u>(7,558)</u>
TOTAL, LEASED	2,747,769	502,379	2,200,000	(547,769)	2,000,000	(200,000)
TOTAL, ALL VACANT SPACE	15,244,047	(819,992)	14,600,000	(644,047)	14,100,000	(500,000)

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PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - OFFICE

	FY 1979 ACTUAL	CHANGE FROM 1978	FY 1980 ESTIMATE	CHANGE FROM 1979	FY 1981 ESTIMATE	CHANGE FROM 1980
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	3,319,394	78,830	3,353,810	34,416	3,214,068	(139,742)
PHASE-OUT	53,075	(55,014)	53,625	550	51,391	(2,234)
COMMITTED:						
NORMAL	390,501	(11,391)	394,550	4,049	378,110	(16,440)
UNDER CONSTRUCTION	987,773	68,234	998,015	10,242	956,431	(41,584)
TOTAL, GOVERNMENT-OWNED	4,750,743	80,659	4,800,000	49,257	4,600,000	(200,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	1,650,922	153,664	1,222,699	(428,223)	1,048,028	(174,671)
PHASE-OUT	54,691	27,715	40,505	(14,186)	34,719	(5,786)
COMMITTED:						
NORMAL	113,278	48,079	83,895	(29,383)	71,910	(11,985)
UNDER CONSTRUCTION	71,428	(7,123)	52,901	(18,527)	45,343	(7,558)
TOTAL, LEASED	1,890,319	222,335	1,400,000	(490,319)	1,200,000	(200,000)
TOTAL, ALL VACANT SPACE	6,641,062	302,994	6,200,000	(441,062)	5,800,000	(400,000)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - STORAGE

	<u>FY 1979 ACTUAL</u>	<u>CHANGE FROM 1978</u>	<u>FY 1980 ESTIMATE</u>	<u>CHANGE FROM 1979</u>	<u>FY 1981 ESTIMATE</u>	<u>CHANGE FROM 1980</u>
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	4,841,265	(1,044,465)	4,778,246	(63,019)	4,699,913	(78,333)
PHASE-OUT	544,482	(541,102)	537,394	(7,088)	528,585	(8,809)
COMMITTED:						
NORMAL	357,233	(161,371)	352,583	(4,650)	346,803	(5,780)
UNDER CONSTRUCTION	<u>437,472</u>	<u>286,328</u>	<u>431,777</u>	<u>(5,695)</u>	<u>424,699</u>	<u>(7,078)</u>
TOTAL, GOVERNMENT-OWNED	6,180,452	(1,460,610)	6,100,000	(80,452)	6,000,000	(100,000)
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	731,337	365,518	599,230	(132,107)	599,230	0
PHASE-OUT	220	220	180	(40)	180	0
COMMITTED:						
NORMAL	720	(542)	590	(130)	590	0
UNDER CONSTRUCTION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL, LEASED	732,277	365,196	600,000	(132,277)	600,000	0
TOTAL, ALL VACANT SPACE	6,912,729	(1,095,414)	6,700,000	(212,729)	6,600,000	(100,000)

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
SUMMARY OF VACANT SPACE - SPECIAL

	FY 1979 ACTUAL	CHANGE FROM 1978	FY 1980 ESTIMATE	CHANGE FROM 1979	FY 1981 ESTIMATE	CHANGE FROM 1980
<u>GOVERNMENT-OWNED:</u>						
AVAILABLE FOR ASSIGNMENT	1,009,764	32,503	967,774	(41,990)	967,774	0
PHASE-OUT	23,248	(5,812)	22,281	(967)	22,281	0
COMMITTED: NORMAL	163,434	(57,546)	156,638	(6,796)	156,638	0
UNDER CONSTRUCTION	<u>368,637</u>	<u>88,435</u>	<u>353,307</u>	<u>(15,330)</u>	<u>353,307</u>	<u>0</u>
TOTAL, GOVERNMENT-OWNED	1,565,083	57,580	1,500,000	(65,083)	1,500,000	0
<u>LEASED:</u>						
AVAILABLE FOR ASSIGNMENT	95,263	(73,592)	152,210	56,947	152,210	0
PHASE-OUT	7,931	7,931	12,672	4,741	12,672	0
COMMITTED: NORMAL	2,805	(4,336)	4,482	1,677	4,482	0
UNDER CONSTRUCTION	<u>19,174</u>	<u>(15,155)</u>	<u>30,636</u>	<u>11,462</u>	<u>30,636</u>	<u>0</u>
TOTAL, LEASED	125,173	(85,152)	200,000	74,827	200,000	0
TOTAL, ALL VACANT SPACE	1,690,256	(27,572)	1,700,000	9,744	1,700,000	0

PUBLIC BUILDINGS SERVICE - FEDERAL BUILDINGS FUND
RENTAL OF SPACE
BUILDINGS WITH VACANT SPACE
AS OF 9/30/79

EXHIBIT VIII

	NUMBER	SQUARE FEET OF VACANT SPACE			TOTAL
		OFFICE	STORAGE	SPECIAL	
<u>BUILDINGS WITH MORE THAN 25,000 SQUARE FEET OF VACANT OFFICE SPACE</u>					
LEASED	18	962,577	400,901	50,937	1,414,415
FEDERALLY-OWNED	45	3,040,214	750,873	454,859	4,225,946
<u>BUILDINGS WITH MORE THAN 150,000 SQUARE FEET OF VACANT STORAGE SPACE</u>					
FEDERALLY-OWNED	11	254,685	1,750,179	130,155	2,115,019
<u>BUILDINGS WITH MORE THAN 10,000 SQUARE FEET OF VACANT SPECIAL SPACE</u>					
LEASED	4	103,733	7,689	60,752	172,174
FEDERALLY-OWNED	48	1,621,852	1,051,147	1,125,742	3,798,741

(DUPLICATIONS EXIST BETWEEN CATEGORIES WHERE BUILDINGS CONTAIN MORE OF EACH KIND OF SPACE THAN SPECIFIED, I.E., ONE PARTICULAR BUILDING MAY CONTAIN MORE THAN 25,000 SQ. FT. OF VACANT SPACE AND MORE THAN 10,000 SQ. FT. OF VACANT SPECIAL SPACE.)

Public Buildings Service, Federal Buildings Fund

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

FY 1979 Work Years	FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years
11,754	\$466,216	11,825	\$509,360	11,825	\$536,501	-0-	\$27,141	-0-	\$-3,873	-0-
										\$31,014

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.

Increase of \$27,141 thousand over the FY 1980 program, to provide for services in existing space under GSA's control and in new space coming into the inventory through direct Federal construction, transfer of existing facilities from other agencies, 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 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 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.

JUSTIFICATION

A. HIGHLIGHT. The Public Buildings Service is responsible for furnishing building services in GSA-operated facilities including cleaning, protection, elevator, operating mechanical and electrical operations, painting, heating and air conditioning, and other servicing of structural components and grounds maintenance. One 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 1981 \$536,501 thousand is programmed for this activity, an

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 several years, resulting in improved management and less costly operation of Federal Real Property. During FY 1979, we maintained a reduced level of energy consumption as compared to FY 1975. This resulted in a cost avoidance of approximately \$51.1 million in FY 1979. In addition through continuation and intensification of the energy conservation methods utilized in previous years we expect to achieve a further cost avoidance of about 1.2 percent during FY 1981.

As in previous fiscal years, the FY 1981 estimate for this activity has been developed using engineered work standards. Productivity and work measurement standards are used in the operation and protection of

Public Buildings Service, Federal Buildings Fund

REAL PROPERTY OPERATIONS (Continued)

buildings with square feet as a unit of 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 of the other major categories. The program will be 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 1980 vs. FY 1981. A net increase of \$27,141 thousand is requested in order to provide for the following:

1. Program Changes: (-\$3,873 thousand).

a. An increase of \$7,722 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 (\$2,930 thousand), utilities and fuel (\$2,276 thousand), protection (\$1,530 thousand), maintenance and minor repair (\$965 thousand) and other building services (\$922 thousand) for the new space acquired in the six new GSA buildings. This new space consists of 1,041,000 average square feet in direct Federally constructed buildings and 444,000 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 \$11,332 thousand reduction reflects the decision to maintain funding at approximate FY 1980 level.

Need for Decrease. -Decreases in utilities and fuel (\$8,170 thousand) Other Building Services (\$1,576 thousand) and protection (\$1,586 thousand) are necessary in Real Property Operations in order to partially offset costs in payroll, utilities and supplies and materials.

c. A decrease of \$263 thousand due to discontinuance of operation and services in GSA-operated space which is scheduled to be released in FY 1981.

Need for Decrease. -The release of space will have the effect of offsetting costs in cleaning (\$97 thousand), utilities and fuel (\$103 thousand), protection (\$18 thousand), maintenance and minor repair (\$34 thousand), and Other Building Services (\$11 thousand). The space estimated to be released includes 1,090,000 average square feet of Government-owned space, and 104,000 average square feet of leased space where GSA provided building services.

2. Other Changes: (\$31,014 thousand).

a. An increase of \$4,116 thousand for wage board pay increases.

Need for Increase. -This increase provides \$4,116 thousand to annualize the cost of wage board pay increases which become effective in FY 1980. Such an amount is necessary to fund the cost of pay increases for wage board services in the following functional areas: (1) cleaning (\$2,742 thousand), (2) maintenance and minor repairs (\$1,310 thousand), and (3) other building services (\$64 thousand).

b. An increase for utilities and fuel of \$16,612 thousand to provide for the increased cost of utility rates and fuel adjustment charges.

Public Buildings Service, Federal Buildings Fund

REAL PROPERTY OPERATIONS (Continued)

Need for Increase. -Prior to 1973, utility and fuel costs were generally predictable with only minimal increases each year. The oil embargo and oil cartel price increases in 1974 and 1975, were extreme and unrelated to normal trends in the natural gas storage facilities and for consequent price increases of this fuel. Water shortages in many parts of the country have also contributed to cost escalations. As 1973-79 price increases for utilities, fuels, and water have been unrelated to past historical data, accurate projections of costs are based on the best information available at this time. Escalations beyond this year are estimated on limited advance information. Electric rate increases, electricity being approximately 2/3 of the total utilities and fuel budget, have been and will continue to be related to the cost of new plants, industry, and residential use. The cost of fuels for the production of electricity which often appear in the form of fuel adjustment charges, all of which are difficult to predict. Costs for other fuels and utilities are similarly unpredictable, and dependent upon a large number of interrelated variables. Additionally, the effectiveness of future energy conservation efforts will be impacted by funding levels in the Alterations and Major Repairs activity.

However, discussions held with various utility companies across the Nation, with the Edison Electric Institute, with the Bureau of Labor Statistics, with the Bureau of Mines and others indicate that the potential, minimum annual overall increase in utility and fuel costs will be in the range of 10 to 20 percent. The potential increase for electricity in Washington, DC, is anticipated to be between 15 percent and 20 percent. 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 percent. The price of fuel in the North will be high in 1980. The price of fuel, the price of coal is projected to increase between 10 percent and 15 percent and the cost of oil will increase between 10 percent and 15 percent. None of these estimates include major price increases of oil by the international oil cartel. Water and sewage costs will closely parallel cost of living increases but with additional costs for water pollution control, the total increase will be approximately 10 percent.

Taking these anticipated increases into consideration, along with savings to be realized from on-site tuning of our building operating procedures, the requested \$16,650 thousand will enable BPS to provide meeting and office space at 65% of the planned cost. In the FY 1980 cooling level of 78°F.

To the extent that actual inflation exceeds these estimates or if other factors take place (e.g., greater than expected increases in natural gas and oil prices, institution of time-of-day electrical rates, flattening of block rates, actions by the oil cartel, etc.) services will have to be reduced significantly.

c. An increase of \$10,224 thousand for escalated costs of supplies, materials and service contracts.

Need for Increase. -This increase will provide for the escalated costs of supplies, materials and contracts related to cleaning (\$4,938 thousand), maintenance and minor repairs (\$2,500 thousand), protection contracts (\$1,336 thousand), and other building contracts. An increase of approximately 7 to 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 contracts and protective systems account for the majority of the increase in the protection area.

d. An increase of \$82 thousand for the annualized cost of the General Schedule pay increases effective in FY 1980.

Need for Increase. -This increase will provide for the annualized cost of the FY 1980 pay increase effective October 1979 for General Schedule employees.

Public Buildings Service, Federal Buildings Fund
 PROGRAM AND OTHER CHANGES IN REAL PROPERTY OPERATIONS 1980 - 1981
 (Dollars in Thousands)

	CLEANING	UTILITIES & FUEL	MAINTENANCE MINOR REPAIRS	PROTECTION	OTHER BUILDING SERVICES	TOTAL
Estimated FY 1980 Level:	\$167,811	\$156,860	\$92,240	\$49,830	\$42,619	\$509,360
Changes:						
1. Provision of building services in newly acquired space	2,930	2,276	965	1,530	21	7,722
2. Release of GSA-operated space	-97	-103	-34	-18	-11	-263
3. Amalgamation of FY 1980 Wage Board Increases	2,742	-	1,310	-	64	4,116
4. Increased utility rates and fuel costs	-	16,612	-	-	-	16,612
5. Increased cost of supplies and materials, including service contracts	4,938	-	2,500	1,336	1,450	10,224
6. Annualization of FY 1980 Classified Pay Act	-	-	-	32	30	62
7. To maintain funding at approximate FY 1980 level	-	-8,170	-	-1,586	-1,576	-11,332
Estimated FY 1981 Level	\$178,324	\$167,475	\$96,981	\$51,124	\$42,597	\$556,501
BECAP						
Total Increases	\$10,610	\$18,888	\$4,775	\$2,898	\$1,565	\$38,736
Total Decreases	-97	-8,273	-34	-1,604	-1,587	-11,595
Net Increase/Decrease	\$10,513	\$10,615	\$4,741	\$1,294	\$-22	\$27,141

REAL PROPERTY OPERATIONS (Continued)
Key Workload Items
(Dollars in Thousands)

	FY 1979			FY 1980			FY 1981		
	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost
Cleaning	\$153,257	183,274	\$0.84	\$167,811	185,856	\$0.90	\$178,324	188,271	\$0.95
Utilities and Fuel	143,086	213,529	0.67	156,860	217,069	0.72	167,475	218,655	0.77
Maintenance and Minor Repairs	84,400	183,539	0.46	92,240	187,332	0.49	96,981	188,517	0.51
Protection	44,847	208,761	0.21	49,830	212,254	0.23	51,124	214,065	0.24
Other Building Services	40,626	283,900	0.14	42,619	286,200	0.15	42,597	287,480	0.15
TOTAL OBLIGATIONS	<u>\$466,216</u>			<u>\$509,360</u>			<u>\$536,501</u>		

Public Buildings Service, Federal Buildings Fund

PROGRAM DIRECTION
(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1791	\$ 68,522	1916	\$ 75,287	1916	\$ 77,353	-	\$ 1,566	-	\$ -	-	\$ 1,566

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, Repairs and Alterations, 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.

1. Other Changes: \$1,566

- a. Increase of \$1,514 thousand for support services and other miscellaneous items.

Need for Increase: \$600 thousand for payment to the Department of Labor for Employee Accident Compensation Fund; \$800 thousand for Automatic Data Processing for both increased costs and usage; \$114 thousand for Federal Telecommunications System Interfacing charges, local telephone and postage and fees.

- b. Increase of \$52 thousand for personnel services and related benefits.

Need for Increase: To provide for annualization of pay act effective October 1979.

JUSTIFICATION

A. **Highlight.** - The Fiscal Year 1981 program level of \$77,353 thousand for this activity includes \$5,765 thousand to finance personnel related costs of 1,916 work-years of employment associated with the management, construction, operation and maintenance of the Federal Buildings Fund program. Other costs, which total \$26,955 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 Buildings 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. The program reflects a net increase of \$1,566 thousand over the FY 1980 program level. This net increase is composed of the following: (1) Construction management services in support of the Repairs and Alterations 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 1980 vs. FY 1981.** - For FY 1981, \$77,353 thousand is requested for this activity. This is a net increase of \$1,566 thousand over the comparable FY 1980 program level. The net increase costs represent only approximately 5% of the total FY 1981 proposed requirement of the Federal Buildings Fund program.

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 work-years financed by this activity to each functional area.

Subactivity	FY 1979		FY 1980		FY 1981	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
a) Construction	152	\$ 6,356	108	\$ 4,804	108	\$ 4,807
b) Repairs and Alterations	85	2,217	100	2,912	100	2,915
c) Rental of Space	329	9,854	458	12,669	458	12,681
d) Real Property Operations	865	22,154	885	25,870	885	25,894
e) Centralized Services	-	18,607	-	20,239	-	21,753
f) Overall Direction	360	9,334	365	9,293	365	9,303
Total	1,791	\$68,522	1,916	\$75,787	1,916	\$77,353

Public Buildings Service, Federal Buildings Fund

GENERAL SERVICES ADMINISTRATION
ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
REIMBURSABLE PROGRAM
(Dollars in Thousands)

	Permanent Position	Work-Years	Amount
1980 Level of Reimbursable Services.....	3,698	3,783	\$300,000
Estimates, 1981.....	3,698	3,783	\$300,000
Changes from 1980 to 1981.....	—	—	—

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

	Actual 1979			REIMBURSABLE OBLIGATIONS FY 1981			Increases of			Decreases (-)			For 1981	
	Work		Amount	Work		Amount	Total Changes		Permanent		Work		Changes	
	Years	Positions		Years	Positions		Work	Amount	Work	Amount	Work	Amount	Work	Amount
1. Alterations & Major Repairs	2,335	176,097	\$4,762	2,000	1,783	\$4,188	—	—	—	—	—	—	—	—
2. Real Property Operations	1,680	176,097		1,783	235,812		—	—	—	—	—	—	—	—
a. Construction	293	16,597		335	23,270		—	—	—	—	—	—	—	—
b. Protection	1,320	59,038		1,370	60,767		—	—	—	—	—	—	—	—
c. Other Bldg. Services	78	106,765		78	161,775		—	—	—	—	—	—	—	—
Total	4,028	\$218,159		3,783	\$300,000		—	—	—	—	—	—	—	—
Permanent Positions Established	3,743			3,698										

Public Buildings Service, Federal Buildings Fund
(Reimbursable Services, Cont'd.)

SUMMARY JUSTIFICATION OF FY 1981 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 services related to other agency projects and programs.

Public Buildings Service, Federal Buildings Fund

REIMBURSABLE SERVICES
(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
4,028	\$218,159	3,783	\$300,000	3,783	\$500,000	--	--	--	--	--	--

BACKGROUND

When requested by Federal agencies, the Public Buildings Service provides on a reimbursable basis, various services which are not normally provided by the agencies themselves. These 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.

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 1981 Reimbursable program is estimated at the same funding level as the FY 1980 program.

JUSTIFICATION

A. HIGHLIGHT

In addition to the commercially equivalent level of real property operations and services which GSA provides to agencies in return for 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 on a reimbursable basis with approximate commercial rates for the same type of services which are requested by agencies on a reimbursable basis since GSA has no other source of funds

Public Buildings Service, Federal Buildings Fund
(Reimbursable Services, Cont'd)

SUMMARY OF EMPLOYMENT
(Number Average Positions)

Principal Categories	1979	1980		1981		Changes For 1981	
	Actual	Estimated	Estimated	Estimated	Total	Program Increases	Other
Managerial and Administrative Direction	32	32	32	32	-	-	-
Clerical and Technical	46	46	46	46	-	-	-
Cleaners	162	228	228	228	-	-	-
Mechanics	1,858	1,872	1,872	1,872	-	-	-
Guards - Protective Officers and Firefighters	1,320	1,370	1,370	1,370	-	-	-
Subtotal	3,418	3,548	3,548	3,548	-	-	-
Part-time and Temporary Average Positions	610	235	235	235	-	-	-
Total Average Positions	4,028	3,783	3,783	3,783	-	-	-

CONSTRUCTION SERVICES FUND
PUBLIC BUILDINGS SERVICE
(dollars in thousands)

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

ACTIVITY	Obligations				Increase or Decrease (-) For 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Other-Changes	
	Work-years/Amount	Work-years/Amount	Work-years/Amount	Work-years/Amount	Work-years/Amount	Work-years/Amount	Program Changes Work-years/Amount	Work-years/Amount	Work-years/Amount	Work-years/Amount
1. Technical Services	855 \$22,275	896 \$26,878	896 \$26,964	896 \$26,964	— \$86	—	—	—	—	\$86
Total	855 \$22,275	896 \$26,878	896 \$26,964	896 \$26,964	— \$86	—	—	—	—	\$86
Permanent Positions Established (Total)	(841)	(876)	(876)	(876)	—	—	—	—	—	—

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATE

This fund finances on a reimbursable basis construction service activities for the construction or alteration of public buildings, management and inspection of construction and alteration activities, surveys and test borings performed in connection with the acquisition of Federal building sites, and other related services.

Requirements for personnel compensation and benefits for 1980 and 1981 are geared to these objectives.

Construction Services Fund, Public Buildings Service

SUMMARY OF EXPLANATION OF CHANGES FOR FISCAL YEAR 1981
(Dollars in Thousands)

	<u>Permanent Positions</u>	<u>Work-Years</u>	<u>Amount</u>
<u>Explanation of Changes, FY 1980 vs. 1981:</u>			
Increase to provide for the annualized cost of the FY 1980 classified pay increase effective October, 1979	—	—	\$ 86
Total increase for 1981 compared with 1980 program	—	—	\$ 86

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11. Personnel Compensation - \$24,537,000 for 896 Work-Years distributed as follows:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Central Office	—	—	—
Field Office	<u>841</u>	<u>876</u>	<u>876</u>
Total Positions	841	876	876
Work-Years	855	896	896

12. Personnel Benefits - \$2,427,000 - Includes \$1,724,200 for direct contribution for the retirement fund, \$533,400 for health benefits, \$121,100 for group insurance and \$48,300 for FICA.

Construction Services Fund, Public Buildings ServiceProgram 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 buildings 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 Repairs and Alteration Program, and additional workload in connection with projects assigned to GSA by other Federal agencies.

Income from Operations:

	<u>1979</u>
Federal Buildings Fund:	
Construction	\$ 917,000
Repairs and Alterations	19,009,000
Program Direction	1,020,000
Real Property Operations	366,000
Nonrecurring Reimbursable	3,942,000
Subtotal	\$ 25,254,000
Construction Transfer Appropriations	1,726,000
Total	<u>\$ 26,980,000</u>

1980

	\$ 1,100,000
	21,160,000
	990,000
	450,000
	3,960,000
	<u>\$ 27,660,000</u>
	1,035,000
	<u>\$ 28,695,000</u>

1981

	\$ 960,000
	22,115,000
	1,030,000
	495,000
	3,700,000
	<u>\$ 28,300,000</u>
	500,000
	<u>\$ 28,800,000</u>

Construction Services Fund, Public Buildings Service

SUMMARY OF EMPLOYMENT
(Number of Average Positions)

Principal Categories	1979	1980	1981	Changes for 1981	
	Actual	Estimated	Estimated	Total	Program Increase
Managerial and Administrative Direction	31	35	35	—	—
Engineers and Architects	498	548	548	—	—
Clerical and Technical	270	293	293	—	—
Subtotal	799	876	876	—	—
Part-time and Temporary Average Positions	56	20	20	—	—
Total Average Positions	855	896	896	—	—

CONSOLIDATED WORKING FUND
REAL PROPERTY ACTIVITIES
 (DOLLARS IN THOUSANDS)

	1979	1980	1981
Total Obligations.....	\$ 4,544	\$ 5,855	\$ 1,329
Net Outlays.....	\$ 895	\$ -1,000	\$ -1,000

SUMMARY JUSTIFICATION

This fund primarily reflects construction performed by the General Services Administration on behalf of the University of the District of Columbia.

TUESDAY, MARCH 11, 1980.

FEDERAL SUPPLY SERVICE

WITNESSES

RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS, AND FINANCIAL MANAGEMENT

WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

THOMAS D. MORRIS, COMMISSIONER, FEDERAL SUPPLY SERVICE

LESTER L. MITCHELL, DEPUTY COMMISSIONER FOR PROCUREMENT
FEDERAL SUPPLY SERVICE

HERBERT W. McCARTHY, DEPUTY COMMISSIONER, FOR REQUIREMENTS
AND SUPPLY

FEDERAL SUPPLY SERVICE

Mr. STEED. The committee will be in order.

The committee is in session today for further consideration of the FY 1981 budget request of the GSA. Today we will take up the Federal Supply Service. Operating expenses for FY 1980, \$143,028,000, with a pay supplemental pending of \$6,204,000, and transfers to other accounts of \$16,345,000 bringing the 1980 total to \$132,887,000. The budget estimate for fiscal year 1981 is \$133,410,000, an increase of \$523,000 over 1980.

We are pleased to have the Assistant Administrator, Mr. Fontaine here today and Mr. Morris, Commissioner of the Federal Supply Service. Mr. Commissioner, we will be glad to hear from you and hear whatever comments you wish to make in support of this request.

Mr. FONTAINE. We have Mr. Tom Morris, who recently joined us after a distinguished career in government and industry. We will submit a biographical sketch for the record.

[The information follows:]

BIOGRAPHICAL SKETCH

Name: Thomas D. Morris

Education: University of Tennessee

Experience: December 18, 1979 thru present: Commissioner, Federal Supply Service, GSA. October 1979 thru December 1979: Special Assistant to the President, Air Transport Association. 1977 thru 1979: Inspector General of the U.S. Department of Health, Education and Welfare. 1976 thru 1977: Member of the Senior Staff of the Brookings Institution Advance Study Program. 1975: Assistant Secretary of the Florida Department of Health and Rehabilitative Services. 1970 thru 1975: Assistant Comptroller General of the United States General Accounting Office. 1969 thru 1970: Vice-President of Dart and Litton Industries, Los Angeles-based corporations. 1961 thru 1968: Assistant Secretary of Defense, Department of Defense. 1934 thru 1961: Tennessee Valley Authority; Ault & Wiborg Carbon & Ribbon Co.; Carnegie-Illinois Steel Corporation (U.S. Steel); Office of the Secretary, Navy Department; Management Consultant, CRESAP, McCormick & Paget; Champion Paper & Fiber Co., Hamilton, Ohio; Assistant Director, Bureau of the Budget, responsible for Program Coordination, Management Improvement and Cost Reduction.

Professional societies: Past President, National Capital Area Chapter of the American Society for Public Administration; Member, National Academy of Public Administration.

Awards: Three awards from Secretaries of Defense; Award from National Civil Service League (1974); Award from American Institute of Industrial Engineers (1975); Award from Association of Consulting Management Engineers (1976).

Personal data: Native of Knoxville, Tennessee; Resides at 5223 Duvall Drive, Washington, D.C.

OPENING STATEMENT

Mr. STEED. All right. If you would like you may either read your statement or highlight it.

Mr. MORRIS. Mr. Chairman, it is a short statement; I would appreciate an opportunity to read it.

Mr. STEED. Go right ahead.

Mr. MORRIS. Mr. Chairman and members of the committee:

We are pleased to present to the committee a review of the work program and budgetary requirements of Federal Supply Service for fiscal year 1981. As you know, the activities of our Service have undergone a series of revisions in the past 3 years as a result of both GSA reorganization and internal FSS reorganization. I am pleased to report that this turbulence is now behind us, at least insofar as I am concerned in my administration, and we are now able to plan with greater assurance on the program accomplishments which will be our principal goals for several years to come.

I would like briefly to discuss three subjects which I believe will be of interest to the committee: first, anticipated workload trends; secondly, principal improvements to which we are committed; thirdly, our proposed budget for fiscal year 1981.

WORKLOAD TRENDS

The FSS supply function makes sales to Federal agencies out of inventories maintained at 17 depots and 71 self-service stores. We expect this workload to remain relatively stable through fiscal year 1981 with overall increases of less than 2 percent both in dollars and in requisitions. This means we will process approximately 8 million customer requisitions for sales of about \$874 million. Our objective will be to support these sales with inventories of about \$234 million, producing a turnover in excess of three times annually. Our fill rate objective is 90 percent. We have experienced some shortfill due to backorders in hand tools and furniture. The latter is the result of the moratorium on new furniture purchases. In fiscal year 1981 we expect these problems to return to a normal base.

Our second major mission is to place contracts for commercial-type items required by all Federal agencies. In addition to purchases for GSA depot stocks, we place direct delivery orders for vehicles, household furniture, and other high-unit-cost items—and we arrange schedules against which agencies purchase a wide variety of items. Altogether we make available through these sources some 5 million items. Total Federal purchases in fiscal year 1981 are estimated to be \$3.9 billion by the Agencies themselves. To accomplish this workload GSA will issue about 207,000 contracts

and purchase orders in fiscal year 1981, or approximately 1 percent more than in fiscal year 1980.

PRINCIPAL IMPROVEMENT OBJECTIVES

We have a comprehensive blueprint of 24 major initiatives which we and the regions will be attacking over the next several years. The highlights of these initiatives are as follows:

Professional commodity management and decentralized operations. We need expert knowledge about the commodities we buy, how they are produced and sold, and who uses them. This requires greater specialization. We have already formed a National Furniture Center and will be building other commodity centers in the months ahead. Our objective will be to locate these activities outside of our central office, if possible, assigning them either to the National Capital Region or to one of the 10 regional offices.

Another objective is needs-oriented procurement. This is directly related to the first goal. Our objective here is to base future purchases on an analysis of what the requirement should be rather than simply replacing the quantities issued last year. We will also study the number of items purchased in order to reduce varieties, sizes, styles, et cetera, wherever possible. This will require extensive collaboration with the property managers of Federal agencies.

A third objective is support of the National Supply System. This is a Presidential goal supporting the Act which extends the Office of Federal Procurement Policy (P.L. 96-83). GSA works in concert with other agencies in arriving at the most efficient and economic methods and assignment of responsibility for buying and distributing common-use items Governmentwide.

A fourth objective is use of commercial products. This is an area of great potential savings and more effective use of industry. We expect during the current fiscal year to substitute commercial item descriptions in lieu of Federal specifications for purchases covering items and valued at \$180 million. I hope that this is just the beginning of a continuous effort.

Fifth, improved contract administration and quality assurance. We are determined to obtain products of acceptable quality, on time, from our suppliers and to insure only responsible and responsive suppliers participate in our purchasing programs, with appropriate small business and minority firms. Personnel available for contract administration and quality control duties have been too limited in the past. To overcome this deficiency we are, in the fiscal year 1981 budget, requesting some additional support which I will discuss later.

Increased competition in contract awards. A high percent of the purchases of common-use items today are from Multiple Award Schedules where the Government only enjoys a modest discount from the commercial price. As we improve our commodity management expertise and knowledge, we can move toward more competitive, definite-quantity purchases. This should produce significant reductions in unit costs.

Last, streamlining supply operations. Out of the 4,038 work years proposed for fiscal year 1981, 57 percent are for the staffing of supply facilities. We have already reduced the number of depots

through past actions from 29 to 17, but we believe that further reductions will be feasible. Also, the number of self-service stores will be kept at that level which is most efficient and their performance made more efficient.

SUMMARY

To summarize briefly our budget request for fiscal year 1981. To finance our efforts in fiscal year 1981 we are requesting a modest addition over fiscal year 1980 of \$523,000, for a total budget of \$133.4 million. This results from gross increases of \$1,251,000 and decreases of \$728,000.

The decreases are due half to one less paid day in fiscal year 1981, and half to the exclusion of a one-time wage grade increase which occurred in fiscal year 1980.

Of the \$1,251,000 in increases, \$470,000 results from increases in fixed charges—primarily for postal and telephone services, and Federal Register printing costs. The only addition to our staffing and work program is for contract administration as mentioned above. Here we are asking for \$557,000 to support a staff augmentation of 24 permanent additions, to be added to the present staff of 94. In addition we need \$224,000 of related costs—primarily travel—for the total contract administration work force of 118 people. While these increases are modest, they can give us a long-needed boost in improving our oversight of contractor performance.

I am pleased to introduce my colleagues, Les Mitchell, Deputy Commissioner for Procurement, and Herbert McCarthy, Deputy Commissioner for Requirements and Supply. We will be very pleased to answer your questions, sir.

LOCATIONS OF DEPOTS AND RETAIL STORES

Mr. STEED. Of course it is the Federal Government which constitutes your customers' far flung activity. What criteria do you use in locating depots and retail stores? Do you have a way to make a determination as to the best location?

Mr. MORRIS. We have a variety of methods. Naturally we try first, to be in cost-effective areas where there are concentrations of consumers who draw from the depots and self-service stores.

Second, we try to be in proximity to our producers to minimize transportation costs. We are constantly studying the products we carry so as to avoid the middleman cost altogether. We do have computer techniques that analyze these things on a continuous basis, but essentially, it is a matter of applying good business judgment to do the best possible job.

CUSTOMER SERVICE

Mr. STEED. We sometimes get complaints or alibis, or whatever you want to call it, from the customer agencies that there is an undue time lag in getting an order filled or it is not as readily available as some other source of supply might be.

Do you have an ongoing dialog capability to discover these problems and try to work out solutions to them?

Mr. MORRIS. We do, sir. We have in each of our regions, customer service representatives in contact on a continuous basis with our

major customers to point up problems of this type and correct them. We also have feedback complaint forms that are used.

Just recently in Washington, we began to form a network of officers in the key agencies with whom we sit down on a regular basis to discuss matters of this type. We met yesterday with the Assistant Postmaster General for Procurement, one of our large customers.

Mr. STEED. Are you able to find out at the agency customer level if your service and your advising actually results in them being able to save their own funds?

Mr. MORRIS. We are satisfied that where we get good competition on our solicitations, we do get the best price for the Government. We are not satisfied that some of our Federal supply schedules, especially the multiple award schedules, have given all agencies of Government the best buy. This is a program we will be stressing very strenuously in the coming year.

Mr. STEED. You say you make available for them to buy on a schedule that you have established of about 5 million items?

Mr. MORRIS. Yes, sir.

Mr. STEED. This is a cost on your part. Do the agencies which benefit from this make any reimbursement?

Mr. MORRIS. Not on multiple award schedules. It is a direct buy by them from the vendor.

Mr. STEED. Then another change was made in the amount of purchase you can make without making a competitive bid. I think it was raised to \$10,000. How is that working out?

Mr. MORRIS. I believe it was a wise move; it was \$2,500 before and in these days of inflation, \$10,000 is a good cutoff.

Mr. STEED. Have you been able to identify the impact of this reduction? If you will, furnish what the impact that this has had and the number of small purchases made over the past few years. That will be helpful for the record.

Mr. MORRIS. All right, sir.

[The information follows:]

EXPANSION OF SMALL PURCHASE AUTHORITY FROM \$2,500 TO \$10,000

Public Law 93-356 was approved July 25, 1974, and increased the dollar amount of purchases defined as "small purchases" from \$2,500 to \$10,000. Related savings in administrative costs have been experienced, particularly in reduced costs of printing and postage. For purchases between \$1,500 and \$5,000, the administrative lead time was reduced by approximately three weeks. However, for purchases between \$5,000 and \$10,000, the lead time was not as substantially reduced because some of the statutory requirements (i.e. listings in Commerce Business Daily) applicable to larger contracts were not eliminated for purchases over \$5,000. Nevertheless, there have been advantages under the new policy for all small purchases below \$10,000 in terms of providing more contracting flexibility and somewhat reduced administrative costs. The impact is more significant in the regional offices than in the Central Office because most small dollar procurements are made in the regional offices.

Our estimates at the time the law was enacted were \$177,000 in direct labor costs and \$35,000 in printing cost for the first fiscal period of fiscal year 1975. The following number of small purchases have been made since that time:

Fiscal year:		Fiscal year:	
1975	\$87,001	1978	87,639
1976	100,608	1979	65,940
1977	92,576		

CURRENT ORGANIZATION

Mr. STEED. Can you in a more concise way explain the reorganization? Just what really do you do?

Mr. MORRIS. In our current organization, sir, since I arrived, which was the 2nd of January, we have simply created the post of Deputy for Procurement and Deputy for Requirements and Supply, headed by the two gentlemen who accompany me.

The three of us divide the total responsibility for managing the organization. We have not changed that organization as I found it except in minor ways to refine it. We do plan to have join us shortly an Associate Commissioner for management functions an outstanding government civil servant. That is all we are planning at this time.

Mr. STEED. There have been some incidents in years gone by of abuse of the system in terms of the fact it permitted some shenanigans to happen. What precautions have you now to guard against that happening again?

Mr. MORRIS. The principal areas I have learned about occurred in our self service stores where payoffs were alleged, and proven in some cases, between vendor personnel and people in those stores. We find the biggest weakness in those stores to be the lack of inventory control, lack of accounting such as good department and grocery stores have for their inventories. We are now beginning the first of this month the testing of equipment to do this and during the year expect to equip all the stores with that protection. In addition, we are stepping up unannounced audits of those stores to make sure they are under good surveillance.

Mr. STEED. What will you be able to do with the 24 positions that you are not now doing?

Mr. MORRIS. One of the early findings of our new Administrator, who is quite an expert on this matter, was that we were not doing a good job of monitoring contractors administratively. So we are now setting up in each of our regions a small core of people who will daily watch over the meeting of deadlines and other commitments by the contractor, taking those chores away from the engineers. The 24 people will enable us to administer an additional 1,800 contracts, an average of approximately 75 per work year. On a national basis, we will have 118 altogether, to handle over 8,500 contracts.

The reason this is so important is that we are running about a 26-percent delinquency rate among our contractors. They are missing due dates and things of this type and we have not been adequately monitoring them to see why that is happening so we can prevent it.

GENERAL SUPPLY FUND

Mr. STEED. You have tried to put more responsibility and authority in the regions. You have some functions that are systemwide functions, for instance in the General Supply Fund. How does this

operate? How do you fit the new regional authority into this systemwide program?

Mr. MORRIS. Each region has an inventory management assignment. This is a practice that goes back quite a ways and one we want to continue. The Regional Administrator has both regional functions and, in our service he oversees a national inventory function. So he wears two hats, so to speak.

In our case, we must and do maintain very close working relationships with our functional counterparts, the Assistant Regional Administrators for Federal Supply. We find that relationship quite good and have no problems to report.

Mr. STEED. What is the current financial condition of the General Supply Fund?

Mr. MORRIS. Mr. Fontaine is in charge of this.

Mr. FONTAINE. As we discussed the other day in some dialog with Mr. Miller, the fund is undercapitalized. We are monitoring cash daily to see that we can pay all bills on time and take discounts when they are offered. We had requested some additional working capital; that is still pending in OMB. The fund is somewhat precarious in terms of cash.

Mr. STEED. Would you submit a summary statement for the record that will get into the dollars and cents of it as well as the other impacts it has undergone?

[The information follows:]

GENERAL SUPPLY FUND

Authority

This Fund was originally authorized by Section 3 of the Act of February 27, 1929 (45 Stat. 1342; 41 U.S.C. 7(c)) and then by Section 109 of the Federal Property and Administrative Services Act of 1949, as amended when transferred to GSA. The originally authorized capital limitation of \$75,000,000 was increased to \$150,000,000 by Public Law 82-522, approved July 12, 1952; this limitation on authorized capital was removed by Public Law 87-372, approved October 4, 1961.

Purpose

This Fund finances, on a reimbursable basis, a national supply depot system and a system of ordering supplies for direct delivery to agencies. Related operating expenses are covered under the appropriation, "Operating Expenses, FSS."

Also financed by this Fund and reimbursed by using agencies are the operations of interagency motor vehicle pools, rehabilitation and repair of furniture and equipment, redistribution of materials no longer needed overseas, and the rental of administrative equipment to GSA activities.

Method of Operation

The General Supply Fund is a revolving fund and as such operates on a reimbursable basis. In the supply operations activity, the cost of supplies and materials, related transportation costs, and inventory adjustments are financed by the Fund and are reimbursed from available appropriations and funds of agencies receiving the services. The related direct operating expenses (salaries, warehouse space costs, etc.) are provided annually through direct appropriation - Operating Expenses, Federal Supply Service. In the motor pool and property management activities, all direct costs related to the services provided are financed by the Fund. The reimbursements from agencies are based on rates established to recover the full cost of the service provided. In the administrative equipment activity, furniture and equipment are purchased for GSA users and rental charges equivalent to depreciation are assessed the various users. The resources of the Fund are heavily invested in capital assets in two major areas - (1) inventory to support the supply depot operations and (2) vehicles to support the motor pool operations. The Fund operates on a breakeven basis and following the close of each fiscal year, any surplus earnings, after making provision for any prior year losses, are deposited in miscellaneous receipts of Treasury.

The net operating results of the Fund are as follows:

	1979	1980	1981
	Actual	Estimated	Estimated
Total Income (\$Million)	\$1,544	\$ 1,663	\$ 1,807
Total Expense (\$Million)	1,513	1,653	1,797
Total Profit/Loss (\$Million)	31	10	10

Capitalization

The Fund was originally capitalized for \$300,000 in Fiscal Year 1930. During the past 50 years, there have been twenty-two (22) increases in the capital appropriated to the Fund. The last such increase was in Fiscal Year 1979 in the amount of \$10,000,000. At the present time, the total appropriated capital of the Fund is \$292,750,000. As of the end of Fiscal Year 1979, the total equity of the Fund was \$565,316,000 which consisted of appropriated capital, donated assets and reserves, and retained earnings.

Capital Requirements

The capital requirements of the Fund are threefold and are for:

1. Investment in Inventory

For the past several years, the inventory investment has remained relatively stable in spite of increasing sales levels. This has been accomplished through a vigorous effort to reduce the number of low volume items in the depot system. The stockturn has increased from approximately 2.0 several years ago to over 3.0 currently. This trend is not anticipated to continue. Any future increases in the sales level must be supported by a higher inventory level which will require additional appropriated capital.

2. Investment in Vehicles

Due to price increases and other factors, the investment required for vehicles in support of the motor pool program has increased dramatically over the past ten years. In the past, the Fund has been required to recover through depreciation only the acquisition cost of vehicles. This resulted in a serious shortfall in resources necessary for the vehicle replacement program. This shortfall has resulted in (1) a continual drain on the available resources of the Fund and (2) leasing of vehicles instead of buying, in an effort to meet customer demand. At the present time, there is an additional capital requirement of approximately \$72 million in order to replace overage/overmileage vehicles, replace leased vehicles with expiration in 1980, and conduct test sales for determining the most appropriate replacement cycle(s) for sedans.

3. Working Cash

The working cash level of the Fund has been depleted over the years as a result of meeting necessary program requirements. The infusion of additional capital has not kept pace with the overall requirements of the Fund. The decline in the financial position of the Fund is reflected in the following end-of-year cash balances: 1976, \$166.9 million; 1977, \$150.4 million; 1978, \$119.9 million; 1979, \$103.4 million. The Fund has a continuing requirement for a working cash level equivalent to one month's operating expenses. For FY 1980, monthly operating expenses will approximate \$138 million. Based on the September 30, 1979 cash level versus the 1980 requirement, there is a deficit of approximately \$35 million. As of the end of February, 1980, the cash level was approximately \$84 million which is about \$20 million lower than the end of FY 1979. If additional capital is not made available to the Fund, programs will be curtailed to levels commensurate with the availability of resources in the Fund.

POSITION TRANSFERS

Mr. GUNNELS. Do you mind going back to your question on reorganization? There were some 659 positions transferred out of this Federal Supply to your Transportation Division. So the record will be complete, will you explain that?

Mr. FONTAINE. Mr. Beres and his staff will discuss that. It happened before Mr. Morris came on board. It is in a different account.

SAVINGS THROUGH GSA PURCHASES

Mr. STEED. This may be something you will want to do a little research on or think about. Would you provide either now or for the record an estimate of what you think the savings are in your operations where you do this for all the agencies rather than what it would be if they did it for themselves; or if there is any situation where they are doing something for themselves where you could do it more economically?

Mr. MORRIS. I would be delighted to submit that for the record. It is a question I have not researched yet. I am satisfied the savings are quite significant, but I would like to be a little more precise. [The information follows:]

SAVINGS THROUGH GSA PURCHASES

I have examined, briefly, past estimates for fiscal year 1978. The estimated savings through GSA purchases compared to commercial prices, was \$853 million.

I frankly am not prepared to support these data without a great deal more of analysis. I suggest that the range of savings is in the neighborhood of \$400 to \$800 million, but I further feel that the opportunities for savings are substantially more than those we have realized in the past—particularly in the area of Multiple Award Schedules where we have not obtained full price competition.

We will plan to provide the Committee further findings in this area in the future.

OVERALL ATTITUDE AND MORALE

Mr. STEED. If the cleaning-up of some of the hanky-panky that seemed to get into some of these activities in times gone by is on schedule, what is the situation as to the work force, the morale and overall attitude?

Mr. MORRIS. I have been on board a little more than 2 months and I find that the working staff is comprised of people desirous of doing a good job. The turmoil and turbulence which has occurred here has had a very definite impact on the morale and dedication of some of the people. We have lost a number of our key people, which is unfortunate. I believe today we detect a feeling of greater stability and a desire to move forward. We do have about 150 vacancies which I would like to fill. I am at this point optimistic.

Mr. STEED. These require people who can do something other than eat and breathe?

Mr. MORRIS. Yes; they are technical jobs.

Mr. STEED. Has the Office of Federal Procurement Policy promulgated any guidelines that have been helpful to you?

Mr. MORRIS. Over the years they have handed down a number of objectives as to the use of commercial item specifications, and the use of the commercial sector. We have met several times with them to discuss our ongoing efforts here.

Mr. STEED. I assume you feel your present operation is at a rate that enables you to give valuable service to the agencies that you serve.

Mr. MORRIS. Yes, sir.

Mr. STEED. What other improvements could you make or are you planning to make, if you can, in this area?

Mr. MORRIS. I highlighted about seven in our statement. They are the top seven. We have altogether a list of 24 initiatives developed by my predecessor and the Administrator. But we need more expertise in commodities. We need to know more about furniture and how to buy it prudently. We are too concerned with placing orders and do not perform enough analysis as to how to buy and distribute these products.

ADEQUATE QUALITY CONTROL

Mr. STEED. When you buy as much as you do, quality control is a factor you have to live with. Do you think you have adequate quality control? When you order something and it is delivered, are you satisfied that it is top quality?

Mr. MORRIS. I am not satisfied that we are doing enough to insist upon the correct standards of quality and make our producers and vendors adhere to those standards of quality. Having said that, I am not sure our specifications are correct in all instances.

Mr. STEED. Is this trend of doing a lot more of the off-the-shelf type buying more than the special type specification buying? Would that make quality control easier?

Mr. MORRIS. I believe so, sir. We would then have the discipline of the marketplace as well as our own inspections to assure quality of these products.

PROCUREMENT AND STOCK LEVELS

Mr. STEED. I guess the problem of coordinating your requirements, your procurement cycles and stock levels would be what you consider to be an unending problem.

Mr. MORRIS. Yes, sir, it is a daily task.

Mr. STEED. What level of desired efficiency in performance do you think you have now?

Mr. MORRIS. It would be hard to put a precise number on that. We have a large number of performance measures in our system that we must use better. Our on-time fill and degree of fill rates compare quite well against other standards, particularly those in DOD with which I have a familiarity. I think we do have too many items in stock and that we need to balance our staffing and workloads. We should eliminate the slow movers. It is refinements of this type we have to work on constantly to be more efficient.

Mr. STEED. Do you find items overstocked?

Mr. MORRIS. Yes, sir, that is inevitable in an organization as big as ours.

Mr. STEED. How do you dispose of them?

Mr. MORRIS. We try to move them as substitutes for other items to our customers, and occasionally to discount them. If we are absolutely in excess we use the Federal excess channels.

NEW ITEMS

Mr. STEED. There is always the matter of general items being improved upon like the ballpoint pen, for instance. What do you do to keep up with the art of these items? Some of them are bound to be in a category where some new version of them comes on the market that makes it a lot more desirable than the old style. Are you able to keep pace with that?

Mr. MORRIS. It is hard to say whether we do this as well as we should. Of course the vendors themselves are constantly coming to see us, and that is one way. We have a "New Item Introductory Schedule" that we use for new and innovative items to give them a chance to be tried out.

Mr. STEED. Since Agency A is going to be the primary customer, do you get input from them?

Mr. MORRIS. They are not bashful in calling it to our attention. We need more systematic operation, we need to use liaison people to make sure they are aware and do not find it necessary to go to the market directly themselves and buy things we could get more cheaply for them.

PAPER CLIPS

Mr. STEED. Have you a figure on how many paper clips you buy a year?

Mr. MORRIS. Last year we issued to agencies about 726 million paper clips.

TERM CONTRACTS

Mr. STEED. Sometimes people ask us questions like that. I made a mistake one time of asking how many rolls of toilet paper they bought and they told me.

Do you have any contracts that would be classified as an open-end contract where you do not get the whole order at one time but just fill it at regular intervals?

Mr. MORRIS. Yes, sir, we make a number of what we call term contracts where the quantity is not definite or fixed. This occurs in those cases where it is difficult to get firm requirements and we must, therefore, deal in a ballpark. In fairness to the bidder, we do not expect him to give us as good a price. Our goal is to move toward definite-quantity contracts to the fullest possible extent.

CUSTOMER COMPLAINTS

Mr. STEED. I remember there used to be a time when people were lucky if they went into a post office lobby and found a pen that worked. Have you any problems like that or complaints from your customers?

Mr. MORRIS. None that have come to my attention. I might ask Mr. Mitchell.

Mr. MITCHELL. We have a customer liaison program that is nationwide in scope and the number of complaints outside the furniture moratorium have been few in number compared to the volume of business transacted.

INCREASES DUE TO INFLATION

Mr. STEED. I guess this would have to be a ballpark guess, but what impact on the total dollar volume of your operations do you have that is caused by inflation and what has been caused by the increase in the quantity. Have you any studies that would give any picture of that?

Mr. MORRIS. We have no comprehensive studies and we are dependent, as you know on periodic solicitations. We should probably start running more analyses of this. One area I know which has been researched recently is vehicles where the price escalation is quite apparent to our automotive buyers.

Mr. STEED. In other words, the dollar volume of that item would be more attributable to inflation than the number of vehicles that is increased.

Mr. MORRIS. That is true, sir, but also because we are getting less competition as one of the resultant consequences.

VEHICLE ACQUISITIONS

Mr. STEED. With the foreign cars coming into the country, are you under any restrictions as to acquisition of vehicles? Are you able to use the better mileage or the less pollution or any other factors that go into buying a vehicle?

Mr. MORRIS. We are successful so far in meeting our needs and also the MPG requirement on sedans, for example, but the price limitation that exists has reduced the competition in that area very severely.

DIRECT DELIVERY

Mr. STEED. Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

I had a few questions about your statement where you say, Mr. Morris, "in addition to purchases for GSA depot stocks, we place direct delivery order for vehicles, household furniture and other high-use cost items."

How does that work? Will you tell the committee what the need would be for that type operation?

Mr. MORRIS. For items we do not stock but for which agencies find us as a good source of supply. Automobiles are one example. They submit requisitions to us, frequently on a prearranged schedule. We collect the needs of all agencies and conduct competitions and make awards.

In the past, we have financed these transactions. As we place the orders we also pay the vendor and then bill back the agencies which received the commodity. These are direct delivery situations; household furniture, particularly for the military, and vehicles are the two biggest items at this time.

Mr. MILLER. So you are combining the needs of a number of agencies in order to get a better buy because of volume?

Mr. MORRIS. Yes, sir.

OFFICE OF FEDERAL PROCUREMENT POLICY

Mr. MILLER. Could you tell us a little bit about the Office of Federal Procurement Policy? You speak of that in support of the national supply system and we have had Federal procurement policy management people in from the White House. I am not sure what they have been able to accomplish, but have there been any suggestions by these people through Federal procurement policy that would be helpful to you in any way?

Mr. MORRIS. Sir, as I mentioned just a little earlier to the chairman, the one contact I have had with OFPP since coming into office has been the use of commercial description in lieu of Federal specifications; that is one of OFPP's objectives to which we are responsive. They are also charged with Governmentwide acquisition and procurement regulations. I was on the Procurement Commission staff and feel a kinship to the thinking that brought about the creation of OFPP. I think it has a very important mission to perform on a Governmentwide basis.

Mr. MILLER. As I recall, the first director of that Office of Procurement Policy came from the military, from the Pentagon.

Mr. MORRIS. Mr. Witt did head that office.

PURCHASING

Mr. MILLER. Did you work with the Department of Defense, because they do their own purchasing as such? But if you have need for a volume of a given commodity, do you work with Defense and add those together and then try to hit the street with large purchases to get a better buy?

Mr. MORRIS. Yes, sir, starting many years ago, back in the 1960s, GSA and the Department of Defense started identifying items which one ought to manage on behalf of both. For example we buy paint and hand tools for defense activities worldwide. We are the single manager of paint and hand tools. They handle other items, such as electronic items. The Veterans' Administration handles medical items and subsistence items. The long-term goal is to get all common-use items assigned to one of the procurers and distributors to act on behalf of all Government users.

Mr. MILLER. When you say the Veterans' Administration handles the medical supplies, do you mean they purchase those supplies or do you?

Mr. MORRIS. No, they purchase them for all of Government. They support DOD as well as other Government agencies, just as we do in paint and hand tools.

HAND TOOLS SHORTAGE

Mr. MILLER. I read there was a shortage of hand tools.

Mr. MORRIS. Yes, that has been a difficult area. We have a number of back orders. We have gotten behind in keeping our stocks up. We are slowly coming out of this problem which dates back a year and a half.

Mr. MILLER. I guess maybe this is the time again for us to put in a punch about what took place when we had a recession just a few years ago. At that time the Supply Service had contracts and had

canceled some of the contracts because other contractors had supplied GSA early and used up the cash reserve. On the House floor we appropriated funds for those unemployed people. And so on one hand we caused unemployment, and on the other hand we caused taxpayers to support those people who were unemployed. We would not have been able to receive hardware if we had continued to honor the contracts.

I understand now there are different arrangements and it will not happen again. But it did happen before and therefore we need to keep hammering away so we do not make the same mistake over and over. I am sure the committee will take a look at this need and see what both hands are doing. The Congress had to appropriate funds to pay those people who were unemployed and yet we did things that created the unemployment.

Mr. MORRIS. Yes, sir.

SMALL BUSINESS PURCHASES

Mr. MILLER. Would you tell us a little bit about the improved contract administration quality insurance. You say you are purchasing items with appropriate small business and minority firms? Are you mandated to do this? Does it create a problem? Do you find that small business or minority firms may not be efficient so you must pay a higher price for the commodities that you purchase?

Mr. MORRIS. It would be very difficult to generalize on an answer to that. About 45 percent of our dollars are spent with small businesses. We are a strong believer in that program and have been for many, many years.

Mr. MILLER. I am too, but I am trying to determine whether we are paying an additional amount for the commodities because of something that is mandated.

Mr. MORRIS. It is quite possible there are situations where SBA, for example, will rule a company is competent to do our business that we would not normally select based on quality control criteria. But they have authority to do that. We have not put a price tag on that kind of premium cost. So, I would hesitate to generalize on that, sir.

FURNITURE PURCHASES

Mr. MILLER. We have a few news items here. When they hit the newspapers, it reflects back on all of us, not only GSA. I have one here from the Washington Post, September 14, concerning a man who owns a surplus store and stocks it with desks, file cabinets, swivel chairs and equipment rescued from the Lorton landfill. I am sure you people are well aware of what is in this article.

But, how can it happen and what can we do to stop it?

Mr. MORRIS. We have been working diligently on the furniture problem for about a year, but most intensively since last October when Admiral Freeman began to give it his personal attention. There were scandals of this type which predate my time. It is still possible for an agency which has something they consider as unsalvagable to throw it away. But we receive excess declarations from the agency and are giving special scrutiny to all furniture items to

make sure we salvage those that can be repaired and made available for further use. This is more true with the old wooden furniture some of which has an unlimited lifetime; not quite so true as to the new metal furniture.

SCHEDULES

Mr. MILLER. In one of the reports by the GAO, of May 2, 1979, it indicates that most of the 4 million items on the schedule do not belong there. Instead, they should be purchased through competitive methods. I read in one of the GAO reports, that sauna baths and toys were listed. How far do we go with the catalog, and what has been done to correct that?

Mr. MORRIS. A very vigorous response has occurred as a result of that report, which is a classic of good work in our opinion. One of the first things our office did was to remove from schedule these sensitive or marginal items, such as sailboats, motorbikes, trail bikes, golf carts, amusement devices, games, toys, and a list of about 20 others. We have set up criteria now which says we will not stock these items unless there is a very valid need we can identify, then we restrict their issue to agencies with clear requirements.

In addition we are reviewing all of our multiple award schedules to plan definite-quantity competitive buying for the future, with a smaller range of items where possible. The 4 million items are far too many. We do not need to make hundreds of sofas available to the agencies. This is a long-term effort; we will be at it for several years, but the savings potential will be significant.

Mr. MILLER. And you are giving us an assurance that those items are being removed from the catalog?

Mr. MORRIS. Yes, sir.

Mr. MILLER. What about our supply service here on Capitol Hill? Do they contact you, or is that a separate operation?

Mr. MORRIS. It is my understanding it is separate. I am sure we would be responsive to any needs they would bring to us but they do not have to do business with us.

Mr. MITCHELL. That is correct. However we did do some liaison work with the House Administration staff to set up improvements in the stationery account.

Mr. MILLER. When we think of the 4 million items listed with GSA, and purchases for the Defense Department, and the Veterans' Administration, it seems that GSA may just do a small part of the purchasing.

Mr. MORRIS. That is correct, sir; no question about that. We know that we are responsible for only a fraction of the total.

Mr. MILLER. Is there any way we could have facts and figures and amounts?

Mr. MORRIS. OFPP, I suspect would have overall data.

Mr. MILLER. I believe it would be good if we have that for the record to show what portion of the buying you are doing; and what portion you are responsible for; and the overall purchasing done by the Government. Maybe we can find a way to reduce some of that.

Thank you.

[The information follows:]

PROCUREMENT

FISCAL YEAR 1979

[Dollars in billions]

Source	Amount	Percent of total
Governmentwide: ¹		
Department of Defense	\$70.4	71.2
Civil agencies	28.5	28.8
Total	98.9	100.0
Federal Supply Service: ²		
Direct	1.3	1.3
Schedules	2.0	2.0
Total	3.3	3.3

¹ Sources: Federal Procurement Data Center; GSA Report of Procurement By Civilian Executive Agencies (SF-37); Office of Federal Procurement Policy.

² Purchases against Federal Supply Schedules included as FSS procurement.

DECENTRALIZATION

Mr. STEED. Mr. Addabbo.

Mr. ADDABBO. I am interested in a report, "Professional Commodity Management and Decentralized Operations," which reads on page 29:

In keeping with the basic GSA management philosophy announced by Administrator Freeman in July 1979, FSS will be structured to function in a decentralized commodity management mode. Operating responsibility and accountability ultimately rests in the regions or commodity centers, with national policy and program development, coordination, and review, as well as staff support provided by the Central Office.

On one hand you speak of decentralization, and on the other hand you talk about setting up centralized commodity centers. Now again, you may be taking it out of Washington, but do you not centralize instead of decentralize?

Mr. MORRIS. It is two different approaches. One is decentralization of authority to run operations in the field; the other approach in the case of commodity centers is to put in one center a national responsibility for requirements, purchase, and distribution of a commodity such as furniture. Some of those centers we expect will be outside of Washington, such as paper now is in New York. They will, therefore, fall within the jurisdiction of the Regional Administrator of the region in which they happen to be located.

Mr. ADDABBO. The thing that bothers me most is the hope that you do not model after the Department of Defense. And after sitting on the Defense Committee, the Department of Defense is not something to be modeled after. I have run into considerable problems with it, supplies being in the wrong place at the wrong time and millions of dollars being wasted in transportation of the products. So, I hope you do not follow them too closely.

Mr. MORRIS. All right, sir.

Mr. ADDABBO. Another thing about the Department of Defense, everything seems to be centralized south in the Sun Belt.

On page 37 you talk about closing down Bayonne and a couple of other places in the Mid-Atlantic. I hope we will not be closing as DOD has been doing and moving everything down South. I will be watching that study very closely and again I hope you do not

mimic the Department of Defense too closely because they have not been too successful.

Thank you.

Mr. STEED. Mr. Roybal.

CONTRACTS

Mr. ROYBAL. I would like to follow up on contracts. One of your principal objectives is to increase competition in contract awards. Would you provide for the committee the percentage of total contracts that were awarded competitively.

Mr. MORRIS. Last year, measured by dollars, 54 percent were by formal advertising, which is the highest form of competition. We negotiated a number of contracts competitively. The reports I get show that over 80 percent were competitive if you include negotiated contracts as well.

Mr. ROYBAL. Negotiated contracts are not actually an open competitive bid.

Mr. MORRIS. They are not a sealed bid; they come about through discussions after the bids are received.

Mr. ROYBAL. They come about after negotiating?

Mr. MORRIS. Yes, sir, so they do not fall in the same stern category as formal advertising.

Mr. ROYBAL. I would not consider that to be under a competitive system. However, do you deal with two or three prospective firms at the same time?

Mr. MORRIS. Yes, sir. Even where we cannot go to formal advertising, we endeavor to get competition in terms of full participation.

Mr. ROYBAL. In 1978 only 2 percent of the total contracts were awarded to section 8 firms, minority firms. Why is the figure so low?

Mr. MORRIS. I cannot give you a precise answer, but I will furnish additional information for the record.

[The information follows:]

TOTAL FSS PROCUREMENT VOLUME FROM SMALL BUSINESS AND MINORITY BUSINESS

[Dollars in millions]

	Fiscal year—		
	1977	1978	1979
Total procurement ¹	\$1,261	\$1,546	\$1,208
From small business	\$575	\$699	\$473
Percent from small business	45.6	45.2	39.2
From minority business	² \$7	\$9	\$18
Percent from minority business6	1.5

¹ Stock and nonstock volume only, excluding mandatory sources.

² This is award volume. In fiscal year 1977, the procurement volume data did not accurately pick up minority values.

There was a 21.8 percent volume decrease in the stock and nonstock programs in fiscal year 1979 when compared to fiscal year 1978. A 16.9 percent decrease is likewise reflected in the number of contracts awarded in stock and nonstock in fiscal year 1979 versus fiscal year 1978.

The decrease in small business is attributed to the 21.8 percent decrease in the stock and nonstock programs between fiscal year 1978 and fiscal year 1979.

The increase in minority in fiscal year 1979 over fiscal year 1978 is attributed to additional emphasis placed in this area.

CONTRACT VALUE

Mr. ROYBAL. Can you give us a figure for 1979?

Mr. MORRIS. It has been traditionally low as you point out.

Mr. ROYBAL. For 1978 only six-tenths of 1 percent of the total Federal Supply Service contract value was awarded to Hispanic section 8 firms. That is lower than low. Is the figure correct?

Mr. MORRIS. I think that is correct, but I will verify it for the record.

Mr. ROYBAL. What about the quality of work that you generally get from 8(a) firms? Is it approved by you, or how does that work?

Mr. MORRIS. Our quality control and contract administration people oversee the work of these activities as they do with others. It is up to us to be sure we set realistic standards and get a good product. I am sure we have problems with those firms as we do with others and small businesses, but it is up to us to learn to work with them effectively.

Mr. ROYBAL. You indicated you will study the reason why the 8(a) firm contract value is so low. How long will it take for you to get some kind of report on the study?

Mr. MORRIS. Our need is to examine those kinds of products and services that they should be able to perform, and then see why our bidder lists are not drawing the kind of response. I would think 90 days ought to give us an opportunity to make my first review of that matter.

Mr. ROYBAL. I would appreciate a report on that study.

[NOTE.—A copy of the report will be submitted for the committee files when the study is completed.]

WORK FORCE

Mr. ROYBAL. As of last year GSA has never terminated contracts because of EEO failures. Would that not be one way in which some of these inequities could be ratified?

Mr. MORRIS. It would be.

Mr. ROYBAL. Going back again to the general schedule work force, last year we were told that Hispanics made up 2.6 percent of that work force. What is the representation of Hispanics this year and what are we doing to increase the representation of Hispanics, women and other minorities?

Mr. MORRIS. I began studying this in the last 10 days, Mr. Congressman. What I have found is that our work force in the Hispanic area has declined because of the fact of the movement of certain responsibilities from us, that drew the staffing along with it. We had a total of 15 Hispanic males and females in central office; we are down to 4 this year. I must find out why that occurred and what we plan to do to correct that.

Mr. ROYBAL. Will you also provide a copy of that report when it is written?

Mr. MORRIS. I will be pleased to.

[The information follows:]

Federal Supply Service Central Office

As of the middle of fiscal year 1979, the total representation of Hispanics in our work force was approximately 2 percent. However, after a major reorganization towards the end of fiscal year 1979, we lost many Hispanics either through transfers or separations.

Summary of Transfers and Separations

Transfer of functions.....	8
Transfer to other Government agencies.....	2
Transfer to other GSA region.....	1
Transfer out of Government.....	2
Total.....	13

Currently, we have only 4 Hispanics in our work force. We have been aggressively seeking to regain fair representation of Hispanics in Federal Supply Service and will continue to do so in fiscal years 1980, 1981, and beyond.

To achieve this objective we have established affirmative action goals not only for Hispanics, but also for all minorities and women. We have been carefully reviewing all referrals in the selection process. Although we are short of our goals for Hispanics, we have been meeting established goals for minorities and women taken as a whole.

FEDERAL SUPPLY SCHEDULES

Mr. ROYBAL. Last year your agency provided some information concerning how various items get on the Federal supply schedule. I am curious to know how items are taken off the schedules.

Mr. MORRIS. We have the authority as we have indicated we have exercised, to drop items on schedule and not have coverage on items that are problem items.

Mr. ROYBAL. How often are the schedules updated?

Mr. MORRIS. This is a continuous process. Each schedule is for a term. After that term is up we can either continue or discontinue that schedule of items on it.

Mr. ROYBAL. But it is reviewed after the completion of that time?

Mr. MORRIS. Yes.

Mr. ROYBAL. So after each one is reviewed you make the determination whether to reinstitute or not?

Mr. MORRIS. Yes.

Mr. ROYBAL. I think that is all, Mr. Chairman, thank you.

SIZE OF FEDERAL FLEET

Mr. STEED. I would like to go over to this automobile problem. What is the total size of the Federal fleet, do you know?

Mr. MORRIS. I am sure Mr. Beres would know.

Mr. FONTAINE. Al Beres is the Commissioner of the Transportation and Utilities Service. The actual procurement is done by the Federal Supply Service.

Mr. BERES. Mr. Chairman, at the end of fiscal year 1979, our records show that the total Federal fleet nontactical vehicles was 448,000.

Mr. STEED. How many under GSA control?

Mr. BERES. Ninety-eight thousand at that time.

Mr. STEED. How many of the 98,000 or for that matter, the whole fleet, do you procure?

Mr. MORRIS. I believe, sir, that we are the procurement agency for all Government including Post Office. We bought 57,000 units last year. Post Office does not have to deal with us but they elect to. The VA buys from us and there are a few others.

Mr. STEED. Are you under general "Buy American" provisions?

Mr. MORRIS. Yes, general provisions, 6 and 12 percent.

Mr. MITCHELL. We apply those rules if the award is to a foreign source, and we have domestic competition.

PROCUREMENT RESTRICTIONS

Mr. STEED. Can you give, just in a nutshell, what your problems of procurement are these days which are brought on by these various restrictions?

Mr. MORRIS. Our principal problem is the statutory price limitation in Public Law 96-74, which is \$3,400 per basic sedan and \$3,800 per basic station wagon. Those price limitations today are adversely affecting our ability at competition. There is only one bidder currently participating with us whereas we would like several. We think the time has come to raise that price limitation in order to make that possible.

Mr. STEED. Does this inability on your part to obtain these vehicles because of the price limitations cause your customer agencies to go into the leasing of cars?

Mr. MORRIS. I understand that is happening more and more, and again I believe Mr. Beres has a better feel for that.

Mr. BERES. We are finding that this is caused by a combination of the statutory price limitation and the Executive order. The high mileage requirements established by the Executive order has caused reduced competition. The Federal Supply Service is asking for an increase in the statutory price limitation not only for vehicles purchased for the interagency motor pools but other vehicles as well.

Mr. STEED. How does it affect the taxpayer's dollar when an agency is able to buy the vehicle and operate it? You normally expect the fleet to operate more cheaply versus when it is leased? I assume they can lease without having to submit to some of these restrictions that buying puts on them.

Mr. BERES. The same regulations apply regardless of whether it is a purchase or lease arrangement.

Mr. STEED. If you feel that the situation is becoming so tight that we are faced with a serious problem of keeping the Government on wheels, what limited increase do you think you would need to put you back in business?

Mr. MORRIS. We would like to submit a fact sheet for the record. It looks like it would take an increase of about \$1,500 per basic unit in order to get the full competition we have enjoyed in the past. That would bring the sedan to \$4,900 as a price limitation and the station wagon to \$5,300.

Mr. FONTAINE. The budget requested is \$4,300 for sedans and \$4,700 for station wagons but the procurement people have realized that will be short and to get additional competition we would like to ask the committee to raise it to these higher amounts. We will give you a fact sheet.

[The information follows:]

STATUTORY PRICE LIMITATION ON VEHICLES

Title VI, Section 601 of Public Law 96-74 dated September 29, 1979, provides for a statutory price limitation for the Government purchase of passenger motor vehicles in fiscal year 1980 or \$3400 for sedans and \$3800 for station wagons. This limitation covers the cost of a basic vehicle as defined by GSA, minus transportation and any "additional systems and equipment." In addition, Public Law 96-74 allows these limits to be exceeded by \$1,700 for police-type vehicles and \$3,600 for special heavy-duty vehicles. The fiscal year 1980 limitations are the same as those that were in force in fiscal year 1979.

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 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 13 percent.

2. Compact—dealer invoice exceeds limitation by 24 percent.

3. Mid-size—dealer invoice exceeds limitation by 28 percent.

4. Standard size—dealer invoice exceeds limitation by 49 percent.

As the Government discounts from the dealer invoice normally run from 3 percent on sub-compacts to 17 percent on standard sizes, it is evident that to bid on Government requirements, the manufacturers must reduce their prices an additional 10 percent to 32 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 44 percent increase in the current limits in order to satisfy all the agencies' requirements for fiscal year 1981. This increase is based on the current pricing differential of 32 percent and an addition 12 percent increase to offset the normal automotive price increases through the end of fiscal year 1981. The suggested limitations for fiscal year 1981 are \$4,900 for sedans and \$5,300 for station wagons.

Mr. STEED. Assuming these are granted, what would be the life expectancy of that new figure to keep you in the procurement business? Can you take a reading from what the trends are?

Mr. MORRIS. I think it would be very risky for us to make such a projection. So many things are happening with the MPG requirements, inflation and environmental requirements to mention a few.

Mr. STEED. Thank you for your appearance this morning. We will insert the justifications for the Federal Supply Service in the record at this point.

[Whereupon, the subcommittee proceeded to other business.]

[The justifications follow:]

Operating Expenses, FSS
(Direct Only)

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Direct obligational authority for FY 1981 is estimated at \$133,410,000, an increase of \$523,000 from the FY 1980 authorized level of \$132,887,000. The increased funding requirements consist of: \$781,000 for an improved and expanded contract administration program throughout FSS nationwide; \$62,000 for the additional cost of the FY 1980 Pay Act related to the enhanced contract administration program; \$408,000 for additional costs applicable to Common Distributable Rate increases. These increases are partially offset by a \$363,000 decrease related to one less day in FY 1981 and a \$365,000 decrease for the FY 1980 Pay Act adjustment related to wage grade retroactive increase.

Effective in FY 1979 the following responsibilities were transferred from the Federal Supply Service to other organizational elements within the GSA:

- A. The Office of Transportation & Public Utilities transferred to the newly established Transportation & Public Utilities Service (TRUS). (\$13,773,000 and 531 work-years in 1980).
- B. The Federal Procurement regulation functions directly involved with acquisition policies and procedures were transferred to the Office of Acquisition Policy (AP). (\$363,000 and 25 work-years in 1980).
- C. The procurement support functions for communications and automatic data processing equipment, supplies, and services were transferred to the Automated Data and Telecommunications Service (ADTS). (\$1,841,000 and 62 work-years in 1980).
- D. Manpower management functions within FSS was transferred to the Office of Human Resources. (\$56,000 and 2 work-years in 1980).

Effective in FY 1980 the EEO responsibilities were transferred to the Office of Civil Rights. Administrative support functions were transferred from FSS to the Office of Management, Policy, & Budget within the newly established Region 3, Philadelphia. (\$312,000 and 16 work-years in 1980).

Operating Expenses, FSS
(Direct Only)

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR 1981
(Dollars in Thousands)

	Supply Activity 1		Contracts Activity 2		Program & Requirements Activity 3		Quality Assurance Activity 4		Total		
	WV	Pos Amt	WV	Pos Amt	WV	Pos Amt	WV	Pos Amt	WV	Pos Amt	
<u>Program Changes:</u>											
Increases:											
Expanded contract Administration	-	-	24	26	781	-	-	-	24	26	781
<u>Other Changes:</u>											
Increases:											
Rate Increases Common Distributable Costs	-	-	-	-	222	-	-	140	-	-	408
Additional Pay Increase over FY 1980	-	-	-	-	62	-	-	-	-	-	62
Decreases:											
Less one day Offset Rate increase	-	-	-	-	-81	-	-	-56	-	-	-363
FY 1980 Pay Act adjustment for wage grade - FY 1980 only	-	-	-	-	-	-	-	-	-	-	-365
Total Other Changes	-	-	-	-	203	-	-	84	-	-	-258
Total Change FY 1981/FY 1980	-	-	24	26	984	-	-	84	24	26	523

Note: Program Changes Enhanced funding requirement within the Contracts Activity will provide for an improved and expanded contract administration program throughout FSS nationwide.

Other Changes

The increase of \$408,000 related to Common Distributable Rate increases and the \$62,000 for additional pay increase related to the contract administration program is offset by a decrease of \$363,000 for one less day in FY 1981 and \$365,000 for the FY 1980 Pay Act adjustment related to wage grade retroactive increase.

FSS CROSSWALK - FY 1979 ACTUAL
(To Reflect FY 1979 FSS Reorganization)

Previous Activity Structure	FY 1979 Actual Old Activity		Distribution of FY 1979 Resources to New Activities								Total			
	WY	Amt	Supply WY	Amt	Contracts WY	Amt	Programs and Requirements WY	Amt	Quality Assurance WY	Amt	Transportation/ Public Utilities WY	Amt	WY	Amt
Supply Distribution	1,466	\$29,758	1,466	\$29,758	-	-	-	-	-	-	-	-	1,466	\$29,758
Procurement	1,084	\$24,125	327	\$6,631	757	\$17,494	-	-	-	-	-	-	1,084	\$24,125
Standards & Quality Control	556	\$14,313	-	-	-	-	213	\$5,825	343	\$8,488	-	-	556	\$14,313
Customer Service and Support	690	\$16,318	467	\$9,750	-	-	223	\$6,568	-	-	-	-	690	\$16,318
Transportation and Public Utilities	281	\$5,571	-	-	-	-	-	-	-	-	281	\$5,571	281	\$5,571
Total Program Costs	4,077	\$90,085	2,260	\$46,139	757	\$17,494	436	\$12,393	343	\$8,488	281	\$5,571	4,077	\$90,085
Service Direction	242	\$39,191	55	\$16,409	55	\$9,740	54	\$6,531	54	\$5,526	24	\$1,985	242	\$39,191
Total FY 1979 Actual	4,319	\$129,276	2,315	\$62,548	812	\$26,234	490	\$18,924	397	\$14,014	305	\$7,556	4,319	\$129,276

FSS CROSSWALK - FY 1980 ESTIMATES
(To Reflect FY 1979 FSS Reorganization)

Previous Activity Structure	FY 1980 Estimates Old Activity		Distribution of FY 1980 Resources to New Activities					Total				
	Work Year	Amount	Supply Work Year	Amount	Contracts Work Year	Amount	Programs and Requirements Work Year	Amount	Quality Assurance Work Year	Amount	Work Year	Amount
Supply Distribution	1,505	\$32,158	1,505	\$32,158	-	-	-	-	-	-	1,505	\$32,158
Procurement	1,096	\$29,965	336	\$9,610	760	\$20,355	-	-	-	-	1,096	\$29,965
Standards & Quality Con.	501	\$14,398	-	-	-	-	155	\$4,563	346	\$9,835	501	\$14,398
Cust. Service & Support	706	\$16,994	422	\$8,097	-	-	284	\$8,897	-	-	706	\$16,994
Total Program Estimates	3,808	\$93,515	2,263	\$49,865	760	\$20,355	439	\$13,460	346	\$9,835	3,808	\$93,515
Service Direction	206	\$39,372	52	\$17,521	52	\$9,764	51	\$6,436	51	\$5,551	206	\$39,372
Total FY 1980 Estimates	4,014	\$132,887	2,315	\$67,386	812	\$30,119	490	\$19,996	397	\$15,386	4,014	\$132,887

OPERATING EXPENSES, FSS
(Direct Only)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Supply	2,260	\$46,139	2,263	\$49,865	-	-\$845	-	-	-	-	-	-\$845
Service Direction	55	\$16,409	52	\$17,903	52	\$382	-	-	-	-	-	\$382
Total	2,315	\$62,548	2,315	\$67,386	2,315	\$66,923	-	-\$463	-	-	-	-\$463

BACKGROUND

The Office of Supply Distribution has been retitle the Office of Supply, and performs all of the functions previously assigned to the Office of Supply Distribution. In addition, the following new responsibilities are transferred to this office; the self-service retail facilities; order processing and control of agency requisitions which were previously performed by the Office of Customer Service and Support; and inventory management previously performed by the Office of Procurement.

This activity manages and operates a national supply distribution system consisting of wholesale and retail distribution facilities through which commercial-type commodities are received, stored, and issued on a worldwide basis to Federal agencies. These agencies are located in all 50 States and in the District of Columbia. The supply distribution system is a nationwide operation to customer agencies. GSA Supply Distribution Facilities are located in each of the 11 GSA regions and the fuel yard located in Washington, DC. A variety of commonly used administrative and office supplies, maintenance supplies, and standard forms are provided to Federal agencies through self-service retail facilities located wherever there is a concentration of Federal activities. The wholesale sales through these distribution facilities is estimated at \$813 million in 1980 and \$825 million in 1981. Supply is also responsible for inventory management and processing and control of agency requisitions. Inventory levels available for issue to customer agencies are estimated at \$224 million for 1980 and \$234 million for 1981 with a stockout of 3.3 in 1980 and 1981. The number of requisitions received in fiscal year 1980 was 7,095,000 with an estimated amount received in fiscal year 1980 of 7,735,000 and in fiscal year 1981 of 7,957,000.

JUSTIFICATION

A. Highlight - The distribution operation subjectivity is segmented into wholesale distribution and retail distribution elements. 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, DC. Sales of \$825 million are estimated to be shipped in 1981. Facility Sales of \$795 million and Fuel Yard sales of \$30 million. It is projected that 65% will be shipped to military and 35% to civilian agencies. Retail operations reflect the dollar value of sales by Self Service Stores from a variety of commonly used administrative and office supplies, maintenance supplies, and standard forms. These self-service stores are primarily located in Federal Office Buildings wherever there is a concentration of Federal activities. Although the Self Service Stores were \$42.0 million in fiscal year 1979 and \$42.0 million in fiscal year 1980, they are projected to be \$47.0 million in fiscal year 1980 and \$49.0 million in fiscal year 1981.

B. Explanation of changes, FY - 1980 vs. 1981
Increased funding requirement attributed to increased rates for common distributable costs, \$72,000. Decrease related to one-time cost of retroactive wage grade payments in FY 1980 \$385,000 and \$170,000 for one less day in FY 1981.

Workload Factors

	1979	1980	1981	%Change
Distribution Sales	753	787	795	1.0
Facilities (\$M)	21	26	30	15.4
Fuel Yard (\$M)	773	813	825	1.5
Total Wholesale				
Self Service Stores (\$M)	42	47	49	4.3
Total Sales (\$M)	815	860	874	1.6
Unit Cost per \$100	3.65	3.74	3.64	-2.7
Performance Cost (1000)	29,758	32,158	31,793	-1.1

Inventory Management

Department	Inventory Available	For Issue (\$M)
Supply	202	234
Service Direction	199,405	276,492
Stockturn Ratio (X)	87	90
Stockturn Ratio-Depot	3.5	3.3
Number of Backorders	216,405	123,000
Value of Backorders (\$M)	39	23

Operating Expenses, FSS
(Direct Only)

SUPPLY
EXPLANATION OF DISTRIBUTION BY OBJECTS

11	Personnel Compensation and Staffing - \$39,630,000 for 2,263 work-years (FTE's) distributed as follows:			
		1979	1980	1981
	Central Office	302	301	301
	Field Offices	1960	1964	1964
	Total Positions	2262	2265	2265
	Work Years	2260	2263	2263

12 Personnel Benefits, \$4,332,000 - \$2,119,000 for direct contribution to Retirement Fund; \$1,011,000 for health benefits; \$259,000 for group insurance; \$189,000 for FICA; \$624,000 for payments to the Department of Labor Compensation Fund; and \$130,000 for moving allowances.

21 Travel and Transportation of Persons, \$200,000 - \$148,000 for 1,970 days travel and \$52,000 for motor pool services.

22 Transportation of Things, \$24,000 - \$13,000 for miscellaneous transportation charges and \$11,000 for motor pool truckage.

23 Rents, Communications, and Utilities, \$2,525,000 - \$62,000 for rental of equipment; \$432,000 for general telephone services; \$38,000 for teletype and telegraph services; \$79,000 for administrative equipment payable to the General Supply Fund; \$949,000 for amortization of operating equipment payable to the General Supply Fund; \$918,000 for non-SUCC space costs; and \$27,000 for related ADP equipment.

"Excludes prorated amount of Service Direction - See Service Direction for explanation of distribution by objects."

24 Printing and Reproduction, \$123,000 - for general printing.

25 Other Services, \$943,000 - \$217,000 to other Government agencies; \$30,000 for ADP Services; \$495,000 payments to commercial contractors; and \$201,000 for Contract Labor.

26 Supplies and Materials, \$1,243,000 - \$69,000 for office supplies; and \$1,174,000 for operating supplies.

Operating Expenses, FSS
(Direct Only)

CONTRACTS
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Contracts	757	17,494	760	20,355	784	\$21,136	24	\$781	24	\$781	-	-
Service	55	8,740	52	9,764	52	\$9,967	-	\$203	-	-	-	\$203
Total	812	26,234	812	30,119	836	\$31,103	24	\$984	24	\$781	-	\$203

BACKGROUND

The Office of Procurement has been retitled the Office of Contracts.

This activity has the contracting responsibility for commercial-type items required by Federal agencies and other authorized users of the Federal Supply Service system. In addition to any purchasing, the Contract activity selects commodities for inclusion in the Service's schedules and Federal Supply Schedules programs by determining the method of acquisition that is most economical and effective. Total procurement volume in 1979 was \$3.3 billion and is estimated to be \$3.7 billion in 1980 and \$3.9 billion in 1981. The contracts activity also includes resources related to the National Furniture Center.

This activity also provides for nationwide contract administration in order to insure that contractor performance and the products the Government purchases meet the requirements of the contract provisions. Under this activity, the Office provides separate identity for contract administration, contracts which are based on a geographical basis, that is, in the region where the contractor is located. Administrative contracting officials are responsible for the entire phase of contract administration.

JUSTIFICATION

A. Highlight The Office of Contracts is responsible for:

- Contracting for commercial-type items required by Federal agencies and other users of the Federal Supply Service.
- Commodity Center Concept implementation.
- Contract Administration throughout FSS's nationwide contracting operations.

B. Explanation of Changes, FY 1980 vs FY 1981

- Program Changes - Enhanced funding requirement consists of: \$781,000 for an improved and expanded nationwide contractor administration program. These efforts will be dedicated to the improvement of quality and timeliness of contractor performance, investigation of disputes and assistance in termination proceedings. This will improve overall contract management, giving greater assurance to contractor compliance with all provisions of contracts.

- Other Changes - \$62,000 to cover the FY 1980 Pay Act for the increase in level of staffing related to the contract administration program and \$222,000 for common distributable rate increases. These increases are partially offset by a decrease of \$81,000 for one less day in FY 1981.

Workload Factors

	1979	1980	%Change
Procurement Activities	12,703	17,646	3.9
Contracts Awarded	154,201	179,986	188,931
Purchase Orders Initiated			188,931 5.0

Operating Expenses, FSS
(Direct Only)

CONTRACTS
EXPLANATION OF DISTRIBUTION BY OBJECTS

- 11 Personnel Compensation and Staffing - \$17,369,000 for 784 work-years (FTE's) distributed as follows:
- | | 1979 | 1980 | 1981 |
|-----------------|------|------|------|
| Central Office | 435 | 431 | 446 |
| Field Offices | 335 | 341 | 350 |
| Total Positions | 770 | 772 | 796 |
| Work Year | 757 | 760 | 784 |
- 12 Personnel Benefits, \$1,604,000 - \$1,097,000 for direct contribution to Retirement Fund; \$398,000 for health benefits; \$93,000 for group insurance; \$5,000 for FICA and \$11,000 for other benefits.
- 21 Travel and Transportation of Persons, \$280,000 - \$277,000 for 3,690 days travel for field visits to improve procurement and inventory management operations, attend trade association meetings and visit contractors' plants; and \$3,000 for motor pool services.
- 22 Transportation of Things, \$15,000 - for general transportation.
- 23 Rents, Communications, and Utilities, \$563,000 - \$81,000 for rental of equipment; \$342,000 for general telephone services and teletype service; \$10,000 for general telegraph services; and \$130,000 for related ADP equipment.

"Excludes prorated amount of Service Direction - See Service Direction for explanation of distribution by objects."

24 Printing and Reproduction, \$968,000 - \$268,000 for general printing \$764,000 for Invitations to Bid, and \$336,000 for Federal Supply Schedules and local term contracts.

25. Other Services, \$389,000 - \$84,000 for payments to commercial contractors; \$295,000 for payments to other government agencies and \$10,000 for ADP Services.

26. Supplies and Materials, \$48,000 - \$28,000 for administrative supplies and materials; \$5,000 for operating supplies; \$15,000 for operating forms, newspapers, periodicals, and technical publications.

Operating Expenses, FSS
(Direct Only)

PROGRAMS AND REQUIREMENTS
(Dollars in thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Programs & Req.	436	\$12,393	439	\$13,460	439	\$13,236	-	-\$224	-	-	-	-\$224
Services Direction	54	\$6,531	51	\$6,536	51	\$6,678	-	\$142	-	-	-	\$142
Total	490	\$18,924	490	\$19,996	490	\$19,914	-	-\$82	-	-	-	-\$82

BACKGROUND

The Office of Customer Service and Support is retitled the Office of Programs and Requirements. Order Processing and Control and the Retail Service functions have been transferred from this office to the Office of Supply.

This activity is responsible for determining the adequacy of the support program and provides leadership for determining customer agency requirements, engineering, and technical support relative to the FSS mission, and operates the primary civil agency catalog activity. Continued emphasis will be placed on the customer liaison and customer market research program to increase the scope of supply and procurement support services of the Federal Supply Service to other Federal agencies. This activity also manages and operates programs for commodity management and logistics data systems.

JUSTIFICATION

A. Highlight - A major function of the Office of Programs and Requirements is the direction of a program of intensive market research to identify products used on a repetitive basis and the determination of cost effective sources of supply for use by all Federal agencies. To aid in this extensive effort, use of the Federal Catalog system will be actively 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 the FSS programs.

A program of education is coordinated regarding availability of FSS supply and services, and a channel for early identification of customer problems and unusual supply requirements is provided. Logistics Data Management entails the identification and maintenance of all items in the 69 Federal Supply Classes for which GSA is the integrating authority. This responsibility also includes naming, classifying, and providing work numbers under the Federal Catalog System for all items of supply managed by GSA agencies and those items managed by GSA for the Department of Defense.

B. Explanation of Changes, FY 1980 vs FY 1981

1. Other Changes - A decrease of \$82,000 which includes \$56,000 for one less day in FY 1981 and \$26,000 related to Common Distributable costs for printing.

Workload Factors

	FY 1979	FY 1980	FY 1981	%Change
Logistics Data Management	238,631	220,000	220,000	-
Actions Processed				
Technical Item Reduction	21,003	20,500	20,500	-
Actions Processed	5,595	5,565	5,492	-1.3
No. of Liaison Visits				
Technical Contract Support Documents Compiled				
Specifications & Standard	1,463	2,520	2,570	2.0
Actions				
Composition of Inventory				
Specifications	4,225	4,087	3,587	-12.2
Standards	1,268	1,150	1,050	-8.7
Commercial Item				
Description	329	500	1,300	160.0
Total	5,822	5,737	5,937	3.5

Operating Expenses, FSS
(Direct Only)PROGRAMS AND REQUIREMENTS
EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing - \$10,216,000 for 439 work-years (FTEs) distributed as follows:
- | | | | |
|-----------------|------|------|------|
| | 1979 | 1980 | 1981 |
| Central Office | 392 | 393 | 393 |
| Field Office | 60 | 60 | 60 |
| Total Positions | 452 | 453 | 453 |
| Work Years | 436 | 439 | 439 |
12. Personnel Benefits, \$837,000 - \$537,000 for direct contribution to Retirement Fund; \$207,000 for health benefits; \$42,000 for group life insurance; \$19,000 for FICA; and \$32,000 for other benefits.
21. Travel and Transportation of Persons, \$210,000 - \$184,000 for 2,450 days travel and \$26,000 for motor pool services.
22. Transportation of Things, \$25,000 - for miscellaneous transportation charges.
23. Rents, Communications, and Utilities, \$796,000 - \$21,700 for commercial rental of equipment; \$123,000 for amortization of equipment \$201,600 for general telephone services, teletype, telegraph services; \$387,000 for transmissions costs, \$44,700 for administrative equipment usage; and \$18,000 for non-recurring space costs.
24. Printing and Reproduction, \$668,000 - \$286,000 for general printing and \$382,000 for catalog printing.
25. Other Services, \$445,000 - \$216,000 for commercial contracts; \$178,000 for payments to other Government agencies and other GSA funds; and \$51,000 for ADP services.
26. Supplies and Materials, \$39,000 - \$14,000 for office supplies; \$23,000 for operating supplies; and \$2000 for newspapers and periodicals.

"Excludes prorated amount of Service Direction - See Service Direction for explanation of distribution by objects."

Operating Expenses, FSS
(Direct Only)

QUALITY ASSURANCE AND RELIABILITY
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Program	343	\$8,488	346	\$9,835	346	\$9,800	-	-\$35	-	-	-	-\$35
Service	54	\$5,526	51	\$5,551	51	\$5,670	-	\$119	-	-	-	\$119
Total	397	\$14,014	397	\$15,386	397	\$15,470	-	\$84	-	-	-	+\$84

BACKGROUND

The Office of Standards and Quality Control is retitled Office of Quality Assurance and Reliability.

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.

The total dollar volume in 1979 was \$457 million with an estimated dollar volume inspected in 1980 of \$460 million and in 1981 of \$497 million.

JUSTIFICATION

A. Highlight - This activity provides a system of quality control and field contract administration for personal property procured, stored, and used by Federal agencies. Procurement contracts are reviewed 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 productions, as well as maintaining a continuing liaison with them to insure 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 Approval Manufacturer's Program allows manufacturers with approved quality control systems to ship material to agencies without Government inspection.

B. Explanation of Changes, FY 1980 vs FY 1981

1. Other Changes - An increase of \$140,000 for increased rates related to common distributable costs. This increase is partially offset by a decrease of \$56,000 for one less day in FY 1981.

Workload Factors

	FY 1979	FY 1980	FY 1981	%Change
<u>Quality Control Operations</u>				
Open Contracts	6,142	7,560	7,668	1.4
Closed Contracts	11,315	12,829	12,972	1.1
Total Contracts	17,457	20,389	20,640	1.2
Unit Cost Per Contract	\$486	\$482	\$475	-1.5
Performance Cost (000)	\$8,488	\$9,835	\$9,800	-0.4

The number of Laboratory tests in 1981 are estimated at 26,716.

Operating Expenses, FSS
(Direct Only)

QUALITY ASSURANCE & RELIABILITY
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$8,322,000 for 346 work-years (FBS) distributed as follows:

1979	1980	1981
33	36	36
320	320	320
353	356	356
343	346	346

12 Personnel Benefits - \$698,000 - \$438,000 for direct contribution to the Retirement Fund; \$186,000; for health benefits; \$42,000 for group insurance; \$1,000 for FICA; and \$31,000 for other benefits.

21 Travel and Transportation of Persons, \$534,000 - \$249,000 for approximately 3320 days of travel and \$285,000 for motor pool services.

22 Transportation of Things, \$40,000 - For general transportation charges for shipment of samples to laboratories for testing.

23 Rents, Communications, and Utilities, \$136,000 - \$43,000 to the General Supply Fund for amortization of operating equipment, \$2,000 for equipment rental, from commercial sources; \$81,000 for general telephone services; \$2,800 for teletype and teletype charges; and \$8,000 for non-SUCC space-related costs.

"Excludes prorated amount of Service Direction - See Service Direction for explanation of distribution by objects."

24 Printing and Reproduction, \$23,000 - for general printing.

25 Other Services, \$12,000 - \$5,000 for payments to commercial contractors; \$6,000 for payments to other Government agencies and \$1000 for contract labor.

26 Supplies and Materials, \$32,000 - \$5,000 for office supplies; \$27,000 for operating supplies.

42 Tort Claim, \$3,000 - for awards for the destruction of property or injury of persons.

Operating Expenses, FSS
(Direct Only)

TRANSPORTATION AND PUBLIC UTILITIES
(Dollars in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Program	281	\$5,571	-	-	-	-	-	-	-	-	-	-
Serv. Dir.	24	\$1,985	-	-	-	-	-	-	-	-	-	-
Total	305	\$7,556	-	-	-	-	-	-	-	-	-	-

BACKGROUND

Transportation and Public Utilities is responsible for the transportation, traffic and public utilities programs of GSA; audited all Federal transportation documents; and provided procurement assistance, rates, routing and related transportation services to Federal agencies.

The transportation and public utilities activity of the Federal Supply Service was abolished and transferred to the newly established Transportation and Public Utilities Service, GSA, effective April 1, 1979.

Operating Expenses, FSS
(Direct Only)

SERVICE DIRECTION
(dollars in thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Service Direction Distribution by	242	\$39,191	206	\$39,372	206	\$40,218	-	\$846	-	-	-	\$846
Supply	55	\$16,409	52	\$17,521	52	\$17,903	-	\$382	-	-	-	\$382
Contracts	55	\$8,740	52	\$9,764	52	\$9,967	-	\$203	-	-	-	\$203
Prog. & Reg.	54	\$6,531	51	\$6,536	51	\$6,678	-	\$142	-	-	-	\$142
Qual. Assur.	54	\$5,526	51	\$5,551	51	\$5,670	-	\$119	-	-	-	\$119
Trans. & Pub. Util.	24	\$1,985	-	-	-	-	-	-	-	-	-	-

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 and related fees, intercity telephone calls and payments to the Federal Buildings Fund.

Explanation of Changes:

Other Changes - \$408 for Common Distributable rate increases.
\$438 for additional cost of Service Direction related items.

Service Direction

The Program coordination and support functions are now consolidated into the Service Direction Activity.

In fiscal year 1981, the value management function was transferred to the new Office of Programs and Requirements.

All Service Direction resources are shown as distributed costs under each operating program activity for the three years.

Operating Expenses, FFS
(Direct Only)

SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

	11 Personnel Compensation and Staffing - \$4,615,000 for 206 work-years distributed as follows:			
	1979	1980	1981	
Central Office	144	109	109	24 Printing and Reproduction, \$406,000 - for general printing.
Field Offices	105	103	103	
Total Positions	249	212	212	
Work Years	242	206	206	25 Other Services, \$501,000 - \$108,000 for commercial contracts \$169,000 to other GSA funds and other government agencies, \$139,000 for Contract Labor and \$85,000 for ADP related services.
20 Personnel Benefits, \$513,000 - \$367,000 for direct contribution to Retirement Fund; \$92,000 for health benefits; \$18,000 for group insurance; \$1,000 for FICA, and \$35,000 for other benefits.				26 Supplies and Materials, \$28,000 - for office supplies, operating supplies, and for technical publications, newspapers and periodicals.
21 Travel and Transportation of Persons, \$164,000 - \$163,000 for 2,160 days travel and \$1,000 for motor pool services.				
22 Transportation of Things, \$6,000 - for miscellaneous transportation charges.				
23 Rents, Communications, and Utilities, \$33,985,000 - \$25,000 for rental of equipment; \$62,000 for payments to the General Supply Fund for maintenance of office equipment; \$2,212,000 for postage and fees \$928,000 for telephony; \$389,000 for general telephone services; \$11,000 for teletype and data services; \$4,000 for data transmission; \$30,359,000 for payment to the Federal Buildings Fund for space rental; and \$195,000 for non-SUIC.				

Operating Expenses, FSS
(Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Work Years)

Principal Categories	FY 79 Actual	FY 80 Estimate	FY 81 Estimate	Total	Change for 1981	
					Program Decreases/ Increases	Other
Managerial and Administrative Officers	117	95	95	-	-	-
Admin Officers/Assistant/Budget Analyst	201	201	201	-	-	-
Procurement/Contract/Purchasing Program	711	712	735	23	23	-
Engineers	41	41	41	-	-	-
Quality Assurance Specialists	189	189	189	-	-	-
Chemist/Physicists/Technicians	119	119	119	-	-	-
Property Specialists	3	-	-	-	-	-
Laborers/Warehouseman	962	962	962	-	-	-
Mechanics	20	20	20	-	-	-
Typists/Steno/Sect.	410	404	404	-	-	-
Catalogers and Editorial Asst.	104	104	104	-	-	-
Motor Operations Specialists	94	4	4	-	-	-
Supply	983	983	983	-	-	-
Trans., Freight	171	-	-	-	-	-
Sub-Total	4,125	3,834	3,857	23	23	-
Part-time	194	180	181	1	1	-
Total Work Years	4,319	4,014	4,038	24	24	-

Operating Expenses, FSS
(Direct Only)

SELECTED WORKLOAD DATA

Activity and Principal Workload Factors	1979 Actual	1980 Program In		1981 Budget	Percent of Increase Over 1980
		1980 Budget	1981 Budget		
1. Supply					
a. Wholesale Sales (\$M)	\$773	\$766	\$813	\$825	1.5
b. Retail Sales (\$M)	\$42	\$67	\$47	\$49	4.3
2. Contracts					
a. Contracts	12,703	16,855	17,646	18,331	3.9
b. Purchases	154,201	216,510	179,986	188,931	5.0
3. Programs & Requirements					
a. Logistics Data Actions	238,631	202,000	220,000	220,000	-
b. Supply Standardization - Actions Completed	1,463	2,520	2,520	2,570	2.0
4. Quality Assurance					
a. Open Contracts	6,142	6,598	7,560	7,668	1.4
b. Closed Contracts	11,315	13,775	12,829	12,972	1.1

GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

OPERATING EXPENSES

For expenses, not otherwise provided for, necessary for supply distribution (including contractual services incident to receiving, handling and shipping supply items), procurement (including royalty payments), inspection, standardization, transportation and public utility activities and other supply management activities as authorized by law, \$143,028,000

including services authorized by
5 U.S.C. 3109, \$133,410,000

(Independent Agencies Appropriation Act, 1980)

Operating Expenses, FSS
(Direct)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

The phrase "transportation and public utility activities" is proposed for deletion as these functions have been transferred to the newly established Transportation and Public Utilities Service.

The phrase "including services as authorized by 5 U.S.C. 3109" is proposed for addition to allow the Federal Supply Service to contract the temporary or intermittent services of experts or consultants. The reference to 5 U.S.C. 3109 has been included in GSA's operating expenses appropriation accounts for a number of years but was inadvertently omitted from the FY 1980 appropriation language.

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE
 ADVANCES AND REIMBURSEMENTS (THOUSANDS OF DOLLARS)
 ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981

	Permanent Positions	Work-Years	Amount
1980 Level of reimbursable services	451	485	\$16,772
1981 Level of reimbursable services	451	485	\$16,789

	Reimbursements		FY 1981		Increases or Decreases (-)		for 1981	
	FY 1979 Work Yr.	Amount	Work Yr.	Amount	Total Changes Work Yr.	Program Changes Work Yr.	Other Changes Work Yr.	Amount
Reimbursable Programs	493	\$15,290	485	\$16,772	-	-	-	+\$17
Permanent Positions	(445)	-	(451)	-	(451)	-	-	-

SUMMARY JUSTIFICATION OF FY 1981 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 packing of items for shipment to overseas destinations. GSA force account personnel engaged in the packing activity are funded through this program. Reimbursement is obtained from the General Supply Fund which levies a surcharge on the items requiring special packing and packing. Other reimbursable services included in the reimbursable program are the Experimental Technology Incentives Program, Internal Value Management, and the Saudi Arabia projects.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

EXPLANATION OF CHANGES

Other Changes: Increase of \$17,000 related to the additional cost of the FY 1980 pay raise in FY 1981.

Operating Expenses, FSS
(Advances & Reimbursements)

SUMMARY OF EMPLOYMENT
(Number of Work Years)

PRINCIPAL CATEGORIES	1979 Actual	1980 Estimate	1981 Estimate	CHANGE FOR 1981		
				Total	Program Increases	Other
Traffic Management/Specialists	13	-	-	-	-	-
Supply Specialists	33	33	33	-	-	-
Engineers	1	1	1	-	-	-
Laborers/Warehouseman	160	161	161	-	-	-
Mechanics	13	13	13	-	-	-
Equipment Operators	79	79	79	-	-	-
Supply Technicians	83	83	83	-	-	-
Typists/Steno/Sect/Clerical	63	68	68	-	-	-
Sub-Total	445	438	438	-	-	-
Part-Time and Temporary	48	47	47	-	-	-
Total Work Years	493	485	485	-	-	-

GENERAL SUPPLY FUND
(Dollars in Thousands)

A. Income/Cost Comparison - Summary

	FY 79 Actual	79 vs. 80 Change	FY 80 Program	80 vs. 81 Change	FY 81 Estimate
1. Income	\$1,543,970	\$199,030	\$1,663,000	\$144,100	\$1,607,100
2. Program Costs Funded	1,531,518	151,882	1,683,400	132,200	1,615,600
Plus: Depreciation	46,762	7,538	54,300	5,500	5,000
Less: Capital Outlay	-61,205	-23,495	-84,700	2,400	-82,300
Total Program Costs	1,517,075	135,925	1,653,000	144,100	1,795,100
3. Profit/Loss - Operating Programs	26,895	-16,895	10,000	-	10,000
B. Net Outlay	-26,100	30,736	5,400	-200	5,200

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FISCAL YEAR 1981

Activity	FY 1979		FY 1980		FY 1981		Increases or Decreases (-) for 1981		Other Changes Workyears Amount
	Workyears	Amount	Workyears	Amount	Workyears	Amount	Program Changes Workyears	Amount	
1. Supply Operations-									
Stores Stock	20	799,817	22	848,500	22	862,900	-	14,400	-
Stores Direct Delivery	-	28,162	-	38,000	-	42,000	-	4,000	-
Non-Stores Items	-	504,371	-	561,000	-	670,000	-	109,000	-
Export Operation	-	17,318	-	18,000	-	18,000	-	-	-
2. Motor Pools	1,294	119,739	1,372	132,200	1,392	139,500	+20	7,300	+20
3. Personal Property									
Disposal	19	906	21	1,000	18	900	-3	-100	-
4. Administrative Equipment	-	0	-	0	-	0	-	0	-
5. Capital Outlay	-	61,205	-	84,700	-	82,300	-	-2,400	-
6. Total Program Costs, Funded	1,333	\$1,531,518	1,415	\$1,683,400	1,432	\$1,815,600	+17	\$132,200	+17
Permanent Positions	1,264	-	1,267	-	1,264	-	-3	-	-
									124

General Supply Fund

SUMMARY EXPLANATION OF CHANGES IN PROGRAM COSTS FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Supply Operations PO MY Amount	Motor Pools PO MY Amount	Personal Prop. PO MY Amount	Admin. Equip. PO MY Amount	Capital Outlay PO MY Amount	Total PO MY Amount
Program Changes						
1. Anticipated increase in stores, non-stores, and export sales to agencies	127,400	-	-	-	-	127,400
2. Estimate of sales increase for motor pool services to other agencies	-	7,176	-3	-	-	7,176
3. Personal Property Disposal	-	-	-3	-	-	-3
4. Changes in Capital Outlay	-	-	-	-	500	500
a. Administrative Equipment	-	-	-	-	500	500
b. Material Handling and Lab Equipment	-	-	-	-	-3,400	-3,400
c. Motor Pool Equipment	-	7,176	-3	-	-2,400	132,076
Total Program Changes	127,400	7,176	-3	-	-2,400	132,076
Other Changes						
Increases: Necessary to maintain current levels.						
1. Full year cost of civilian pay increase	-	13	-	-	-	13
2. Wageboard increases	-	15	-	-	-	15
3. Standard Level User Charge	-	209	-	-	-	209
Decreases:						
Less one less day in 1981	-	-113	-	-	-	-113
Total Other Changes	-	124	-	-	-	124
Total, Increase or Decrease 1981 compared with 1980	127,400	7,300	-3	-	-2,400	132,200

General Supply Fund

JUSTIFICATION OF FY 1981 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, and a nationwide system of interagency motor pools. 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 rehabilitation and repair of furniture and equipment, the redistribution of materials no longer needed overseas, and the rental of administrative equipment to GSA activities.

ACTIVITY JUSTIFICATION1. 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 fiscal year 1981, stores stock sales are estimated to be \$874.0 million. This represents an increase of \$14.0 million from fiscal year 1980 estimated sales of \$860.0 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 fiscal year 1981, stores, direct delivery sales are estimated to be \$42.0 million.
- c. Non-Stores, 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 fiscal year 1981, non-stores, direct delivery sales are estimated to be \$670.0 million.
2. Export Operations - Includes special packaging and packing of stores and non-stores items for shipment to overseas destinations, primarily in conjunction with DoD and AID programs. In fiscal year 1981, revenue from export operations is estimated to be \$18.0 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 \$0.4 million in fiscal year 1981. 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 fiscal year 1981.
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 fiscal year 1979, there were 100 interagency motor pools in operation with an active fleet of 90,600 vehicles. In fiscal year 1980, motor pool sales are estimated to be \$181.6 million with an estimated active fleet of 94,900 vehicles and in fiscal year 1981, motor pool sales are estimated at \$198.5 million with an anticipated active fleet of 97,900 vehicles and 100 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 machine, filing cabinets and program equipment. In fiscal year 1981, reimbursement to the fund is estimated to be \$3.7 million.

General Supply Fund

AUTHORIZING LANGUAGE

Federal Property and Administrative Services Act of 1949, as amended:

SEC. 109. (a) There is hereby authorized to be set aside in the Treasury a special fund which shall be known as the General Supply Fund. Such fund shall be used for the purchase of supplies and materials, and for the surplus thereon created by section 3 of the Act, February 27, 1929 (45 Stat. 1342; 41 U.S.C. 7c), and transferred to the Administrator by section 102 of this Act, such sums as may be appropriated thereto, and the value, as determined by the Administrator, of inventories of personal property from time to time transferred to the Administrator by other executive agencies under authority of section 201(a)(2) to the extent that payment is not made or credit allowed therefor; and the fund shall assume all of the liabilities, obligations, and commitments of the general supply fund created by such Act of February 27, 1929. The General Supply Fund shall be available for use by or under the direction and control of the Administrator (1) for procuring personal property (including the purchase from or through the Public Printer, for warehouse issue, of standard forms, blankbooks, pads, standard equipment, and other supplies and materials) and (2) for procuring services not available through the Superintendent of Documents) and nonpersonal services for the use of Federal agencies in the proper discharge of their responsibilities, and (2) for paying the purchase price, transportation of personal property and services, and the cost of personal services employed directly in the repair, rehabilitation, and conversion of personal property.

(b) Payment by requisitioning agencies shall be at prices fixed by the Administrator. Such prices shall be fixed at levels so as to recover so far as practicable the applicable purchase price, the transportation cost, inventory losses, the cost of personal services employed directly in the repair, rehabilitation, and conversion of personal property, and the cost of amortization of repair or equipment utilized or transferred to other agencies. Such prices shall be subject to review by the Administrator, and it is determined by the Administrator that there is insufficient capital otherwise available in the General Supply Fund. Advances of funds also may be made by agreement between the requisitioning agencies and the Administrator. Where an advance of funds is not made, the General Services Administration shall be reimbursed promptly out of funds of the requisitioning agency in accordance with accounting procedures approved by the Comptroller General. Provided: That in any case where payment shall not have been made by the requisitioning agency within forty-five days after the date of billing by the Administrator or the date on which an actual liability for personal property service is incurred by the Administrator, whichever is the later, reimbursement may be obtained by the Administrator by the issuance of transfer and counterwarrants, or other lawful transfer documents, supported by itemized invoices.

(c) The General Supply Fund shall be credited with all reimbursements, advances of funds, and refunds or recoveries relating to personal property or services procured through the fund, including the proceeds from disposal of surplus personal property procured through the fund and receipts from carriers and others for loss of, or damage to, personal property procured through the fund; and the same are hereby reapportioned for the purposes of the fund.

(d) (Repealed)

(e) (1) As of September 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, including inventories, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund.

(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof.

(f) Subject to the requirements of subsections (a) and (e) inclusive, of this section, the General Supply Fund also may be used for the procurement of personal property and nonpersonal services from the Federal Government, or from any other Federal corporation or by the municipal Government of the District of Columbia, or by a requisitioning non-Federal agency when the function of a Federal agency authorized to procure for it is transferred to the General Services Administration.

(g) Whenever any producer or vendor shall tender any article or commodity for sale or lease to the General Services Administration or to any procurement authority acting under the direction and control of the Administrator pursuant to this Act, the Administrator is authorized in his discretion, with the consent of such producer or vendor, to cause to be conducted, in such manner as the Administrator may determine, such tests as he may deem proper to determine whether such article or commodity conforms to the specifications and standards. When the Administrator determines that the making of such tests will serve predominantly the interest of such producer or vendor, he shall charge such producer or vendor a fee which shall be fixed by the Administrator in such amount as will recover the cost of conducting such tests, including all components of such costs, determined in accordance with accepted accounting principles. When the Administrator determines that the making of such tests will not serve predominantly the interest of such producer or vendor, he shall charge such producer or vendor such fee as he shall determine to be reasonable for the furnishing of such tests, and such fee shall be covered into the General Supply Fund to be administered and controlled by the Administrator, and shall be used for any purpose authorized by subsection 108(a) of this Act.

General Supply Fund (cont.)

Federal Property and Administrative Services Act of 1949, as amended:

SEC. 211. (d)(1) The General Supply Fund provided for in Section 109 shall be available for use by or under the direction and control of the Administrator for paying all elements of cost (including the purchase or rental price of motor vehicles and other related equipment and supplies) incident to the establishment, maintenance, and operation (including servicing and storage) of motor vehicle pools or systems for the transportation of property or passengers, and to the furnishing of such motor vehicles and equipment and related services pursuant to subsection (b).

(d)(2) Payments by requisitioning agencies so served shall be at prices fixed by the Administrator at levels which will recover, so far as practicable, all such elements of costs, and may, in the Administrator's discretion, include increments for the estimated replacement cost of such motor vehicles, equipment, and supplies. Such increments may, notwithstanding Section 109(e) of this Act, be retained as part of the capital of the General Supply Fund, but shall be available only for replacement of such motor vehicles, equipment, and supplies. The purchase price, plus such increments for the estimated replacement cost, of such motor vehicles and equipment shall be recovered only through charges for the cost of amortization. Such costs shall be determined in accordance with the accrual accounting method; and financial reports shall be prepared on the basis of such accounting.

General Supply Fund

SUMMARY OF EMPLOYMENT
(Number of Work Years)

PRINCIPAL CATEGORIES	1979	1980	1981	Change for 1981		
	Actual	Estimate	Estimate	Total	Program Increases	Other
Management & Admin/Analysts Program	24	25	27	+2	+2	-
Property Officers/Specialists	3	3	3	-	-	-
Laborsers/Servicemen, Drivers	124	122	134	+2	+2	-
Mechanics	224	500	509	+5	+5	-
Operation Specialists	226	239	247	+8	+8	-
Typists, Steno, Secretaries/Clerical	226	237	237	-	-	-
Sub-Total	1,167	1,230	1,247	+17	+17	-
Part-time and Temporary	166	185	185	-	-	-
Total Work Years	1,333	1,415	1,432	+17	+17	-

General Supply Fund

SELECTED WORKLOAD DATA
(\$M)

Activity and Principal Workload Factors	1979 Actual	1980 Program In		1981 Budget	Percent of Increase over 1980 Budget
		1980 Budget	1981 Budget		
<u>Sales Levels</u>					
1. Supply Operations	\$820.5	\$833.3	\$860.0	\$874.0	1.6
a. Stores, Stock	30.3	46.0	38.0	42.0	10.5
b. Stores, Direct Delivery	504.3	580.0	561.0	670.0	19.4
c. Non-Stores, Direct Delivery	18.5	18.0	18.0	18.0	-
d. Export Operations					
2. Interagency Motor Pools	166.5	201.4	181.6	198.5	9.3
3. Personal Property Disposal	.7	1.0	1.0	.9	-10.0
4. Administrative Equipment	3.1	3.6	3.4	3.7	8.8
Total	\$1,543.9	\$1,683.3	\$1,663.0	\$1,807.1	8.7

THURSDAY, MARCH 13, 1980.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

WITNESSES

ROWLAND G. FREEMAN III, ADMINISTRATOR OF GENERAL SERVICES ADMINISTRATION

RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT, GENERAL SERVICES ADMINISTRATION

FRANK J. CARR, COMMISSIONER, ADTS

ROBERT A. COYER, ACTING DEPUTY COMMISSIONER, ADTS

LEONARD YONKLER, EXECUTIVE DIRECTOR, ADTS

Mr. STEED. The committee will be in order.

The committee is in session today for further consideration of the FY 1981 budget request of the General Services Administration. Today we take up Automated Data and Telecommunications Service. The operating expenses appropriation for FY 1980 is \$9,200,000, with a supplemental pay increase pending of \$641,000, and transfers of \$1,782,000 bringing the 1980 total to \$11,623,000.

The budget estimate for FY 1981 is \$13,382,000, and increase over 1980 of \$1,759,000.

We are pleased to have Admiral Freeman, the Administrator, with us again today. If you would like to present the people who handle this work for you, we will be glad to have your presentation in support of this request.

Mr. FREEMAN. With me this morning is Mr. Frank Carr, Commissioner of the Automated Data and Telecommunications Service, as well as Mr. Yonkler, the Executive Director, ADTS, and Dr. Coyer, the acting Deputy Commissioner, ADTS.

I would like to make one short comment: One of the areas which concerns me the most within the Federal Government has been the explosion of automatic data processing and telecommunications technology and the fact that these two technologies are beginning to merge with each other.

I am concerned that we have in some cases failed to take due cognizance of these advancing and merging technologies and therefore have not staffed up the technical areas to deal with it. Mr. Carr will discuss this further in his response. It is an area of high technology, of rapidly changing technology, and I hope in the future when we come back, after additional planning for next year, to have more clearly defined exactly where we think we ought to go in organizing to meet the problems of informational systems within the Federal Government and the technology associated with it.

Mr. STEED. It has been a very fluid developing art from the beginning, has it not?

Mr. FREEMAN. Yes, sir; and the technology now is turning about every 2 years. Hence what you are looking at this year may be overtaken by things happening next year. One of the things the Agencies have not taken advantage of is the informational technology available, both in computers and programing.

Mr. Carr and I are concerned when looking at other Federal agencies' procurement of ADP that they recognize how they will plan for and use new technologies. We have looked at things like automated offices, data processing and completely automated environments with the ability to communicate very rapidly. We are not very far off from the Dick Tracy days of the 1930s when we will be communicating with a committee through consoles.

Therefore, we are concerned that we approach this with speed and competence, which we are trying to do now in the Agency. Part of this will be addressed by Mr. Carr.

Mr. STEED. Mr. Carr, will you identify your colleagues?

Mr. CARR. I would like to first introduce Mr. Leonard Yonkler, Executive Director, and Dr. Bob Coyer, my acting deputy who is also the Assistant Commissioner for Policy and Planning.

I do have an opening statement which I would like to submit for the record if that is acceptable.

Mr. STEED. That is fine; and if you would like to highlight, you may do so.

[The information follows:]

OPENING STATEMENT BY FRANK J. CARR—AUTOMATED DATA AND
TELECOMMUNICATIONS SERVICE

GSA's Automated Data and Telecommunications Service is now solely responsible for accomplishing the objectives of Public Law 89-306. Our basic goal is to improve government operations by supporting Federal managers in the use of modern data processing and communications technology. A further goal is to encourage the application of information technology to improve operating effectiveness, achieve cost reductions and increase the productivity of government personnel in a manner that will maximize the return on investment of U.S. tax dollars in data processing and communications technology.

ADTS is redirecting its personnel resources to meet the stated goals and the objectives of Public Law 89-306. Concentration within the acquisition process is being shifted from the procurement phase to the up-front planning and requirements analysis and definition. By providing advice and guidance to Federal agencies during the initial acquisition phases, GSA will be assisting the Government to explore all available alternatives and, in the long run, ensure that a sound technological solution to satisfy computational needs is acquired at minimum cost through full and open competition.

To accomplish this competition, it is essential that the market be analyzed to determine what solutions are available and that the requirements be stated in such a manner as to allow those solutions to be evaluated in the acquisition process. All too frequently the tendency has been to define requirements, either consciously or unconsciously, in terms which limit the technological solutions which can be offered to the Government. Such use of restrictive specifications can arise by not properly exploring the market and not functionally stating the requirements. In some instances they can result from not applying sound management practices, such as relying on outdated software and non-standard language or from not thoroughly planning to meet future requirements. Once agencies properly plan their acquisition actions—and document them—problems and delays encountered in the procurement process will be reduced.

Productivity within the Government is on the decline, and application of technological advancements, which could serve to increase productivity, has become stagnant. The Federal Government's posture, particularly in the data processing arena, is under criticism by the public, Congress, and Federal agencies themselves. Computers in the Federal inventory are aging and many are obsolete. A need exists to take advantage of technological advancements and innovation to reverse this trend.

Competence in managing this technology as well as in the acquisition and utilization capabilities of Federal executives needs improvement.

The ADP services provided under the Federal Data Processing Center program are significant, yet do not achieve full potential for satisfying agencies' needs for such services. Greater effectiveness and economy will be achieved by establishing additional centers in response to documented needs and economic feasibility.

In early 1979, OMB determined that the Federal COBOL Compiler Testing Service and the planned Federal Conversion Support Center should be established in GSA. These Centers provide a comprehensive test and validation facility and a primary source of software conversion technology. They will grow in responsibility and workload as their expertise is recognized by potential users. As centers of information technology expertise, they will provide service to Federal agencies which require specialized skills.

Fiscal year 1981 plans also include enhancements to other ADP and telecommunications services in order to maximize savings. Potential increased economy is available via the centralized bulk circuit acquisition process. Also substantial savings are anticipated from the Communications Management Information System utilizing circuit concentration and bulk rates.

The Federal Secure Telephone System is a major secure voice program being developed in conjunction with the Department of Defense and Federal agencies for protection of sensitive voice transmissions. The system is an excellent opportunity for common use and standardization of secure voice systems by various Government entities.

As a result of Public Law 96-83, later this year the Federal Procurement Data Center will be transferred to GSA from DOD. The center will develop and disseminate Government-wide procurement data.

The Advanced Records System (ARS) currently a low-speed teletype network will be modified to provide higher speed operation and interface capabilities to permit use of a variety of terminals, as suited to individual needs.

The provision of services is not the only area in which saving goals will be realized. Contemplated revisions to the regulatory and acquisition process will emphasize the competitive posture of ADP and telecommunications equipment and services. These revisions will require that schedule contracts be evaluated to meet the user's need at the lowest overall cost. Specifications for all procurements will be prepared so as to elicit broad participation and innovative solutions from industry.

While large cost avoidances are currently being achieved, \$661 million in fiscal year 1979, the fiscal year 1981 focus is to improve on this by overcoming some of the present day constraints.

ADTS plans to increase its competitive acquisition of telephone systems during fiscal year 1981. The average-size system will exceed 1,200 lines, as compared to the 500 line average in previous years. ADTS will develop mandatory geographic requirements contracts for the competitive acquisition of the smaller systems. Further, circuit requirements will be met by the competitive procurement of interstate transmission facilities from the new Specialized and Satellite Domestic Common Carriers. These actions will achieve greater cost avoidances through economies of scale and the more efficient utilization of manpower resources gained through larger procurement actions.

To date no program has been established to satisfy agencies' information processing requirements in an effective manner. Public Law 89-306 (the Brooks Act) assigned to GSA the responsibility for Government-wide management of information processing resources. Efforts are currently concentrated on the procurement aspects. To develop a total technology management program we must: (1) develop an independent acquisition and technology management competence within all agencies; (2) satisfy immediate requirements for specific areas of expertise until the agencies develop their own; and (3) establish an on-going coordination between GSA and the agencies.

ADTS has established an Agency Liaison Officer program to meet these needs. This program will encourage the use of information technology to improve overall effectiveness. ADTS will establish a technology management program to improve the acquisition and utilization capabilities of Federal executives, and to establish a consistent, Government-wide management strategy. In addition to the overall focus of technology management, a special emphasis will be placed on providing expertise to the Federal agencies in the new telecommunications environment.

In summary ADTS will improve Government operations through several essential key elements: (1) create an environment which facilitates the application of technology; (2) provide a multi-disciplined evaluation of technological alternatives; (3) ensure compliance with legislation, policy and regulation; (4) develop and expand

technology application and management competence; and (5) evaluate technology utilization and program performance.

RESPONSIBILITIES OF ADTS

Mr. CARR. I appreciate the fact that ADTS is a rather difficult area to completely follow. As a matter of fact, I think we began our career as a service under a disadvantage by naming it the Automated Data and Telecommunications Service. One of the comments I have made many times is that the way I got the job in the first place is that I was able to pronounce that without stumbling over it. That has not been the experience of a lot of other people. So, we are called ADTS and ASDS and a lot of varieties. If someone has a suggestion for a shorter name, I would appreciate receiving it.

The organization is responsible for both ADP and telecommunications. Our responsibilities in the telecommunication area are basically those that grow out of the Federal Property and Administrative Services Act. The ADP services are also under that Act as modified by the Brooks Act, which gave GSA sole procurement authority for ADP equipment in the Federal Government.

The point you just made, Mr. Chairman, about the changes taking place is, I think, very noteworthy, because in the Brooks Act, Congress chose not to define ADPE. If you read the legislative history, you will find that those who drew up the bill felt that the technology was changing so rapidly, that while the focus at the time was on ADP equipment the future was undetermined and future requirements for data processing in the Federal Government would best be met by not limiting the bill through definition of equipment. Since that period of time, the coverage of ADPE has included telecommunication services, proprietary software, facility management, and the basic Act has been flexible enough to cope with the changes taking place in the marketplace.

The basic thrust of the Act has been to encourage competition in the provision of equipment and services to the Federal Government.

The ADTS, as a part of GSA, represents about 10 percent of the total expenditures of GSA out of the \$5 billion that was mentioned on the first day by Congressman Miller. Our expenditures are about \$500 million. We return, by our estimates, roughly 110 to 120 percent of those expenditures in the form of cost avoidance. If you relate those cost avoidances to total expenditures for ADP in the Federal Government, we are probably avoiding 5 to 10 percent of the Federal Government's ADP and telecommunications bill through our efforts.

This year we have been engaged in a period of change. We have made changes in our procurement regulations that in effect are thrusting more responsibility on agencies while insuring that we do have competitive procurements. The changes are putting more responsibility on agencies and reducing the workload on us which is permitting us to further redirect the way we use our resources.

The Federal Compiler Testing Service is a function transferred from the Navy to GSA, and we are broadening that activity. We have established a Federal Conversion Support Center to tackle one of the difficult problems we have in the Federal Government, that of converting from older systems to newer systems.

We presently are in the process of transferring the Federal Procurement Data Center. We will act as the executive agent in running that center.

In summary, our budget request is a total of \$13,382,000, an increase of four positions and \$1,759,000. This includes \$68,000 and two positions for competitive procurement of telecommunications equipment, two positions and \$70,000 for additional personnel in our Office of Policies and Regulations, \$1,607,000 for support of the Federal Procurement Data Center, and \$14,000 in miscellaneous expenditures.

The FT fund total is \$498 million flowthrough, an increase of \$42.2 million for running the Federal Telecommunications System; and an additional \$5 million for procurement. In the ADP Fund, there is \$109 million flowthrough, an increase of \$2 million representing the increase in volume of services we will be providing through that fund.

Thank you.

MAKING GOVERNMENT WORK BETTER

Mr. STEED. You know one of the obvious things we have to live with these days is the field of communications and the need to gather and use information. It becomes greater all the time and part of it is stimulated by the fact that the opportunity to use or to get it increases. I suppose your operations have made more contributions to this appetite for faster and better information and more communication than probably any other agency.

When I served on the Paperwork Commission. We were amazed at the mountain of paperwork the Federal Government spews out every year and the enormous cost of it. Our staff was able to identify about \$5 billion worth of paperwork that is totally useless. We could have used that money in a more effective way by applying it in different ways.

Let me give you an example. I am trying to find out what the opportunity is, what size it is, what it may offer, and what field can we still probe into and hope to make advances and improvements.

For instance, we are debating on the House floor today the conference report on the energy bill. It has to do with putting a windfall tax on the production from oil wells in the United States. It does not touch a nickel's worth of foreign oil. Just the United States. Say you were the energy czar and you were called upon to give these curious people on Capitol Hill a reading on how many rigs are drilling for oil and gas in the United States today, who are they and who is running them? How would you go about finding out in time to do anybody any good?

We have your telecommunication system already in existence. We have the Post Office Department already in existence. They are broken down with their 30-some-odd thousand retail stores called post offices where they will have a center for administrative purposes. There also is a delivery system called rural mail service.

There happen to be more oil rigs operating in my district than anyplace in America today. You and I could drive down there for a week and hunt them down. But every one of those operations will be looked at by a rural mail carrier today. There is nothing going

on on his route that he does not know about, you can bet on that. If you wanted him to, he could come in off the route, call the sectional center, give them the information, they could punch it into your system and before we adjourned today, the energy czar could have all that information printed out for him. This, I know, is possible.

Do you study things like this? Do you try to probe what may be accomplished in terms of helping the Government to get more and better information cheaper and easier, cut out paperwork, and give the policymakers a better package to work with so they can make better decisions?

Mr. CARR. I wish I could say we do that all the time, but I have to admit we do not. That does not mean we are not trying to do more than we have. One of the things I referred to earlier about increasing the threshold for delegation of procurement authority, was, in fact, the action that was taken in order to redirect what we have been doing. Our tendency in the past has been in some sense to act as a watchdog over the way agencies carry out procurements. It has been done with limited resources. So instead of directing our attention to the question you are raising we have been putting a lot of attention on low dollar expenditures. By changing our regulations, raising blanket delegations of authority for procurements from \$50,000 to \$300,000, we were able to reduce by one-half the number of requests coming into GSA from the agencies, while only reducing the dollar value of procurements delegated by 5 percent. Having raised that threshold, we are looking at fewer requests but almost the same number of dollars. We can take our resources and direct them at the high-volume dollar requests that do come in, raise questions about the effectiveness of the system being proposed and the risks associated with it. In many cases it is not necessary for GSA, in fact, to come up with answers to those questions, but rather to work with the agency and see to it that the agency, either on its own or by contracting with people who have the expertise in the area, studies the question of whether there is an alternative way of doing things.

So, we should be directing our efforts more toward getting the kinds of answers to questions that you are raising and in fact, that is the direction in which we are moving.

COMPUTER TECHNIQUES

Mr. STEED. Now there are two functions, it seems to me. Many years ago, on another subcommittee, the matter of computerizing material inside the libraries came up. I inaugurated one to make studies to see if the Library of Congress could do that. They made a lot of progress.

The problem there has been how the people who understand the computer techniques could study the Library of Congress and its needs and see if they could develop a system to do that.

Now, they have a large computer as part of this new library annex they are building and there will be a lot of functions carried on in this way, because the experts have been able to come up with some answers that will work.

Now in the Paperwork Commission we found the most burdensome of all the Government paperwork monstrosity is in the insatiable appetite that people all throughout the Government have about wanting to know things about all sorts of things, so they send out questionnaires. ERISA was created involving the Labor Department and IRS. They wanted to get certain information about funds, and since two agencies were involved, we had two times as many problems. It seems to multiply when you put two of them together.

But anyway, one of them came up with a 20-page narrative questionnaire that would have cost \$1,500 to hire an expert to fill out. The other came up with a three-page multiple choice questionnaire. When you analyzed them, they both gave the same identical information. Of course we were in existence then and were able to knock that monstrosity in the head and ended up with a three-page multiple-choice object.

But let us say there is a certain amount of statistical information that the agencies of the Government have an interest in obtaining. Could that information be updated in your computer, so under certain code arrangements any agency could retrieve that information if and when they needed it?

Then in addition to that, if an agency had a need for more information of a specialized nature, they could contract with you specifically to also gather that information and make it available. This would probably be in a restricted sense so that only those who paid you for this extra work would be able to get their hands on it?

I am trying to determine whether we could eliminate a trainload of paperwork if something like that could be developed. The potential of it is so great that it seems to me that somewhere along the line, this arc of vesting out all over ought to bring an answer to that.

We are making a big mess of taking the census this year. We are spending \$2 billion and will have an inadequate census because we are unable to convince the powers that be and the Congress that there is a better way of doing it. They are hiring 60,000 amateurs to go out and find out who is who in America. We already have that information but we are not going to use it. Everybody in this room has their name on a list and their mail carrier has it. If he did not know who you are and where you are, you would not get any mail. If you move, he moves that address right along with you. Most of your mail carriers can sit at this table and from memory write down the name and address of everybody they deliver mail to. But they will not use the only system that will work. They will use something else.

What are you going to do if you go to a college and there is a dormitory with 200 or 300 kids living in it. They send them the questionnaires, who is going to know who filled them out and who did not.

In my district, we had difficulty in getting them to let the universities appoint monitors for each fraternity and sorority house to help the census taker. They were reluctant, they do not want the chambers of commerce to do this.

I have gone through three Federal censuses, Admiral, and every one of them was a mess. Every chamber of commerce I represented told me they were a mess. There are billions of dollars of Federal

allocations made on the basis of the census count. Every community in America has a very selfish interest in it. They want so much other information, for what reason, Lord only knows. You cannot imagine how many questions the questionnaire would have had in it if they had accepted all the requests. What they finally decided is a monstrosity in itself.

The need to take censuses is going to continue like a lot of other things. You are still going to have to give people who make policy and administer the laws of the land information. It takes so much information in order to make key decisions in your day-to-day operations. This new facility called automated data processing, does it really offer us a chance to sit down and put this in a better focus than this hit-and-miss process?

Mr. FREEMAN. It does, but one of the problems we have had is, the technology has swung from equipment to communications, to programing. You can buy a minicomputer nowadays to handle most of it.

When I first came to the agency I was concerned about what information I had available to make management decisions. I found several things: Most of the systems developed in the individual services were hard-wired, could not talk across the agency, and I could not change them; there was no overall management system. But we were about to buy \$14 million worth of equipment without deciding what the managers needed. At my request and in cooperation with Frank's people and others, we brought aboard a small computer system that has about 10 million bits of memory. With that capability, using existing data—I asked that no new data be created—the system to analyze the existing data is functional at a very low cost now and was done in about 90 days.

The problem Frank has is that we do not systems engineer our data systems. We do not take the need which is very simple and analyze it from a systems engineering standpoint to determine the best way of operating. Regrettably we have not addressed this problem as much as we should to create a capability which would be helpful to Federal agencies in determining how they should go about meeting their needs. We ought to construct modular systems, but we have not built the skills within Frank's outfit to be able to take a need and analyze it as thoroughly as we would like to. That is one of the things Mr. Carr is doing right now, building this capability so we can do exactly what you are saying. I believe we can provide far better technical advice on how the needs can be met using ADP and telecommunication situations. We just went through this as a matter of fact, with an agency which has a requirement of gathering a lot of data around the country. Mr. Carr, working with the agency worked out alternatives using existing data systems to provide them with the services and the help they need. I think we will be better equipped downstream than we are now.

Mr. STEED. There is a great potential ahead in the whole universe of communications and information.

Mr. FREEMAN. Yes, sir.

REGULATION ON CONVERSION COSTS

Mr. STEED. There is a proposed regulation you have which would require all conversion costs to be included in ADP cost comparisons. Has that become effective yet?

Mr. CARR. The regulation has been reviewed by all parties. Dr. Coyer.

Dr. COYER. We have two steps involved in that review. One is an internal review within GSA. Following that, we expose it to the agencies and industry for comments and then publish it. I think we are looking at publication probably in June or July.

Mr. STEED. Am I right in assuming this regulation, then, would bring any new acquisitions and that sort of thing into better focus because you would have more factors of investment in terms of dollars?

Mr. CARR. What we will have is a better means of looking at the conversion requirements.

Mr. FREEMAN. This has been a very controversial item, as I am sure you are aware, and it is difficult to identify what accounts for conversion cost.

Mr. STEED. I am correct in assuming that the committees of the Congress have supported you very strongly in this movement?

Mr. FREEMAN. Yes, that is correct.

Mr. CARR. First of all, as the Administrator mentioned, the present agency requests are being judged by the guidelines that will be formalized in the regulation. Those guidelines and in fact the early draft of the FPR, have been looked at by the investigative staff of the Appropriations Committee, GAO, and the House Government Operations Committee, and everybody is in agreement this is the proper way to go.

Mr. STEED. As this progresses I think you could notify the committees here on the Hill, it would be to your advantage.

Mr. FREEMAN. We will keep them advised.

Mr. CARR. We are presently staffing the Federal Conversion Support Center which will be the focal point for providing assistance to agencies in their planning for conversion. Ours is a two-pronged effort which applies not only to the proposed regulation but also the conversion center to help the agencies apply the regulation.

Mr. STEED. Provide for the record a table listing the data centers and type of equipment.

Mr. FREEMAN. Those under the management of GSA?

Mr. STEED. Yes.

Mr. FREEMAN. Yes, sir, we will provide that.

[The information follows:]

FEDERAL DATA PROCESSING CENTERS (FDPC's) UNDER GSA MANAGEMENT

1. Alaska FDPC: 1 Burroughs 4800 Computer, 1 Burroughs 2700 Computer.
2. Remote Access Multi User Systems RAMUS: 2 Honeywell G-400 Computers, 1 IBM 029 Card Punch, 1 IBM 083 Sorter, and 1 IBM 557 Interpreter.
3. Federal Compiler Testing Center: 1 Harris 5.135 Computer, 2 Tape Drives, 6 Terminals, and 2 Disc Drives.
4. Federal Conversion Support Center: No Equipment.
5. Federal Software Exchange Center: No Equipment.
6. FDPC for Biomedical and Statistical Computing: 2 IBM 370/168 Multi processors, 1 IBM 370/145 Unit Processor, and 1 PDP-10 dual Processor.

7. Federal Computer performance Evaluation and Simulation Center: 2 COMTEN D—7916 Hardware Monitors, 4 DYNAPROBE 8028 Hardware Monitors, 1 X-Ray 160 MICROSUM Hardware Monitor, 1 Harris 1660 Terminal, 9 Texas Instrument Data Terminals, 1 IBM 026 Key punch, 1 IBM 029 Key punch, 1 Hazeltine Terminal, and 1 Textronix 4052 Graphics.

GENERAL PROVISION LANGUAGE CHANGE

Mr. STEED. You made a request that section 3 of the general provisions be eliminated. Will you discuss that?

Mr. CARR. We have made the request for 3 years. The reason for requesting the change in language is that it basically has hindered even the planning for new common-user services. We mentioned, for example, the possibility of some form of data center that might be operated by GSA. Essentially, if we were to come forth with any kind of proposal that represented a new common user effort, the legislation would prevent us from implementing that proposal.

That in itself has not been a serious problem in the past, but the tendency has been to look upon the limitation as prohibiting planning for common-user systems. GSA, for some years before I came on the scene, literally had not looked at the data communications requirements of the Federal Government and failed to do anything in the area because of the language.

Mr. FREEMAN. The very point that you raised, Mr. Chairman, that talks about the economic ways of utilizing data, really comes back to bite us in this area. If we are looking at somebody's new system and we are aware the data exists in another system, basically it is our understanding that the Section 3 language precludes us from hooking them together for economy's sake. It does create a problem for us in effecting some of the economies by being able to have common-user systems where we can program the same data.

Mr. STEED. I am not talking about the type of information that would require some protection. There is such a large amount of it that there is no secrecy to it at all. It is just a matter of having it up to date.

Are you familiar with H.R. 6410 and if so, can you give us any of your thinking about what it may do in saving on paperwork?

Mr. CARR. Yes, I am familiar with it.

Mr. FREEMAN. We support it.

Mr. CARR. As you already know, you are a cosponsor of the Act. I testified before the Subcommittee on Legislation and National Security of the Government Operations Committee on the Act and, speaking for GSA as a whole, I expressed our support for the Act. One of the major things that it does that relates directly to the problem that you were discussing is that it creates, for the first time, a management system that would bring together the various interests in information processing. It directs specifically that OMB take action to provide a single point for policymaking in ADP, in telecommunications, and in records management for the implementation of recommendations of the Paperwork Commission and policies regarding the Privacy Act.

It is extremely important that this kind of pulling together of all the fragmented interests comes about. That is probably the biggest hurdle to the effective use of informational technology. It is a managerial problem and we have not provided the management to

bring the sometimes complementary interests to work toward a single objective.

Mr. STEED. To me, the elimination of the cost of paperwork at government level is just part of it, it is what you save from the citizens back home and the costs they have to undergo to respond. So, if any major strides in this direction could be made, it ought to make it easier for the money to be made available for the equipment in the operation of the system, because you are offsetting it with two other advantages. One saving money in another field on the appropriation level, but also taking a lot of harassment out of the folks back home, which I think everybody would like to see more of.

I hope that something substantial can come of this whole movement. It does not hurt to daydream, anyway.

Summarize how you and other Government agencies relate in the acquisition of ADP equipment.

Mr. CARR. I think a beginning point would be my earlier comment about Public Law 89-306, the official designation of the Brooks Act which gave GSA the sole authority for procurement of ADPE. The way we work with the agencies is that we publish regulations, Federal Property Management Regulations, that require agencies, prior to their acquiring any equipment or services, to come to us with a statement of what their needs are, their plans for satisfying their needs, and what specifically they plan to acquire. We review the request. We look at questions such as the application of the Privacy Act, whether or not the request has been approved in a budget request, and whether or not it is the proper way of satisfying their requirements. We then either work with them to find some other way to satisfy the requirements, or issue a delegation of authority to proceed to carry out the acquisition.

Mr. STEED. This gives you the amounts to do a monitoring over the whole field.

Mr. CARR. Yes, but the Act relates to the total process, the planning, acquisition, and utilization.

Mr. STEED. Two years ago, we were faced with the situation where an agency had a good computer with only part-time use and an adjacent agency had no way of knowing that—

Mr. FREEMAN. This still occurs.

Mr. STEED. Do you think you are approaching the time when you can eliminate or modify this?

Mr. CARR. We try to identify opportunities for sharing. Partly as a result of the fact that if the agencies do not identify the sharing opportunity, we are going to look at it anyway. Agencies do, however, act on their own initiative and initiate sharing arrangements.

UNUSED COMPUTER CAPACITY

Mr. STEED. Have you any idea of the computer capacity not being used?

Mr. CARR. No sir, but in 1979 about \$275 million of cost avoidance was generated as a result of our ADP resources sharing programs. These estimates are based on approved methods of determining what that real cost is to government. It is the single largest area of cost avoidance that we generate.

Mr. STEED. You are not the Bell Telephone System, but as far as the Government agencies are concerned you are their Bell Telephone System in that you provide the physical facility.

Mr. CARR. Yes, and our first concern is a broad one, how are the telecommunications requirements of the Government, with the exception of DOD, being satisfied. We do that two ways. One is by reviewing all the agencies' plans for telecommunications. If an agency requires a new data communications system and they have studied the problem and their requirements and have come up with an idea to satisfy those requirements, they will develop a plan which they will come to us with, and we will review it. We may suggest modifications or that they eliminate the plan entirely and go to a sharing arrangement. If we agree with their plan we will approve their moving ahead.

At the same time there are other types of services that we provide such as the voice system used by the civilian agencies which is operated by GSA. For that system we procure the hardware and services from AT&T and other companies. They provide either dedicated facilities or they may provide service through tariffs, but it looks as though, to use your words, Mr. Chairman, we are the Bell Telephone Co. of the Federal Government from that aspect.

I might mention one more thing, the intercity network, which we operate, effectively reduces the cost of long-distance calls for Federal agencies by about 50 percent. In other words, we pay about half for the use of the FTS intercity network what we would pay if agencies were to directly place their calls on a commercial network.

TRANSCONTINENTAL SERVICE

Mr. STEED. Realizing there is a need for communications with far-out outposts, do you get involved in transcontinental service?

Mr. CARR. No, with the exception of some work we are presently getting into in the Federal Secure Telephone Service, where it is necessary to provide circuits and equipment for secure telephone service to other countries. This is generally in support of the State Department, in the case of the trade negotiations in Geneva.

Mr. FREEMAN. There are existing communications systems in this area where the potential for sharing facilities exists, particularly with the DOD. I think this will be a difficult issue to resolve between the civil and military side, but it is possible to do so and we have started discussing it with them.

Mr. CARR. We have discussed with them for example our circuits between Hawaii and Guam, where we are sharing facilities.

Mr. STEED. Mr. Miller.

ADP NEEDS

Mr. MILLER. Mr. Carr, you had stated in your opening statement that: "Our basic goal is to improve government operations by supporting Federal managers in the use of modern data processing and communications technology."

I see the need for this. As a matter of fact, at the present time we have people working in our office with this equipment and at no cost to the Federal Government. They are supported by one of the largest telecommunication manufacturers. The corporations

have the engineers build computers and data processing equipment which have the capacity to include 10 million bits of information. But the engineers were not sure about the need for the equipment. Now they seem to be backing away from it to some degree by going into offices, law offices for example, and all kinds of other offices, and seeing what the needs are down to the basic paperwork, and analyzing how basic computers could help in any way.

I was surprised when I heard about this and asked about use by a congressional office. We are shuffling a lot of paper, we are not under contract to purchase equipment, but we are in a position to gain information from the people who are looking at it a little different than the engineers were when they built the equipment. They are looking at it for the need. Maybe it will turn around some of the planning being done at the present time so it will fulfill that need. So I can see how your particular statement of helping the people as far as the electronic equipment is concerned is good, but do you go back and actually do research on what the agencies may need or does the agency come to you and say, "This is our problem and what type of equipment do you have?" Now they may or may not have the problem properly analyzed to start with, so I am wondering how far do you go in advising them.

Mr. CARR. I wish I could say we do as much of this as we ought to. The Administrator mentioned we are just starting to build up the capability. The system engineering essentially starts with a statement of need. The kinds of things we do that relate directly is when an agency comes to us with a statement "We need this kind of equipment," or "We can't use someone else's equipment, we have to have our own." We constantly point out to them that very often what they are doing is stating their need in terms of a solution to a problem rather than starting with "What is my problem?"

A good example is in the area of word processing which is growing at the rate of 30 to 40 percent a year. Yet as NARS will testify, agencies have failed to realize the savings they said they were going to accomplish. When you go back to find out why, you will find that they know they have a problem, they have been told the technology will solve the problem, but they have not determined specifically what the need is and how they will apply the technology to it.

There are relatively few techniques for making the kind of analysis you are talking about. Anybody can go into a group of offices and automate them and put ADP to work. But when you are dealing with small offices where they are doing a lot of different things the analytical tools in how to apply the technology are not available. People very often are unwilling to put the work into the definition of need and the engineering solutions. They want to jump past those two steps, put the hardware in, and then later say, "We did not get the results we expected."

Mr. FREEMAN. There are many areas, Mr. Miller, where the human being is still a long way from being written out of the equation. The explosion of technology has created a massive effort to sell pieces of equipment which are overstated as far as their ability to solve problems in many, many situations. Just like a rug

on the floor is a symbol, so is a word processor these days in somebody's office.

However, there are a great number of cases where the best computer is still between the ears of an individual. It will take a long time to replace that. In large batch processes where you are doing catalogs and this sort of thing the machine is of great help, but it has become the case where everybody wants one of what once was called a word processor. Now it can be hooked together with a computer. It is a small system of great capability and should be viewed in that regard.

COMPUTER/TELECOMMUNICATIONS COMBINATION

Mr. MILLER. I mentioned last year, we find that people who have computers will sell time on those computers to a group or association who wants to get a message over to Members of Congress regarding certain legislation. We will receive the prepared post-cards with our name on them. All they have to do is sign their name, and drop it in the mail. We receive them by the thousands.

We found that we cannot keep up with that type of mail, and it was a business that someone went into. What we had to do was install a computer and data processor in our office. What it amounts to is that our computers talk back and forth and the taxpayers pay the bill. It is necessary to have this equipment because on the bottom line of the post card we receive it states, "we will be awaiting your reply" or "we want you to tell us how you are going to vote on this issue." They are wanting a separate letter which we have to convey to these people individually. The letters and cards can come in by the thousands. So someone is working up a business with the telecommunications business and the computer business separately, and that means they are generating additional work.

Mr. CARR. They have a name for it. It is a value-added service. They take a computer and telecommunications which are basic ways of processing information, and in this case, combine them with the letter and the mailing list. Nothing has changed except the technology permits it to be done faster.

Mr. MILLER. That individual reply takes time and costs the taxpayers money because of the staff and equipment necessary for our computer to talk to theirs and theirs to talk back to ours.

That is really not your problem here, but we have to take it into consideration as part of the expense of operating Capitol Hill.

You state that some computers are aging and many are obsolete, and there needs to be a reverse of this trend. This apparently means to upgrade the computers, to purchase new computers.

Mr. CARR. The statement itself is aimed at replacing old with new. In fact you can almost think of it as a planned obsolescence program. The reason for that, however, is if you look at the inventory of computers, you can do the same work at less cost in many instances. The other thing you find is that over a period of time, as the agencies have grown, a computer installation is doing work for several different departments but there is an enormous amount of paperwork going on between the departments in order to link together the systems. It is amazing how much actual paperwork

there is in a so-called automated system. Very often the reason is that the equipment did not have all the capabilities necessary to eliminate this paperwork, coupled with the fact the systems layer on each other. It is a matter of redesigning the equipment to alleviate this problem.

SYSTEMS COST

Mr. MILLER. You indicated we had 12,000 systems at a cost of over \$4½ million. Will that cost be added to update the computers we have?

Mr. CARR. I can tell you that up until the current year, the actual prices have steadily been going down. As a matter of fact, if at the time the Brooks bill was passed we had completely capitalized all our ADP equipment in the ADP Fund, which was a proposal at that time, and had proceeded to have ADTS lease that equipment back to the agencies we could have paid for all the equipment acquired since from the lease revenues. The only thing that changed this year is that the commercial prices have gone up. It is the first time that has happened in a good many years. That is not reflected in the prices we are paying, but we can expect hardware costs to go up because of inflation.

Mr. FREEMAN. There is also another problem involving architecture and the number of exotic languages that are being used. The software costs are going up as the machinery costs are staying stable. A number of techniques that are on the horizon will increase costs that are not quite as visible as your equipment costs.

Mr. CARR. One of the problems is that computers that cost millions of dollars a few years ago cost less than \$100,000 today. A great many people have looked at that and said we really do not have to worry about hardware costs now since the cost is down. What they fail to recognize is once you get that piece of hardware, you have to train people to operate it, do the programming, identify the systems, develop the systems, program them, and over a period of time, you will build up a set of programs and systems. However, you may find the systems and programs will not do what you expected them to do. Because you did not direct your attention at the management of the facility, you will have poorly documented programs and systems and, at some point in time, you will find you have outgrown that initial computer. Now you are faced with the problem of conversion. Suddenly that small investment you made of \$50,000 or \$100,000 which seemed so small earlier will run into millions of dollars. That is the single thing that worries me the most about the so-called minicomputer purchases. We do not have at present adequate management control in the agencies over the procurements and the system development work associated with them.

Mr. MILLER. The first cost is not the big cost.

Mr. CARR. No, you have to look at the costs down stream.

CENTRALIZED COMPUTERS

Mr. MILLER. Another statement you made here, "Fiscal year 1980 plans also include enhancements to other ADP and telecommunications services in order to maximize savings. Potential increased

economy is available via the centralized bulk circuit acquisition process."

I was concerned when we talked about the centralized process. Last year you stated it was necessary to have a code to reach into the computer to pull out information. Where you speak of the centralized process, are you talking about storing information in one central location, where terminals can pull information out of that particular central location?

Mr. CARR. Let me give you an example. One agency entered into a contract with a telecommunications service company that provided what is referred to as a value-added communications service. What we did in that case was rather than have the agency enter the contract, we entered into a contract with the vendor. The contract provided for not only that agencies' requirements, but provided for future requirements of other agencies. The result was as other agencies had a need for that service, the contracting was already completed. They were able to add on to the initial contract, and, as the volume on the total contract moved up into that portion of the contract which offered price discounts, all the agencies using the service got the benefit of the lower prices. That is what centralized procurement is referring to.

Mr. MILLER. You can go to a police station in any city and be able to pull out information on a driver's license, et cetera. It is surprising the amount of information that will come out rather quickly. But when we talked here about draft registration for youth, that ties into knowing where people are. Generally when youth become 16 years of age, they apply for a driver's license. They have their social security number, age, date of birth, and it is all in the computer. I am wondering since we now are talking about registration and knowing where people are, would your information not indicate that we already know where they are, and it is in the computer? If we want to pull them out, we can?

Mr. CARR. If they are in the SSA system and maintain their current address, you would know. The question of whether or not the Selective Service System would be willing to use that as a data base and whether the SSA would be willing to modify their data collection to provide additional information would have to be worked out. Also in the Selective Service System there would be requirements for information as to eligibility of the individual, which may be information that does not exist in the Social Security System.

The problem of trying to substitute one system for another is one I do not think we are going to resolve very quickly. You are going to have, I think, duplication of information in systems, principally because the engineering for a sharing arrangement will be difficult to do. I really do not see that you can substitute one for another very readily.

The question of whether or not the information has to be centralized is almost becoming academic. In many systems when you go to a terminal to access a computer, more and more what is happening is that instead of all the file maintenance being done in the central computer, you will find some of the information is really maintained locally as is some of the processing. Part of it is done downstream in the telecommunications network itself. But you will

not know as a user whether or not that information is in a central computer or five different computers. It depends on how that system is designed.

I think the main thing I would emphasize in connection with the problem of privacy and control of information is not to put the emphasis on the hardware. It is really a practice you want to try to control. The best example I can give you on that is in the area of listening devices. We started about 2 years ago to address the problem of listening-in devices in the Federal Government. We put out an initial proposed regulation which would have virtually banned 100 percent of all listening-in devices except for their use for public safety. That as you might guess created quite a reaction from many of the agencies.

As we worked with the agencies and identified specifically what their needs were and had a two-way dialogue as to the problem we were trying to deal with in terms of privacy, we literally in a 2-year period of time developed a regulation that agencies are following. The regulation permits use of listening-in devices in only very specific cases. It cites when the use is permitted, under what circumstances, and we are actually at the point now where there is only minimal use of listening-in devices other than with the agreement of both parties.

There has been a dramatic reversal in the situation we had 2 years ago. The reason is that we did not attempt to ban listening-in devices, but rather we looked at the practices to see which of those we wanted to change, and communicated those to the agencies, making certain that responsible officials high enough in the agencies took action to control what was going on.

I think that is what we have to do also on the data processing side, but that is a more difficult one to get a handle on.

LISTENING-IN DEVICES

Mr. MILLER. Do we know where the youth are today, and can we pull it out of the computers? Would you say yes or no?

Mr. CARR. I would have to say no. If you are satisfied with an 80-percent hit, locating 80 percent of them, then I would probably say yes.

Mr. MILLER. That clarifies it. Here on the Russian Embassy we have listening-in devices, at least they are picking up signals through their antennas. We can see them out there.

I am not sure of doing away with hard wire, but it is electronic waves which will pass by those antennas. They apparently are listening to something. I am not sure what it is, but they have many antennas up. I do not expect you to comment on it, but we too are aware of what happens to be going.

COMPUTER STUDIES

I happen to be a member of the Technology Assessment Board. I wonder, have you been able to utilize any of the studies which have been made on computers and data processing? I know their assessments are for the legislative body, and for taking into consideration where money should be authorized and appropriated for new tech-

nology devices, but are those studies helpful to you, and have you had an opportunity to review any of them?

Mr. CARR. Yes, we have a Division of Advanced Planning and Research. Members of that division regularly review those reports. I have had meetings from time to time on various subjects that are covered by the Office of Technology.

800 NUMBERS

Mr. MILLER. Last year we talked about the 800 numbers, the inward WATS lines, and you gave us the first stage of the report as to how many 800 numbers we have and the cost. I understood we were going to have an updating on that and would have a final report. Are you aware of that?

Mr. CARR. Yes. We did a survey. We have some results as of July 1979 that cover all the Federal agencies. It gave us information on the number of WATS numbers they had. The total monthly cost total was \$1,360,000.

Mr. MILLER. It was over \$2 million last year.

Mr. CARR. This is monthly cost.

Mr. FREEMAN. \$16.3 million yearly. Some 845 toll-free numbers, 2,107 circuits, \$16.3 million a year, monthly cost of \$1,360,000.

Mr. MILLER. Could we have that for the record?

[The information follows:]

TOLL-FREE 800 NUMBERS

A survey regarding the use of toll-free 800 numbers by Federal agencies was completed in July 1979. The results of this survey are shown in the attachment.

Additional policy guidance is needed on incoming intercity toll-free telephone services provided to the public. A Federal Property Management Regulation (FPMR) Temporary Regulation has been drafted and is in the process of issuance which provides this guidance. Our target date for publication is April 1980. The regulation will include the following provision:

1. The acquisition and management of intercity toll-free telephone service should be centrally managed within executive agencies to the maximum practicable extent. Prior approval of a responsible agency official shall be obtained for the acquisition of toll-free services.
2. The requirement for intercity telephone service must be approved by GSA. In addition to the information normally provided for other communications, requirement requests for incoming intercity toll-free telephone service should include:
 - a. The program to be supported,
 - b. The purpose to be served,
 - c. The type of service required, e.g., INWATS, FX, etc.,
 - d. The location of each number (the telephone number is not required), terminations, and service band,
 - e. The estimated monthly cost,
 - f. The number of circuits serving each number,
 - g. The proposed usage (number of hours, full period, etc.),
 - h. The title and date of the regulatory document if the service has been directed by a statute, Executive Order, or other regulation, and,
 - i. Certification of compliance with 31 U.S.C. 680(a).
3. An annual review of incoming intercity toll-free telephone service shall be conducted in accordance with agency procedures. The results of these reviews shall be retained in agency files. As a minimum, this review shall include:
 - a. The need for continuing the service at the same level,
 - b. Whether the existing toll free service is the most cost-effective method of satisfying the requirement, and
 - c. Whether the intended program objectives are being achieved.
4. GSA will assess the efficiency, service, and cost of using the requested service. If GSA determines that other means are in the best interest of the Government, the requester will be advised. GSA may also elect to provide telecommunications on behalf of the agency where GSA determines that this action is economical and efficient.

TOTAL BY FEDERAL AGENCIES

Agency Name	Number of WATS Numbers	Number of Circuits		No. of Circuits Billed By		Monthly Cost
		Inter	Intra	Full Time	Measured Time	
Nuclear Regulatory Commission	-	-	-	-	-	-
Environmental Protection Agency	49	50	2	47	5	67,327.90
Consumer Product Safety Commission	8	13	4	7	10	6,438.00
Interstate Commerce Commission	5	3	3	3	3	3,510.02
Selective Service Commission	-	-	-	-	-	-
Small Business Administration	3	1	-	-	1	445.00
Government Printing Office	3	2	-	-	2	495.00
Commodity Future Trading Commission	2	4	-	-	4	677.21
GSA	5	5	-	3	2	5,637.00
ACTION	34	10	27	17	20	28,106.00
AMTRAK	-	-	-	-	-	-
National Transportation Safety Board	-	-	-	-	-	-
Federal Elections	3	3	-	3	-	3,700.00
DOD	169	109	83	72	120	127,276.15
Total for Federal Government	845	514	1,657	1,367	804	\$1,360,271.79

As of July 1979

TOTAL BY FEDERAL AGENCIES

Agency Name	Number of WATS Numbers	Number of Circuits		No. of Circuits Billed By		Monthly Cost
		Inter	Intra	Full Time	Measured Time	
Department of Agriculture	40	39	24	37	26	\$ 52,721.00
Department of Commerce	36	4	42	5	41	10,866.24
Department of Energy	9	17	1	9	9	12,035.00
Department of HEW	116	53	207	85	175	103,686.00
Department of HUD	44	45	-	8	37	17,789.60
Department of Interior	11	12	8	6	14	3,429.90
Department of Justice	24	4	21	13	12	11,640.90
Department of Labor	25	19	18	2	35	9,213.00
Department of State	-	-	-	-	-	-
Department of Transportation	56	21	72	31	62	65,025.70
Department of Treasury	65	91	1,015	940	166	873,533.00 <u>1/</u>
Office of Personnel Management	1	2	-	-	2	305.00
EEO Commission	2	-	2	-	2	430.00
Federal Reserve System	-	-	-	-	-	-
Veterans Administration	124	4	120	73	51	79,404.55
NASA	-	-	-	-	-	-
U.S. Postal Service	11	3	8	6	5	3,855.77 <u>2/</u>

1/ annualized on 7 month basis
2/ annualized on 4 month basis

TECHNOLOGY UTILIZATION

Mr. STEED. Mr. Roybal.

Mr. ROYBAL. Mr. Carr, you discussed with Mr. Miller the fact that computers in the Federal Government are aging and obsolete. Then you go on to make another statement which is quite disturbing to me: "Competence in managing this technology as well as acquisition and utilization capabilities of Federal executives needs improvement."

This means to me that executives need improvement even in the use and management of old and obsolete equipment. What has happened to the processes used to make people competent in this technology? Why would you need new equipment if you are not going to train these people?

Mr. CARR. This is a problem not only in the Federal Government, but in industrial organizations as well. The more technology that goes into the organization, the less managers are comfortable with the technology. They fail to understand how they can use their own managerial capabilities to control what is going on. Somewhere in the organization managers tend to abdicate their authority in utilization of this equipment. When this happens, you find that the technical people down below are not able to communicate up through their management chain to get the proper attention to their long-range planning needs. Over a period of time, the equipment is getting old, the needs become greater and a typical manager will step in at the point where they are really in trouble. Change becomes such a big investment that the very people who created the problem by not giving the proper management attention are afraid to take action. It is a serious problem.

Mr. FREEMAN. We have not answered the mail in the training area at all. Right in my own agency, we have a number of systems with which the executive is not familiar. He or she does not know how to use the systems, and it is difficult for them to communicate with the programmers when they ask for information. I have had need for information such as who are my customers and where are they located for any particular commodity. The programs were not designed to assist the manager but an accountant. Regrettably, one of the problems is we have not trained our managers to use the technology and thereby articulate their needs. That is the thrust of what we are talking about. I have given you a concrete example of our own agency; Frank was giving you an example throughout the field.

Mr. ROYBAL. I have some small computers in my own office, I cannot operate them, but I insist my employees become experts in it. I can understand how one of these executives could not have all these capabilities, but I was interested in his statement in which he said the capability of Federal executives needs improvement. This means to me there is an implied intention of making that improvement.

Mr. CARR. That is right.

Mr. FREEMAN. At least in this agency we intend to improve; I cannot speak for what others will do. We see too many programmers and technicians justifying ADP systems. I would like to see more managers talk to us as to their needs.

Mr. ROYBAL. If you got all new equipment, you would probably have to train those already expert in this obsolete equipment plus having to train and acquaint your executives with the new technology.

Mr. FREEMAN. Regrettably as the field has grown, there has been an inability for the managers to communicate their needs. For this, the bouquets do not necessarily go to industry for having helped us. I have had discussions as to how we will patch this together so we can identify what technology will be useful, not sold but useful.

A.T. & T. CASE

Mr. ROYBAL. Last year you indicated your agency entered a complaint with FTC questioning the earnings of AT&T. You also mention if the correction is made, it would be worth \$3 million to \$10 million a year to the Federal Government.

Mr. CARR. The case is still under consideration. AT&T has requested additional increases to its rate of return since that time.

Mr. ROYBAL. So the estimate of \$3 million to \$10 million is not correct?

Mr. CARR. That is right.

Mr. ROYBAL. I hope the correction is made one of these days soon.

Thank you, Mr. Chairman.

Mr. STEED. Mr. Carr, we have some questions to be answered for the record for Mr. Addabbo.

Mr. CARR. We will be happy to respond.

[The questions and answers follow:]

Mr. ADDABBO. Mr. Carr, since 1970 GSA has been operating a teleprocessing system in Atlanta called Remote Access Multi-User System (RAMUS). Its mission is to provide computer services and professional support for many small Federal entities which have little or no ADP capability of their own. We are advised that the RAMUS operation has received virtually universal praise from its users, and that they wish to see it continued. RAMUS has over the years been a money-making operation, while at the same time steadily reducing its rates. Is this the usual experience with government operations?

Mr. CARR. While I can't address other agencies' operations, the reduction in rates for users of ADTS services is not unique to RAMUS. Other examples are the decreasing FTS cost per call and the ARS cost per character.

Mr. ADDABBO. The age of the equipment is such that increasing maintenance problems are being experienced. Alternatives to the present system have been under study since 1976. Why has this examination taken so long?

Mr. CARR. A thorough analysis of RAMUS and an A-76 study were completed and the results upheld the cost effectiveness of the operation to the Government.

Mr. ADDABBO. Independent evaluations were made of RAMUS alternatives by the Federal Computer Performance Evaluation and Simulation Center, and by GSA's Office of Data Systems in 1978. They concluded that RAMUS should be replaced by a new set of modern equipment to be located in Atlanta, and that the new system would provide service to users at least 20 percent cheaper than commercial alternatives. What have you done about these recommendations?

Mr. CARR. We are constantly seeking the best means of providing services to the Federal community in all our programs. We have identified a modern sharing facility to host RAMUS that will provide increased services to our user agencies at an even greater savings than the 20 percent over commercial sources.

Mr. ADDABBO. We are informed that an alternative under consideration is to disband RAMUS and to provide current users with service from another source.

a. What will be the relative costs to RAMUS users?

b. Are the current RAMUS users satisfied with such an arrangement?

Mr. CARR. We have no intention of disbanding RAMUS, rather the operation will be continued on a modern sharing facility.

Mr. ADDABBO. The competence and professionalism of the RAMUS staff in Atlanta has been consistently praised by the users. It would appear that the group is a

particularly valuable asset. What will happen to this group if RAMUS were to be discontinued?

Mr. CARR. We appreciate this recognition of the work being done by our RAMUS personnel. The expertise of this group will be maintained within the RAMUS FDPC.

Mr. ADDABBO. Please provide for the record:

a. a statement of the funding which would be required to replace the current RAMUS with modern equipment

b. a financial plan for amortizing that funding from payments received for services.

Mr. CARR. Since it is planned that RAMUS will be using a sharing facility leased by OPM, ADTS will only reimburse OPM for the ADTS percentage of costs based on RAMUS utilization. This is estimated to be less than the current RAMUS equipment maintenance and operations costs. As the OPM equipment is leased, no capital outlay is involved.

FEDERAL TELECOMMUNICATIONS FUND

Mr. STEED. We will now take up the fund. The amount appropriated for FY 1980 is \$5 million and a request for \$5 million for FY 1981 is pending.

Would you like to make a general statement about the fund and why you need this amount?

Mr. CARR. Yes. The fund is the vehicle we use to finance reimbursable telecommunication services that we provide such as the FTS and ARS. The additional \$5 million appropriation requested is for the purchase of switching systems procured under the telecommunications competitive procurement program. The competitive procurement program since its inception a few years ago has acquired about 37 switchboards. About one-third of those we have purchased and the others we have been leasing.

Mr. STEED. Have you been able to make a projection as to your equipment requirements for the next 5 years?

Mr. CARR. As a very rough estimate, approximately \$5 million a year for the next several years. This is really dependent on industry's response to RFP's.

Mr. STEED. Are you reimbursed in any way where you can reclaim any of these costs?

Mr. CARR. Yes, the equipment is capitalized and we recover the costs over the systems life.

Mr. STEED. You have full authority to set the rates at whatever the rate should be to do that?

Mr. CARR. Yes, we can recover the cost of the equipment we have capitalized through rates established to recover the total cost over the systems life.

Mr. STEED. That does not operate through the revolving fund, does it?

Mr. CARR. Yes, but we need the additional capital in order to buy the hardware. We capitalize the hardware and establish rates to recover the capitalized value of the hardware over the systems life. Rates for services provided through the fund are set to recover the costs of providing those services. Any profit goes back to the general fund. We are not allowed to retain profits so as to increase the capital.

Mr. STEED. Provide for the record a complete financial history of the fund.

[The information follows:]

"FEDERAL TELECOMMUNICATIONS FUND"PURPOSE OF THE FUND

This capitalized revolving fund established July 1, 1963, finances, on a reimbursable basis, a telecommunications system for the Federal Government which is a major operating component of the national communications system. The system provides local and long distance voice, teletype, data, facsimile and other communications services.

Expenses payable from the fund include personal services, procurement by lease or purchase of equipment and operating facilities, 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.

Following the close of each fiscal year any surplus earnings, after making provision for any prior year losses, are deposited in miscellaneous receipts of the Treasury.

AUTHORIZATION OF THE FUND

This Fund was authorized to be established by Public Law 87-847, approved October 23, 1962, which amended the Federal Property and Administrative Services Act of 1949, as amended, by adding a new Section 110 containing the authorization.

HISTORY OF THE FUND

Prior to 1960, in addition to regulatory and representational activity, the primary emphasis of the GSA Communications Program under the Federal Property and Administrative Services Act of 1949 was devoted to (1) the provision of joint-use telephone switchboard service in areas of concentration of Federal employees and activities, and (2) the provision of a general usage teletype system connecting over 200 agency stations located throughout the country as an outgrowth of the system originally established in 1941 by the Office of Emergency Management. Intercity telephone service was limited to point-to-point circuits connecting pairs of cities having a high community of interest.

With the exception of certain operational type networks, the integration of all existing communications systems on the civilian side of Government into a unified communications system was first proposed in November 1959 by the Director of the Office of Defense Mobilization (now the Federal Preparedness Agency). At the direction of the President this was followed by detailed study within GSA. The Bureau of the Budget in January 1961 advised the Administrator of GSA of the President's approval and directed that GSA go forward with the establishment of the Federal Telecommunications System (FTS).

Phase I of the intercity voice network of the FTS was activated on February 15, 1963, and interconnected 43 areas. Phase II was activated on July 6, 1964, and interconnected 355 areas.

The initial phase of the Advanced Records System (ARS) of the FTS was activated on February 17, 1966, with 400 subscriber stations and by fiscal year 1967 had grown to some 1,283 subscriber stations. In fiscal year 1976, there were 2,300 subscriber stations.

Centralized circuit procurement of civil agency intercity leased line requirements was undertaken by GSA in 1961 upon the issuance of Telpak tariffs by the communications companies, which for the first time made provision for substantial savings through the ordering of combined requirements by a single agent.

GSA participation with other agencies in providing technical support in the planning and implementation of the National Communications System (NCS) dates from the promulgation of a Presidential Memorandum directing the establishment of the NCS in August 1963. This was also in accordance with E.O. 11093 of February 26, 1963, under which GSA was charged with the preparation of national emergency plans and the development of preparedness programs to meet the essential administrative requirements of civilian activities of executive departments and agencies.

In fiscal year 1962 a supplemental appropriation for "Expenses, Federal Telecommunications System" was requested and enacted in the amount of \$850,000 to provide for supervision and the initial operation of a unified telecommunications system for civilian agencies and for the planning and engineering for further implementation of the system. This amount was transferred to "Operating Expenses, TCS" together with an amount from "Operating Expenses, PBS" which was appropriated under that head for the management function. Beginning with 1963 this management function was budgeted for under "Operating Expenses, TCS", now known as "Operating Expenses, ADTS."

Amounts for use of the Federal Telecommunications System are included in annual appropriations to using agencies and such amounts are paid to the FTF for services rendered. Total sales in 1979 were \$410 million.

Historical Note: Telecommunications operations were provided by the Public Buildings Service even prior to enactment of the Federal Property and Administrative Services Act of 1949. They were financed by annual operating expense appropriations and reimbursements until January 1, 1953, when the Buildings Management Fund was established and costs of operations were paid from it, which in turn was reimbursed through billings to users of the system. Salaries of switchboard and teletypewriter operators were billed either to individual agencies having exclusive use of the board involved, or recovered from "Operating Expenses, PBS" for common-use boards and TWX facilities. Management of telecommunications functions was financed under "Operating Expenses, PBS."

The direct appropriation to finance operators' salaries which was provided each year under "Operating Expenses, PBS" was eliminated in fiscal year 1965 and all such expenses funded on a fully reimbursable basis under the FT Fund.

DESCRIPTION OF CURRENT BUDGETARY ACTIVITIES

The current program financed from this Fund is accounted for by the following budgetary activities:

1. Voice Program. - Provides for a telephonic system which enables personnel in each Federal agency to communicate directly with any other agency in the nation. The system provides day-to-day service and incorporates features which would be necessary in emergency situations.
2. Record Program. - Provides a common unified records communications system to satisfy record communications requirements of the Federal civil agencies by providing 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 and language translation, and processing of multiple address messages.
3. Circuit Procurement. - Provides for centralized procurement of circuits and related equipment for civil agencies 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.
4. Special Programs. - Provides for an effective communications security program for civil agencies 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 assurances of 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 emergency and major disaster programs.

APPROPRIATION LANGUAGE

The appropriation language for initial capital for this Fund appeared in the Supplemental Appropriations Act, 1963, P.L. 88-25, approved May 17, 1963, as follows:

To provide initial capital for the Federal Telecommunications Fund established by the Federal Property and Administrative Services Act of 1949, as amended (76 Stat. 1117), \$9,000,000, to remain available without fiscal year limitation.

A supplemental appropriation for additional capital for this Fund was included in the Supplemental Appropriations Act, 1977, P. L. 95-26, approved May 4, 1977, as follows:

To increase the capital of the "Federal telecommunications fund", established by section 110 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 757), \$20,000,000, to remain available without fiscal year limitation.

An additional appropriation for capital was included in the Treasury, Postal Service, and General Government Appropriation Act, 1980, P. L. 96-74, approved September 29, 1979, as follows:

To increase the capital of the Federal Telecommunications Fund, established by section 110 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 757), \$5,000,000.

HISTORY OF APPROPRIATION
(In thousands of dollars)

<u>Fiscal Year</u>	<u>Appropriation</u>		
	<u>Amount</u>	<u>P.L.</u>	<u>Date</u>
1963	\$9,000	88-25	5/17/63
1977	\$20,000	95-26	5/4/77
1980	\$5,000	96-74	9/29/79

PROGRAM COSTS FUNDED BY BUDGET ACTIVITY
(In \$ thousands)

<u>Fiscal Year</u>	<u>Total Program Costs</u>	<u>Voice</u>	<u>Record</u>	<u>Circuit Procurement</u>	<u>Special Programs</u>	<u>Prior Year Costs</u>	<u>Capital Outlay*</u>
1964	\$39,528	\$33,200	\$4,553	\$1,508	\$220	-	\$47
1965	68,070	60,683	4,068	2,931	284	-	105
1966	78,077	69,753	3,913	3,378	362	-	671
1967	87,908	74,925	7,538	4,282	354	\$721	89
1968	97,434	82,637	9,253	4,346	363	608	228
1969	110,194	94,423	9,934	5,024	478	-	337
1970	128,265	110,619	10,862	5,772	968	-	44
1971	150,785	130,665	12,050	6,524	1,466	-	80
1972	178,243	155,046	13,681	7,467	1,712	-	337
1973	216,697	187,818	17,393	8,476	2,757	-	253
1974	249,442	214,961	21,987	8,658	2,710	-	1,126
1975	284,688	244,431	28,563	8,071	2,755	-	868
1976	321,743	280,721	27,882	9,445	3,158	-	537
TQ	85,438	74,798	6,952	2,596	821	-	271
1977	352,447	305,340	30,520	11,561	4,329	-	697
1978	378,746	330,236	29,622	12,497	5,148	-	1,243
1979	411,197	358,720	30,584	13,203	5,686	-	3,004

*Acquisition of Fixed Assets

FINANCIAL ASPECTS OF THE PROGRAM
(In \$ thousands)

Fiscal Year	Operations		Operating Income or Loss	Non- Operating Income or Loss	Net Income or Loss	Approp. Capital	Payments to Treasury	Outlay
	Revenue	Expense						
1963	-	-	-	-	-	\$9,293 1/	-	-
1964	\$41,803	\$39,508	\$2,295	\$292	\$2,587	-	-	-\$635
1965	63,543	68,025	-4,482	74	-4,407	-	\$1,998	1,834
1966	81,604	77,500	4,104	-8	4,097	-	-	-3,002
1967	88,290	87,976	314	-	314	-	-	-5,227
1968	97,700	97,379	321	-69	252	-	3	-5,823
1969	110,608	110,044	564	-10	554	-	252	-725
1970	128,544	128,476	68	4	72	-	554	942
1971	153,486	150,911	2,575	-5	2,571	-	72	-2,062
1972	176,875	178,123	-1,248	-44	-1,292	-	2,571	-1,908
1973	217,657	216,674	983	-169	814	-	-	-27
1974	250,030	248,659	1,371	-1	1,370	-	-	3,025
1975	281,724	284,443	-2,719	-47	-2,766	-	891	-3,165
1976	324,589	322,073	2,515	-10	2,502	-	-	-10,900
T.Q.	83,911	85,306	-1,395	-	-1,395	-	-	9,227
1977	359,027	352,627	6,400	-9	6,391	20,000	-	-6,178
1978	377,236	378,206	.970	43	-927	-	4,731	-643
1979	410,033	408,656	1,377	-22	1,355	-	-	-10,532

1/ Includes \$293 thousand in donated assets.

EMPLOYMENT DATA

<u>Fiscal Year</u>	<u>Permanent Positions</u>	<u>Average Employment</u>	<u>Average GS Grade</u>	<u>Average GS Salary</u>	<u>Ungraded Salary</u>
1964	1,509	1,345	4.2	\$5,028	\$6,816
1965	1,432	1,498	4.5	\$5,526	\$7,052
1966	1,422	1,400	4.6	\$5,792	\$6,818
1967	1,439	1,453	4.6	\$5,956	\$6,307
1968	1,518	1,525	4.6	\$6,252	\$6,829
1969	1,409	1,527	4.7	\$6,395	\$6,365
1970	1,440	1,595	4.8	\$7,667	\$7,758
1971	1,531	1,748	4.9	\$8,132	\$8,236
1972	1,496	1,690	5.0	\$8,770	\$9,432
1973	1,603	1,805	5.1	\$9,110	\$8,662
1974	1,760	1,913	5.16	\$9,703	\$9,880
1975	1,686	1,863	5.37	\$10,489	\$10,826
1976	1,786	1,925	5.47	\$11,167	\$11,627
1977	1,786	1,911	5.47	\$11,802	\$12,227
1978	1,860	1,957	5.68	\$12,481	\$13,422
1979	1,860	1,880	5.80	\$13,730	\$14,497

Federal
Telecommunications
Fund

Symbol 47X4533

September 30, 1979



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

FEDERAL TELECOMMUNICATIONS FUND

September 30, 1979

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FEDERAL TELECOMMUNICATIONS FUND

September 30, 1979

REPORT COMMENTS

The Federal Telecommunications Fund (FTF) completed Fiscal Year 1979 (October 1, 1978 - September 30, 1979) with a gain from operations of \$962 thousand. Other Income, Other Expense, and Prior Year's Adjustments totaled \$394 thousand, leaving the Fund with an overall gain of \$1.356 million for the 12 month period. This gain offsets the Fiscal Year 1978 loss of \$928 thousand, resulting in a Retained Earnings surplus of \$428 thousand. The turnaround in profitability of the FTF is mainly due to a gain of \$920 thousand in the Voice Program Intercity Service as compared to a \$2.671 million loss in this program for Fiscal Year 1978. However, the current year gain of \$920 thousand in Intercity Service is significantly lower than its gain of \$5.9 million for the period October 1, 1978 - June 30, 1979. The major reason for this decrease was a \$4.2 million reduction in Intercity billings during the fourth quarter. Increases in costs during the fourth quarter also served to reduce the Intercity Service gain. Examples of this type were a \$1.3 million back-billing from the Chesapeake and Potomac Telephone Company for circuitry charges and a \$1.2 million common control switching arrangement tariff increase effective June 4, 1979, which affected fourth quarter costs.

The liquidity of the FTF improved in the last quarter of Fiscal Year 1979. The ending cash balance is \$42.0 million compared to \$24.7 million as of June 30, 1979. The improvement in the cash position during the last quarter is largely attributable to the reduction in Billed Accounts Receivable from \$81.4 million as of June 30, 1979, to \$21.3 million currently. The present cash balance of \$42.0 million also compares favorably with the \$31.5 million cash balance as of the end of Fiscal Year 1978. The Fund is, therefore, in a firmer cash position as it moves into Fiscal Year 1980.

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 275 systems. Costs for providing Local Service are recovered from the local area system generating those costs.

There are more than 130 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 lines 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 provides for exclusive use of data circuits on the (FTS); 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

	1979	1978
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 42,030	\$31,498
Accounts Receivable:		
Billed	21,333	25,481
Unbilled	24,481	17,088
Claimed	58	29
Disputed SIRAC Charges	186	-
Total	46,058	42,598
Inventories - Operating Supplies	557	435
Advances to Others	6,219	5,631
Deferred Charges and Prepaid Expenses	580	228
Total Current Assets	95,444	80,390
Capital Assets, Net	3,989	1,469
Long-Term Deferred Charges	1,525	2,157
Total Assets	<u>\$100,958</u>	<u>\$84,016</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 67,837	\$52,976
Annual Leave Liability	1,481	1,433
Deferred Credits	1,958	1,805
Advances from Other Agencies and Funds	400	-
Long-Term Liability	134	-
Total Liabilities	71,810	56,224
<u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	29,000	29,000
Donated Assets, Net	253	253
Retained Earnings (Exhibit B)	428	(928)
Provision for Unamortized Annual Leave Liability	(533)	(533)
Total Investment of U. S. Government	29,148	27,792
Total Liabilities and Investment of U. S. Government	<u>\$100,958</u>	<u>\$84,016</u>

FEDERAL TELECOMMUNICATIONS FUND
Comparative Statement of Income and Expense
(In Thousands)

Exhibit B

	October 1, 1978 through September 30, 1978	October 1, 1977 through September 30, 1977	Percent of Change Increase (+) Decrease (-)
INCOME - BY PROGRAM			
Voice Programs:			
Local Service (Exhibit B-1)	9138,971	\$129,450	+ 07
Intercity Service (Exhibit B-2)	214,460	192,493	+ 11
Radio (Exhibit B-9)	14	7	-
Extended Service (Exhibit B-9)	6,063	5,510	+ 10
National Teleconferencing Network (Exhibit B-10)	310	435	+ 17
Subtotal			+ 10
	360,018	327,895	
Record Programs:			
Advanced Record System (Exhibit B-3)	17,505	17,098	+ 03
Federal Communications Centers (Exhibit B-4)	3,272	3,767	- 09
Data Communications (Exhibit B-5)	4,399	3,976	+ 11
Communications Management Information System (Exhibit B-6)	314	308	+ 02
SSADM System (Exhibit B-8)	6,075	6,669	- 06
Gross Income	31,665	31,438	+ 01
Less: AEC Income from COMTELE and Relocation	288	296	- 02
Subtotal			+ 01
	31,377	31,144	
Other Programs:			
Circuit Procurement Program (Exhibit B-4)	13,197	12,854	+ 03
Special Programs (Exhibit B-7)	4,972	3,381	- 08
Subtotal			- 01
	18,170	18,235	
Total Income - Program Operations	409,565	377,274	+ 09
- BY PROGRAM			
Programs:			
Local Service (Exhibit B-1)	138,563	129,567	+ 07
Intercity Service (Exhibit B-2)	231,560	195,164	+ 09
Radio (Exhibit B-9)	17	7	-
Extended Service (Exhibit B-9)	6,226	5,596	+ 11
National Teleconferencing Network (Exhibit B-10)	350	468	- 22
Subtotal			+ 06
	358,696	330,782	
Record Programs:			
Advanced Record System (Exhibit B-3)	17,095	14,519	+ 03
Federal Communications Centers (Exhibit B-4)	3,287	2,668	+ 15
Data Communications (Exhibit B-5)	4,362	3,989	+ 09
Communications Management Information System (Exhibit B-6)	312	221	+ 25
SSADM System (Exhibit B-8)	6,075	6,669	- 06
Gross Expense	31,111	30,076	+ 03
Less: COMTELE Expense Included in AEC	260	265	- 02
Subtotal			+ 03
	30,851	29,811	
Other Programs:			
Circuit Procurement Program (Exhibit B-4)	13,169	12,466	+ 05
Special Programs (Exhibit B-7)	5,915	5,233	+ 11
Gross Expense	19,084	17,819	+ 07
Less: Relocation Expense Included in AEC	28	28	- 03
Subtotal			+ 07
	19,056	17,790	
Total Expense - Program Operations	408,603	378,383	+ 08

FEDERAL TELECOMMUNICATIONS FUND
Comparative Statement of Income and Expense
(In Thousands)

	October 1, 1978 through <u>September 30, 1979</u>	October 1, 1977 through <u>September 30, 1977</u>	Percent of Change Increase (+) Decrease (-)
GAIN OR (LOSS) - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	408	(117)	*
Intercity Service (Exhibit B-2)	920	(2,671)	*
Radio (Exhibit B-9)	(3)	-	*
Extended Service (Exhibit B-9)	(183)	(86)	*
National Teleconferencing Network (Exhibit B-10)	<u>160</u>	<u>(13)</u>	*
Subtotal	1,322	(2,887)	*
Record Program:			
Advanced Record System (Exhibit B-3)	510	579	- 12
Federal Communications Centers (Exhibit B-4)	(15)	719	*
Data Communications (Exhibit B-5)	37	(12)	*
Communications Management Information System (Exhibit B-8)	2	77	*
SSAAR System (Exhibit B-8)	<u>-</u>	<u>-</u>	*
Subtotal	554	1,362	- 59
Other Programs:			
Circuit Procurement Program (Exhibit B-6)	28	368	*
Special Programs (Exhibit B-7)	<u>(942)</u>	<u>48</u>	*
Subtotal	(914)	416	*
via or (Loss) - Program Operations	962	(1,109)	*
<u>INCOME</u>	4	59	*
<u>OTHER EXPENSE</u>	4	(1)	*
<u>PRIOR YEAR'S ADJUSTMENT - Gain or (Loss)</u>	<u>394</u>	<u>121</u>	*
Total Gain or (Loss)	\$ 1,356	\$ (928)	*
ANALYSIS OF RETAINED EARNINGS OR (DEFICIT)			
Balance at Beginning of Period	\$ (928)	\$ 4,731	*
Gain or (Loss)	1,356	(928)	*
Payment to U. S. Treasury	-	4,721	*
Balance at End of Period	\$ 428	\$ (928)	*

* not meaningful

Exhibit B-1

FEDERAL TELECOMMUNICATIONS FUND

Local Service - Voice Program

Statement of Income and Expense -

By Region

(in thousands)

For the Period October 1, 1978 through September 30, 1979

	Total	Central Office	Boston	New York	Washington	Atlanta	Chicago	Kansas City	Fort Worth	Dallas	San Francisco	Auburn
INCOME												
Common Accounts												
Exclusive Facilities	\$ 112,258	-	\$ 43,414	\$ 9,789	\$ 40,569	\$ 11,264	\$ 11,574	\$ 4,008	\$ 10,452	\$ 6,072	\$ 8,210	\$ 4,528
Common Facilities	23,095	-	1,234	4,192	3,850	1,467	4,401	708	1,250	1,084	3,031	1,104
Reimbursement for G. O. Expense	2,832	-	-	177	1,104	248	290	120	233	150	379	144
Congressional Mileage	513	513	-	-	-	-	-	-	-	-	-	-
Exclusive Use Equipment - Government Owned	273	-	23	18	-	116	15	-	60	-	-	41
Total Income	138,971	513	5,458	14,176	45,523	13,095	16,280	5,716	12,295	7,110	12,530	6,269
EXPENSE												
Operating												
Exclusive Facilities	112,684	-	3,004	9,763	40,770	11,622	11,263	4,784	10,723	6,011	8,488	4,606
Personal Services	4,113	-	168	209	1,763	334	404	188	302	215	303	167
Common Distributable Facilities - 100 Percent Local	13,019	-	1,126	3,263	890	593	3,176	216	746	342	1,937	710
Common Distributable Facilities - FAX and Centrex	311	-	32	35	32	39	51	13	21	28	39	31
Other Direct	516	-	19	74	71	32	15	65	41	8	132	39
Indirect - Personal Services - Regional Administration	3,530	-	216	425	839	338	357	214	350	134	327	210
Other Indirect	322	-	41	52	98	62	70	30	89	8	75	37
National Administration	475	-	40	171	34	44	44	9	44	-	17	44
Other Agency Switchboard Operations	89	83	-	-	2	2	-	3	3	-	1	-
Depreciation	513	-	33	76	87	97	109	7	32	1	63	6
Congressional Mileage - Regional Offices	50	-	-	-	-	1	-	-	-	-	-	49
Telephone Equipment - Government Owned	20	-	-	-	-	1	-	-	4	-	-	13
Maintenance - Government Owned	217	-	27	-	-	89	12	-	32	-	-	37
Telephone Equipment - Exclusive Use	135,269	83	5,306	14,068	44,564	12,895	15,486	5,326	12,429	6,427	12,414	5,931
Equipment - Exclusive Use												
Total	460	460	-	-	-	-	-	-	-	-	-	-
Administrative:	807	807	-	-	-	-	-	-	-	-	-	-
Payments to PB Fund	808	808	-	-	-	-	-	-	-	-	-	-
ADP Cost	519	519	-	-	-	-	-	-	-	-	-	-
Personal Services	2,394	2,394	-	-	-	-	-	-	-	-	-	-
Total	138,263	2,677	5,306	14,068	44,564	12,895	15,486	5,326	12,429	6,427	12,414	5,931
Total Expense	\$ 408	\$ (2,164)	\$ 132	\$ 108	\$ 939	\$ 200	\$ 394	\$ 190	\$ (134)	\$ 291	\$ 314	\$ 318

Table 1-1

FEDERAL DEPARTMENTAL FUNDS

Security Service - Visa Program

Statement of Income and Expense by Region
(In Thousands)

For the Period October 1, 1979
through September 30, 1979

	FOYSA	OFFICE	REGION	NEW YORK	PENNSYLVANIA	ALABAMA	MISSISSIPPI	MISSOURI	EXPENSE STATE	FEDERAL	EXPENSE FEDERAL	EXPENSE FEDERAL	TOTAL
EXPENSE													
Customer Inquiries - General Use	102,461	102,461	-	-	-	-	-	-	-	-	-	-	102,461
Customer Inquiries - Special Use	63	-	31	31	31	31	31	31	31	31	31	31	31
Returned to Consulate	-	-	-	-	-	-	-	-	-	-	-	-	-
Returned to Embassy	-	-	-	-	-	-	-	-	-	-	-	-	-
Returned to State Dept.	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mail - Unrecoverable	51	-	-	-	-	-	-	-	-	-	-	-	51
Identified by Patchwork	26,722	-	25	2,722	2,722	2,654	2,654	2,654	2,654	2,654	2,654	2,654	2,654
Total Income	154,446	154,415	56	2,744	2,744	2,779	2,779	2,779	2,779	2,779	2,779	2,779	157,194
EXPENSE													
Operating Expenses	16,312	-	25	167	1,452	1,704	1,452	1,452	1,452	1,452	1,452	1,452	1,452
Facilities - 100 Percent Security	16,071	-	25	167	1,452	1,704	1,452	1,452	1,452	1,452	1,452	1,452	1,452
Facilities - Income Security	1,149	-	116	139	137	140	139	139	139	139	139	139	139
Facilities - Other	117	-	-	-	212	19	7	7	7	7	7	7	7
Other Direct	-	-	-	-	-	-	-	-	-	-	-	-	-
Indirect Administration	1,044	-	65	216	217	187	221	221	221	221	221	221	221
Other Indirect - Regional Administration	10,213	-	12	28	29	32	43	43	43	43	43	43	43
Other Indirect - Other	5,047	-	179	128	111	77	77	77	77	77	77	77	77
Security Fee Overflow	2,497	-	179	128	111	77	77	77	77	77	77	77	77
Other Agency Reimbursable	619	-	36	244	47	14	14	14	14	14	14	14	14
Commercial Mail - Reimbursable	26,719	-	18	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129
Depreciation	119	-	18	119	119	119	119	119	119	119	119	119	119
Total	69,590	1,231	2,072	6,201	16,262	6,044	7,906	7,906	7,906	7,906	7,906	7,906	7,906
Program:													
Charged for Total Security	37,378	37,378	-	-	-	-	-	-	-	-	-	-	37,378
Customer Inquiries	61,564	-	-	-	-	-	-	-	-	-	-	-	61,564
Invoice Machine Terminal	26,218	-	-	-	-	-	-	-	-	-	-	-	26,218
Interactive VMS	492	-	-	-	-	-	-	-	-	-	-	-	492
Payment to PS Bawling Fund	1,211	-	-	-	-	-	-	-	-	-	-	-	1,211
Travel	1,229	-	-	-	-	-	-	-	-	-	-	-	1,229
Total	141,598	141,598	-	-	-	-	-	-	-	-	-	-	141,598
Street Swelling:													
General Office and Region 3	197	197	19	18	60	38	17	17	17	17	17	17	197
Facilities	299	-	-	-	-	-	-	-	-	-	-	-	299
Travel	624	-	-	-	-	-	-	-	-	-	-	-	624
Total	1,120	1,120	19	18	60	38	17	17	17	17	17	17	1,120
Depreciation - Security													
Equipment - General Fund	4	-	1	-	-	-	-	-	-	-	-	-	4
Total	152	152	19	18	60	38	17	17	17	17	17	17	152
Subtotal	154,598	154,598	3,099	6,219	16,322	6,082	7,923	7,923	7,923	7,923	7,923	7,923	157,520
Less:													
Security Service - General Office	1,222	-	-	-	-	-	-	-	-	-	-	-	1,222
Security Service - Other	1,222	-	-	-	-	-	-	-	-	-	-	-	1,222
Total Expense	154,598	154,598	3,099	6,219	16,322	6,082	7,923	7,923	7,923	7,923	7,923	7,923	157,520
Gain or (Loss)	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Advanced Record SystemStatement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
Station Equipment at Actual Cost	\$ 5,089	\$ 5,089	\$ -
Access Line "Connect Charges"	2,746	2,746	-
CSN Usage Income	4,311	4,311	-
MSC Usage Income	5,171	5,171	-
ARS Charges to 4719/COMCEN	260	260	-
ARS Charges to 4719/RELO	28	28	-
	<u>\$17,605**</u>	<u>\$17,605**</u>	<u>\$ -</u>
<u>EXPENSE</u>			
Station:			
Equipment	\$ 5,146	\$ 5,146	\$ -
Circuit	2,683	2,683	-
Message Switching Centers:			
Western Union	1,556	1,556	-
MSC Amortization	664	664	-
Circuit	172	172	-
Personal Services	1,229	1,229	-
Other	200	200	-
Circuit Switching Network:			
Equipment	3,496	3,496	-
Circuit	1,102	1,102	-
Administrative:			
Payments to FB Revolving Fund	84	84	-
ADP Cost	3	3	-
Other	261	261	-
Personal Services	403	403	-
Indirect Personal Services - Regional Administration	76	-	76
Depreciation	7	7	-
Other Indirect Costs - Regional Administration	13	-	13
	<u>\$17,095</u>	<u>\$17,006</u>	<u>\$ 89</u>
Total Expense			
Gain or (Loss)	<u>\$ 510</u>	<u>\$ 599</u>	<u>\$(89)</u>

* 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 \$288 thousand.

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Federal Communications CentersStatement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
Originating Wordage "CONUS"	\$ 893	\$ 893	\$ -
Terminating Wordage "CONUS"	788	788	-
Commercial Delivery Service	776	776	-
Facsimile Page Service	289	289	-
Mailgram Page Service	299	299	-
Message Service - Alaska, Hawaii, and Puerto Rico	-	-	-
Originating Wordage - Alaska, Hawaii, and Puerto Rico	60	60	-
Terminating Wordage - Alaska, Hawaii, and Puerto Rico	104	104	-
Foreign Cable Delivery	61	61	-
Teleticketing (Regional Offices)	<u>2</u>	<u>-</u>	<u>2</u>
Total Income	\$3,272	\$3,270	\$ 2
<u>EXPENSE</u>			
ARS System Charges	\$ 260	\$ 260	\$ -
Personal Services	1,323	-	1,323
Facsimile	206	15	191
Other Direct	96	1	95
Message Refile:			
Public Message Teltex (Western Union)	357	248	109
Commercial Telex	48	37	11
Commercial TWX	172	125	47
Foreign Traffic	130	30	100
Teleticketing:			
Equipment Rental	-	-	-
Administrative (Regional):			
Indirect - Personal Services	206	-	206
Other Indirect	27	-	27
Administrative (Central Office):			
Depreciation	14	14	-
ADP Cost	2	2	-
Payments to FB Revolving Fund	112	112	-
Other Indirect	123	123	-
Personal Services	<u>211</u>	<u>211</u>	<u>-</u>
Total Expense	\$3,287**	\$1,178**	\$ 2,109
Gain or (Loss)	<u>\$ (15)</u>	<u>\$2,092</u>	<u>\$(2,107)</u>

* 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 \$260 thousand.

FEDERAL TELECOMMUNICATIONS FUNDRecord Program
Data CommunicationsStatement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
From Other Agencies:			
FTS Circuits for Data Transmission	\$2,973	\$2,973	\$ -
All Other Facilities	<u>1,426</u>	<u>1,426</u>	<u>-</u>
Total Income	\$4,399	\$4,399	\$ -
<u>EXPENSE</u>			
Common User Data Communications:			
Facilities	\$1,299	\$1,299	\$ -
Indirect - Personal Services -			
Regional Administration	35	35	-
Other Indirect -			
Regional Administration	34	34	-
Depreciation	<u>1</u>	<u>1</u>	<u>-</u>
Subtotal	1,369	1,369	-
Plus: Intercity Expense Allotted to Data Communications:			
For: Other Subscriber Agencies	<u>2,973</u>	<u>2,973</u>	<u>-</u>
Total Expense	\$4,342	\$4,342	\$ -
Gain or (Loss)	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ -</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 October 1, 1978 through September 30, 1979

	<u>Total</u>
<u>INCOME</u>	
Voice	\$12,398
Record	799
	<hr/>
Total Income	\$13,197
<u>EXPENSE</u>	
Voice:	
Personal Services	\$ 46
Circuit	12,200
Other Direct	3
Record:	
Personal Services	33
Circuit	763
Other Indirect Costs	51
Personal Services	72
	<hr/>
Total Expense	\$13,169
Gain or (Loss)	<u>\$ 28</u>

FEDERAL TELECOMMUNICATIONS FUND

Special Programs

Statement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
COMSEC and Related Nonsecure Programs:			
Recoverable at Actual Cost	\$ 546	\$ -	\$ 546
Recoverable at Fixed Rates	3,261	1,420	1,841
Emergency Facilities and Relocation Sites:			
Recoverable at Actual Cost (Region 3 Only)	609	-	609
Federal Disaster Assistance:			
Recoverable at Actual Cost	409	69	340
Executive Secure Voice Network:			
Sales, Recoverable at Fixed Rates	135	-	135
Sales, Recoverable at Actual Cost	13	-	13
	<hr/>	<hr/>	<hr/>
Total Income	\$4,973	\$1,489	\$3,484
<u>EXPENSE</u>			
COMSEC and Related Nonsecure Programs:			
Personal Services	\$1,778	\$ -	\$1,778
Facilities	1,626	1,379	247
Depreciation of Operating Equipment	88	-	88
Other Direct	432	18	414
Indirect Personal Services Administration	182	137	45
Other Indirect Costs Administration	35	29	6
Payments to FBF (Central Office Only)	42	42	-
Emergency Facilities and Relocation Sites:			
Personal Services	114	-	114
Facilities	194	94	100
Other Direct	201	168	33
ARS System Charges (Central Office)	28	28	-
Indirect Personal Services Administration	92	29	63
Other Indirect Costs Administration	20	10	10
Payments to FBF (Central Office Only)	72	72	-
Federal Disaster Assistance:			
Personal Services	31	-	31
Facilities	330	17	313
Other Direct	5	-	5
Indirect Personal Services Administration	49	48	1
Other Indirect Costs Administration	10	10	-
Executive Secure Voice Network:			
Personal Services	384	213	171
Facilities	108	82	26
Other Direct Costs	43	18	25
Indirect Personal Services Administration	40	34	6
Other Indirect Costs Administration	11	10	1
	<hr/>	<hr/>	<hr/>
Total Expense	\$5,915**	\$2,438**	\$3,477
	<hr/>	<hr/>	<hr/>
Gain or (Loss)	\$ (942)	\$ (949)	\$ 7

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 28 thousand.

FEDERAL TELECOMMUNICATIONS FUNDCommunications Management Information System
and SSADARS Network ServiceStatement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Washington</u>	<u>All Other Regions</u>
<u>Communications Manage-</u>			
<u>ment Information System</u>			
<u>Income</u>			
Revenue	\$ 314	\$ 314	\$ -
<u>Expense</u>			
Personal Services	105	105	-
Facilities Cost	5	5	-
Other Direct Costs	153	153	-
Indirect Costs -			
Personal Services -			
Regional Administration	30	30	-
Other Indirect Costs -			
Regional Administration			
and Central Office	19	19	-
Total Expense	<u>\$ 312</u>	<u>\$ 312</u>	<u>\$ -</u>
Gain or (Loss) -			
Communications Management			
Information System	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>
<u>SSADARS Network Service</u>			
<u>Income</u>			
Revenue	\$6,075	\$6,075	\$ -
<u>Expense</u>			
Related Costs	<u>6,075</u>	<u>6,075</u>	<u>-</u>
Gain or (Loss) -			
SSADARS Network Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FEDERAL TELECOMMUNICATIONS FUNDOther Programs
(Extended Service and Radio)Statement of Income and Expense
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>EXTENDED SERVICES PROGRAM</u>			
<u>Income</u> (Region 3)			
From Customer Agencies on a Ticketed Basis:			
Alaskan Service	\$ 2,321	\$ 2,321	\$ -
Hawaiian Service	1,354	1,354	-
Puerto Rican Service	2,227	2,227	-
Alaskan Intrastate Service	161	161	-
	<u> </u>	<u> </u>	<u> </u>
Total Income	\$ 6,063	\$ 6,063	\$ -
<u>Expense</u>			
Personal Services	\$ 520	\$ 2	\$ 518
Facilities Costs -			
Intercity Circuitry	287	190	97
Facilities Costs -			
Overseas Intercity	4,349	4,219	130
Overseas Intercity - FTS Costs	836	-	836
Indirect Personal			
Services - Administration	168	140	28
Other Indirect			
Costs - Administration	64	63	1
ADP Cost	2	2	-
	<u> </u>	<u> </u>	<u> </u>
Total Expense	\$ 6,226	\$ 4,616	\$ 1,610
Gain or (Loss) -			
Extended Services Program	<u>\$ (163)</u>	<u>\$ 1,447</u>	<u>\$ (1,610)</u>
<u>RADIO PROGRAM</u>			
<u>Income</u>			
From Customer Agencies	\$ 14	\$ -	\$ 14
<u>Expense</u>			
	<u>17</u>	<u>-</u>	<u>17</u>
Gain or (Loss)			
Radio Program	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (3)</u>

* As the major financial impact of this program is at the Central Office level regional balances have been consolidated.

FEDERAL TELECOMMUNICATIONS FUNDOther Programs
(National Teleconferencing Network)
(In Thousands)

For the Period October 1, 1978 through September 30, 1979

	<u>Total</u>	<u>Washington</u>	<u>All Other Regions *</u>
<u>Income</u>			
From Customer Agencies	\$510	\$406	\$104
<u>Expense</u>			
Conference Center	221	217	4
Conference Room	45	11	34
Local Conference Calls	84	11	73
Total	<u>350</u>	<u>239</u>	<u>111</u>
Gain or (Loss)	<u>\$160</u>	<u>\$167</u>	<u>\$ (7)</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.

Award Status of the
Competitive Procurement of PBX's
Program for December 1979

Region	Location	Main Station	Award Date	Contractor	Type PBX	Cutover Date	Type of Award	Present Value Adjusted Cost (Present Worth Analysis)	Cost Avoidance
7	Alburquerque, NH	500	9/76	Master, Com., Inc.	Northern Telecom SL-1	3/77	Purchase	\$531,891	\$500,000
4	Charleston, SC	240	11/76	Southern Bell	Dimension 2000	9/78	5 year/2 tier	\$1,284,089	-----
4	Fl. Lauderdale, FL	250	6/77	First Comm. Corp.	Rolm CBX	2/79	Lease/Purchase	\$326,194	\$254,216
10	Juneau, AL	80	8/77	Wire Comm. Corp.	Rolm CBX	2/2/79	Purchase	\$1,328,986	\$283,296
4	Wilmington, NC	320	9/77	Teletent Leasing Corp	Rolm CBX	4/78	Purchase	\$424,435	\$97,658
1	Bridgeport, CT	300	11/77	Int. Bus. Tel., Inc.	Rolm CBX	5/78	3 year lease/purchase	\$1,216,372	\$205,574
5	Homewood, IL	150	2/78	MIDCO, Inc.	OKI Dia-covery 3	2/15/78	Purchase	\$120,713	\$92,287
10	Anchorage, AL	2150	2/78	Anchorage Telephone Utility	Northern Telecom SL-1	2/1/79	Lease	\$2,539,077	\$1,986,570
7	Port Arthur, TX	100	2/78	Communications Corp. of America	Northern Telecom SL-1	6/1/79	Purchase	\$139,624	\$88,275

7	West New Orleans, LA	450	2/78	Fisk Telephone Systems, Inc.	RoIm CHX	4/78	Lease	\$330,917	\$166,362
4	Charlotte, NC	400	3/78	Telexent Leasing	RoIm CHX	11/78	Purchase	\$482,106	\$289,685
5	Hammond, IN	200	5/78	Livingston Comm., Inc. SI-1	Northern Telecom	3/79	Lease/Purchase	\$181,717	\$57,526
2	Floyd Bennett Field Brooklyn, New York	150	5/78	Teletronics, Inc.	Ericsson AND 562	4/79	Purchase	\$572,848	\$325,691
10	Pocatello,	100	6/78	Mountain States Tel.	Dimension 400	10/78	Lease	\$371,200	-----
3	New Castle, Del.	70	7/78	Diamond State Tel.	CENTREX CO	11/78	Lease	\$178,027	-----
5	Gary, Ind.	200	8/78	Livingston Comm. Inc. SI-1	Northern Telecom	7/79	Lease/Purchase	\$525,681	\$60,347
2	Olean, NY	50	7/78	United Telecom	RoIm CHX	3/12/79	Purchase	\$120,250	\$3,618
3	Johnstown, PA	300	8/78	General Tel. Co. of PA	CENTREX CO	10/78	Lease	\$499,943	-----
8	Hamdan, ND	60	9/78	Executone	Executone D1000 PUX	7/79	Purchase	\$89,985	\$8,298
9	West Los Angeles, CA	1000	11/78	COMPATI, Inc.	RoIm LCBX	11/12/79	Purchase	\$859,823	\$535,706
5	Lansing-East Lansing, Mich.	550	11/78	Michigan Bell Tele. Co.	CENTREX CO	9/79	Lease	\$1,038,304	-----

6	Waterloo, Iowa	24	12/78	Northwestern Bell Tele. Co.	711 PBX	2/79	Lease	\$57,130	-----
7	Farmington, NH	50	12/78	Bohur Tele. Interconnect Co.	NEAX 12	8/79	Purchase	\$159,085	\$38,038
7	San Angelo, TX	38	12/78	General Tele. Co. of the Southwest	RoIm CBX	11/79	Lease	\$157,771	-----
7	Amarillo, TX	450	12/78	Communications Northern Corp. of Amer. Telecom	SI-1 (primary) and OKI-KC- 260 (secondary)	TUA	Purchase	\$720,486	\$1,008,822
5	Carbondale, Ill.	60	1/79	General Tele. Co. of Illinois	FOCUS II CBX	7/79	Lease	\$322,649	-----
5	Madison, Wisc.	775	2/79	Wisconsin Tele. Co.	CENTREX CO	7/79	Lease	\$1,928,098	-----
8	Laramie, WY	60	2/79	Mountain Bell	Dimension 4000	7/79	Lease	\$87,260	-----
2	White Plains, NY	200	3/79	GTE of Stamford	GTD-1000	2/80	Purchase	\$769,842	\$149,444
3	Allentown, PA	225	4/79	General Sound Tele. Co., Inc.	WOMACK WTS 16-CBX	9/79	Purchase	\$658,369	\$3,344
3	Broomall, PA	200	5/79	GTE of Stamford	GTD-1000	2/80	Purchase	\$460,405	\$82,873
7	Fort Worth, TX (HUD)	200	8/79	Flak Tele. Systems, Inc.	RoIm HCBX	10/79	Lease/Purchase	\$432,153	\$791,158

9	Las Vegas, NV	500	8/79	Las Vegas Communications Inc. (LVC)	RoIm LCBX	2/80	Lease/Purchase	\$600,800	\$7,600
7	Alexandria, LA	200	7/79	Fisk Telephone Systems, Inc.	RoIm CBX (primary) RoIm SCBX (secondary)	1/80*	Lease/Purchase	\$995,083	\$310,977
7	Jonesboro, AR	75	7/79	Fisk Telephone Systems, Inc.	RoIm CBX	2/80*	Lease/Purchase	\$297,281	\$130,737
9	Redding, CA	500	11/79	Executone of Redding Incorp.	Executone D1000	5/80	Purchase	\$453,455	\$103,065
4	Savannah, GA	1000	12/79	Southern Bell	Dimensafon 2000	8/80	Lease	\$796,357	-----
						Total		\$21,262,049	\$7,681,167

Mr. STEED. Mr. Miller.

Mr. MILLER. No questions.

Mr. STEED. Mr. Roybal.

Mr. ROYBAL. No questions.

Mr. STEED. We will insert the justifications in the record at this point. We will recess until 2 o'clock.

[The information follows:]

Operating Expenses, ADTS
(Direct Only)

1980 Appropriation Enacted by Congress.
Adjustments:

	Perm. Pos.	Work- Years	Amount
1980 Appropriation Enacted by Congress.....	262	258	\$9,200
Adjustments:			
Proposed supplemental for pay increases.....			661
Transfer of Functions to Salaries and Expenses, ASSS.....	- 3	- 3	- 59
Transfer of Functions from Operating Expenses, FSS.....	62	62	1,861
1980 Revised.....	321	317	11,623
Estimated 1981.....	325	321	13,382
Changes from 1980 to 1981.....	+ 4	+ 4	\$41,759

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES-FISCAL YEAR 1981

	SUMMARY						INCREASE OR DECREASE FOR 1981					
	FY 1979 Act.		FY 1980 Est.		FY 1981 Est.		Total Changes		Program Changes		Other Changes	
	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount
1. Acquisition Services.....	149	\$5,252	190	\$6,871	190	\$6,870	-	\$ - 1	-	-	-	\$ - 1
2. Systems Engineering and Operations....	67	2,394	76	2,801	78	2,878	2	77	2	66	-	9
3. Policy and Planning.....	50	1,301	51	1,951	53	3,634	2	1,683	2	1,677	-	6
Total.....	266	\$9,527	317	\$11,623	321	\$13,382	4	\$1,759	4	1,745	-	\$ 14
Permanent Positions Established (Total).....	(322)		(321)		(325)		(4)		(4)		(-)	

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Direct obligational authority for FY 1981 is estimated at \$13,382,000, an increase of \$1,759,000 over the proposed authorized level for FY 1980. The increased funding requirements over FY 1980 consists of \$68,000 to provide increased support to the government-wide effort to implement competition in telecommunications acquisitions; \$70,000 to provide additional resources in the development and implementation of ADP and telecommunications acquisition policies and regulations; \$1,607,000 for reimbursements to the ADP Fund for support provided through the Federal Procurement Data Center to SA from 1980 through 1981; \$20,000 for increased payments to the Federal Buildings Fund for space; \$10,000 for full year cost of FY 1980 pay increase; and \$17,000 for increased cost of communications, printing, and other services; minus \$35,000 for one less paid day in FY 1981.

See each activity for prorated amount of Service Direction.

Operating Expenses, ADTS
(Direct Only)
SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981
(Dollars in Thousands)

	Acquisition Services Activity 1		Systems Engineering and Operations Activity 2		Policy and Planning Activity 3		Total	
	Po	By's	Po	By's	Po	By's	Po	By's
<u>Program Changes:</u>								
INCREASES:								
a. Reimbursement to the ADP Fund for support provided through the Federal Procurement Data Center transferred from DOD (P.L. 96-83).....	-	-	-	-	-	-	-	-
b. Increased support to implement competition in telecommunications procurements.....	-	-	2	2	-	-	2	2
c. Provide additional resources for the development and implementation of ADP and telecommunications acquisition policies and regulations.....	-	-	-	-	2	2	2	2
Total, Program Changes.....	-	-	2	2	2	2	4	4
<u>Other Changes:</u>								
INCREASES:								
a. Increased payment to Federal Buildings Fund for space.....	-	\$10	-	\$6	-	\$4	-	\$20
b. Full year cost of FY 1980 pay increases.....	-	2	-	7	-	1	-	10
c. Increase cost of communications, printing, and other services.....	-	6	-	4	-	.7	-	17
DECREASES:								
a. One less paid day.....	-	\$-19	-	\$-8	-	\$-6	-	\$-33
Total, Other Changes.....	-	\$-1	-	\$9	-	\$6	-	\$14
Total, Increases and Decreases 1981 Compared with 1980 Appropriation (Revised)	-	\$-1	2	\$77	2	\$1,683	4	\$1,759

Acquisition Services
(Dollars in Thousands)

	1979 Actual		1980 Estimate		1981 Estimate		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	135	\$4,753	177	\$6,346	177	\$6,345	-	\$ -1	-	-	-	\$ -1
Prototed Amount of Service Direction	14	479	13	525	13	525	-	-	-	-	-	-
Total resources	149	\$5,232	190	\$6,871	190	\$6,870	-	\$ -1	-	-	-	\$ -1

BACKGROUND

This activity provides for the overall management, control, and coordination of Government-wide programs and activities relating to the procurement of ADP and telecommunications equipment, software, maintenance, and related supplies and services; the implementation of Government-wide ADP and telecommunications standards programs; and the operation of Government-wide ADP resources sharing programs. The projected program for 1981 also provides for the management of reimbursable ADP procurement, teleprocessing services, data processing, and ADP equipment redistribution programs financed through the ADP Fund and reimbursable telecommunications procurement programs financed through the FT Fund.

JUSTIFICATION

A. Highlight. The Office of Agency Services and Procurement is responsible for providing for the economic and efficient acquisition of automatic data processing and telecommunications equipment, software, maintenance, and related supplies and services for Federal agencies. The overall management, control and coordination of Government-wide programs and activities relating to those responsibilities, including the standards enforcement and sharing programs are financed by this activity. Operating costs of the ADP equipment reuse/realization program, the teleprocessing services program, and the manpower and contractual services programs, which are reimbursable, 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 1979 will result in cost avoidance of \$54.2 million over systems life of three to six years on procurements in the amount of \$69.7 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.

Number of ADPE contracts awarded

1979	1980	1981
Act.	Est.	Est.
9	15	15

b. Contracts for telecommunications services and facilities negotiated and awarded by GSA during 1979 resulted in cost avoidances of \$3.8 million.

Number of communications contracts awarded

1979	1980	1981
Act.	Est.	Est.
17	15	14

c. During 1979 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 the past year, plus those negotiated and awarded in prior years that were still in effect in 1979, amounted to \$32.0 million.

Number of ADPE schedule contracts awarded

1979	1980	1981
Act.	Est.	Est.
119	363	363

d. The ADP resources sharing program operated by GSA to promote sharing of ADP resources by Federal agencies resulted in estimated cost avoidances of \$275.4 during FY 1979.

e. Excess owned and leased ADP equipment is redistributed for reuse/realization by other Government agencies, thereby avoiding new procurements. Through the efforts of GSA's ADP equipment reuse/realization program \$2.7 million in cost avoidances were realized during 1979. The magnitude of the ADP equipment reuse/realization program is as follows:

Acquisition value of	1979	1980	1981
ADP equipment redistributed (\$M)	348.4	383.2	421.5
Owned	272.2	299.4	329.3
Leased	76.2	83.8	92.2

Operating Expenses, ADTS
(Direct Only)

f. The Teleprocessing Services Program was established during 1977 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 payments discounts; (3) monitoring the use of teleprocessing contracts to ensure systems are efficient and (4) entering into Basic Agreements to simplify and standardize the procurement of services by negotiation.

B. Explanation of Changes, FY 1980 vs FY 1981

Other Changes include the following: Payment to the Federal Building Fund (\$30,000); Full year cost of FY 1980 pay increase (\$2,000); and increased other costs (\$6,000). This total increase of \$38,000 is offset by one less paid day in FY 1981 (\$19,000) resulting in a net decrease of \$1,000.

	1979	1980	1981
	Act.	Est.	Est.
<u>Teleprocessing Services</u>			
<u>Schedule Contracts</u>			
1. No. of Contracts	46	55	64
2. Value of services provided at commercial price (\$M)	111.2	144.0	177.0
3. Cost of services provided (\$M)	68.0	89.0	110.0
4. Cost avoidance (\$M)	43.2	55.0	66.0

	1979 Actual	1980 Program in		1981 Estimated	% Change
		1980 Budget	1981 Budget		
<u>Workload Factors</u>					
a. Delegations of Procurement Authority:	465	700	700	700	-
Requests received.....					
b. Procurement for Agencies:					
Number Contracts awarded other than 3rd Party	2	8	6	6	-
and Requirements Contracts.....					
Number 3rd Party Contracts.....	6	24	6	6	-
Number Requirements Contracts.....	1	25	3	3	-
c. ADP Schedule Contracts Awarded.....	119	365	363	363	-
d. Teleprocessing Schedule Contracts Awarded.....	46	42	55	64	+16.4
e. Procurement of Communications by Separate Contract					
Number Contracts Awarded	6	12	6	6	-
1. Systems.....	10	5	6	6	-
2. Interconnect.....	1	4	3	3	-
3. Circuits.....					
f. Basic Agreements (Teleprocessing Services)	92	110	105	110	+4.8
Offers received.....	92	105	100	105	+5.0
Agreements Consummated.....					
g. ADP Resources Sharing Program	4,000	4,400	4,400	4,400	-
Cases Reviewed.....					
h. Number of ADP/Communications Requests Reviewed.	1,997	3,000	2,900	3,000	+3.4
i. Reviews for Standards Compliance.....	658	600	400	400	

Operating Expenses, ADTS
(Direct Only)

Acquisition Services
EXPLANATION OF DISTRIBUTION BY OBJECTS

	1979	1980	1981	
11 Personnel Compensation and Staffing. - \$4,653,000. For 182 permanent positions (177.0 Workyears) distributed as follows:				
Central Office	149	149		
Field Offices	33	33		
Total Positions	182	182		
Workyears	135.0	177.0	177.0	
12 Personnel Benefits. - \$373,000 - Includes \$272,400 for direct contributions to the retirement fund, \$68,600 for health benefits, \$17,300 for group insurance, \$1,800 for FICA, \$8,900 for Accident Compensation, and \$4,000 for moving allowance.				
21 Travel and Transportation of Persons - \$84,000. - Provides \$79,000 for approximately 796 days of travel in connection with procurement functions, review of agency requirements, central office management activities, and travel associated with training. Includes \$1,000 for Motor Pool Services.				
22 Transportation of Things. - \$4,000 - For contractual charges related to movement of household goods.				
23 Rents, Communications, and Utilities. - \$648,000. - Includes \$218,900 for telephone service, \$18,900 for office machine rentals, \$31,600 for postage, \$60,200 for depreciation of furniture and equipment, \$318,000 for payments to the Federal Building Fund for space, and \$400 for services not included in standard space rental rates.				
24 Printing and Reproduction. - \$77,000 - Provides \$63,000 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. - \$408,000 - Includes \$13,700 for payments to commercial contractors for technical training; \$90,000 to the ADP Fund for procurement support provided through FEESIM; \$17,200 to other Government agencies for training, and security investigation and \$39,100 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges; and \$248,000 to the ADP Fund for compiler standards development support provided through the Federal Compiler Testing Center.				
26 Supplies and Materials. - \$102,000 - Includes \$13,800 for office supplies; \$57,000 for technical publications; and \$85,200 for operating supplies in support of the Electronics Testing Laboratory in Gaithersburg, Maryland.				

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by Objects.

SYSTEMS ENGINEERING & OPERATIONS
(Dollars in Thousands)

Operating Expenses, ADTS
(Direct Only)

	FY 1979 Act.		FY 1980 Est.		FY 1981 Est.		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	16	\$ 570	21	\$ 801	23	\$ 876	2	\$ 75	2	\$ 68	-	\$ 7
Prorated Amount of Service Direction	51	1,824	55	2,000	55	2,002	-	2	-	2	-	2
Total Resources	67	\$2,394	76	\$2,801	78	\$2,878	2	\$ 77	2	\$ 68	-	\$ 9

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 voice and data systems and activities for the overall management of telecommunications systems. This activity also provides for the overall management of reimbursable programs financed through the Federal Telecommunications Fund.

JUSTIFICATION

A. Highlight - The Office of Systems Engineering and Operations has the responsibility for planning and coordinating the development, design, establishment, acquisition, and operation of government-wide communications programs for Federal Civilian agencies. The overall management, planning, development, and coordination functions assigned to the Office of Systems Engineering and Operations 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 included under the heading "Federal Telecommunications program for which management is provided through this activity, as follows:

Total FY Fund Program Costs Funded (\$M)	1979		1980		1981	
	Actual	Estimated	Actual	Estimated	Budget	Estimated
	411.2	465.6	465.6	503.9		

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, primarily data, secondarily voice, and telegraph type communications, is being expanded in order to meet the 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 avoidance approximately \$240.8 million in FY 1979 compared to commercial costs. The duplication of basic telecommunications services are consistently avoided by the fulfillment of a large variety of agency requirements through the FTS networks. These requirements range from basic telephone and telegraph type services through high speed computerized data communications and include national and local disaster communication 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 telecommunications acquisitions and to expand the competitive acquisition of telecommunications on a nationwide basis.

Other changes include the following: increased payment to the Federal Building Fund for space (\$6,000); full year cost of FY 80 pay increase (\$7,000); and increased other costs (\$4,000). The total increase of \$17,000 is offset by one less paid day in FY 81 (\$8,000), for a net increase of \$9,000.

B. Explanation of Changes 1980 vs 1981

Program changes: An increase of 2 workyears and \$68,000 is requested to provide comprehensive support of a government-wide effort to implement competition in telecommunications acquisitions and to expand the competitive acquisition of telecommunications on a nationwide basis.

Other changes include the following: increased payment to the Federal Building Fund for space (\$6,000); full year cost of FY 80 pay increase (\$7,000); and increased other costs (\$4,000). The total increase of \$17,000 is offset by one less paid day in FY 81 (\$8,000), for a net increase of \$9,000.

	1979		1980		1981		Change
	Actual	Estimated	Budget	Estimated	Budget	Estimated	
Workload	17		17	15	15	15	-
Competitively procured telephone systems.....							

Operating Expenses, AUTS
(Direct Only)

SYSTEMS ENGINEERING & OPERATIONS
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$699,000 - for 22 permanent positions (23.0 Workyears) distributed as follows:

	1979	1980	1981
Central Office	18	20	22
Field Offices	—	—	—
Total Positions	18	20	22
Workyears	16.0	21.0	23.0

12 Personnel Benefits - \$78,000 - Includes \$58,700 for direct contributions to the retirement fund, \$14,000 for health benefits, \$4,000 for group insurance, \$100 for FICA, and \$1,200 for accident compensation.

21 Travel and Transportation of Persons - \$6,000 - Provides \$6,000 for approximately 66 days of travel in connection with engineering studies, central office management activities, and travel associated with training.

23 Rents, Communications, and Utilities - \$73,000 - Includes \$20,600 for telephone service, \$3,900 for office machine rentals, \$4,400 for depreciation of furniture and equipment, \$5,000 for postage, \$38,000 for payments to the Federal Building Fund for space, and \$1,100 for services not included in standard space rental rates.

24 Printing and Reproduction - \$31,000 - Provides \$1,700 for printing issuances and/or updating GSA handbooks, orders, forms and other recurring printing requirements, and \$1,300 for electrostatic copying, photographic services, and related distribution charges.

25 Other Services - \$13,000 - Includes \$6,070 for payments to commercial contractors for technical training; \$3,200 to other Government agencies for training and security investigations; and \$3,800 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.

26 Supplies and Materials - \$4,000 - Includes \$2,300 for office supplies, and \$1,700 for technical publications.

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by Objects.

Operating Expenses, ADTS
(Direct Only)

POLICY AND PLANNING
(Dollars in Thousands)

	FY 1979 Act.		FY 1980 Est.		FY 1981 Est.		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	48	\$1,846	48	\$1,890	50	\$3,572	2	\$1,682	2	\$1,677	-	\$5
Prorated Amount of Service Direction	2	55	3	61	3	62	-	-	-	-	-	1
Total Resources	50	\$1,901	51	\$1,951	53	\$3,634	2	\$1,683	2	\$1,677	-	\$6

BACKGROUND

This activity provides for the development and coordination of operating policies, procedures, regulations and procurement operations in the field of communications, data processing, ADP and telecommunications activities. Studies are made to determine the economic impact of ADP and telecommunications programs under development; programs of long-range applied research in fields of ADP and telecommunications equipment and facilities are coordinated; overall management of the Government-wide ADP and telecommunications management information systems is provided. This activity is also involved in regulatory representation consisting of negotiations with the communications industry and participation in regulatory proceedings on communications cases. The projected program for 1981 provides for coordinating the establishment of and providing management oversight for Federal Data Processing Centers financed through the ADP Fund.

JUSTIFICATION

A. Highlights - The Office of Policy and Planning is responsible for establishing and maintaining effective Government-wide policies, procedures, and regulations governing the management, procurement 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 of emerging programs and activities in the field of ADP and telecommunications; fostering more cost effective and systematic means of utilizing ADP and telecommunications requirements of the Federal agencies through long-range planning; activities addressed to specific ADTS program objectives; operating management information systems concerning Government-wide ADP and telecommunications systems; directing a program to promote services of Federal Data Processing Centers within and among executive agencies; and developing Federal policies and procedures for program management, regulations governing agency acquisition and use of ADP and telecommunications services.

Significant contributions in improving overall economy and efficiency in the acquisition and utilization of ADP and telecommunications in the Federal Government have been made. For example:

a. In response to changing Federal policies, agency service requirements and procurement practices, national level regulations have been implemented, establishing government-wide policies and procedures for the management, procurement, and utilization of ADP and telecommunications equipment, software and services. During FY 1979 these policies and procedures enabled ADTS to realize cost avoidance of approximately \$660.9 million in its various programs.

b. During FY 1979 ADTS has responded to 619 requests by OMB, Congress, GAO, Federal agencies and the public for statistical information regarding ADP activities within the Federal Government from the ADP Management Information System (ADP/MIS).

c. GSA participation in communications regulatory proceedings and intervention in communications rate cases resulted in cost avoidances of \$17.7 million for FY 1979, when compared to rates originally requested.

d. The Federal Data Processing Center (FDPC) Program provides centralized ADP support services to any Government agency. Two centers have been established, one at the Federal Software Exchange Center (FSEC) and the Federal Software Exchange Center (FSEC) are currently in operation by other agencies under a delegation of authority from GSA. In addition, GSA operates the Remote Access Multi-User System (RAMUS) which provides interactive time sharing services, the Federal Compiler Testing Center (FCTC), the Federal Conversion Support Center (FOSC), and a general support FDPC in Alaska which is operated by a GSA contractor. GSA is continuing its evaluation of existing and potential methods for processing ADTS work. A study of economic feasibility and agency requirements. Recently, the Federal Procurement Data Center was transferred to GSA from DOD by Public Law 96-83.

B. Explanation of changes, FY 1980 vs 1981

Program Changes: An increase of \$1,677,000 is required to provide additional resources in the development and implementation of ADP and telecommunications acquisition policy and regulation (\$70,000), and for reimbursement to the ADP Fund for support provided through the Federal Procurement Data Center transferred to GSA from DOD by Public Law 96-83 (\$1,607,000).

Other Changes include the following: increased present to the Federal Budget by \$1,000,000; increased FY 1980 costs for the increase of \$1,000,000; and increased other costs (\$7,000). This total increase of \$12,000 is offset by one less paid day in FY 81 (\$6,000), for a net ADTS increase of \$6,000.

Operating Expenses, ADTS

POLICY AND PLANNING

Workload Factors	1979 Actual	1980 Program in		1981 Estimated	% Change
		1980 Budget	1981 Budget		
a. Regulatory Issuances Processed	61	69	69	69	-
b. ADP Management Information System Requests Processed	619	625	500	400	-20.0
c. Rate Intervention	13	13	13	15	15.4
(1) Number of Cases completed	17.7	12.5	12.5	14.5	16.0
(2) Cost Avoidance (\$M)					
d. Technical/Economic Studies Performed	25	25	25	25	-
e. Long-range Planning Projects (On-going)	3	3	3	3	-

Operating Expenses, ADTS
(Direct Only)

POLICE AND PLANNING
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - \$1,485,000 - For 52 permanent positions (50.0 Workyears) distributed as follows:

	1979	1980	1981
Central Office	50	50	52
Field Offices	-	-	-
Total Positions	50	50	52
Workyears	48.0	48.0	50.0

12 Personnel Benefits - \$178,000 - Includes \$139,000 for direct contribution to retirement fund, \$30,000 for health benefits, \$5,000 for group insurance, \$1,000 for FICA, and \$3,000 for accident compensation.

21 Travel and Transportation of Persons - \$24,000 - Includes \$24,000 for approximately 240 days of travel in connection with participation in communications regulatory proceedings and intervention in communications rate cases, Central Office management activities, and travel associated with training.

23 Rents, Communications, and Utilities. \$177,000 - Includes \$48,100 for telephone service, \$12,100 for office machine rentals, \$10,200 for depreciation of furniture and equipment, \$9,000 for postage, \$97,000 for payments to the Federal Buildings Fund for space, and \$600 for services not included in standard space rental rate.

24 Printing and Reproduction - \$32,000 - Provides \$46,200 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; the Federal Register and Code of Federal Regulations; other recurring printing requirements; and \$5,800 for electrostatic copying, photographic services and related distribution charges; and other recurring printing requirements.

25 Other Services - \$1,646,000 - Includes \$13,500 for payment to commercial contractors for technical training; \$14,100 to other Government agencies for training; machine maintenance, relocation site costs and reproduction equipment usage charges; and \$1,607,000 for reimbursement to the ADP Fund for support provided through the Federal Procurement Data Center transferred to GSA from DOD by Public Law 96-83.

26 Supplies and Materials - \$10,000 - Includes \$5,000 for office supplies and \$5,000 for technical publications.

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by objects.

SERVICE DIRECTION
(Dollars in Thousands)

Operating Expenses, ADTS
(Direct Only)

	1979 Actual		1980 Estimate		1981 Estimate		Total Changes		Program Changes		Other Changes	
	Work- Years	Amount	Work- Years	Amount	Work- Years	Amount	Work- Years	Amount	Work- Years	Amount	Work- Years	Amount
Service Direction												
Distribution by Program:												
Acquisition Services.....	14	479	13	525	13	525	-	-	-	-	-	-
Systems Engineering & Operations..	51	1,824	55	2,000	55	2,002	-	-	-	-	-	-
Policy and Planning.....	2	55	3	61	3	62	-	-	-	-	-	-
Total.....	67	2,358	71	2,586	71	2,589	-	-	-	-	-	-

BACKGROUND

This activity provides overall direction and coordination for a comprehensive Government-wide program for the management, procurement, and utilization of automatic data and telecommunications equipment and services; 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, Central Office supervision is provided by the Regional Office Commissioners and in the regions by the Regional Office Administrators. The magnitude of programs supported by this activity are as follows:

Program Costs (\$000)

	1979	1980	1981
1. Operating Expenses, ADTS (Excluding Service Direction)	\$ 7,169	\$ 9,037	\$ 10,793
2. Automatic Data Processing Fund	87,612	117,781	120,150
3. Federal Telecommunications Fund	411,197	463,609	503,856
Total Programs	\$505,978	\$590,427	\$634,799
4. Service Direction	\$ 2,358	\$ 2,586	\$ 2,589
Percent Service Direction to Total Programs	0.47	0.44	0.41

JUSTIFICATION

The positions and funds requested for this activity in 1981 are distributed as follows:

	1979		1980		1981	
	Actual Pos.	Ant.	Estimated Pos.	Ant.	Estimated Pos.	Ant.
Overall Program Direction	9	315	9	358	9	358
Management of Regional Operations	30	1,004	30	1,105	30	1,105
Other Service Direction	31	1,039	30	1,123	30	1,126
Total	72	2,358	69	2,586	69	2,589

During 1979 the Automated Data and Telecommunications Service effected cost avoidances of approximately \$660.9 million in its various programs as follows:

Cost Avoidance (\$M)

- Program
- 1. Sharing of ADP resources (Estimated) \$275.4
- 2. Procurement of ADP and Telecommunications equipment services and facilities 54.2
- 3. Improved terms and conditions and amendments of ADP schedule contracts negotiated by GSA 32.0
- 4. Agencies' use of the ADP Fund to purchase ADPE 12.6
- 5. Reutilization of excess ADP equipment 2.7
- 6. Teleprocessing Services Program 43.2
- Subtotal, ADP \$420.1
- 7. FTS intercity service \$199.9
- 8. Circuit Procurement Program - Other agencies 19.4
- 9. Intervention in communications rate cases 17.7
- 10. Competitive procurement of telecommunications 3.8
- Subtotal, Communications \$240.8
- Grand Total \$660.9

B. Explanation of changes 1980 vs 1981

Other Changes: A net increase of \$3,000 is requested which consists of increased payments to the Federal Buildings Fund for space (\$2,000); full year cost of FY 1980 pay increase (\$1,000); and increased other costs (\$1,000). This increase is offset by a decrease for one less paid day in FY 81 (-\$1,000).

Operating Expenses, ADTS
(Direct Only)SERVICE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing. - \$1,364,000. - For 69 permanent positions (71.0 Workyears) distributed as follows:

	1979	1980	1981
Central Office	42	39	39
Field Offices	30	30	30
Total Positions	72	69	69
Workyears	67.0	71.0	71.0

12 Personnel Benefits. - \$206,000 - Includes \$149,800 for direct contribution to the retirement fund, \$40,000 for health benefits, \$8,400 for group insurance, \$2,800 for FICA, and \$5,000 for accident compensation.

21 Travel and Transportation of Persons. - \$46,000. - Includes \$47,000 for approximately 470 days of travel in connection with regional administration, central office management activities, and travel associated with training; and \$1,000 for Motor Pool services.

23 Rents, Communications and Utilities. - \$254,000. - Includes \$70,400 for normal telephone and teletype services, \$13,600 for postage, \$3,600 for office machine rental, \$15,500 for depreciation of furniture and equipment, \$150,000 for payment to Federal Building Fund for space, and \$900 for services not included in standard space rental rate.

24 Printing and Reproduction. - \$21,000. - Provides \$12,100 for recurring printing requirements, \$8,900 for electrostatic copying, photographic services, and related distribution charges.

25 Other Services. - \$83,000. - Includes \$16,400 for payments to commercial contractors, for technical training; \$17,000 to other Government agencies for training, health services, and security investigations; \$28,000 for payments to ADP Fund for data processing support; and \$21,600 to GSA funds for training, office machine maintenance, relocation site costs and reproduction equipment usage charges.

26 Supplies and Materials. - \$13,000. - Includes \$10,000 for office supplies, and \$3,000 for periodicals and technical publications.

Operating Expenses, ADTS
(Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	Actual 1979	Estimate 1980	Estimate 1981	Increases for 1981	
				Total	Other
Managerial.....	37	38	38	-	-
Economist.....	6	6	6	-	-
Engineers.....	11	11	11	-	-
Analysts.....	42	43	43	-	-
Specialists.....	92	142	142	4	4
Secular/Clerical.....	79	73	73	-	-
Sub-total.....	258	309	313	4	4
Part-time and Temporary Average Employment.....	8	8	8	-	-
Total.....	266	317	321	4	4

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SELECTED WORKLOAD DATA

Operating Expenses, ADTS
(Direct Only)

	1979 Actual	1980 Program in		1981 Estimated	% Change
		1980 Budget	1981 Budget		
1. Agency Services and Procurement Workload:					
a. Delegation of Procurement Authority:					
Requests received.....	465	700	700	700	-
b. Procurements for Agencies:					
Number Contracts awarded other than 3rd Party and Requirements Contracts.....	2	8	6	6	-
Number 3rd Party Contracts.....	6	24	6	6	-
Number Requirements Contracts.....	1	25	3	3	-
c. ADP Schedule Contracts Awarded.....	119	365	363	363	-
d. Teleprocessing Schedule Contracts Awarded.....	46	42	55	64	16.4
e. Procurement of Communications by Separate Contract:					
Number Contracts Awarded					
1. Systems.....	6	12	6	6	-
2. Interconnect.....	10	5	6	6	-
3. Circuits.....	1	4	5	5	-
f. Basic Agreements (Teleprocessing Services)					
Offers received.....	92	110	105	110	4.8
Agreements Consummated.....	92	105	100	105	5.0
g. ADP Resources Sharing Program					
Cases Reviewed.....	4,000	4,400	4,400	4,400	-
h. Number of ADP/Communications Requests Reviewed..	1,997	3,000	2,900	3,000	3.4
1. Reviews for Standards Compliance.....	658	600	400	400	-
2. Systems Engineering & Operations Workload:					
Competitively procured telephone systems.....	17	17	15	15	-
3. Policy and Planning Workload:					
a. Regulatory Issuance Processed.....	61	69	69	69	-
b. ADP Management Information System					
Requests Processed.....	619	625	500	400	-20.0
c. Rate Intervention					
(1) Number of Cases completed.....	13	13	13	15	15.4
(2) Cost Avoidance (\$M).....	17.7	12.5	12.5	14.5	16.0
d. Technical/Economic Studies Performed.....	25	25	25	25	-
e. Long-range Planning Projects (on-going).....	3	3	3	3	-

GENERAL SERVICES ADMINISTRATION

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

OPERATING EXPENSES

For expenses, not otherwise provided for, 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, ~~\$9,200,000~~ \$13,382,000

(Independent Agencies Appropriation Act, 1980)

Operating Expenses, ADTS
(Reimbursable Program)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in Thousands)

	<u>Permanent Positions</u>	<u>Work Years</u>	<u>Amount</u>
1980 Level of reimbursable services.....	0	0	\$ 50,000
1981 Level of reimbursable services.....	0	0	100,000
Change from 1980 to 1981.....	-	-	<u>\$ +50,000</u>

DIGEST OF BUDGET ESTIMATES FISCAL YEAR 1981

	Reimbursable Obligations				Increases or Decreases (-) for 1981					
	FY 1979		FY 1980		FY 1981		Total Changes		Other Changes	
	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount	Work Yrs	Amount
Reimbursable Programs	0	0	0	50	0	100	50	-	-	50
Permanent Positions Established (Total)	(0)		(0)		(0)		-		-	

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

The reimbursable program for FY 1981 is estimated at \$100,000 -- an increase of \$50,000 over the authorized level for FY 1980. The program in FY 1981 will be financed by interagency coordination of policy, regulatory, procedural and technical matters relating to information technology on a reimbursable basis for various government agencies requesting services.

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, ADTS
(Reimbursable Program)

REIMBURSABLE SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

21. Travel and Transportation of Persons - \$100,000. Provides \$100,000 for approximately 1,000 days of travel in connection with GSA Agency Liaison Officer program which provides sustained interagency coordination of policy, regulatory, procedural, and technical matters relating to information technology.

SUMMARY EXPLANATION OF CHANGES FOR FY 1981
(Dollars in Thousands)

Federal Telecommunications Fund

	Voice Program Activity 1	Record Program Activity 2	Circuit Procurement Activity 3	Special Programs Activity 4	Capital Outlay Activity 5	Total
	Po WY Amount	Po WY Amount	Po WY Amount	Po WY Amount	Po WY Amount	Po WY Amount
Program Changes:						
INCREASES:						
a. Increase required to handle projected increase in FTS traffic.....	\$13,882	-	-	-	-	\$13,882
b. Increase required to handle projected increase in record traffic.....	-	\$5,743	-	-	-	5,743
c. Increased circuit requirements.....	-	-	\$1,979	-	-	1,979
d. Increase in number pieces of equipment maintained.....	-	-	-	\$3,039	-	3,039
Total Increases.....	\$13,882	\$5,743	\$1,979	\$3,039	-	\$24,643
DECREASES:						
a. Reduction in Capital Outlay.....	-	-	-	-	\$-2,000	\$-2,000
Total Decreases.....	-	-	-	-	\$-2,000	\$-2,000
Total Program Changes.....	\$13,882	\$5,743	\$1,979	\$3,039	\$-2,000	\$22,643
Other Changes:						
Increase necessary to maintain current levels:						
a. Tariff increases.....	\$11,781	-	\$ 283	-	-	\$12,064
b. CSN termination liability.....	-	\$5,442	-	-	-	5,442
c. Increased payments to Federal Building Fund (for space).....	159	12	-	-	6	177
d. Full year cost of FY 1980 Pay Increase.....	36	5	-	-	4	45
Total Increase.....	\$11,976	\$5,459	\$ 283	-	\$10	\$17,726
DECREASE:						
a. One less paid day in FY 1981.....	\$ -99	-13	-	-10	-	\$ -122
Total Decrease.....	\$ -99	-13	-	-10	-	\$ -122
Total other Changes.....	\$11,877	\$5,446	\$ 283	-	-	\$17,604
Total 1981 compared to 1980.....	\$25,757	\$11,189	\$2,262	\$3,039	\$-2,000	\$40,247

SUMMARY JUSTIFICATION OF FY 1981 ESTIMATES

Federal Telecommunications Fund

BACKGROUND

The Federal Telecommunications Fund was authorized by Public Law 87-807, approved October 23, 1962. It finances, on a reimbursable basis, telecommunications systems for the Federal Government which are not otherwise covered by the Federal 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 systems. The initial capital of \$9 million appropriated in 1963, was increased by \$20 million appropriated in 1977 and \$5 million appropriated in 1980. 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 of the Government. To provide for competitive procurement of telecommunications services and equipment, an additional \$5.0 million in appropriated capital is requested. Total program costs for 1979 were \$410.0 million and are estimated at \$438.2 million in 1980 and \$501.4 million in 1981.

1. Voice Program - Provides for a telephonic system which enable personnel in each Federal agency to communicate directly with any other person in the Federal Government. The program provides today services and incorporates features which would be necessary in emergency situations. In addition, this program finances reimbursable services in support of other agencies dedicated requirements. Total funded program costs for 1981 are projected to increase from \$139.9 million in 1979 to \$150.0 million in 1980 and \$170.0 million in 1981. The increase is due to additional equipment and facilities required to handle an anticipated increase in traffic volume of 16 million intercity calls, \$11.8 million for normal tariff increases, and \$2.2 million other miscellaneous increases, offset by a \$1.1 million reduction in other costs. \$984 million for 1979 were \$360.4 million and are estimated at \$396.4 million in 1980 and \$456.4 million in 1981. Total program costs for the Federal Telecommunications System calls were 212 million in 1979 and are estimated at 230 million in 1980 and 246 million in 1981.

2. Record Program - Provides a common unified records communications system to satisfy record communication requirements of the Federal Government by providing machine-readable 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- and language translation, and processing of multiple messages. Total program costs for 1979 were \$148.3 million and are estimated at \$149.3 million in 1980 and \$112.2 million over 1980. The increase consists of \$5.7 million for additional circuitry and facilities to handle projected increases in record traffic and \$5.5 million for circuit switching network termination costs. Total sales for this program are projected to increase from \$31.4 million in 1979 to \$38.5 million in 1980 and \$30.1 million in 1981.

3. Circuit Procurement Program - Provides for centralized procurement of circuits and related equipment for civil agencies 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 1981 are projected to increase from \$2.0 million for increased circuit requirements and \$.3 million for normal tariff increases. Sales are projected to increase from \$13.2 million in 1979 to \$14.1 million in 1980 and \$16.4 million in 1981.

4. Special Programs - Provides for an effective communications security program for civil agencies including GSA in connection with the objectives of the U.S. communications security plan, and a consolidated program of procurement and maintenance of equipment 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 for the support of the Federal Emergency Management Agency in the event of a disaster. Total funded program costs for 1981 are projected at \$9.9 million, an increase of \$3.0 million over 1980. The increase consists of \$3.0 million to handle an increase of 1300 in the number of pieces of equipment maintained. Total sales for 1979 were \$5.0 million and are estimated at \$7.2 million in 1980 and \$10.2 million in 1981.

5. Capital Outlay - Provides the capital for the purchase of telecommunications equipment where an initial capital outlay will be required. The major cost provision of services and facilities. Also provided are the major cost provisions of telecommunications security and related maintenance support equipment in support of telecommunications networks. The funded costs for 1981 are projected at \$5.0 million, a decrease of \$2.0 million from the outlay projection for 1980. The decrease is due to capital outlay requirements planned for 1980 in the Record Program that will not recur in 1981.

Operating results and financial condition - At the end of 1979, the net investment in the fund is \$28.7 million, composed of \$29.0 million appropriated, \$0.2 million donated assets capitalized, less \$1.1 million unencumbered leave liability. Following the close of each fiscal year, the unencumbered leave liability is made provision of any prior year losses, are deapported 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, purchase, equipment and operating facilities (including cryptographic devices, 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, prison costs) charged to the fund and covered by advances or other transfers to the fund, and (2) refunds or recoveries resulting from the disposal of property included in the fund (including the net proceeds of disposal of excess or surplus property, and receipts from carriers and others for loss 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 Workyears)

Principal Categories	Actual 1979	Estimates		Increases for 1981		Other
		1980	1981	Total	Program	
Managerial.....	10	10	10	-	-	-
Professionals.....	333	333	333	-	-	-
Telecommunications Operations.....	1,125	1,171	1,171	-	-	-
Technicians.....	62	68	68	-	-	-
Clerical.....	233	233	233	-	-	-
Sub-Total.....	1,763	1,815	1,815	-	-	-
Part-Time and Temporary Average Employment	117	160	160	-	-	-
Total.....	1,880	1,975	1,975	-	-	-

Federal Telecommunications Fund

SELECTED WORKLOAD DATA

	Actual 1979	1980 Budget	1980 Program in 1981 Budget	1981 Estimate	Percentage of Increase or Decrease over 1980 Column of 1981 Budget
1. Voice Program Workload Financed by Reimbursements:					
a. Number of Intercity FTS Calls (Millions).....	211.6	214.0	230.0	246.0	+7.0
b. Number of Circuits Managed - Total.....	59,632	60,318	61,750	65,370	+5.9
c. Number of Telephone Instruments (Local Service Only).....	490,464	486,000	515,000	530,000	+2.9
d. Number of Full Service Systems.....	279	281	286	291	+1.7
e. Number of Intercity Only Systems.....	143	130	130	134	+2.7
2. Record Program Workload Financed by Reimbursements:					
Originated and Terminated Data Traffic Word Volume (Millions).....	6,384	6,654	7,908	8,320	+5.2
3. Circuit Procurement Program Workload Financed by Reimbursement: Number of Circuits.....					
TOTAL.....	59,632	60,318	61,750	65,370	+5.9
a. Dedicated.....	7,733	7,318	7,750	8,870	+18.3
b. GSA.....	51,899	53,000	54,000	56,500	+ 8.6
4. Special Programs Workload Financed by Reimbursements:					
Number Pieces of Equipment Maintained.....	7,500	7,700	8,600	9,900	+15.1

GENERAL SERVICES ADMINISTRATION

FEDERAL TELECOMMUNICATIONS FUND

To increase the capital of the Federal Telecommunications Fund, established by section 110 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 757), \$5,000,000.

(Independent Agencies Appropriation Act, 1980)

AUTOMATIC DATA PROCESSING FUND
(Dollars in thousands)

Income/Cost Comparison

	Actual 1979	Change 79 vs 80	Program FY 1980	Change 80 vs 81	Estimate FY 1981
1. Income.....	\$95,408	\$23,669	\$119,077	\$ -2,147	\$116,930
2. Program Costs, Funded.....	\$87,612	\$30,169	\$117,781	\$ 2,369	\$120,150
Plus Depreciation.....	16,466	-4,170	12,296	-4,516	7,780
Lease Capital Outlay.....	9,867	1,133	11,000	-	11,000
Program Costs.....	\$94,211	\$24,866	\$119,077	\$ -2,147	\$116,930
3. Profit/Loss (Current Year Operations)....	\$ 1,197	\$-1,197	-	-	-
Net Outlays	\$-2,052	\$ 4,455	\$ 2,403	\$ 4,532	\$ 6,935

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FY 1981

Activities	FY 1979		FY 1980		FY 1981		Total Changes		Increase or Decrease () for 1981		Other Changes - / + Yr. Amount
	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	
1. Data Processing Programs											
a. Teleprocessing Services Programs.....	30	\$47,092	46	\$62,400	46	\$63,000	-	\$ 600	-	\$ 598	\$ 2
b. Federal Data Processing Centers.....	16	4,719	46	11,608	35	11,968	12	357	12	323	34
c. Manpower Services.....	137	3,086	117	3,602	145	3,602	-	18	-	18	18
d. Data Processing Services Contracts.....	51	22,300	55	28,522	65	28,522	-	433	-	330	103
Sub-Total Data Processing Programs	204	\$77,197	274	\$105,730	286	\$107,138	12	\$1,408	12	\$1,251	\$ 157
2. Lease Program											
a. Administrative Costs.....	10	\$ 262	10	\$ 297	10	\$ 297	-	\$ -	-	\$ -	\$ -
b. Multiyear Lease Contract Program....	10	286	10	734	10	1,695	-	961	-	961	961
Sub-Total Lease Programs.....	10	\$ 548	10	\$ 1,031	10	\$ 1,992	-	\$ 961	-	\$ 961	\$ 961
3. Capital Outlay											
a. Data Processing.....	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
b. Lease Program.....	-	\$ 9,867	-	\$ 11,000	-	\$ 11,000	-	\$ -	-	\$ -	\$ -
Sub-Total Capital Outlay.....	-	\$ 9,867	-	\$ 11,000	-	\$ 11,000	-	\$ -	-	\$ -	\$ -
Total Program Costs Funded.....	214	\$87,612	284	\$117,781	296	\$120,150	12	\$2,369	12	\$2,212	\$ 157
Permanent Positions Established	(282)		(287)		(299)		(12)		(12)		(-)

Automatic Data Processing Fund
 SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981
 (Dollars in thousands)

	Data Processing Activity 1		Lease Program Activity 2		Capital Outlay Activity 3		Total	
	Fo	By 's Amount	Fo	By 's Amount	Fo	By 's Amount	Fo	By 's Amount
Program Changes:								
INCREASES:								
a. Increased Utilization of Teleprocessing Services Program.....	-	598	-	-	-	-	-	598
b. New FDPC transferred from DOD (P.L. 96-83).	12	323	-	-	-	-	12	323
c. Increase in Multiyear Lease Activity.....	-	-	-	961	-	-	-	961
d. Increase in Data Processing Services Contracts.....	-	330	-	-	-	-	-	330
Total Program Increases	12	1,251	-	961	-	-	12	2,212
Other Changes:								
Increase and Decreases Necessary to Maintain Current Levels								
a. Increased Payment to Federal Building Fund (SLUC) for space.....	-	178	-	-	-	-	-	178
b. Decrease due to one less paid day.....	-	-34	-	-1	-	-	-	-35
c. Full Year Cost of 1980 Pay Act.....	-	13	-	1	-	-	-	14
Total Other Changes.....	-	157	-	-	-	-	-	157
Total 1981 Compared with 1980.....	-	1,408	-	961	-	-	12	2,369

BACKGROUND

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 service centers and related functions.

Budget Program - The estimate provides for a continued increase in the quality of ADP services provided during 1980 and 1981. Sales are estimated to increase from \$95,408,000 in 1979 to \$119,077,000 in 1980 and decrease to \$116,930,000 in 1981.

1. **Data Processing** - This activity finances the operation of a 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; project manager and consultant services; computer performance evaluation and simulation; computer system conversion support; general purpose software; and a full range of commercially acquired data processing services including programmer analyst 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 including the Federal Procurement Data Center transferred to GSA from GSA's Public Law 96-33, or by delegation, and a GSA policy guidance. The Federal Data Processing Center program provides centralized ADP support services to any Government agency. Two centers, The Federal Computer Performance Evaluation and Simulation Center (FEDSIM) and the Federal Software Exchange Center (FSEC) are currently in operation by other agencies under a delegation of authority from GSA. In addition, GSA operates the Remote Access Multi-User System (RAMUS), which provides interactive time sharing services, the Federal Conversion Support Center (FVSC), the Federal Compiler Testing Center (FCTC), and a general support center. GSA is continuing its operation of statistics and potential Federal data processing centers. Additional FDPC's will be established if justified based upon studies of economic feasibility and agency requirements.

Total funded costs for 1981 are projected at \$107,158,000 an increase of \$1,408,000 over 1980. This amount is \$298,000 less than the \$1,074,000 projected for 1981. The program is projected to receive \$323,000 for operation of the new Federal Procurement Data Center; \$330,000 for increased payments to commercial contractors for data processing services; and \$157,000 for other increases necessary to maintain current levels of operation. Income is projected to increase from \$78,749,000 in 1979 to \$105,833,000 in 1980 and \$107,243,000 in 1981.

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. The program also provides for the leaseback of ADP equipment to Federal agencies. For 1981, the program is projected to receive \$961,000 from multiyear lease payments. Income is projected to decrease from \$16,659,000 to \$13,224,000 in 1980 and to \$9,687,000 in 1981. The decrease in income is a result of equipment purchased in past years being fully depreciated.

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 were \$9,867,000 and are projected to increase to \$11,000,000 in 1980 and 1981.

Operating Results and Financial Condition. At the end of 1979, the net investment of the fund is \$42,800,000, composed of \$30,000,000 appropriated, \$10,700,000 donated assets capitalized; \$1,700,000 revaluation of equipment capitalized at fair market value, and \$400,000 reserve for unanticipated discontinuance of equipment. 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
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 Workyears)

	Actual 1979	Estimate		Increases for 1981	
		1980	1981	Total	Other
Managerial & Administrative Direction.....	8	11	11	-	-
Contract Specialist.....	15	20	20	-	-
Financial Analyst.....	15	15	15	-	-
Computer Specialist.....	126	169	179	10	10
Computer Equipment Analyst.....	9	10	10	-	-
Secretarial/Clerical.....	34	41	43	2	2
Sub-Total.....	207	266	278	12	12
Part-Time and Temporary Average Employment.....	7	18	18	-	-
Total.....	214	284	296	12	12

Automatic Data Processing Fund

SELECTED WORKLOAD DATA

Activity and Principal Workload	Actual 1979	1980 Program in		1981 Estimate	Percentage of Increase or Decrease over 1980 Column of 1981 Budget
		1980 Budget	1981 Budget		
1. Data Processing Workload Financed by Reimbursements:					
a. Teleprocessing Services Program Gross Dollar Volume (\$M) Financed Through the ADP Fund.....	73.3	86.2	95.5	96.7	1.3
b. Federal Data Processing Centers					
(1) Interactive Timesharing Connect Minutes (RAMUS)....	1,763,000	2,661,700	3,120,000	3,276,000	5.0
(2) FEDSIM - Billable Hours.....	90,000	126,000	110,000	125,000	13.6
(3) Alaska-Billable Hours					
(a) Systems & Programming.....	1,544	-	14,560	14,560	-
(4) Federal Software Exchange					
(a) Abstracts Collected.....	230	200	350	200	-42.9
(b) Catalogue Subscriptions.....	776	1,500	1,000	1,250	20.0
(c) Number of Programs Sold.....	15	200	100	150	30.0
(d) Copies of Documentation Sold.....	83	400	150	200	33.3
(5) FCSC					
(a) Number of Evaluations.....	-	-	10	16	60.0
(b) Projects Completed.....	-	-	14	26	85.7
(6) FCTC - Validations Completed.....	33	-	50	70	40.0
c. Manpower Services					
(1) Billable Hours.....	122,200	167,000	164,700	164,700	-
d. Data Processing Services Contracts					
(1) Number of Contracts.....	54	35	55	58	5.5
(2) Billable Hours (Huntsville).....	736,275	860,000	1,104,400	1,656,600	50.0
2. Lease Program Workload Financed by Reimbursements:					
a. Leases Negotiated.....	7	13	7	7	-
b. Multiyear Lease Contracts Negotiated.....	-	-	-	2	-
c. Excess Equipment Leases Negotiated.....	13	37	13	20	53.8

ADP-30

THURSDAY, MARCH 13, 1980.

NATIONAL ARCHIVES AND RECORDS SERVICE

WITNESSES

ROWLAND G. FREEMAN III, ADMINISTRATOR
JAMES E. O'NEILL, ACTING ARCHIVIST OF THE UNITED STATES
JOHN J. LANDERS, EXECUTIVE DIRECTOR
CLAUDINE J. WEIHER, DEPUTY EXECUTIVE DIRECTOR
VIRGINIA P. BANISTER, DIRECTOR, BUDGET AND FINANCE DIVISION
ROBERT W. WELLS, ACTING DIRECTOR, INFORMATION SECURITY
OVERSIGHT OFFICE (GSA)

Mr. STEED. The committee will be in order.

The committee is in session this afternoon for further consideration of the 1981 budget requests of the General Services Administration. We now take up the budget request for the National Archives and Records Service. The operating expense appropriation to date for FY 1980 is \$80,446,000 with a pay increase supplemental pending of \$2,858,000, net transfers of \$39,000, and an unobligated balance of \$77,000, which brings the 1980 total to \$83,420,000. This amount excludes a \$3 million program supplemental request.

The budget estimate for FY 1981 is \$83,727,000, an increase from 1980 of \$307,000.

We again welcome Mr. Freeman, the Administrator of the GSA. You may present the people from the National Archives.

Mr. FREEMAN. I have with me Dr. O'Neill, who is the acting Archivist of the United States; John J. Landers, Executive Director; Claudine J. Weiher, Deputy Executive Director; Virginia P. Banister, Director, Budget and Finance Division, and Robert W. Wells, Acting Director, Information Security Oversight Office (GSA).

Dr. O'Neill will present the NARS budget but I would like to make a comment to follow up our discussions on the supplemental where we requested a utilization of the funds from the work that was supposed to be done in Mechanicsburg for which we would like to reprogram.

One of my greatest concerns, among a number within the National Archives area, has been the lack of what I consider an organized and cohesive research and development program in the areas of preservation, preservation of records dealing with microfilm, use of ultrafiche and many modern technologies which are available.

I have had a number of discussions with the management in the Archives and we are going to propose, during fiscal year 1980, the reprogramming of the money we asked you to allow us to reprogram in Mechanicsburg.

Even with that I would like to just have on the record what we would plan to do with it. We would like to use between \$600,000 and \$800,000 during fiscal year 1980 to get started in a research and development program.

The obvious impact of that start would flow into fiscal year 1981 but I am not yet satisfied that we have defined a long range research and development program within the National Archives nor do I desire to present what we would like to do in fiscal year 1981 until such time as we have a permanent archivist in the position so I can have the opportunity to discuss these proposals with him.

At that time we will come back, I believe, for a fairly large reprogramming to look at some of the research which is going to result in the deacidification program which is being examined, one of which is the Library of Congress.

Although we don't have a number which I am willing to propose at this time I did want to tell you what we would propose to do. It is not contained in the budget proposal that exists. Dr. O'Neill may wish to comment on it.

Mr. STEED. Dr. O'Neill, would you like to read your statement or just highlight it?

Dr. O'NEILL. I would like to read a brief statement, Mr. Chairman.

Mr. STEED. Before you do that, we will insert your biographical sketch in the record.

[The information follows:]

BIOGRAPHICAL DATA FOR DR. JAMES E. O'NEILL

Education

A.B. (1952) and M.A. (1954) in history, University of Detroit
Ph. D. in history (1961), University of Chicago
L.H.D. (honorary, 1975), St. Edward's University

Employment

Member of the History Department of the University of Notre Dame, 1957-1963
Library of Congress—European Manuscripts Specialist, 1963-1964; Specialist in American History and Editor "Guide to the Study of the United States of America" project, 1964-1965

Associate Professor History, Loyola University, Chicago, 1965-1969
Director, Franklin D. Roosevelt Library, Hyde Park, New York, 1969-1971
Special Assistant to the Archivist of the United States, 1971-1972
Deputy Archivist of the United States since 1972
Acting Archivist of the United States since September 1, 1979

Professional Activities

The author of articles in a number of journals, including the *Journal of American History*, *Victorian Studies*, the *Catholic Historical Review*, the *South Atlantic Quarterly*, *Prologue: The Journal of the National Archives*, *Indian Archives*, *College and Research Libraries*, and the *American Archivist*.

Co-author of *Episodes in American History* (Ginn, 1973)

Co-editor of *World War II: An Account of its Documents* (Howard University Press, 1976)

Named a Fellow of the Society of American Archivists in 1977 and has served as Chairman of the Society's Bicentennial Committee and of its Reference and Access Policies Committee.

Member of the Department of the Army Historical Advisory Committee of the Advisory Committee for the Historical Office of the U.S. Senate

Editor-in-Chief of *The International Journal of Archives*, the official journal of the International Council on Archives

OPENING STATEMENT

Dr. O'NEILL. 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 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 are economically stored and serviced 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.

Our fiscal year 1981 requests includes increases of \$987,000 to restore valuable records, \$2,342,000 for SLUC payments, \$462,000 for recurring reimbursable services and \$166,000 for common distributable costs.

These increases total \$3,957,000 and are offset by decreases from the fiscal year 1980 appropriation of \$3,650,000. The net increase requested in fiscal year 1981 is \$307,000. I thank you for the opportunity to make this brief opening statement and I and my colleagues would be very pleased to try to answer questions.

GAO REPORT

Mr. STEED. A GAO Report dated October 25, 1979 is very critical of the way you have handled the relationship between the appropriation and the trust funds that you administer.

Would you make some comment about how trust funds work and what you are doing to correct the problem pointed out in the GAO report.

Dr. O'NEILL. The trust fund is a trust revolving fund. The income comes from sales to the general public and others, and is primarily for the reproduction of documents and for the purchase of publications. In addition income is derived from admission fees in the Presidential Libraries and from the purchase of items at sales desks in the Presidential Libraries and in the National Archives Building.

The legislation permits a profit on the trust fund operations of 10 percent—a maximum of 10 percent. The GAO was critical of the trust fund on a number of grounds, including the mixture of work by individuals, some of which was trust fund work, some of which

was non-trust fund; and the individual might be paid from the appropriations or from the trust fund.

We have been trying to isolate those cases where the great proportion of an individual's work is trust fund, and take corrective action.

In some cases, particularly in the area of educational programs, the mix is such it is very difficult to do but we are making that kind of shift.

There are still certain outstanding legal disagreements with regard to the transfer of funds to the trust funds for services rendered to the appropriated fund essentially for copies of material.

We are negotiating currently with the General Accounting Office.

Mr. STEED. The GAO report also criticized the charges that you made to the Federal agencies for materials and services you furnished for the fiscal year.

Dr. O'NEILL. That is correct, Mr. Chairman.

Mr. STEED. Did you agree with this?

Dr. O'NEILL. We disagreed with that one because we felt that the alternative would be to have to come to the Congress and to obtain direct funding to subsidize the other agencies. We felt that the other agencies would perhaps be more frugal and sparing in their demands if they realized they had to reimburse us for this material.

RECORDS PRESERVATION PROGRAM

Mr. STEED. Turning to the Records Preservation Program and going into the status of it, what is the backlog you have for paper records, motion pictures and photographs?

Dr. O'NEILL. The backlog, as we are extrapolating it for the next year, would be approximately 13,700,000 running feet of black and white motion picture film, 3,725,000 running feet of color.

In addition, there are slightly under 8 million running feet of motion picture film in the presidential libraries.

That is a rather large backlog when you think of it in terms of numbers but we are talking about running feet—a relatively small unit of measurement. We expect over the following decade that we will be acquiring something in the vicinity of another 6 million running feet of motion picture film either in the National Archives or in the presidential library which will give us a total in the vicinity of about 31 million plus at the end of 1992.

Mr. STEED. Do you have a figure as to how this stacks up against what you have already taken care of?

Dr. O'NEILL. Of course we are talking here of motion picture film which is not nitrate film. It may be that what you are referring to is the nitrate film where we had the unfortunate fire a little over a year ago. In that case we expect that by the end of the current month we will have converted to safety-base film all of the nitrate motion picture film that we had stored in our vault facilities at Suitland.

The conversion process has been going on very smoothly, very rapidly and we are within a couple hundred thousand running feet of completing the process. We expect to be at that point in April.

MICROFILMING PROGRAM

Mr. STEED. In your micro-filming program, what progress are you making? Where do you stand on that?

Dr. O'NEILL. The National Archives has always done micro-filming. We are among the pioneers in doing this, starting in the 1940's. In recent years our program had fallen off. This year we agreed with the stimulus from the Administrator that we would do approximately one half million dollars worth of preservation micro-filming during fiscal year 1980 which meant some internal reprogramming of our preservation monies. We anticipate increasing that in fiscal year 1981 as well.

We anticipate doing approximately 6 million frames of micro-filming in fiscal year 1981 which represents something in the vicinity of \$1,200,000 of the preservation funds we are requesting for fiscal year 1981.

PROCESSING WORLD WAR II PAPERS

Mr. STEED. In the processing of the World War II papers and making them available for public examination, how far along are you?

Dr. O'NEILL. We are pretty well beyond the World War II period, Mr. Chairman. Of course, there are still some items from that period, essentially intelligence type items, which might compromise sources that are still classified but it is only a very small part of the World War II Records.

Our people are at present working in the period between World War II and the end of the Korean war. I say that in rather broad terms because the records are not filed on an annual basis so that in any given box of records you may be dealing with some material which is 1949 and others 1954.

They are moving as rapidly as possible to get on to the 20-year basis that Executive Order 12065 requires.

FAMILY HISTORICAL RESEARCH

Mr. STEED. One of the activities that has gone on for as long as you have been in Archives, I guess, has been this insatiable desire of people to trace their family trees. What are you doing in that field now?

Dr. O'NEILL. There are times when we feel we are deluged, Mr. Chairman. You have rightly stated there has long been an interest in this. We noticed a surge of interest even before the publication of Alex Haley's book and the TV series based on it.

The figures were going up for reference using the microfilming material and other material that you would use for doing family historical research.

The "Roots" phenomenon hit us as it hit other institutions like ours and further enhanced the desire of people to come and do research. That kind of research grew very, very rapidly, not only

here in the National Archives Building in Washington, but in the 11 regional branches that we have in different parts of the country, because we placed in all of those branches certain microfilm publications, notably the 1880 census and 1900 census material. The 1890 census material was burned up in a fire in 1921 in the Commerce Department Building. That has attracted people in great numbers to our facilities all over the country—southern California and Boston and Chicago and Forth Worth and elsewhere—to such an extent that perhaps as much as a third of our microfilm research business is now done in those branches rather than in the National Archives.

By having the films there in the branches we tapped a new market of people who could not afford to come to Washington to do this kind of research.

PRESIDENTIAL LIBRARIES

Mr. STEED. What about Presidential Libraries? Are they holding their public interest in terms of visitation and research?

Dr. O'NEILL. Attendance in the libraries tends to fluctuate over a several year cycle as they do with many tourist kind of attractions. They are very susceptible to things like oil crises and energy crises, so that in 1978-79 looking at the statistics, we seem to have reached a plateaued and tapered off a little bit after a peak of about a million and a half visitors down to slightly over a million.

However, the opening of the Kennedy Library in Boston—Boston itself is a city that has a large clientele for an institution like that—has shot the figures up again. I would say during the current year we may exceed that million and a half visitors a year.

Research visitations continue to grow, although we are not talking of people in the hundreds of thousands; of people only in the hundreds. It is a different kind of visitation.

Mr. STEED. Do you have any way to determine what part of your visitation is inspired by the museum feature of the presidential library as opposed to research?

Dr. O'NEILL. We keep statistics on both, Mr. Chairman. We keep statistics on the number of researcher cards which are issued and the number of daily research visits, on individuals coming into the research room each day which seems to us a most meaningful way to measure that research use; and separate figures for the people who come to the museum door of the institution—which may be the same door—but come in as museum visitors.

Since in all libraries, except the Johnson Library, there is an entrance fee, there is something of a double check.

PUBLIC PAPERS

Mr. STEED. We keep hearing more and more about the pros and cons of whether people in public office should be allowed to retain certain public papers and use them for writing books or whatever. Do you get involved in any of the proposed litigation of these problems.

Dr. O'NEILL. We get involved in some of the litigation occasionally. Certainly we are asked our views on the subject, what we think of it, of what an appropriate public policy should be in that area.

We always take the stand that a public official of the Executive Branch can legitimately take copies of materials that he worked upon. And indeed we have issued regulations which make that clear but we have been adamant that the official records should stay behind because they are the official records as defined in the law, and they belong not to the individual but, of course, to the people ultimately.

Mr. STEED. One thing that bothered me about that situation was if you deny the official the right to take the document or a copy of the document for whatever reason, especially to use it in something he wants to write, but you make it available to the entire public as we do under the Freedom of Information Act, you would be giving everybody else the privilege you would be denying him; wouldn't you?

Dr. O'NEILL. In some ways. Many of these items, of course, cannot be made available right away, obviously, if you are dealing with Cabinet level officials or the former President, because of the sensitivity of the documents in terms of national security or other matters.

But we have always felt that it is an area where it serves the public well to have people write their memoirs relatively soon after they have left office to get the story out.

Admittedly it may be a partisan story because individuals are writing as they saw it but even so these stories will tend to cancel each other out in time. Getting something in the record has always seemed to us to be worth allowing public officials to have copies of that kind of material to take with them.

We have certain problems, of course, where we are dealing with security classified material. We prefer that these materials stay in government hands.

Mr. STEED. The authority to classify or declassify is of no problem to you, is it?

Dr. O'NEILL. Under Executive Order 12065 the number of agencies which have the authority to classify is limited. The number of individuals who have that authority is also very limited, and the Information Security Oversight office, whose budget is a part of ours, does attempt to maintain a close control over the numbers of people in the different agencies who have that authority. It is difficult to do, of course.

FREEDOM OF INFORMATION ACT REQUESTS

Mr. STEED. Many of our agencies, especially your agency, are faced with an increased demand for manpower to respond to these Freedom of Information Act requests after that legislation. What is your situation now?

Dr. O'NEILL. We do not have quite that kind of demand, Mr. Chairman, since we, like the Library of Congress, which is not covered by those acts, are in the information purveying business as such. That is one of the reasons we exist.

Though we do get Freedom of Information Act requests for fairly recent and somewhat sensitive material—a case in point would be the official record of the Watergate Special Prosecution Force—by

and large, the requests for information we receive come as normal reference requests and do not cite the Freedom of Information Act.

We do not follow those same deadlines or the many other elaborate procedures. We have our own procedures for being responsive but only a minute portion of our information requests refer to the Freedom of Information Act.

Mr. STEED. Mr. Miller.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

Mr. MILLER. Thank you, Mr. Chairman.

Dr. O'NEILL, you speak of grants that you make for historical publications and records projects as recommended by the National Historical Publications and Records Commission. Can you give us some background on the grants, who receives them and in what amounts?

Dr. O'NEILL. The National Historical Publications and Records Commission was created in 1934 at the same time the original National Archives was created. Initially it was a body without any grant-making authority. Since it had no funds it merely recommended that certain editorial projects would be desirable for someone to undertake, either government or private university professors.

In the early 1960s, however, through the instrumentality of Chairman Brooks, a very small grant program was inaugurated. That program is now operating with an authorization of \$4 million a year. The law was amended in the early 1970s to go beyond documentary editing and to include what are called records grants, grants to State and local institutions, including universities, to enable them to bring records under proper archival control and to make available to scholars and citizens material that otherwise might be lost simply because it was decaying in attics.

The grant program thus is a two-sided one. Approximately half of the \$4 million that is granted each year goes for publication projects and those projects start with the Adams Family papers, the Jefferson papers, the Madison papers, the Founding Father projects and go down into the 20th century where we are increasingly trying to get into projects which are not exclusively white Anglo-Saxon or male. For example, we have projects related to Jane Addams as well as Frederick Douglass and Booker T. Washington, among others.

In addition, we have made grants to a number of universities and historical societies.

In the case of the Cincinnati Museum association, a grant was awarded to process the records of the historical association. This is a very old organization.

In the case of Western Reserve Historical Society, a grant was awarded for a microfilm project related to the Consumer League of Ohio papers which were deposited with the society.

Mr. MILLER. Is that two pages of grants?

Dr. O'NEILL. It is a relatively long list.

Mr. MILLER. We don't want to fill the record and create a big problem in spending money to publish this if it is not necessary.

Mr. FREEMAN. We have a news release. We will be glad to provide you a copy of it.

[The information follows:]

News Release

March 6, 1980

#8106

\$1.1 Million Awarded for American History Projects

The award of \$1,111,222 in federal grants for the preservation, publication, and use of American historical records has been announced by the National Historical Publications and Records Commission.

The commission is an affiliate of the General Services Administration's National Archives and Records Service. It meets three times a year to make grants.

Historical record projects in 16 states were awarded a total of \$520,734 while the remaining \$590,488 went to 26 publication projects.

The commission awarded a grant of \$7,000 to the National Governors' Association to assist in the preservation and administration of gubernatorial records in all 50 states. An equal amount was given to the National Center for State Courts to help draft guidelines for state court archives and to the Eleutherian Mills Historical Society in Greenville, Del., to study the establishment of a regional archival center.

The commission also funded an important photographic preservation project of the Colonial Williamsburg Foundation. The foundation was awarded \$14,384 to duplicate 11,000 endangered photographs

MORE



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from the 1920s and '30s which document the restoration of Colonial Williamsburg and 18th-century American architecture. The project will use an innovative copying system to produce 35-millimeter microform negatives.

New publication projects include a microfilm edition of the papers of pioneer filmmaker D. W. Griffith, housed at the Museum of Modern Art in New York City. The project, being conducted by the University of Louisville, was awarded \$25,802.

The University of California at Berkeley was awarded \$22,103 for a comprehensive microfilm and selected book edition of the papers of Emma Goldman, social reformer and anarchist.

Records Grants

National Governors' Association, Washington, D.C.: an offer of up to \$7,000 for a planning and consultant project to develop a program to improve the administration, preservation, and use of governors' records throughout the United States.

Eleutherian Mills-Hagley Foundation, Greenville, Del.: \$7,183 for a feasibility study and pilot program to establish a regional processing center in the Mid-Atlantic states.

National Center for State Courts, Williamsburg, Va.: an offer of up to \$7,000 for a nationwide court records retention survey and guidelines project.

Western Council of State Libraries, Salem, Ore.: a supplementary grant of \$2,500 for its Western States Materials Conservation study and planning project.

National Association of State Archives and Records Administrators: \$28,250 for a national conference to develop recommendations for the future operation of a state mechanism in the NHPRC's historical records program.

Western Washington University, Bellingham: \$15,000 to complete the Pacific Northwest Public Power Records Project.

MORE

Society for Research in Child Development, Berkeley, Calif.: \$24,383 to locate, identify, preserve, and make available the records of individuals and organizations important in the field of child development prior to World War II.

New England Document Conservation Center, Andover, Mass.: \$9,650 for conservation seminars and workshops in New York, New Jersey, and New England.

State Historical Society of Wisconsin, Madison: \$84,540 for the second phase of the Midwest Archives Guide Project, an interstate cooperative project to develop common descriptive methods and a shared information base for public records in the state archives systems in Minnesota, Wisconsin, Illinois, and Indiana.

Bowdoin College, Brunswick, Maine: \$7,792 to prepare and store duplicate negatives and prints for the Donald B. MacMillan nitrate negatives in the Peary-MacMillan Arctic Museum. The collection documents MacMillan's numerous Arctic expeditions from 1908 to 1954.

Massachusetts Committee for the Preservation of Architectural Records, Cambridge: \$20,482 (partial match) to conduct a field survey of architectural records in private hands in the Greater Boston area.

Maryland Historical Society, Baltimore: \$25,650 to preserve, reproduce, and catalog selected glass negative photograph holdings.

Minnesota Conference of the United Church of Christ, Minneapolis: \$17,472 (matching) to inventory records of conference churches, including mid-19th-century records relating to German immigration and other aspects of the state's social and religious history.

State of Hawaii: a \$5,000 matching offer to deacidify, mend, and encapsulate 19th-century maps in the State Survey Office. The maps confirm boundaries, roads, shorelines, and geographical features.

Merrimack Valley Textile Museum, North Andover, Mass.: a \$13,085 matching offer to inventory and begin work on a guide to the manuscript holdings of the museum. The collections include business records of textile manufacturing and textile machinery companies, trade associations, land and water power companies, and records of individual chemists, weavers, dyers, inventors, and fiber scientists.

University of Southern Alabama, Mobile: a conditional offer of \$18,870 to preserve and make available negatives from the Erik Overbey Collection, a large commercial photograph collection documenting the history of Mobile since the 1880s.

MORE

Bayliss Public Library, Sault Ste. Marie, Mich.: a conditional offer of \$8,844 to arrange and describe archival materials, including collections relating to shipping, mining, fishing, and fur trading in the Great Lakes during the 19th century, and the involvement of Indians in these industries.

Whatcom Museum of History and Art, Bellingham, Wash.: \$12,225 to preserve and make available two collections in the museum's photographic archives. The Wilbur Sandison Collection provides a visual record of the growth of Northwest Washington, 1900-45, and the Darius Kinsey Collection documents the history of the logging industry in the Northwest, 1885-1940.

Trinity Church, New York City: an offer of up to \$2,000 for a consultant to assess the value and general content of the church's archival holdings and assist in outlining a plan of work for their arrangement and description. The collection contains documents relating to religious and social work, immigration, and urban demographic trends in New York City.

Sul Ross State University, Alpine, Tex.: \$15,294 to arrange and describe the manuscript collections of the West Texas Historical and Scientific Society and to prepare a guide to the holdings of the Archives of the Big Bend. The records reflect patterns of settlement and growth and the development of mining and ranching in rural West Texas.

The Suquamish Tribe, Suquamish, Wash.: \$13,720 to catalog the tribe's photographic collection documenting various aspects of Suquamish history and culture over the past 100 years, particularly in the first half of the 20th century.

Colorado State University, Fort Collins: \$21,675 (partial match) to survey the records of Colorado agricultural organizations as an initial step toward establishing a central repository for agricultural records in the state.

Iowa Labor History Oral Project, Iowa Federation of Labor AFL-CIO, Des Moines: \$6,900 to locate and accession selected Iowa labor records.

Boulder Public Library, Colorado: a conditional grant of \$15,043 to survey photograph collections in Boulder County to determine content and condition, appraise preservation needs, and give advice on improved care and maintenance.

MORE

City of Portland, Ore.: \$77,687 for the third and final stage of its City Archives Project.

Mississippi Regional Archives #1, Columbus: a conditional grant of up to \$35,000 to inventory and draft retention and disposition schedules for county records. This is a pilot project toward improved local records programs in Mississippi.

Chapman Historical Museum, Glens Falls, N.Y.: \$4,105 to arrange, describe, and make available for use the records of the Glens Falls Insurance Company.

Colonial Williamsburg Foundation, Williamsburg, Va.: \$14,384 to duplicate 11,000 endangered photographs (1920s-30s) documenting 18th-century American architecture and the restoration of Colonial Williamsburg. The project will use an innovative copying system to produce 35-millimeter microform negatives.

Publications Grants

University of Wisconsin at LaCrosse and Florida State University, Tallahassee: \$17,875 for the "Papers of Black Abolitionists."

Vanderbilt University, Nashville, Tenn.: \$52,125 for the "Correspondence of James K. Polk."

University of Maryland, College Park: \$79,100 for "Freedmen and Southern Society."

Ulysses S. Grant Association and Southern Illinois University, Carbondale: \$32,515 for the "Ulysses S. Grant Papers."

South Carolina Department of Archives and History, Columbia: \$35,867 for the "Papers of John C. Calhoun."

New Jersey Historical Commission, Trenton: \$27,625 for the "Papers of William Livingston."

University of Maryland, College Park, and Pace University, New York City: \$55,000 for the "Samuel Gompers Papers."

MORE

United States Naval Academy, Annapolis, Md.: \$25,555 for the "Papers of John Paul Jones."

Rice University and Jefferson Davis Association: \$30,000 for the "Papers of Jefferson Davis."

University of Maryland, College Park: \$31,590 for the Booker T. Washington Papers."

Klein Independent School District, Spring, Tex.: \$20,000 for the "Papers of Carlos Montezuma."

University of Virginia, Charlottesville: \$5,982 for the "Papers of George Washington."

University of Pennsylvania, Philadelphia: \$3,870 for the "Papers of Gen. Friedrich Wilhelm von Steuben."

Allen School and House Preservation Corporation, West Newton, Mass.: \$25,071 for a comprehensive microform edition of the "Records of the Nathaniel T. Allen School and House."

University of Louisville, Louisville, Ky.: \$25,802 for a microfilm edition of the "Papers of D. W. Griffith."

University of California, Berkeley: \$22,103 for a comprehensive microfilm and selected book edition of the "Papers of Emma Goldman."

Wheelwright Museum of the American Indian, Santa Fe, N.M.: \$14,100 for a microfilm edition of the "Washington Matthews Papers."

University of the State of New York, Albany: \$1,620 for the translation and editing of "New Netherland Archives."

Subvention Grants

Princeton University Press, Princeton, N.J.: \$8,042 for volume 26 of the "Papers of Woodrow Wilson."

University of North Carolina Press, Chapel Hill, N.C.: \$6,646 for volume 2 of the "Papers of Nathanael Greene."

MORE

In addition, subvention grants up to \$10,000 per volume were recommended for the Princeton University Press for volumes 34 and 36 of the "Papers of Woodrow Wilson," the University of Illinois Press for volumes 8 and 9 of the "Booker T. Washington Papers," the University of South Carolina Press for volume 9 of the "Papers of Henry Laurens," the University of Pittsburgh Press for volume 5 of the "Papers of Robert Morris," and the Smithsonian Institution Press for volume 3 of the "Papers of Joseph Henry."

#

PUBLISHING ADMINISTRATIVE REGULATIONS

Mr. MILLER. You publish administrative regulations, as you say, the laws and Presidential documents, in the Federal Register system.

How does this work mechanically? If you have administrative regulations that are being proposed by an agency, do you publish those?

Dr. O'NEILL. Yes, we do usually provide a 30-day period for interested parties in or out of government to comment upon the proposed rule; to comment to the agency. Then the agency decides whether it is going to change the proposed rule in the light of those comments.

Mr. MILLER. I am aware of the regulations that are published, but I am not aware that yours is the central place for all the agencies to come to in preparation for their material to appear in the Federal Register.

Dr. O'NEILL. No. In terms of the Federal Register we are best thought of as a legal publishing house. We can't tell them what the regulations should say. We can suggest that the regulations are not clear and insist upon using a certain format to publish the regulations. We have in recent years made a number of improvements. For example, a brief, plain language summary has to accompany the regulations so ordinary citizens can understand what the regulations mean.

We do not deal with the substance of the regulations. The agency is responsible for that.

Mr. MILLER. I understand. Does that mean if we disallowed the funds for that you, in turn, would not be able to publish and, therefore, we would not have so many regulations by the Federal Government?

Dr. O'NEILL. I suppose so but since most of the regulations are imposed on agencies by the Congress—

Mr. MILLER. I think we should clear the record there. Many times we find a law is passed—I was making light of it in the last remark, of course—and the agency goes far beyond the intent of the Congress in writing the regulations.

Dr. O'NEILL. You are absolutely correct, Mr. Miller.

STANDARD LEVEL USERS CHARGE

Mr. MILLER. The SLUC fund payments are \$2,342,000. Would that be a warehouse space?

Dr. O'NEILL. It is a mixture. Most of it would be light industrial space.

Mr. MILLER. We talked last year about the volume of paper that you have stored for the Members, and if we could somehow encourage that to be replaced or disposed of. Perhaps a historian could go through and pull out the important papers and put in a few boxes what now may be in thousands. But apparently that storage is reflected in that \$2 million SLUC fund.

Dr. O'NEILL. To the extent that we have in the vicinity of 56,000 cubic feet of holdings of Members and former Members of the two Houses of the Congress, it is included in the SLUC fund. It is not a large amount of money.

Mr. MILLER. No. But 56,000 cubic feet is still a building that has to be maintained, heated and I suppose temperature and humidity controlled.

PROCEDURES FOR FORMER MEMBERS OF CONGRESS

Mr. STEED. I am coming up to the year where I will be a former Member and I have been advised that you have some space there to accommodate me.

Dr. O'NEILL. That is correct.

Mr. STEED. What will I have to do to find out what you are storing for me and what will I have to do to dispose of it?

Dr. O'NEILL. Our ordinary procedure is that we usually wait until after the election returns are in. I understand your particular situation. But we have had situations where Members have said they were not going to run again and they have chosen to, so we don't want to trigger too early.

Mr. FREEMAN. The shipping costs for any records you have should be taken care of before you leave office.

Mr. STEED. Just to get them out of his place.

Mr. FREEMAN. They have to be shipped by you or you have to pick up the charges after you leave office. I had the same problem when I retired from the military.

Dr. O'NEILL. What we ordinarily do is write to a Member and say you have so many feet of records stored in our space at such and such a location.

It is not very much. It is less than a hundred feet. As for where it should go, we would be very happy to advise you on places in Oklahoma you might have in mind.

HOLDINGS OF PAPERS OF MEMBERS OF CONGRESS

Mr. MILLER. You have a list now of every Member and former Member and the cubic feet of records?

Dr. O'Neill. That is right.

Mr. MILLER. I believe last year I was informed what space I had but I do not know now how much is required. If it's high, that should alert me that I should do something about it and attempt to get a historian in or pull those records out and go through them so that I could lower the space required.

Dr. O'NEILL. Yours is not high. I can tell you whether it's on or off the record but there are only a handful of these which exceed a thousand cubic feet per member. In our business that is a small amount of material. Most of them are 100 to 200 cubic feet, or something of that order.

It's a fact that you have 535 Members plus some who have left office but whose material has not yet been removed that just accumulates into 50,000 cubic feet. We can supply you with a list, however.

Mr. MILLER. Would you supply us a list of those so we could look it over?

Dr. O'NEILL. We will supply you with the entire list.

[The information follows:]

HOLDINGS OF PAPERS OF MEMBERS OF CONGRESS - WNRC

Total Holdings as of August 1976	46,447 cubic feet
(Includes papers of former members)	(2,842 cubic feet)

Between February 1, 1979 and January 31, 1980

Accessioned	7,537 cubic feet
Transferred out	2,076 cubic feet
Disposed of	482 cubic feet

Total holdings as of January 31, 1980	54,148 cubic feet <u>1/</u>
(Includes papers of former members) <u>2/</u>	3,133 cubic feet <u>3/</u>
Holdings in other FRC's	2,640 cubic feet
Total Holdings	56,788 cubic feet

1/ See attached listing of holdings of current and former Members of Congress.

2/ Actions which have been taken to reduce the holdings of papers of former Members of Congress include the following:

a. Shortly after an election, letters are sent to all members who are not returning advising them that the franking privilege can be used to ship their records to the destination of their choice.

b. Assistance in arranging for shipment is offered by WNRC; however, cost of shipment cannot be borne by the Government.

c. If the initial contact does not result in the removal of the papers, then follow-up phone calls are made and letters are written.

d. Efforts to remove all papers of former members will continue until all such holdings are removed.

3/ The figure 3,133 cubic feet is somewhat misleading because it includes holdings of former Members who now hold other positions in the government or whose papers are now the property of current Members. An example of the former are the papers of Vice President Mondale; the latter includes the papers of the late Member, Hale Boggs, whose wife is now a Member.

STATE	NAME	EARLIEST	LATEST	VOLUME	
		FY	FY	WNRC	OTHER
AK	Young, D.	1977	1979	43	
AL	Bevill, T.	1970	1980	273	
AL	Buchanan, J.	1971	1979	299	
AL	Dickinson, W.	1977	1980	145	
AL	Edwards, J.	1974	1976	77	
AL	Nichols, B.	1974	1975	33	
AR	Alexander, B.	1972	1979	143	
AR	Hammerschmidt, J.	1968	1980	403	
AZ	Rhodes, J.	1969	1977	123	
AZ	Udall, M.	1969	1979	496	
CA	Burton, J.	1978	1979	27	
CA	Clausen, D.	1972	1979	472	
CA	*Cohelan, J.	1966	1971	199	
CA	Corman, J.	1974	1978	111	51
CA	Goldwater, B.	1973	1979	97	26
CA	Johnson, H.	1964	1980	660	
CA	Lloyd, J.	1979	1979	18	
CA	McCloskey, P.	1973	1980	398	61
CA	Miller, G.	1971	1977	80	
CA	Patterson, J.	1979	1980		34
CA	Russelot, J.	1976	1979	99	24
CA	Roybal, E.	1972	1979	109	
CA	Stark, F.	1978	1979		32
CA	Wilson, B.	1973	1979	281	
CO	Johnson, J.	1976	1979	83	
CO	Wirth, T.	1978	1980	29	
CT	Cotter, W.	1973	1980	98	
CT	Giaimo, R.	1976	1979	148	
CT	*Grasso, E.	1974	1975	62	
CT	McKinney, S.	1973	1980	121	
FL	Bafalis, L.	1978	1980	19	
FL	*Burke, J.	1975	1979	357	
FL	Chappell, B.	1972	1979	185	
FL	Fascell, D.	1964	1980	1006	
FL	Fuqua, D.	1968	1980	296	
FL	Gibbons, S.	1967	1979	447	
FL	Kelly, R.	1977	1979	40	
FL	Lehman, W.	1976	1979	26	
FL	Pepper, C.	1966	1980	991	
FL	Young, C.	1976	1980	241	
GA	Brinkley, J.	1975	1978	85	
GA	Ginn, B.	1977	1979	101	
GA	Mathis, D.	1975	1975	16	

* Former Member

** Presently a Senator

STATE	NAME	EARLIEST	LATEST	VOLUME	
		FY	FY	WNRC	OTHER
GA	McDonald, L.	1978	1979	43	
GA	*Young, A.	1975	1977	33	
HI	**Matsunaga, S.	1973	1977	223	
IA	Bedell, B.	1979	1979	13	
IA	**Culver, J.	1973	1978	154	
IA	Grassley, C.	1978	1979	82	
ID	*Harding, R.	1965	1965	115	
ID	Symms, S.	1976	1978	87	
IL	Anderson, J.	1975	1978	199	
IL	Crane, P.	1972	1979	340	
IL	Derwinski, E.	1972	1979	216	86
IL	Madigan, E.	1976	1979	68	
IL	McClory, R.	1971	1979	201	
IL	Mikva, A.	1976	1980	69	47
IL	Price, M.	1967	1978	412	
IL	Railsback, T.	1977	1977	39	
IL	Rostenkowski, D.	1970	1979	203	
IL	Yates, S.	1973	1980	94	74
IN	Brademas, J.	1969	1980	192	
IN	Fithian, F.	1977	1979	52	
IN	Hamilton, L.	1969	1979	278	
IN	Hillis, E.	1976	1978	78	
IN	Meyers, J.	1972	1978	124	
IN	Sharp, P.	1977	1979	42	
KS	Sebelius, K.	1976	1979	94	
KS	Winn, L.	1972	1979	397	
KY	Carter, T.	1972	1980	452	
KY	Mazzoli, R.	1978	1979	180	
LA	*Boggs, H.	1969	1974	430	
LA	Boggs, L.	1977	1979	106	
LA	Breaux, J.	1976	1978	103	
LA	Long, G.	1975	1979	122	
LA	Moore, W.	1979	1979	43	
MA	Conte, S.	1967	1979	572	
MA	Drinan, R.	1976	1980	158	38
MA	*Harrington, M.	1977	1977		6
MA	Heckler, M.	1972	1979	368	
MA	O'Neill, T.	1977	1977		12
MA	Studds, G.	1979	1979	27	
MD	Bauman, R.	1978	1979	89	
MD	*Byron, G.	1975	1977	70	
MD	*Gude, G.	1974	1975	3	
MD	Holt, M.	1977	1979	142	
MD	Long, C.	1967	1979	538	
ME	**Cohen, W.	1975	1979	114	
MI	*Brown, G.	1973	1978	88	
MI	*Chamberlain, C.	1975	1975	96	

* Former Member

** Presently a Member

STATE	NAME	EARLIEST	LATEST	VOLUME	
		FY	FY	WNRC	OTHER
MI	Conyers, J.	1979	1979	113	
MI	Diggs, C.	1977	1977	101	
MI	*Esch, M.	1972	1977	196	
MI	Ford, W.	1969	1980	439	
MI	Nedzi, L.	1972	1977	61	
MI	**Rieggle, D.	1977	1979	214	
MI	Vanderjagt, G.	1976	1980	117	
MN	Oberstar, J.	1977	1979	20	
MO	Burlison, B.	1977	1979	118	
MO	Clay, W.	1975	1979	206	
MO	Ichord, R.	1972	1980	254	
MS	Bowen, D.	1976	1979	76	
MS	**Cochran, T.	1977	1979	29	
MS	Lott, T.	1977	1980	144	
MT	**Baucus, M.	1979	1979	79	
MT	**Melcher, J.	1976	1977	179	
NB	Smith, V.	1979	1979	56	
NC	Broyhill, J.	1968	1979	463	
NC	Martin, J.	1978	1978	77	
NH	Cleveland, J.	1973	1980	440	
NH	D'Amours, N.	1979	1979	28	
NJ	Fenwick, M.	1978	1979	36	
NJ	Florio, J.	1976	1979	34	
NJ	Forsythe, E.	1975	1979	131	
NJ	*Gallagher, C.	1968	1973	153	
NJ	Howard, J.	1977	1977	16	
NJ	Hughes, W.	1978	1980	64	
NJ	Patten, E.	1976	1979	21	
NJ	Rinaldo, M.	1975	1975	52	
NJ	Rodino, P.	1970	1979	170	
NM	Lujan, M.	1974	1979	102	
NY	Addabbo, J.	1970	1978	134	
NY	Ambro, J.	1979	1979	25	
NY	Bingham, J.	1973	1979	103	
NY	Chisholm, S.	1974	1975	59	
NY	Conable, B.	1978	1978	82	
NY	Fish, H.	1975	1975	41	
NY	Gilman, B.	1977	1979	274	38
NY	Hanley, J.	1974	1979	222	
NY	Holtzman, E.	1976	1980	63	43
NY	Horton, F.	1968	1968	10	
NY	Kemp, J.	1975	1980	187	
NY	McEwen, R.	1980	1980	35	
NY	McHugh, M.	1978	1978	17	
NY	Murphy, J.	1977	1979	227	
NY	Rangel, C.	1974	1979	103	

* Former Member

** Presently a Senator

STATE	NAME	EARLIEST FY	LATEST FY	VOLUME	
				WNRC	OTHER
I	Richmond, F.	1977	1979	47	39
NY	Rosenthal, B.	1973	1973	3	
NY	Scheuer, J.	1970	1973	68	55
NY	Solarz, S.	1979	1979	14	
NY	Stratton, S.	1967	1979	249	
NY	Wolff, L.	1978	1979	164	
NY	Wydler, J.	1975	1979	191	
OH	Ashbrook, J.	1976	1979	98	
OH	Brown, C.	1970	1979	296	
OH	Harsha, W.	1974	1979	206	
OH	Miller, C.	1971	1977	162	
OH	Seiberling, J.	1975	1979	200	
OH	Stanton, J.	1976	1979	40	
OH	Vaik, C.	1967	1979	207	
OH	Wylie, C.	1973	1973	67	
OK	Jones, J.	1977	1977	64	
OK	Steed, T.	1974	1976	78	
OK	Watkins, W.	1979	1979	14	
OR	Ullman, A.	1966	1979	282	
OR	Weaver, J.	1978	1978	21	
PA	Coughlin, L.	1973	1980	43	69
PA	Caydos, J.	1979	1979	48	
PA	**Heinz, H.	1974	1977	68	
PA	McDade, J.	1967	1979	159	
PA	Moorhead, W.	1979	1979	160	
PA	Murtha, J.	1975	1979	106	
PA	*Rooney, F.	1973	1973	66	
PA	Shuster, B.	1976	1980	140	
PA	*Ware, J.	1974	1975	44	
PA	Yatron, G.	1979	1979	86	
RI	St. Germain, F.	1971	1971	62	
SC	Davis, M.	1975	1979	153	
SC	Derrick, B.	1977	1980	61	
SC	Holland, K.	1978	1979	27	
SD	Abdnor, J.	1977	1980	110	
TN	Ford, H.	1979	1979	56	
TN	Jones, E.	1979	1979	33	
TN	Quillen, J.	1969	1979	662	
TX	Brooks, J.	1967	1980	361	
TX	De La Garza, E.	1968	1979	194	
TX	Eckhardt, B.	1973	1977	41	
TX	Gonzalez, H.	1968	1973	35	
TX	Roberts, R.	1977	1979	59	
TX	White, R.	1972	1979	294	
TX	Wilson, C.	1976	1979	18	
TX	Wright, J.	1974	1979	378	

* Former Member

** Presently a Senator

<u>STATE</u>	<u>NAME</u>	<u>EARLIEST</u>	<u>LATEST</u>	<u>VOLUME</u>	
		<u>FY</u>	<u>FY</u>	<u>WNRC</u>	<u>OTHER</u>
JT	McKay, K.	1973	1979	83	
UT	*Owens, W.	1975	1975	1	
VA	Butler, M.	1976	1980	143	
VA	Daniel, R.	1977	1978	67	
VA	Fisher, J.	1978	1979	78	
VA	Harris, H.	1977	1980	61	
VA	Robinson, J.	1975	1980	273	
VA	Satterfield, D.	1973	1980	210	
VA	Wampler, W.	1972	1979	154	
WA	*Adams, B.	1971	1977	232	
WA	Bonker, D.	1978	1978	12	
WA	Foley, T.	1970	1979	97	
WA	McCormack, M.	1974	1980	352	
WA	Pritchard, J.	1975	1980	142	
WI	Kastenmeier, R.	1969	1979	214	
WI	Obey, D.	1975	1976	57	
WI	Reuss, H.	1964	1979	518	
WI	Zablocki, C.	1965	1979	420	
WV	Slack, J.	1972	1979	138	

STATE	NAME	EARLIEST	LATEST	VOLUME	
		FY	FY	WNRC	OTHER
AK	Gravel, M.	1972	1979	157	
AK	Stevens, T.	1973	1979	428	
AL	*Sparkman, J.	1966	1966	3	
CA	Cranston, A.	1971	1980	1467	159
CT	Ribicoff, A.	1973	1977	279	
CT	Weicker, L.	1972	1979	349	
FL	Chiles, L.	1976	1979	552	
FL	*Gurney, E.	1969	1969	5	
FL	Stone, R.	1977	1980	86	464
GA	Nunn, S.	1975	1980	381	
GA	Talmadge, H.	1972	1979	1293	
HI	Inouye, D.	1970	1979	411	
HI	Matsunaga, S.	1977	1979	98	
IA	Culver, J.	1979	1979	141	
ID	Church, F.	1968	1980	728	
ID	McClure, J.	1977	1979	101	
IL	Percy, C.	1969	1980	984	
IL	Stevenson, A.	1975	1979	132	
IN	Bayh, B.	1964	1978	864	
KS	Dole, R.	1963	1977	169	
KY	Huddleston, W.	1976	1979	124	
LA	Long, R.	1979	1979 ^q	124	
MA	Kennedy, E.	1976	1979	134	
MD	Mathias, C.	1969	1979	1050	
ME	Muskie, E.	1968	1980	933	
MN	*Mondale, W.	1967	1976	974	
MO	Danforth, J.	1979	1979		8
MO	Eagleton, T.	1973	1980	660	51
MS	Cochran, T.	1979	1979	5	
MS	Stennis, J.	1968	1972	159	
MT	Baucus, M.	1979	1979	37	
MT	Melcher, J.	1978	1979	54	
NB	Exon, J.	1979	1979	6	
NC	Helms, J.	1974	1980	145	
NJ	Bradley, B.	1980	1980	5	
NJ	Williams, H.	1965	1979	1631	
NM	Domenici, P.	1979	1979	145	
NV	Cannon, H.	1967	1967	74	
NY	Javits, J.	1965	1979	1433	304
NY	Moynihan, D.	1978	1980	55	
OH	Metzenbaum, H.	1978	1980	42	
OR	Packwood, B.	1976	1978	212	
PA	Heinz, H.	1977	1979	83	
PA	Schweiker, R.	1974	1979	769	
SC	Hollings, E.	1972	1979	382	
SD	McGovern, G.	1965	1979	926	

* Former Member

<u>STATE</u>	<u>NAME</u>	<u>EARLIEST</u>	<u>LATEST</u>	<u>VOLUME</u>	
		<u>FY</u>	<u>FY</u>	<u>WNRC</u>	<u>OTHER</u>
TN	Baker, H.	1975	1979	861	
TX	Bentsen, L.	1973	1980	390	76
TX	Tower, J.	1970	1979		569
UT	Garn, J.	1978	1979	19	
WA	Jackson, H.	1962	1977	734	
WA	Magnuson, W.	1960	1980	1092	
WI	Nelson, G.	1975	1979	191	54
WI	Proxmire, W.	1963	1975	362	
WV	Randolph, J.	1973	1979	409	

RECORDS SPACE

Dr. O'NEILL. You will find there are some who are listed as former Members but in a sense are not, the Vice President, for example. We have several Members who began in your House and moved to the other side of the building.

Mr. MILLER. I can't be complaining. I would like to know the amount of my space.

Dr. O'NEILL. It is 162 cubic feet.

RECORDS DECLASSIFICATION

Mr. MILLER. I do have a few questions about the record declassification.

Would you explain to us how a record becomes declassified?

Dr. O'NEILL. We will start with the fact that somebody years ago put a marking on it saying "Top Secret", et cetera. There were some old-fashioned markings which we don't see much any more. When they come to us they usually come pristine with all the stamps on them.

The process is that we have a staff in the National Archives Building and a small number of people in each of the appropriate Presidential Libraries who work with these records. They examine the material in large blocks.

If a block of material by a sampling process appears not to contain information with national security sensitivity and therefore does not warrant going through it page by page, then they will take the guidelines provided by the responsible agencies and apply those guidelines for what is known as bulk declassification. So with this procedure, they may be able to declassify such material without having to go through it page by page.

Increasingly, however, since we are coming close to the present we see more sensitive material. As I pointed out to the Chairman, we are currently working in the era of the cold war, a period when the CIA was formally created, as well as the National Security Agency, and a host of new agencies generating very secret material.

Therefore, we are now doing what we refer to as page by page review, meaning the probability of sensitivity in those materials is so high we have to do it on that page by page basis. We operate here with guidelines which are provided by the agency which created the classified record.

Those guidelines are required by the Executive Order. They have been approved by the Information Security Oversight Office and they are usually drawn up with our assistance so that they are specific enough and practical enough that we can apply them. Applying those guidelines, our staff, who have the necessary clearances, would go through and make the determination whether the document fits the guideline of what can be declassified.

Occasionally you can't declassify the total document. You may find the intelligence information that is no longer of concern but the purveyor or source of the information must be protected. In such cases, we delete the sensitive element of information and release the remainder.

DECLASSIFIED MATERIAL

Mr. MILLER. I am very concerned about this. Just in the last few weeks, as a matter of fact, we had the representatives of the National Security Council in for their budget, but they are concerned also.

They conveyed the message to us that there are people who will obtain all of the declassified material, will catalog it and sell it to anyone who wants it. In some cases foreign nations buy every sheet.

When a document is declassified by the National Security Council and another by the CIA, and another by the State Department, they can all go together and have meaning.

I don't know whether you people are able to decipher these things and see about the various agencies having some intelligence and tie it together.

The publishing houses are making money by selling this, and some officials have been concerned about the fact that information has gotten out that should not have. Someone was able to tie these sheets together.

Dr. O'NEILL. To draw inferences that the documents individually do not contain this has always been a problem inherent with any declassification program. We work closely with the NSC and the other agencies and try to maintain a common approach on this subject. The Oversight Office also has a responsibility here.

Our approach in the National Archives when we are dealing with relatively high level decision-making items or intelligence items or items which involved a foreign government, is that we err on the side of caution and we would refer those to the appropriate other agencies of the Federal Government, CIA, or NSC or NSA for them to make a final decision.

Many of the guidelines require us to do that on that kind of sensitive material. We don't end up making the final decision. We surface these tender ones, refer them to agencies such as the NSC and they bite the bullet.

THE FREEDOM OF INFORMATION ACT

Mr. MILLER. NSC has a lot of pressure put on them. I have copies of requests for information that I had received from them, and they are under extreme pressure to release this material under the Freedom of Information Act. As a matter of fact, there are lawsuits on this at the present time. Maybe our legislation is such that it needs to be changed.

Do you have any recommendation to change the Freedom of Information Act so that the National Security Council and others would not have this extreme pressure, to release such documents?

Dr. O'NEILL. I personally don't have that much experience with the more recent material that is less than 20 years old, which is where most of the NSC action tends to be. I occasionally become privy to such problems but I don't have a feeling for that kind of problem relating to relatively current information.

We are dealing with information here that is at the present time a minimum of 20 years old, and usually 25 to 30. With certain

exceptions, such as atomic energy data, we don't hit the kind of problem you are referring to, Mr. Miller.

I don't have enough personal knowledge of that kind of problem to comment, although I do know it's a problem.

Mr. MILLER. Yes; some of the letters the National Security Council has received are requesting, under the Freedom of Information Act, material that is no older than 1976.

Mr. O'NEILL. That is right.

Mr. FREEMAN. This is a problem faced throughout the government. From my previous experience, in commanding laboratory work where a great deal of the material is extremely sensitive, we get Freedom of Information suits because somebody wanted access to it for patent purposes.

So this is not a problem that is really a National Archives and Records Service problem as much as it is for the entire Federal Government in dealing with technology access in these kinds of things where the desire is to have the wealth of material made available to the public. It is not an easy problem to solve.

Mr. MILLER. We need to have the citizens know everything they possibly can but sometimes we are so free with our information that we can destroy ourselves.

Because of the records you keep could you give us an idea of what the requests would amount to, to comply with the Freedom of Information Act? It seems you would have quite a few orders for material in the Archives under the Freedom of Information Act.

Dr. O'NEILL. We can supply that.

[The information follows:]

GENERAL SERVICES ADMINISTRATION, FREEDOM OF INFORMATION ACT, 1979 REQUESTS AND COST TO COMPLY

Category of records	Number of requests	Cost to comply
1. GSA administrative records.....	1,935	¹ N/A
2. National Archives and Records Service Accessioned Records.....	377	\$37,356
3. Records in custody of GSA's National Personnel Records Center	5,717	\$58,907

¹ The Act does not require that the cost of complying be reported so the information is not available for GSA administrative records in 1979. However, in response to a special congressional request for 1978 costs, the reported costs were \$377,222.

ANNUAL REPORT

Mr. FREEMAN. We don't have much activity there because the Freedom of Information usually pertains to current records. The inactive problem is not quite as large. However, we will be glad to provide you with our Freedom of Information 1979 Annual Report.

Mr. MILLER. Thank you.

GENERAL SERVICES ADMINISTRATION

Freedom of Information 1979 Annual Report

1. How many initial FOIA requests for records did your office receive? 1,935 ^{1/}
2. How many times did you make an INITIAL denial of a request for records made under subsection 552(a) of the FOIA? 206
3. a. How many times did you invoke each of the following exemptions in subsection 552(b) of the FOIA in making initial denials?

<u>Exemption</u>	<u>Times Invoked</u>
1	<u>1</u>
2	<u>0</u>
3	<u>0</u>
4	<u>87</u>
5	<u>98</u>
6	<u>29</u>
7	<u>28</u>
8	<u>0</u>
9	<u>0</u>
TOTAL:	<u>243</u> ^{2/}

- b. Statutes invoked pursuant to exemption No. 3:

<u>Statutory Citation</u>	<u>Times Invoked</u>
N/A	

^{1/}

This figure does not include 5,717 requests GSA received for Defense Department and Office of Personnel Management records in the agency's National Personnel Records Center. GSA operates under DOD and OPM guidelines for releasing those agencies's records from the center. If information is not releasable under those guidelines, the NPRC forwards those requests to DOD and OPM and GSA is unaware of what determination those agencies make.

This figure also does not include 377 requests for accessioned records of the National Archives and Records Service, a separate FOIA annual report on which is attached. (Attachment No. I)

^{2/}

In some cases, more than one exemption was cited in denying a single request.

c. Other reasons for not providing requested materials: Time Invoked:

1.) Requester's failure adequately to identify records	<u>20</u>
2.) Refusal to pay reasonable search or reproduction fees	<u>87</u>
3.) Non-possession of records by GSA	<u>35</u>
4.) Court order enjoining release	<u>0</u>
5.) Compliance review in progress; records not available at time of request	<u>4</u>
6.) Tentative determination pending completion or examination of records	<u>3</u>
7.) Referred to other agencies	<u>32</u>
8.) Referred to other sections of GSA	<u>97</u>
9.) Competitive bid information would reveal proprietary information	<u>3</u>
10.) Records not available	<u>34</u>
11.) Requestor didn't follow up	<u>32</u>
12.) Requestor didn't give return address	<u>0</u>
13.) Records not completed at time of request	<u>1</u>

4. Names and titles of persons who signed INITIAL determinations not to comply with requests for records:

<u>Name</u>	<u>Title</u>	<u>Number of Initial Denial Letters Signed</u>
Lawrence F. Bretta	Regional Administrator R1	<u>6</u>
Gerald J. Turetsky	Regional Administrator R2	<u>6</u>
Walter V. Kallaur	Regional Administrator NCR	<u>15</u>
Wesley Johnson	Regional Administrator R4	<u>2</u>
Clarence S. Sochowski	Regional Administrator R5	<u>1</u>
Ann Doughty	Regional Administrator R7	<u>8</u>
Dennis A Jensen	Regional Administrator R8	<u>2</u>
Joseph B. Williams	Regional Administrator R9	<u>14</u>
Jack Galuardi	Acting Commissioner, PBS	<u>1</u>
Dennis J. Keilman	Acting Commissioner, PES	<u>2</u>

A. R. Marschall	Commissioner, PBS	<u>4</u>
William Kelly	Commissioner, FSS	<u>7</u>
H. D. Harvill	Acting Commissioner, FSS	<u>14</u>
David Walden	Acting Commissioner, FSS	<u>1</u>
Frank Carr	Commissioner, ADTS	<u>76</u>
*Kurt W. Muellerberg	Inspector General	<u>12</u>
Roy Markon	Commissioner, FPRS	<u>8</u>
*William Clinkscales	Asst. Inspector Gen. for Investigations	<u>15</u>
Janice Mendenhall	Controller-Director of Administration	<u>2</u>

5. How many of these initial denial letters were appealed? 29

Of these appeals:

a. How many were granted in full?	<u>18</u>
b. How many were denied in full?	<u>5</u>
c. How many were denied in part?	<u>6</u>

6. What exemption(s) in subsection 552(b) of the FOIA did you use for denying appeals?

<u>Exemption No.</u>	<u>Times Invoked in an Initial Denial Letter</u>	<u>Times Invoked in an Appeals Denial Letter</u>
(1)	1	0
(4)	87	2
(5)	78	4
(6)	29	5
(7)	28	4

7. What STATUTES did you invoke pursuant to exemption No. 3, above?

<u>Statutory Citation</u>	<u>Times Invoked in an Initial Denial Letter</u>	<u>Times Invoked in an Appeal denial letter</u>
<u>N/A</u>		

8. Names and titles of persons responsible for FINAL determinations not to comply with requests for records:

<u>Name</u>	<u>Title</u>
Paul E. Goulding	Acting Administrator
Clarence Lee	Acting Administrator
Ray Kline	Deputy Administrator

* It has come to our attention that these officers signed denials although they do not have denial authority under GSA's regulations (41 CFR 105-60.403). Regulations currently are being amended and the agency is in a period of reorganization, which accounts for this oversight.

9. How many FOIA suits involving GSA Administrative Records from your office were initiated or resolved in 1979? 11

a. Of these suits, how many were initiated? 3

<u>Case Number</u>	<u>Name</u>
79-932(D.D.C.)	Haldeman v. GSA
79-1229 (D.D.C.)	Neugent v. Department of Interior, et.al.
79-1887	James Earl Ray v. NARS

b. Of these suits, how many were resolved? 6

<u>Case Number</u>	<u>Name</u>
75-1448 (D.D.C.)	Weisberg v. GSA
73-2232 (D.D.C.)	Brandon v. Eckard
74-1533 (D.D.C.)	Reporters Committee of the Press, et.al. v. Sampson
77-1295 (D.D.C.)	Government Sales Consultants, Inc., v. GSA
78-2889 (C.L.B.)	
(S.D. N.Y.)	Dworman Building v. GSA
79-H-1133-5	
(N.D. Ala.)	AFGE v. GSA

c. Of these suits, how many were resolved without litigation? 1

<u>Case Number</u>	<u>Name</u>
74-1533 (D.D.C.)	Reporters Committee of the Press, v. Sampson

d. Of these suits, resolved by litigation ruling upholding GSA, how many have been appealed? 2

<u>Case Number</u>	<u>Name</u>
76-1820 (D.D.C.)	Find for Constitutional Government v. NARS
79-1887 (D.D.C.)	James Earl Ray v. NARS

e. Of these suits, how many are pending? 2

<u>Case Number</u>	<u>Name</u>
79-932 (D.D.C.)	Haldeman v. GSA
79-1229 (D.D.C.)	Neugent v. Department of Interior, et.al.

10. List here the rules and regulations manuals, handbooks or letters of instructions issued by your office regarding the FOIA (and attach copies of them): (Attachment II)

a. 41 C.F.R. 105-60

11. List any new categories of records, or segregable portions of records which your office released for the first time in 1979:

a. Parking fees schedules for federal employees.

12. a. List and attach a copy of your FOIA fee schedule?

b. What is the total amount of FOIA fees for reproduction and/or search which you collected in 1979?

(a) \$17,484.52

c. What is the (i) number and (j) total amount of FOIA fees waived without request in 1979?

(i) 95

(j) \$1,470.80

d. How many FOIA fee waiver requests were received in 1979?

29

e. How many FOIA fee waiver requests were granted in 1979?

18

f. How many FOIA fee waiver requests were denied in 1979?

3

13. List any new categories of records, or segregable portions of records, which your office released for the first time in 1979:

N/A

14. Compliance with time limitations:

a. Total number of extensions taken

51

b. Number of extensions necessary because of field research:

30

c. Number of extensions necessary because of large amounts of records:

9

d. Number of extensions necessary because of consultations with other agencies or other offices in GSA:

10

e. Number of extensions necessary because of review by private contractors before release of information:

2

ATTACHMENT 1

GENERAL SERVICES ADMINISTRATION

Freedom of Information 1979 Annual Report:
NARS Accessioned Records

1. Total number of FOIA requests received -	377
2. Total number of initial denials -	123
3. Other reasons for not providing requested materials	
Non-possession of records	93
Failure to pay fees	5
Failure to identify records adequately	21
Records not available --nitrate film	1
Referred to other sections of GSA	2
Referred to other agencies	1
Records subject to ongoing litigation	1
FOIA not applicable to materials requested	24

Authority relied upon for each denial:

(1) exemptions in 552 (b) cited, and number of times each exemption cited:

<u>Exemption</u>	<u>Number of times cited</u>
(b) (1)	43
(b) (2)	0
(b) (3)	29
(b) (4)	0
(b) (5)	13
(b) (6)	15
(b) (7)(B)	1
(b) (7)(C)	19
(b) (7)(D)	3

(2) statutes cited under exemption 552 (b) (3) and the number of times each statute was invoked:

<u>Statute</u>	<u>Number of times invoked</u>
26 U.S.C. Section 6103	3
Federal Rules of Criminal Procedure	17
Presidential Recordings & Materials Preservation Act (PL 93-526)	1
Immigration and Naturalization Act of 1952	1
Foreign Service Act of 1946	1
National Security Act of 1947	3
Central Intelligence Act of 1949	3

4. Names and titles of persons making initial denials and the number of times each person issued a denial:

James E. O'Neill Acting Archivist of the United States	1
Judith A. Koucky Assistant to the Deputy Archivist of the United States	1
Richard A. Jacobs Acting Assistant Archivist for Presidential Libraries	1
John T. Fawcett, Acting Assistant Archivist for Presidential Libraries	1
Daniel J. Reed, Assistant Archivist for Presidential Libraries	1
Charles Corkran, Director Lyndon B. Johnson Library	1
W. Leighton Waters, Director Federal Archives and Records Center	1
Mabel Deutrich Assistant Archivist for the National Archives	52 (includes 1 under exemption 552(b)(1) based on NARS auth.)
James W. Moore Acting Assistant Archivist for the National Archives	5

Martin Perlmutter FOI Officer, FARC	1
Daniel J. Reed Acting Assistant Archivist for the National Archives	42
Patricia Andrews Acting Assistant Archivist for the National Archives	1
Carmelita Ryan Chief, Printed Archives Branch	1
Elaine C. Everly Assistant Chief, Navy and Old Army Branch	4
James B. Rhoads Archivist of the United States	3
Edwin A. Thompson Acting Assistant Archivist for the National Archives	1
Charles M. Dollar Acting Assistant Archivist for the National Archives	2
Jane F. Smith Acting Assistant Archivist for the National Archives	1
Kenneth Harris Acting Chief, Diplomatic Branch	2
Maida Loescher Archivist, Navy and Old Army Branch	1

5. Total number of time extensions - 75
- 1) Need to search for and collect records from field facilities - 0
 - 2) Need to search for, and collect and examine a voluminous amount of records - 5
 - 3) Need to consult with other agencies having a substantial interest in the determination of the requests - 68
- 2) and 3) - 2
6. Amount of fees collected - \$1,757.05
7. Cost of complying with FOIA - \$37,356.26
8. FOIA appeals handled by NARS -

Total no. of FOI appeals: 11 (Of these, 3 were appeals for Nixon Presidential Historical Materials.)

Total no. of denials on appeal: 11 (Of these, 6 were partial denials, 5 were full denials. That is, 6 requesters actually did get more info. on appeal than they got initially.)

Authority relied upon in denying:

(b)(1): 0
 (b)(2): 0
 (b)(3): 0
 (b)(4): 0
 (b)(5): 0
 (b)(6): 2
 (b)(7)(A): 0
 (b)(7)(B): 0
 (b)(7)(C): 4
 (b)(7)(D): 0
 (b)(7)(E): 0
 (b)(7)(F): 0
 (b)(8): 0
 (b)(9): 0

Other (FOI inapplicable because materials requested are presidential materials governed by Presidential Recordings and Materials Preservation Act): 3

Other (denial of an appeal for a waiver of fees): 1

Other (denial of access to FBI surveillance records on M. L. King, Jr., on grounds that the records are under court seal for 50 years): 1

. Total no. of times extensions were taken: 0

- e. Names and titles of each person making denials on appeal and no. of times each person issued a denial:

Dr. James E. O'Neill
Deputy Archivist of the United States
No. of denials on appeal: 5

Walter W. Stender
Acting Deputy Archivist of the United States
No. of denials on appeal: 6

- f. Total amount of fees collected for making records available on appeal: \$14.80

9. Breakdown of personnel working on this annual report -

<u>Number</u>	<u>Grade Level</u>	<u>Hours</u>	<u>Cost</u>
3	3	25	\$127.90
2	4	44	260.84
2	5	1-1/4	7.89
5	6	7	46.19
4	7	6-1/2	52.00
1	8	1/2	4.00
1	9	3	28.89
3	11	4	44.18
11	12	54-1/2	723.19
9	13	30	420.74
4	14	12-1/4	254.19
1	15	1/2	11.45
<hr/>		<hr/>	<hr/>
46		188-1/2	\$1,981.46

GENERAL SERVICES ADMINISTRATION

Freedom of Information 1979 Annual Report:
Records in Custody of GSA's National Personnel Records Center

In addition to NARS operating records and accessioned records, NARS has a third category consisting of the records of the Civil Service Commission and of the Department of Defense which are stored at NARS National Personnel Records Center in St. Louis, Missouri. Staff at the Records Center handle all initial FOIA requests for these records. FOIA appeals are handled by the agency in which the records were originated. Calendar year 1979 FOIA activities are given below.

- | | |
|---|-------------|
| 1. Total number of FOIA requests: | 5717 |
| 2. Total number of FOIA requests forwarded to other agencies: | 873 |
| 3. Total fees collected: | 0 |
| 4. Total incremental costs: | \$58,907.01 |
| a. cost of photocopies | \$14,698.35 |
| b. cost of professional
and clerical time | \$44,103.86 |
| c. Other costs related to administering FOIA | -\$104.80 |

CONTEMPORARY RECORDS

Dr. O'NEILL. We do not have that many contemporary records. We brought in the Watergate records. Inevitably those are subject to Freedom of Information Act, and we probably have more requests for that relatively small body of records than anything else we have.

Mr. MILLER. It would be good to have that for overall GSA also. We have found in some agencies they have been writing books for people. They are actually (by sending out the sheets) writing the book for the publisher and the taxpayer is actually paying for the book and then they have to buy the book on the book stands.

That means that the agency must have additional personnel in order to comply with this Freedom of Information Act.

Dr. O'NEILL. We have had requests several times for all the Freedom of Information Act requests we have had—a kind of research.

Mr. MILLER. Thank you.

RECORDS DECLASSIFICATION

Mr. STEED. Now we will go to the budget request for the National Archives and Records Service, Records Declassification Program.

The appropriation for FY 1980 is \$3,055,000 with a pay increase supplemental pending of \$178,000, bringing the 1980 total to \$3,233,000. The budget request for FY 1981 is \$3,423,000, an increase over 1980 of \$190,000.

Would you like to make some remarks in support of this?

Dr. O'NEILL. Let me make a very brief statement.

The Records Declassification Program, in accordance with the Executive Order 12056, makes available to the public historical material or valuable information in the records of the Federal Government, and in donated historical materials by declassifying such information as possible without endangering the national security.

Executive Order 12056 provides the systematic review of all classified records in the National Archives which are now or will be 20 years old. The order also provides for a national security oversight program which will involve monitoring approximately 80 executive branch agencies conducting of on-site reviews, the development and promulgation of necessary directives and reviewing for adequacy actions implementing directives and declassification guidelines.

In fiscal year 1981 we are requesting \$3,423,000. This request includes \$2,949,000 for the records declassification program and \$474,000 for the Information Security Oversight Office.

This is an increase of \$190,000 over fiscal year 1980 for the records declassification program. No increase is requested for the Information Security Oversight Office.

Mr. STEED. Do you keep tabs on this workload so you can measure your backlog?

Dr. O'NEILL. We do. There is a problem if you try to get too far out in front because a lot of the records are not yet in our custody, and thus we can't examine them and get a good feel for the volume of classified material among them.

We make the best kind of extrapolation, but we must make periodic adjustments of that.

Mr. STEED. In that connection are you required, because of the nature of this material, to assign only certain personnel who have been cleared for this sort of work?

Dr. O'NEILL. Absolutely, Mr. Chairman. All of the people who are involved in this records declassification program, most of them here in Washington, have gone through top secret security clearances and some of them have departmental clearances for types of intelligence and signal intelligence information.

Mr. STEED. Go ahead.

Dr. O'NEILL. At the present time we are estimating that we have a backlog of material which we will have to deal with of something in the vicinity of 238 million pages of records to be reviewed through this declassification process.

That is a very large volume. The material is classified over a fairly long period by agencies of the United States Government. Some of it is of foreign origin, classified material from the United Kingdom or France or other countries.

PRINCIPAL CLASSIFYING AGENCIES

Mr. STEED. You mentioned that you do business with other agencies. Who are some of the large agencies that you deal with in terms of the volume of material?

Dr. O'NEILL. Obviously the largest agency has to be the Department of Defense, considering all its components, its worldwide network and the fact that so much of what they do even in peacetime has to be classified. That is the largest in terms of absolute bulk.

The other principal classifying agencies with which we deal would be the Department of State and the Central Intelligence Agency and the Federal Bureau of Investigation. Then other agencies sort of taper off in total volume from those.

Mr. STEED. What other agencies would be fairly small?

Dr. O'NEILL. The Export-Import Bank, the Federal Reserve Board and the Office of Management and Budget are representatives of small agencies. In some cases, only one individual has authority to classify.

Mr. FREEMAN. I delegate the authority to only one other person. I have yet to classify a piece of paper since I have been in the agency.

Dr. O'NEILL. I don't think I have ever classified anything. GSA is not in the sensitive area where there would be need to classify.

Mr. STEED. When you are working on some of these papers are they delivered physically to your property or do you work in the agencies?

Dr. O'NEILL. They are all in our custody, Mr. Chairman. The bulk are here in Washington in the National Archives Building or in the General Archives Division which is located in the Washington National Records Center. They are permanently valuable but for space reasons they are located in Suitland.

Mr. FREEMAN. There are also some stored in the Presidential Libraries as well.

STORAGE

Mr. STEED. Some that are 20 years old could be in sad shape if they were not properly stored. In what shape do you get most of your material?

Dr. O'NEILL. In pretty good shape, as a result of assiduously providing guidelines to Federal agencies to get them to handle their records in a good fashion. When they are shipping them to us they must box them appropriately in record center type cartons so we don't have to rebox at great expense to the taxpayer.

They must provide some kind of control so they can tell us if they want folder X out of box Y.

There will always be situations that are beyond control. For example when the United States withdrew its forces from Southeast Asia and the so-called MACV record had to be swiftly transported back to the United States, there was not sufficient time to place the records in proper cartons.

We have collaborated with the military services to gain rudimentary control including appropriate boxing. By and large they follow the regulations, and our relations with those officials in the agencies are quite good.

PRESIDENTIAL LIBRARIES

Mr. STEED. Do you find that the work that must be performed in Presidential Libraries is not a very difficult physical situation to cope with? I am talking about people working on their papers. Do they not want to retain a lot of these papers inside the library?

Dr. O'NEILL. Of course.

Mr. STEED. After they have been declassified?

Dr. O'NEILL. Yes, of course.

Mr. STEED. What I am leading up to is this: The Department of State or the Department of Military Defense would declassify some documents and whoever is smart enough to know that they might have some noteworthy significance, comes in possession of them. That leads them right into a Presidential library, where the same material has not been declassified yet.

What do you do in a case like this?

Dr. O'NEILL. If it is merely a copy of the same material, we would take declassification action. Actually, there is not that much duplication. What is in a Presidential library is essentially the White House file. So in terms of security, classified material and otherwise, it is fairly high-level decisionmaking material. Very rarely does it get down to the nuts and bolts or actual reports on agents or anything of that sort. It has been refined by the time it gets there. We try to coordinate between the two, just as we try to coordinate between the various military services, the State Department, et cetera, to make sure we are all working in tandem.

Mr. STEED. I had a friend one time who became a military aide. He resigned from General Marshall's staff and among other things he ended up carrying a document that had to do with D-Day.

Do those documents ever come to life?

Dr. O'NEILL. Sure. Presumably, those were scooped up in the normal system and I am sure would end up in the National Archives.

Mr. STEED. Whatever happened to OSS papers in the India-Burma theater?

Dr. O'NEILL. We have a fair amount of OSS material. Most of what we have is research and analysis, however, rather than the operational field reports from CBI or any other place. We have some of those but most of those are still with the CIA, which is the successor agency and which keeps its historical back files.

Mr. STEED. Any activity which I might have taken part in buying back an individual from Chiang Kai-shek, would that be in your papers?

Dr. O'NEILL. We can find out and let you know.

Mr. STEED. I do not think I want to know.

Mr. Miller.

Mr. MILLER. No additional questions, Mr. Chairman.

Mr. STEED. Thank you very much. Before we insert the Justifications for the National Archives and Records Service, we will include for the record summary charts for those revolving funds that have not previously been provided for the record.

[The information follows:]

"AUTOMATIC DATA PROCESSING FUND"

Authority

The Automatic Data Processing Fund was authorized by Public Law 39-306, approved October 30, 1965, which amended the Federal Property and Administrative Services Act of 1949, as amended, by adding a new Section III containing the authorization.

Purpose

The Automatic Data Processing Fund was authorized 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 with Government-wide application; operation of service centers and related functions.

Method of Operation

The Automatic Data Processing Fund is a revolving fund and as such operates on a reimbursable basis. The direct operating costs related to the services provided are financed by the Fund and are reimbursed from available appropriations and funds of agencies receiving the services. The reimbursements from agencies are based on rates established to recover the full cost of the services provided. Capital investments for purchases of ADP equipment through the ADP Fund Opportunity Buy Program are financed from capital appropriated to the fund and is recovered through lease charges designed to recoup the initial investment over the life of the systems. The Fund operates on a breakeven basis and following the close of each fiscal year any surplus earnings, after making provisions for prior year losses, are deposited in miscellaneous receipts of the Treasury.

The overall management for the Automatic Data Processing Fund is provided through the "Operating Expenses, ADTS" appropriation.

The net operating results of the fund are as follows:

	<u>Actual 1979</u>	<u>Estimated 1980</u>	<u>Estimated 1/ 1981</u>
Operating Expenses (\$000)	94,211	119,077	116,930
Income (Reimbursements from Agencies (\$000))	95,408	119,077	116,930
	<hr/>	<hr/>	<hr/>
Profit/Loss	1,197	-	-

1/ Decrease in Operating Expenses and income projected for FY 81 is due to the fact that equipment purchased through the Opportunity Buy Program has been fully depreciated; therefore the expenses of the program and charges to the using agencies will decrease accordingly.

Capitalization (\$000)

	<u>Actual 1979</u>	<u>Estimated 1980</u>	<u>Estimated 1981</u>
Appropriated Capital:			
Start of Year	30,000	30,000	30,000
Changes	-	-	-
End of year	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Donated Assets	10,683	10,683	10,683
Retained Earnings	2,001	-	-
Other	<u>2,113</u>	<u>2,113</u> ^{1/}	<u>2,113</u>
 Total Investment of the U.S. Government	 44,797	 42,796	 42,796

1/ Prior year profits deposited in miscellaneous receipts of the Treasury.
The capital requirements of the fund are two fold.

They are:

- Working Cash - The fund has a continuing requirement for the equivalent of one months operating expenses for working cash. This is necessary to meet payroll and accounts payable due on a continuing basis. Current monthly operating expenses are averaging approximately \$12 million.
- Capital Investments - ADP equipment is purchased 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. Investments totaling \$11 million each year are planned for FY 1980 and FY 81.

BBA
3/18/80

"FEDERAL TELECOMMUNICATIONS"

Authority

The Federal Telecommunications Fund was authorized by Public Law 87-847, approved October 23, 1962, which amended the Federal Property and Administrative Services Act of 1949, as amended, by adding a new Section 110 containing the authorization.

Purpose

The Federal Telecommunications Fund established July 1, 1963, finances, on a reimbursable basis, a telecommunications system for the Federal Government which is a major operating component of the national communications system. The system provides local and long distance voice, teletype, data, facsimile and other communications services.

Method of Operation

The Federal Telecommunications Fund is a revolving fund and as such operates on a reimbursable basis. The direct operating costs related to the services provided are financed by the Fund and are reimbursed from available appropriations and funds of agencies receiving the services. The reimbursements from agencies are based on rates established to recover the full cost of the services provided. Capital investments for purchase of telecommunications equipment and facilities are financed from capital appropriated to the fund and is recovered through the rates charged for services so as to recoup the initial investment over the life of the systems. The Fund operates on a break-even basis and following the close of each fiscal year, any surplus earnings, after making provisions for prior year losses, are deposited in miscellaneous receipts of the Treasury.

The overall management for the Federal Telecommunications Fund is provided through the "Operating Expenses, ADTS" appropriation.

The net operating results of the fund are as follows:

	<u>Actual 1979</u>	<u>Estimated 1980</u>	<u>Estimated 1981</u>
Operating Expenses (\$000)	408,656	458,240	501,387
Income (Reimbursements from Agencies (\$000))	<u>410,033</u>	<u>458,240</u>	<u>501,389</u>
Profit/Loss (\$000)	1,377	-	-

Appropriated Capital (\$000)

Start of year	29,000	29,000	34,000
Changes	-	5,000	5,000
End of year	<u>29,000</u>	<u>34,000</u>	<u>39,000</u>
Donated Assets	253	253	253
Retained Earnings	428	- 1/	-
Other 2/	<u>(533)</u>	<u>(533)</u>	<u>(533)</u>
Total Investment of the U.S. Government	<u>29,148</u>	<u>33,720</u>	<u>38,720</u>

1/ Prior years profit disposed in miscellaneous receipts of the Treasury

2/ Unfunded annual leave liability.

The capital requirements of the fund are two fold.

They are:

1. Working Cash - The fund has a continuing requirement for the equivalent of one months operating expenses for working cash. This is necessary to meet payroll and accounts payable due on a continuing basis. Current monthly operating expenses are averaging approximately \$36 million.

2. Capital Investments - Telecommunications equipment and facilities are purchased for the FTS through the Competitive Procurement Program where purchase is the least cost alternative. Investments totaling \$7 million in FY 1980 and \$5 million in FY 1981 are planned.

BBA
3/18/80

WORKING CAPITAL FUNDPURPOSE OF THE PROGRAM

This revolving fund provides financing for central blueprinting, photostating, duplicating and distribution services to support all programs of GSA and other Federal agencies, pending reimbursements. After making adequate provisions for the replacement of mechanical and other equipment, any excess funds are transferred to the Treasury as miscellaneous receipts.

AUTHORIZATION OF THE PROGRAM

The Working Capital Fund was authorized in the Independent Offices Appropriation Act, 1946 (40 U.S.C. 293). Duplicating plants require the approval of the Administrator of GSA and Printing Plants require the additional approval of the Joint Committee on Printing, United States Congress. Operation of a field plant may be undertaken by GSA if it has a major interest, or by another Government agency under arrangement with GSA and subject to GSA regulations.

HISTORY OF THE FUND

Public Law 79-49, of May 3, 1945, was the original authorization for this Fund. It authorized appropriated capital of \$50,000. In August and October, 1959, the Joint Committee on Printing authorized the establishment of Field Printing Plants, including procurement of additional printing equipment, at Boston, Massachusetts (activated November 1959); Dallas, Texas (activated March 1960); Kansas City, Missouri (activated April 1960); and Atlanta, Georgia (activated May 1960). Subsequently, the Committee authorized the establishment of additional Field Printing Plants at New York, N.Y.; East Point, Georgia; Cincinnati, Ohio; St. Louis, Missouri; Forth Worth, Texas; Salt Lake City, Utah; San Francisco, California; Billings, Montana; and Juneau, Alaska.

In 1963, under the impetus of OMB Circular A-68, GSA initiated a nationwide program to establish and operate centralized field duplicating services on a reimbursable basis. This consolidation of field printing or duplicating plants in Federal office buildings resulted in savings in space, equipment, and personnel.

The initial appropriation of \$50,000 for working capital was increased by \$400,000 by Public Laws 87-141, approved August 17, 1961; 88-507, approved August 30, 1964; 89-128, approved August 16, 1965; and 89-555, approved September 6, 1966, each of which authorized an additional \$100,000 increase in the Fund.

CAPITAL REQUIREMENTS

The volume and quantity of services provided by the Working Capital Fund has continued to increase over the years. There is, at present, a critical need to replace and upgrade capital equipment and take advantage of improvements in the state of the art. Our current equipment is 90% depreciated. FY 1979 sales volume totaled more than \$15 million on appropriated capital of only \$450 thousand, a 3% invested capital/sales ratio. With FY 1981 sales forecast at \$17 million, our need for increased capital is further emphasized. Analysis by the GSA indicates an additional \$1 million in appropriated capital is needed for equipment replacement and provide a cash balance equivalent to one month's cost of operations to help cash flow in support of increased business expansion.

 NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

Authority

The Fund was established by the Strategic and Critical Materials Stock Piling Act, Public Law 96-41, enacted July 30, 1979.

Purpose

This Fund was authorized to facilitate restructuring of the National Defense Stockpile through disposal of excess materials and acquisition of materials required to meet stockpile goals. This Fund provides for the acquisition of strategic and critical materials and related transportation costs, when so appropriated. Appropriations for acquisition of strategic and critical materials are derived from receipts covered into the Fund from disposal sales of excess stockpile materials.

Method of Operation

The Fund consists of receipts from stockpile disposal sales and is used to finance the acquisition of strategic and critical materials and related transportation costs, when so appropriated.

Receipts covered into the Fund from disposal sales remain until appropriated for acquisitions or until the end of the third fiscal year following the fiscal year in which received. If at the end of the third fiscal year the funds have not been appropriated, they will be transferred to miscellaneous receipts of the Treasury. Any funds appropriated shall be disbursed in the order they were covered into the Fund. Moneys in the Fund, when appropriated, shall remain available for a period of five fiscal years. Moneys received from the sale of stockpile materials being rotated are covered into the Fund. These funds are available for the acquisition of replacement materials only.

Receipts from stockpile disposals from existing and proposed legislation which are estimated to be covered into the Fund are as follows:

(In Millions of Dollars)

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Existing Legislation	\$ 7.3	\$64.2	\$60.0
Proposed Legislation	-	177.6	203.0
Total	<u>\$7.3</u>	<u>\$241.8</u>	<u>\$263.0</u>

Acquisitions planned in 1981 amount to \$169,900,000 including \$18,000,000 for related transportation costs.

Operating expenses are funded under Operating Expenses, Federal Property Resources Service.

Operating Expenses, National Archives and
Records Service (Direct Program)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(\$ in thousands)

	Perm. Pos.	Work Years
1980 Appropriation Enacted by Congress	2,066	2,516
Adjustments: Unobligated Balance Available	-	77
Transfer to other accounts	-	-61
Transfer from other accounts	4	100
Proposed Supplemental for Pay Increase	2,067	2,858
Total 1980	2,079	\$3,420
Estimate 1981	2,079	\$3,420
Changes from 1980 to 1981	12	\$1,727
	12	\$307

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

ACTIVITY	FY 1979 Act.		SUMMARY		FY 1981 Est.		Total Changes		Increase or Decrease (-) for 1981		Other Changes	
	Work Yrs.	Amt.	Work Yrs.	Amt.	Work Yrs.	Amt.	Work Yrs.	Amt.	Work Yrs.	Amt.	Work Yrs.	Amt.
1. Records Mgmt & Centers:												
a. Records Ctrs	1,420	\$33,530	1,469	\$39,242	1,469	\$38,112	-	\$-1,130	-	\$-3,368	-	\$-2,238
b. Records Mgmt	105	3,809	116	4,023	116	4,016	-	-9	-	-	-	-
Sub-Total	1,525	\$37,339	1,585	\$43,265	1,585	\$42,128	-	\$-1,139	-	\$-3,368	-	\$-2,238
2. Archives & Related Services:												
a. National Archives	563	\$20,975	574	\$21,248	574	\$21,825	-	\$ 577	-	\$ 587	-	\$ -10
b. Library of Congress	220	8,915	281	11,687	281	12,678	-	991	-	400	-	591
c. Federal Register	93	2,442	95	2,479	95	2,476	-	-3	-	-	-	-
Sub-Total	876	\$32,332	910	\$35,414	910	\$36,979	-	\$1,565	-	\$ 987	-	\$ 578
3. Nat'l Historical Publ. & Records Comm.												
a. Grants	-	\$ 4,039	-	\$ 4,077	-	\$ 4,000	-	\$ -77	-	\$ -77	-	\$ -
b. Admin. & Ref. Services	20	658	22	664	22	622	-	-42	-	-42	-	-42
Sub-Total	20	\$ 4,697	22	\$ 4,741	22	\$ 4,622	-	\$ -119	-	\$ -77	-	\$ -42
Total Direct	2,421	\$74,368	2,517	\$83,420	2,517	\$83,727	-	\$ 307	-	\$ 2,458	-	\$ 2,765
Total Perm. Pos.		2,117		2,067		2,079		12		12		-

SEE EACH ACTIVITY FOR PRORATED AMOUNT OF SERVICE DIRECTION

SUMMARY JUSTIFICATION OF 1981 BUDGET ESTIMATE

Direct obligational authority for FY 1981 is \$83,727 thousand, which represents a net increase of \$307 thousand over FY 1980. This figure reflects increases of \$2,342 thousand for SLUC, \$462 thousand for recurring reimbursable services, \$166 thousand for common distributable costs and \$987 thousand for preservation of records. These increases total \$3,957 thousand and are offset by decreases of \$3,650 thousand which represents \$2,668 thousand for the relocation of the Washington Field Office, \$700 thousand shelving reduction, \$77 thousand for the carryforward for grants, \$99 thousand for common distributable, and \$156 thousand for one less day in FY 1981.

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 81

National Archives & Records Service (Direct)

	Records Management and Centers Activity 1			Archives and Related Services Activity 2			Natl Publ. and Records Comm. Activity 3			Total		
	Pos.	Work Years	Amount	Pos.	Work Years	Amount	Pos.	Work Years	Amount	Pos.	Work Years	Amount
<u>PROGRAM CHANGES:</u>												
<u>Increases:</u>												
a. Preservation of Records	-	-	-	12	-	987	-	-	-	12	-	987
Subtotal Program Increases	-	-	-	12	-	987	-	-	-	12	-	987
<u>Decreases:</u>												
a. Relocation of Mechanicsburg Federal Record Center	-	-	-2,668	-	-	-	-	-	-	-	-	-2,668
b. Shelving	-	-	-700	-	-	-	-	-	-	-	-	-700
c. Grant Carry forward	-	-	-	-	-	-	-	-	-77	-	-	-77
Subtotal Program Decreases	-	-	-3,368	-	-	-	-	-	-77	-	-	-3,445
Total Program Changes	-	-	-3,368	12	-	987	-	-	-77	12	-	-2,458
<u>OTHER CHANGES:</u>												
<u>Increases:</u>												
a. Standard Level User Charge	-	-	2,029	-	-	313	-	-	-	-	-	2,342
b. Recurring Reimbursable	-	-	221	-	-	233	-	-	-	-	-	454
c. Common Distributable	-	-	83	-	-	83	-	-	8	-	-	166
Subtotal Other Increases	-	-	2,333	-	-	629	-	-	8	-	-	2,970
<u>Decreases:</u>												
a. Common Distributable	-	-	-104	-	-	-51	-	-	-49	-	-	-199
b. 1 less paid day	-	-	-	-	-	-	-	-	-1	-	-	-156
Subtotal Other Decreases	-	-	-104	-	-	-51	-	-	-50	-	-	-205
Total Other Changes	-	-	2,229	-	-	578	-	-	-42	-	-	2,765
TOTAL INCREASE/DECREASE Compared to FY 80 Appropriation	-	-	-1,139	12	-	1,565	-	-	-119	12	-	307

RECORDS MANAGEMENT AND CENTERS
(\\$ in Thousands)

Operating Expenses, National Archives and Records Service (Direct)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.
Records Management	105	3,588	115	3,898	115	3,892	-	-6	-	-	-	-6
Records Centers	1,387	\$31,033	1,433	\$37,998	1,433	\$36,173	-	\$-1,120	-	\$-3,368	-	\$ 2,248
Sub-total	1,492	\$34,641	1,550	\$41,896	1,550	\$40,770	-	\$-1,126	-	\$-3,368	-	\$ 2,242
Service Direction	33	\$ 2,698	35	\$ 1,369	35	\$ 1,356	-	\$ -13	-	\$ -	-	\$ -13
Total	1,525	\$37,339	1,585	\$43,265	1,585	\$42,126	-	\$-1,139	-	\$-3,368	-	\$ 2,229

BACKGROUND

Records Centers

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-permanent records.

Records Management

The records management activity provides Government-wide leadership in assisting Federal agencies to achieve the economic and efficient creation and use of their records.

JUSTIFICATION

A. Highlight

The component parts of both the records center programs 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 service, and disposing of agencies' semi-active and non-current records. The program also provides for a comprehensive Government-wide program of records appraisal and disposal scheduling, 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 120 million military and civilian personnel folders.

Responsive reference service is necessary to ensure that agencies can meet the needs of citizens requests for service to citizens requiring copies of documents in Centers' custody such as tax returns and military and civilian service records, etc. and to conduct their business efficiently.

In 1979, agencies deposited 1.4 million cubic feet of inactive records in the 14 Regional Records Centers. Agencies are expected to deposit 1.2 and 1.4 million cubic feet of records in FY 1980 and FY 1981, respectively. The Records Centers disposed of 882,000 cubic feet of inactive and unusable records in FY 1979, 945,000 cubic feet of records in FY 1980 and 995,000 in FY 1981. In FY 1979, 1980 and 1981 the 14 Regional Records Centers and the National Personnel Records Center will accumulate holdings of 13.6, 13.9 and 14.3 million cubic feet of records, respectively.

In addition, the Regional Centers and the National Personnel Records Center will provide 18.7 million references and 3.0 million processing services in FY 1981.

Significant savings have been realized through the use of low-cost storage space in records centers resulting in the release of more expensive space in individual agencies. In FY 1979, savings in storage and equipment costs were \$24.7 million and are estimated to be \$24.6 million in FY 1980 and \$30.1 million in FY 1981.

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 agencies through the training of agency personnel in records management; implementation of records management systems; by evaluating agencies records management programs to ensure their compliance and effectiveness; and by reviewing interagency reports to eliminate unnecessary reports, and improve and reduce the costs of the remainder.

In FY 1979, the records management activity completed records inspections for the Office of the Secretary of Defense and for the Environmental Protection Agency. In addition, 160 multi-agency inspections on reports management and mail management were completed. Savings of an estimated \$60,000,000 are expected to result from government wide from the implementation of the findings and recommendations in the mail management report.

B. Explanation of Changes, FY 1980 vs. FY 1981

A net decrease of \$1,139 thousand is requested for FY 1981. Increases of \$2,029 thousand for payment to the Federal Buildings Fund for space, \$221 thousand for recurring reimbursable payments to the Federal Buildings Fund, and \$83 thousand for common distributable charges, are offset by decreases of \$2,668 thousand for the selection of the Mechanicsburg Federal Records Center, \$700 thousand for shelving, and \$104 thousand for one less paid day in FY 1981.

RECORDS MANAGEMENT AND CENTERS

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$19,842,000. For 1,121 permanent positions (1,530 work years) distributed as follows:

	1979			1980			1981		
	C.O.	Field	Total	C.O.	Field	Total	C.O.	Field	Total
a. Federal Records Centers	705	331	1,036	690	320	1,010	690	320	1,010
b. Records Management	55	56	111	55	56	111	55	56	111
Total Positions	760	387	1,147	745	376	1,121	745	376	1,121
Work Years	749	743	1,492	810	740	1,550	810	740	1,550

12 Personnel Benefits - \$1,912,000. Includes \$1,389,000 for direct contribution to retirement fund; \$443,000 for health benefits; \$56,000 for group insurance; \$14,000 for FICA; and \$10,000 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons - \$115,000. Provides \$82,000 for approximately 656 days of travel required for records management surveys and inspection of regional records management and centers operation; and \$33,000 for motor pool services.

22 Transportation of Things - \$124,000. For commercial transportation of records and other commercial transportation.

23 Rents, Communications and Utilities - \$16,645,000. Includes \$94,000 equipment rental; \$169,000 equipment depreciation; \$100,000 for communications, including FTS charges; \$691,000 for payment to Federal Buildings Fund for recurring reimbursable services; \$145,000 for non-recurring reimbursement to the Federal Buildings Fund; \$732,000 for postage; and \$14,754,000 for payment to Federal Buildings Fund for space.

24 Printing and Reproduction - \$175,000. Includes printing for records centers operation and for reproduction of handbooks, reports and regulations.

25 Other Services - \$922,000. Includes \$250,000 for payment of health room services, personal security clearances, OPM training courses, etc.; \$100,000 for reproduction services; \$260,000 for ADP services; and \$312,000 for other contractual services.

26 Supplies and Materials - \$735,000. Includes \$515,000 for records centers program supplies, including cardboard containers for records accessioned, and \$220,000 for administrative supplies and materials.

32 Lands and Structures - \$300,000. For records centers shelving.

EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS.

Operating Expenses, National Archives and Records Service
(Direct)

RECORDS MANAGEMENT AND CENTERS
WORKLOAD FACTORS FY 1979 - 1981

WORKLOAD FACTORS Federal Records Centers	1979 Actual	1980 Program In		1981 Estimated	Percent Change
		1980 Budget	1981 Budget		
Records Holdings (000) (cubic feet)	13,632	13,800	13,896	14,269	2.7
Accessions (000) (cubic feet)	1,394	1,200	1,249	1,368	9.5
Disposal (000) (cubic feet)	882	1,000	985	995	1.0
References Services (000)	19,161	17,640	17,960	18,692	4.1
Items Processed (000)	5,493	3,900	3,050	3,050	-
<u>Records Management</u>					
Standard Form Requests Reviewed	315	-	-	268	-
Agency Inspections-Recommendations Made	377	-	-	513	-
Interagency Reports Reviewed	130	-	-	119	-
Technical Manual Pages Produced	342	-	-	200	-
Course Development Days	10	-	-	48	-

Operating Expenses, National Archives and Records Service (Direct)
ARCHIVES AND RELATED SERVICES
(\$ in thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.
National Archives	586	\$19,916	588	\$20,799	558	\$21,690	-	\$ 841	-	\$ 587	-	\$ 254
Presidential Libraries	213	8,473	233	11,440	233	12,170	-	730	-	400	-	330
Federal Register	93	2,265	94	2,427	94	2,427	-	-	-	-	-	-
Sub-total	892	\$30,652	885	\$34,666	885	\$36,237	-	\$ 1,571	-	\$ 987	-	\$ 584
Service Direction	24	1,680	25	748	25	792	-	-46	-	-	-	-6
Total	876	\$32,332	910	\$35,414	910	\$36,979	-	\$ 1,365	-	\$ 987	-	\$ 578

BACKGROUND

This activity provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies, the permanently valuable historical records of the Federal Government and the historical material in Presidential Libraries, and the historical records of the Federal Register, and the historical material in the publication of the Federal Register, and the 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. It also provides for the National Audiovisual Centers' audiovisual information and management programs.

JUSTIFICATION

A. Highlights

1. National Archives - The permanently valuable records of the Federal Government are selected, described, preserved, and arranged. The records are made available for use in research rooms and information about the records and reproductions are made available to the public through the National Archives. The 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 at a high rate. Although reference service in FY 1980 may not be dramatically higher than FY 1979 we estimate that reference service demand will continue to increase. In FY 1979 we estimate that reference service increased upward since the mid 1960's. Reference service requests increased from 2.7 million in FY 1978, to 2.8 million in FY 1979 and are estimated at 2.8 million in FY 1980 and 3.9 million in FY 1981.

Records are arranged and descriptions of their contents prepared to provide access and facilitate use by staff and researchers. These descriptions are posted in guides, inventories, special lists, and other publications. Exhibits provide additional public access to the archival holdings.

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, 68 million feet of motion pictures, 5 million photographs, 1.6 million maps, 72,000 sound recordings, 2.5 million aerial photographs, and 1,500 reels of ADF tape) require some

treatment if they are to be preserved for future use, and many of the older papers and non-textual records (e.g., movies, sound recordings, maps, and photographs) require immediate duplication or restoration to preserve the information within their expected remaining life span. In FY 1979, 3.5 million units were preserved and in FY 1980, 4.5 million units were preserved. In FY 1981, 5.5 million units were preserved. In FY 1980 and 1981 primarily reflect emphasis on microfilm. Failure to maintain an adequate program will result in the irretrievable 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.

The National Audiovisual Center furnishes to the public and to Federal agencies and other interested parties, audiovisual materials for or for the Federal Government. The Centers also assists Federal agencies and monitors their compliance with OMB Circular A-114.

	1979		1980		1981		Change From 1980
	Actual	Estimate	Actual	Estimate	Actual	Estimate	
Performance Costs (\$ in thousands)							
References Services	\$ 2,113	\$ 6,027	\$ 6,027	\$ 6,325	\$ 6,325	\$ 6,325	\$ 988
Description	1,736	1,490	1,490	1,382	1,382	1,382	108
Arrangement	1,864	1,148	1,148	673	673	673	-475
Accessions	760	320	320	320	320	320	-
Appraisal	480	768	768	768	768	768	-
Preservation Mgmt.	2,161	2,468	2,468	3,305	3,305	3,305	837
Audiovisual Mgmt.	636	680	680	680	680	680	-
Publications	463	595	595	595	595	595	-
Public Info. & Educ.	229	263	263	263	263	263	-
SLUC & Reimbursable payments to FBF	7,072	6,871	6,871	7,160	7,160	7,160	289
Total	\$19,914	\$20,799	\$20,799	\$21,640	\$21,640	\$21,640	\$ 841
Workyears	546	558	558	558	558	558	-
			334	734	734	734	400

/// Excludes the following -
in Presidential Libraries.

Operating Expenses, National Archives and Records Service (Direct)

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 made available for scholarly research and public information. The libraries also undertake solicitation programs to acquire historical materials relating to the President and the Presidency. 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 1979 are as follows(000)

Pages of Manuscripts	130
Volumes	164
Other Printed Items	225
Still Pictures	1,386
Museum Objects	120

Exhibits in Presidential Libraries were viewed by 1,111,875 visitors in FY 1979.

b. Costs and work years for FY 1979 and projected levels for FY 1980 and FY 1981 are shown below. In FY 1979, \$507 thousand was spent on preservation. In FY 1980 \$534 thousand will be spent on preservation and in FY 1981 \$734 thousand will be spent on preservation.

Performance Costs	1979		1980		1981		Change from 1980
	Actual	Estimate	Actual	Estimate	Estimate	Estimate	
Hoover	\$ 356	\$ 384	383	-			-1
Roosevelt	524	541	540	-1			-1
Truman	520	560	559	-1			-1
Eisenhower	512	558	557	-1			-1
Kennedy	702	739	738	-1			-1
Johnson	620	713	712	-1			-1
Nixon Records	420	713	712	-1			-1
Ford Presidential Materials	294	335	335	-			-
White House Liaison	84	100	100	-			-
Planning & Dir.	688	882	1,284	-			4402
SLUC & recurring reimb. payments to FBF	3,468	5,830	6,165	335			335
Total Performance Costs	\$ 8,473	\$11,440	\$12,170	\$ 730			
Work Years	213	233	233	-			-

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 law form and in the U.S. Statutes at Large, Presidential documents in the Weekly Compilation of Presidential Documents and Public Papers of the 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)	1979	1980	1981	Change from 1980
	Actual	Estimate	Estimate	
a. Performance Costs	\$2,265	\$2,427	\$2,427	\$ -
b. Work Years	93	94	94	-

WORKLOAD FACTORS (in thousands)

	1979 Actual	1980 Program In		1981		Percent Change from 1980
		Budget	Budget	Estimate	Estimate	
National Archives						
Items Arranged	2,914	1,632	1,632	1,000	-38.7	
Units Preserved ^{1/}	3,896	-	6,461	9,770	50.4	
Preservation Actions ^{2/}	8,879	10,100	12,325	15,548	26.2	
Finding Aid Entries	72	72	72	62	-13.9	
Reference Services	2,785	3,678	2,792	3,878	38.9	
Audiovisual Info. Svcs.	56	-	61	67	9.8	
Presidential Libraries						
Reference Services	644	515	510	510	-	
Arrangement	1,837	-	2,000	3,642	82.1	
Units Preserved ^{1/}	673	-	700	1,300	85.7	
Preservation Actions ^{2/}	1,308	-	1,360	2,560	88.2	
Federal Register						
Total Manuscript Pages Processed	914	-	893	893	-	

^{1/} Units Preserved: Measures preservation in terms of single documents, maps, photographs, historical objects, and ADP tapes; feet of motion pictures and running time for audio and video recordings.

^{2/} Preservation Actions: Measures several major steps taken when preserving one Unit.

B. Explanation of Changes, FY 80 vs. FY 81.

A net increase of \$1,565 thousand is requested for FY 1981. Increases of \$987 thousand for preservation of records, \$313 thousand for payment to the Federal Buildings Fund for recurring maintenance payments to the Federal Buildings Fund for FY 1981, and \$254 thousand for distributable costs are offset by decreases of \$51 thousand for one less paid day in FY 1981.

Operating Expenses, National Archives and Records Service (Direct)
 NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION
 (\$ in thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.
NHPRC	20	\$ 4,653	22	\$ 4,720	22	\$ 4,601	-	\$ -119	-	\$ -77	-	\$ -82
Service Direction	-	44	-	21	-	21	-	-	-	-	-	-
Total	20	\$ 4,697	22	\$ 4,741	22	\$ 4,622	-	\$ -119	-	\$ -77	-	\$ -82

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 are used to purchase in bulk, from private individuals, libraries, 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.

JUSTIFICATION

A. Highlight

The Commission staff administers grant funds to provide financial support for the preservation, reproduction, and publication of documentary sources of American History. The program also provides 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 programs and provides technical assistance to State and local historical organizations in light of national program 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.

In FY 1980 the Washington State Survey and Guide project will be completed. This is a model program to survey, locate, and publish the records and archival materials in the State of Washington and to publish an automated guide to these materials. This was a model project for other states. In addition the publication project for the Alexander Hamilton Papers in 26 volumes will be completed.

In FY 1981, the Portland City Archives project which is a model municipal records management and archival project will be completed. Other projects to be completed are the Governor's Papers (Wisconsin, Illinois and Indiana) to produce an automated guide to the four state archives will be completed. The Booker T. Washington Papers in 15 volumes will be published.

Performance Costs are as follows: (\$ in Thousands)

	1979		1980		1981		Change from 1981
	Actual	Estimate	Estimate	Program	Estimate	Program	
Grants	\$4,039	\$4,077	\$4,077	\$4,000	-	-	-77
Admin. & Ref. Services	614	643	643	601	-	-	-82
Total	\$4,653	\$4,720	\$4,720	\$4,601	-	-	\$-119

Selected Workload	1979		1980		1981		Percent Change
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
Records grants reviewed	187	280	225	280	280	24.4	-
Publ. grants awarded	82	80	80	80	80	165	-
Publ. grants reviewed	22	169	169	169	169	165	-
Records Research(000)	1,500	1,500	1,500	1,500	1,500	1,500	-
Info. Systems entries	1,430	1,700	1,700	1,700	1,700	1,700	-

B. Explanation of Change, FY 1980 vs. FY 1981

A net decrease of \$119 thousand in requested for FY 1981. An increase of \$8 thousand for recurring reimbursable payments to the Federal Buildings Fund is offset by decreases in the amounts of \$77 thousand for the carryforward of no-year funds and \$50 thousand for payment for common distributable costs and for one less day.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$448,000. For 20 permanent positions (22 work years) all in the Central Office distributed as follows:

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Positions	20	20	20
Work Years	20	22	22

12 Personnel Benefits - \$48,000. Includes \$31,400 for direct contribution to retirement fund; \$2,900 for health benefits; \$700 for group insurance; \$300 for FICA; and \$12,700 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons - \$15,000. Includes \$15,000 for approximately 120 days of travel by the National Historical Publications and Records Commission and its staff.

23 Rents, Communications and Utilities - \$74,000. Provides \$4,000 for depreciation of administrative equipment; and \$5,000 for communications services; \$9,000 for payment to Federal Buildings Fund for recurring reimbursable services; \$7,000 for equipment rental; \$12,000 for postage; and \$37,000 for payment to Federal Bldgs. Fund for space.

24 Printing and Reproduction - \$3,000. For reproducing reports, microfilm, forms and other materials.

25 Other Services - \$10,000. Provide for training courses, contractual services, etc.

26 Supplies and Materials - \$3,000. Provides for necessary office supplies.

41 Grants, Subsidies, and Contributions - \$4,000,000.

EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION . . . SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS.

Operating Expenses, National Archives and Records Service
(Direct)

SERVICE DIRECTION

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.
Service Direction Dis- tribution by Program:												
Records Management & Centers	33	\$ 2,698	35	\$ 1,369	35	\$ 1,356	-	\$ -13	-	-	-	\$ -13
Archives & Related	24	1,680	25	748	25	742	-	-6	-	-	-	-6
NHPRC	-	44	-	21	-	21	-	-	-	-	-	-
Total	57	\$ 4,422	60	\$ 2,138	60	\$ 2,119	-	\$ -19	-	-	-	\$ -19

A. 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 Assistant Regional Administrators.

B. Explanation of Changes, FY 80 vs. FY 81

A net decrease of \$19 thousand is requested for FY 1981. This decrease represents one less paid day in FY 1981 and common distributable costs.

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$1,462,000. For 60 permanent positions (60 work years), distributed as follows:

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Central office	44	44	44
Field	16	16	16
Total Positions	60	60	60
Average Employment	57	60	60

12 Personnel Benefits - \$168,000. Includes \$102,000 for direct contribution to retirement fund; \$45,000 for health benefits; \$8,000 for group insurance; \$6,000 for FICA; and \$7,000 for contribution to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons - \$68,000. Includes \$68,000 for approximately 244 days of travel required for inspection of field operations and participation by Assistant Regional Administrators in records management surveys and record center operations.

22 Transportation of Things - \$9,000. Provides funds related to household moves.

23 Rents, Communications and Utilities - \$88,000. Provides \$32,000 for payment to the Federal Buildings Fund for Standard Level User Charges; \$14,000 for depreciation of administrative equipment; \$15,000 for communications services, and \$7,000 for equipment rental.

24 Printing and Reproduction - \$45,000. For reproducing reports, forms and other materials.

25 Other Services - \$219,000. Provide for training, health room services, and miscellaneous services.

26 Supplies and Materials - \$60,000. For normal administrative supplies.

Operating Expenses, National Archives and Records Service
(Direct)

Summary of Employment
(Work Years)

Principal Categories	Actual		Estimated		Changes for 1981		
	1979	1980	1980	1981	Total	Program Changes	Other
Management and Administrative Direction	64	65	65	65	-	-	-
Professional	458	477	477	477	-	-	-
Technical	1,061	1,198	1,198	1,198	-	-	-
Clerical	306	320	320	320	-	-	-
Sub-total	1,889	2,060	2,060	2,060	-	-	-
Part-time and temporary work years	532	457	457	457	-	-	-
Total	2,421	2,517	2,517	2,517	-	-	-

KEY WORKLOAD ITEMS

	1980 Program In				Percent Change
	1979 Actual	1980 Budget	1981 Budget	1981 Estimated	
1. Records Management and Centers					
A. Federal Records Centers					
Records Holdings (000) (cubic feet)	13,632	13,800	13,896	14,269	2.7
Accessions (000) (cubic feet)	1,394	1,200	1,249	1,368	9.5
Disposal (000) (cubic feet)	882	1,000	885	1,000	1.0
Reference Services (000)	19,161	17,840	17,860	18,492	4.1
Items Processed (000)	3,493	3,900	3,050	3,050	-
B. Records Management Center Functions					
Records Requests Reviewed	315	-	268	268	-
Agency Inspections-Recommendations Made	377	-	513	513	-
Interagency Reports Reviewed	130	-	119	119	-
Technical Manual Pages Produced	342	-	200	200	-
Course Development Days	10	-	48	48	-
2. Archives and Related Services					
A. National Archives					
Items Arranged (000) 1/	2,914	1,632	1,632	1,000	-38.7
Units Preserved (000) 1/	3,878	-	6,644	9,720	30.4
Preservation Actions (000) 2/	3,878	10,100	12,321	15,588	26.2
Pending Aids Entries (000)	72	72	72	62	-13.9
Reference Services (000)	2,785	3,678	2,792	3,878	38.9
Audiovisual Info. Svcs. (000)	36	-	61	67	9.8
B. Presidential Libraries					
Reference Services (000)	644	515	510	510	-
Arrangement (000)	1,837	-	2,000	3,642	82.1
Units Preserved (000) 1/	673	-	700	1,300	85.7
Preservation Actions (000) 2/	1,308	-	1,360	2,560	88.2
C. Federal Register					
Total Manuscript Pages Processed (000)	914	-	893	893	-
1/ Units Preserved: Measures preservation in terms of single documents, maps, photographs, historical objects, and ADP tapes; feet of motion pictures and running time for audio and video recordings.					
2/ Preservation Actions: Measures several major steps taken when preserving one Unit.					
3. National Historical Publications and Records Commission					
Records grants reviewed	187	-	225	280	24.4
Records grants awarded	82	-	80	80	-
Publ. grants reviewed	72	-	100	100	-
Publ. grants awarded	7	-	165	65	-
Recs. Researched (000)	1,900	-	1,900	1,900	-
Info. Systems entries	1,430	-	1,700	1,700	-

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 acceptance and utilization of voluntary and uncompensated services, ~~\$80,446,000~~ of which \$4,000,000 for allocations and grants for historical publications and records as authorized by 44 U.S.C. 2504, as amended, shall remain available until expended.

\$83,727,000

(Independent Agencies Appropriation Act, 1980)

ADVANCES AND REIMBURSEMENTS, NATIONAL ARCHIVES AND RECORDS SERVICE
(\$ in Thousands)

Permanent Positions Average Employment Amount
159 228 \$ 5,500
159 228 \$ 5,500

1980 Reimbursable Program
1981 Reimbursable Program

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1981

ACTIVITY	SUMMARY						Increase or Decrease (-) for 1981	
	FY 1979		FY 1980		FY 1981		Total Changes	
	Wk. Yrs.	Amt	Wk. Yrs.	Amt	Wk. Yrs.	Amt	Wk. Yrs.	Amt
1. Records Management & Centers	225	\$4,253	208	\$4,900	208	\$4,900	-	-
2. Archives & Related Svcs.	3	71	20	600	20	600	-	-
Total Appropriation, authorized level & budget estimate	228	\$4,324	228	\$5,500	228	\$5,500	-	-
Permanent Positions Established	130		159		159		-	-

SUMMARY JUSTIFICATION OF 1981 BUDGET ESTIMATE

The reimbursable program for FY 1981 is estimated at \$5,500,000 a level which is equal to the request for FY 1980. The program in 1981 will provide assistance to other agencies on a reimbursable basis as follows: \$2,137,000 for reference and filing services performed in the Federal Records Centers, \$401,000 for microfilm services, \$568,000 for photocopying performed in the Federal Records Centers, \$1,795,000 for Records Management Technical Assistance & Training, \$100,000 for training in the use of the Federal Register, and \$500,000 for services performed on behalf of the National Archives Trust Fund Board.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable service to be performed by Government agencies.

Advances and Reimbursements, National Archives and Records Service

RECORDS MANAGEMENT AND CENTERS
(\$ in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amnt.	Work-yr.	Amnt.	Work-yr.	Amnt.	Work-yr.	Amnt.	Work-yr.	Amnt.	Work-yr.	Amnt.
Records Management	48	\$ 1,397	48	\$ 1,560	48	\$ 1,560	-	-	-	-	-	-
Records Centers	177	\$ 2,856	160	\$ 3,340	160	\$ 3,340	-	-	-	-	-	-
Sub-total	225	\$ 4,253	208	\$ 4,900	208	\$ 4,900	-	\$ -	-	\$ -	-	\$ -

BACKGROUND

A. Records Centers

The Federal Records Centers provide 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. The centers are provided with the most current records when it can be shown that there is a net saving to the Government and when the agency originating the records is willing to reimburse NARS for the expenses incurred. The centers also provide microfilming services to other agencies on a reimbursable basis. The centers also provide photocopying services for the National Archives Trust Fund Board on a reimbursable basis.

B. Records Management

The records management activity trains agency staff in good records management techniques and assists agencies in applying good records management practices if the agencies are willing to reimburse NARS for these services.

B. Explanation of Changes, FY 1980 to FY 1981

No changes are requested.

WORKLOAD FACTORS
(in thousands)

	1979		1980 Program In		1981	Percent Change
	Actual	Budget	Actual	Budget		
Records Centers						
Reference Service (000)	1,840	-	1,700	1,700	2,210	30.0
Microfilm (000)	15,821 ^{1/}	-	7,600 ^{1/}	7,600 ^{1/}	4,101	-46.0
Records Management						
Technical Assistance Projects	108	-	122	122	122	-
Workshops	51	-	78	78	78	-

JUSTIFICATION

A. Highlight

1. **Records Centers.** The records centers store active tax returns, Passport Applications Files, Social Security Claims folders, and SSA Title XVI folders. Reference services for IRS, SSA, Passport, and the Air Force Accounting Center were 1,840,000 in FY 1979 and 1,700,000 in FY 1980. Microfilm production services were 2,210,000 in FY 1981. Images microfilmed in FY 1979 were 15,821,000 and are estimated at 7,600,000 in FY 1980 and 4,101,000 in FY 1981. Reproduction services performed for the National Archives Trust Fund Board were 2,359,000 in FY 1979 and will be 2,500,000 in FY 1980 and 2,500,000 in FY 1981.

2. **Records Management.** Reimbursable technical assistance was provided through 108 projects in FY 1979. Expenses for these projects will be conducted in FY 1980 and FY 1981. Records management training was provided through 51 workshops in FY 1979, in FY 1980 and FY 1981. 78 workshops are planned. Both of these records management activities permit NARS records management expertise to be shared with other Federal Agencies.

^{1/} Includes 2 large projects in FY 1979 and FY 1980 to microfilm real estate title documents for the Federal Bureau of Investigation and the Veterans Affairs hospitals for the Veterans Administration. The decrease in microfilming workload in FY 1980 and 1981 will be offset by increases in dropfilming for the Social Security Administration and by anticipated reference service requests.

Advances and Reimbursements, National Archives and Records Service

ARCHIVES AND RELATED SERVICES
(\$ in Thousands)

	FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.	Work-yr.	Amt.
National Archives	-	\$ 40	16	\$ 550	16	\$ 550	-	-	-	-	-	-
Federal Register	3	31	4	50	4	50	-	-	-	-	-	-
Total	3	\$ 71	20	\$ 600	20	\$ 600	-	-	-	-	-	-

BACKGROUND

The National Archives provides photocopy services on the permanently valuable records for the National Archives Trust Fund Board. The Board reimburses the Archives for these services. The Federal Register provides training and assistance to agencies desiring to improve their regulations.

JUSTIFICATION

A. Highlights

On behalf of the National Archives Trust Fund Board the National Archives will perform 6,000,000 photocopy services in FY 1980 and FY 1981. In FY 1979 these services were financed directly by the Board. The Federal Register conducted 7 training courses in FY 1979 and will conduct 10 training courses in FY 1980 and FY 1981.

WORKLOAD FACTORS
(in thousands)

	1979 Actual	FY 1980 Program In		1981		Percent Change
		Budget	Budget	Estimate	Change	
Federal Register	7	-	10	10	-	-
Training courses	-	-	-	-	-	-
National Archives	-	-	6,000	6,000	-	-
Photocopying service (000)	-	-	6,000	6,000	-	-

ADVANCES AND REIMBURSEMENTS

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$4,520,000. For 159 permanent positions (228 work years) distributed as follows:

	1979			1980			1981		
	C.O.	Field	Total	C.O.	Field	Total	C.O.	Field	Total
a. Federal Records Centers	26	52	78	23	68	91	23	68	91
b. Records Management	20	28	48	20	28	48	20	28	48
c. National Archives	-	-	-	16	-	16	16	-	16
d. Federal Register	4	-	4	4	-	4	4	-	4
Total Positions	50	80	130	63	96	159	63	96	159
Work Years	69	159	228	65	163	228	65	163	228

12 Personnel Benefits - \$406,000. Includes \$236,000 for direct contribution to retirement fund; \$60,000 for health benefits; \$24,000 for group insurance; \$71,000 for FICA; and \$15,000 for reimbursement to the Employees Compensation Fund pursuant to P.L. 86-767.

21 Travel and Transportation of Persons - \$150,000. Provides \$150,000 for approximately 1,200 days of travel required for records management surveys and inspection and technical assistance projects of regional records and centers programs.

24 Printing and Reproduction - \$50,000. Includes printing costs for technical assistance reports, handbooks for training courses, and electrostatic copying.

25 Other Services - \$275,000. Includes \$25,000 for payment of health room services, personal security clearances, CSC training courses, etc.; \$100,000 for reproduction services; \$100,000 for ADP services; and \$50,000 for other contractual services.

26 Supplies and Materials - \$99,000. Includes \$95,000 for records centers program supplies, including cardboard containers, microfilm, and \$4,000 for administrative supplies and materials.

NATIONAL ARCHIVES AND RECORDS SERVICE
Reimbursable Program

Summary of Employment
Work Years

Principal Categories	1980		1981		Changes for 1981	
	1979 Actual	Estimate	Estimate	Program Changes	Total	Other
Management Administrative Direction	2	2	2	-	-	-
Professional	58	58	58	-	-	-
Technical	56	56	56	-	-	-
Clerical	6	6	6	-	-	-
Subtotal	122	122	122	-	-	-
Part-time & Temporary Work Years	106	106	106	-	-	-
Total Work Years	228	228	228	-	-	-

KEY WORKLOAD ITEMS

	<u>1980 Program In</u>		<u>1981 Estimated</u>	<u>Percent Change from 1981</u>
	<u>1979 Actual</u>	<u>1980 Budget</u>		
<u>1. Records Centers</u>				
Reference Services (000)	1,840	-	2,210	30.0
Duplications (000)	5,730	-	13,449	23.5
Microfilm (000)	15,821 ^{1/}	-	4,101	-46.0
<u>2. Records Management</u>				
Technical Assistance Projects	108	-	122	-
Workshops	51	-	78	-
<u>3. Federal Register</u>				
Training courses	7	-	10	-
<u>4. National Archives</u>				
Photocopying service (000)	-	-	6,000	-

^{1/} Includes 2 large projects in FY 1979 and FY 1980 to microfilm real estate title documents for the Corps of Engineers and to microfilm architectural drawings of VA hospitals for the Veterans Administration. The decrease in microfilming workload in FY 1980 and 1981 will be offset by increases in duplicating for the Social Security Administration and by anticipated reference service requests.

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(\$ in Thousands)

	Perm. Pos.	Work Yrs.	Amount
1980 Appropriation Enacted by Congress	177	167	\$3,055
Proposed supplemental for pay increases	-	-	178
1980 Revised Estimate	177	167	\$3,233
Estimate, 1981	177	167	\$3,423
Changes from 1980 to 1981	-	-	\$ 190

	SUMMARY				FY 1980		FY 1981		Total Changes		Increase or Decrease (-) for 1980	
	Wk. Yrs.	FY 1979 Amt.	Wk. Yrs.	FY 1980 Amt.	Wk. Yrs.	FY 1981 Amt.	Wk. Yrs.	FY 1981 Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.
1. Records Declassification	81	\$1,496	147	\$2,759	147	\$2,949	-	\$ 190	-	\$ 200	-	\$ -10
2. Information Security Oversight Office	8	207	20	474	20	474	-	-	-	-	-	-
Total	89	\$1,703	167	\$3,233	167	\$3,423	-	\$ 190	-	\$ 200	-	\$ -10
Total Permanent Positions	111		177		177		-		-		-	

SUMMARY JUSTIFICATION OF FY 1980 BUDGET ESTIMATE

This appropriation provides for necessary expenses to comply with the requirements of 44 U.S.C. 2104, 2108, and 2904 implementing provisions of Executive Order No. 12062, dated June 28, 1978, incident to review for declassification of all security classified information as it becomes 20 years old.

Records Declassification

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 1981
(\$ in Thousands)

	Information Security Oversight Office Activity		Records Declassification Activity 2		Total	
	Pos.	Amount	Pos.	Amount	Work Years	Amount
<u>PROGRAM CHANGES:</u>						
Review of Classified Records	-	-	-	\$ 200	-	\$ 200
<u>OTHER CHANGES:</u>						
Less one day	-	-	-	\$ -10	-	\$ -10
Total Increases/Decreases	-	-	-	\$ 190	-	\$ 190
	-	-	-	\$ 190	-	\$ 190

Records Declassification

RECORDS DECLASSIFICATION
(\$ in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.
81	\$1,496	147	\$2,759	147	\$2,949	-	\$ 190	-	\$ 200	-	\$ -10

BACKGROUND

Executive Order 12065 provides for the systematic review over the next ten years of all classified records in the National Archives which are now or will be 20 years old. NARS staff performs the reviews utilizing guidelines prepared by the U.S. agencies originating or having primary interest in the information.

JUSTIFICATION

A. Highlight

This program makes available to the public more historically valuable information in the records of the federal government and in donated historical materials by declassifying as much information as possible without endangering the National Security. Most of the work is performed in the Washington metropolitan area on records in the National Archives Building and in the Washington National Record Center. A very small amount of the total workload is accomplished at the Presidential Libraries of recent Presidents. Funds requested for fiscal year 1981 provide for the systematic review of security classified records which are or will be 20 years old. At that rate the task will be completed by the end of fiscal year 1991.

B. Explanation of Changes, FY 1980 to FY 1981

An additional \$200 thousand is requested for FY 1981. These funds will be used to review classified records to determine if they can be declassified, thus increasing the amount of historically valuable information and records available to the public. While approved staffing levels are sufficient to accomplish the projected workload, additional funding is required for salaries and related costs.

WORKLOAD FACTORS
(Pages in millions)

	FY 1979 Actual	1980 Program In		FY 1981 Estimate	Percent Change from 1980
		FY 1980 Budget	FY 1981 Budget		
Pages Examined	35.5	63.0	69.0	36.0	-18.8
Classified Pages Reviewed	16.9	-	33.1	26.8	-19.0
Pages Declassified	15.5	-	31.2	24.6	-21.2

1/ Selection of records to be reviewed will result in a disproportionate increase of pages to be examined in FY 1980. The records to be examined in FY 1980 are older and generally of a less sensitive nature therefore more subject to declassification. In FY 1981 the documents to be reviewed will be more sensitive and require more extensive examination.

Records Declassification

RECORDS DECLASSIFICATION

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$2,024,000. For 157 permanent positions (147 work years) distributed as follows:

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Work-years	81	147	147
Total Positions	100	157	157

12 Personnel Benefits - \$225,000. Includes \$142,500 for direct contribution to the retirement fund; \$63,500 for health benefits; \$15,000 for group insurance; and \$4,000 for FICA.

21 Travel and Transportation of Persons - \$22,000. Includes \$20,000 for approximately 180 days of travel to Presidential Libraries and records centers to coordinate the declassification review program, and for travel by selected employees to Washington for training, and \$2,000 for motor pool services.

22 Transportation of Things - \$12,000. Provides for shipment of records to agencies after review.

23 Rents, Communications, and Utilities - \$399,000. Provides \$239,000 for payment to Federal Buildings Fund for Standard Level User Charge; \$122,000 for recurring reimbursable payments, \$18,000, for depreciation of administrative equipment, and \$50,000 for communication services including FTS.

24 Printing and Reproduction - \$23,000. Provides for reproducing reports, forms, and other materials, and electrostatic copying.

25 Other Services - \$220,000. Provides for security clearances, CSC training courses, health room services, and other contractual services.

26 Supplies and Materials - \$24,000. Provide \$20,000 for cardboard document containers, labels, and \$4,000 for administrative supplies.

INFORMATION SECURITY OVERSIGHT OFFICE
(\$ in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.	Wk. Yrs.	Amt.
8	\$ 207	20	\$ 474	20	\$ 474	-	\$ -	-	\$ -	-	\$ -

BACKGROUND

Executive Order 12065 established a system for all Executive Agencies to follow when classifying, handling and declassifying National security information. The order assigned to the Information Security Oversight Office the responsibility for overseeing agency compliance with the provisions of the Order.

JUSTIFICATION

A. Highlight

This office will provide oversight for the information security program established by Executive Order 12065. This will involve monitoring the information security responsibilities of approximately 80 executive branch agencies. Major responsibilities include the conduct of on-site reviews, the development, promulgation of directives necessary for implementing directives and declassification guidelines. The oversight program will establish requirements for reports from agencies, will analyze data received together with data collected from on-site reviews, and will advise agencies as to any deficiencies and violations. The office will deal extensively with the public, being the focal point for suggestions and complaints concerning the information security program. In addition, the office will receive and make final determination on appeals from the public for denials of declassification. Presidential material over 10 years old.

B. Explanation of Changes, FY 1980 to FY 1981
No changes are requested.

WORKLOAD FACTORS

	1979 Actual	1980 Program In		1981 Estimate	Percent Change From 1980
		Budget	Budget		
Agency Inspections (No.)	79	-	178	159	-10.7
Review of Agency Regs. (No.)	155	-	160	235	46.9
Suggestions, Complaints, Informal Investigations (Cases)	10	-	35	90	157.1
Statistical reports reviewed (No.)	81	-	162	162	-

1/ Not separately identified in FY 1980 budget.

Records Declassification

INFORMATION SECURITY OVERSIGHT OFFICE

EXPLANATION OF DISTRIBUTION OF OBJECTS

11 Personnel Compensation and Staffing - \$399,000. For 20 permanent positions (20 work years) distributed as follows:

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Work-years	8	20	20
Total Positions	11	20	20

12 Personnel Benefits - \$37,000. Includes \$27,500 for direct contribution to the retirement fund; \$6,500 for health benefits; \$3,000 for group insurance.

21 Travel and Transportation of Persons - \$15,000. Includes \$15,000 for approximately 104 days of travel to conduct on-site inspection of security programs at government installations, and coordinate the declassification review program.

24 Printing and Reproduction - \$17,000. Provides for printing of guidelines and annual report.

25 Other Services - \$5,000. Provides for security clearances, CSC training courses, health room services, and other contractual services.

26 Supplies and Materials - \$1,000.

SUMMARY OF EMPLOYMENT
(Work Years)

Principal Categories	1979	1980	1981	Changes for 1981		
	Actual	Estimate	Estimate	Total	Program Changes	Other
Management & Administrative Direction	5	7	7	-	-	-
Professional	33	41	41	-	-	-
Technical	47	109	109	-	-	-
Clerical	3	10	10	-	-	-
Sub-total	88	167	167	-	-	-
Part-time and Temporary Work years	1	-	-	-	-	-
Total	89	167	167	-	-	-

KEY WORKLOAD ITEMS

	<u>1979 Actual</u>	<u>1980 Program In</u>		<u>1981 Estimate</u>	<u>Percent Change from 1980</u>
		<u>1980 Budget</u>	<u>1981 Budget</u>		
1. <u>Records Declassification</u> <u>(workload in millions)</u>					
Pages Examined	35.5	63.0	69.0	56.0	-18.8
Classified Pages Reviewed	16.9	-	33.1	26.8	-19.0
Pages Declassified	15.5	-	31.2	24.6	-21.2
2. <u>Information Security Oversight Office</u>					
Agency Inspections (No.)	79	-	178	159	-10.7
Review of Agency Regs. (No.)	155	-	160	235	46.9
Suggestions, Complaints, Informal Investigations (cases)	10	-	35	90	157.1
Statistical reports reviewed (No.)	81	-	162	162	-

GENERAL SERVICES ADMINISTRATION

RECORDS DECLASSIFICATION

For expenses necessary for the review and declassification of documents, the Information Security Oversight Office, and related records management activities, pursuant to 44 U.S.C. 2104, 2108, and 2904 and implementing provisions of Executive Order 12065, directives issued pursuant thereto, and other applicable authorities, including expenses not otherwise provided for, and acceptance and utilization of voluntary and uncompensated services, \$3,055,000

\$3,423,000

(Independent Agencies Appropriation Act, 1980)

National Archives Gift Fund

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(Dollars in Thousands)

National Archives Gift Fund		1979	1980	1981
		Actual	Program	Estimate
Financing (from grants, donations, & interest)		\$110	\$ 75	\$ 75
Program Costs		192	200	200
Funding (from unobligated balances)		\$ 82	\$123	\$123

Activity	PROGRAM ANALYSIS											
	Funded Costs					Increase or Decrease (Δ) for 1980						
	FY 1978		FY 1979		FY 1980		Total Work Years		Prop. Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amt.
Historical Research, Conferences, and Publications	-	\$ 152	-	\$ 160	-	\$ 160	-	-	-	-	-	-
Presidential Libraries	-	40	-	40	-	40	-	-	-	-	-	-
TOTAL	-	\$ 192	-	\$ 200	-	\$ 200	-	-	-	-	-	-

SUMMARY JUSTIFICATION OF FY 1981 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.

Gifts of money and property are made by individuals and organizations for the benefit of archival and records activities and are expended from the Gift Fund in accordance with donor restrictions, if any. Fees charged for admissions to conferences, and tuition for institutes in genealogical research and archival science are deposited in the fund and expended to defray expenses associated with these 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 1979	Change 1979 vs. 1980	Program 1980	Change 1980 vs. 1981	Estimate 1981
1. Income	\$ 9,346	-25	\$9,321	+535	\$9,856
2. Program Costs, Funded	8,781	+490	9,271	+535	9,806
Plus Depreciation	131	+4	135	-	135
Less Capital Outlays	95	-	95	-	95
Program Costs	\$ 8,817	+494	\$9,311	+535	\$9,846
3. Profit/Loss	529	-519	10	-10	-
Net Outlays	\$ 592	-692	\$ -100	-	\$ -100

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1980

	FY 1979			FY 1980			FY 1981			Increase or Decrease (-) for 1981			
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Other Changes
1. Reproduction Services	174	\$7,989	132	\$8,205	130	\$8,675	-2	\$-470	-2	\$-470	-	-	-
2. Hoover Library	5	79	5	84	5	89	-	+5	-	+5	-	-	-
3. Roosevelt Library	8	143	8	144	8	149	-	+5	-	+5	-	-	-
4. Truman Library	10	160	10	163	10	173	-	+10	-	+10	-	-	-
5. Eisenhower Library	11	133	10	140	10	150	-	+10	-	+10	-	-	-
6. Kennedy Library	1	49	20	250	20	275	-	+25	-	+25	-	-	-
7. Johnson Library	6	133	6	140	6	150	-	+10	-	+10	-	-	-
8. Ford Material Project	-	-	-	50	2	50	+2	-	-	+2	-	-	-
Subtotal, Operating Costs Funded	215	\$8,686	191	\$9,176	191	\$9,711	-	535	-	535	-	-	-
Capital Outlay	-	95	-	95	-	95	-	-	-	-	-	-	-
Total Program Costs, Funded	215	\$8,781	191	\$9,271	191	\$9,806	-	\$ 535	-	\$ 535	-	-	-
Permanent Positions	180	-	180	-	180	-	-	-	-	-	-	-	-

NATIONAL ARCHIVES TRUST FUND

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981
(Dollars in thousands)

Program Changes	Reproduction Services		Presidential Libraries		Total	
	Pos.	Avg. Empl.	Pos.	Avg. Empl.	Pos.	Avg. Empl.
<u>Increases:</u>						
Provides for decreased manpower requirements in the reproduction of microfilm publications, reproductions and other publications.	-	-2	-	-	-	-2
Provides for increased costs in the reproduction of microfilm publications, reproductions and other publications.	-	+470	-	-	-	+470
Provides for increased costs in the Presidential libraries and museums maintained for general public use.	-	-	-	+2	-	+2
Total Program Changes	-	-2	-	+2	-	+2
<u>Other Changes</u>						
TOTAL INCREASE/DECREASE Compared to FY 80 Appropriation	-	+470	-	65	-	335

SUMMARY JUSTIFICATION OF FY 1980 BUDGET ESTIMATE

This Fund receives, holds, and disburses monies collected from sales of reproductions of records in the National Archives, Presidential Libraries, and the Federal Records Centers; sales of reproductions of audiovisual materials produced by or for the Federal Government by the National Audiovisual Center; sales of publications and souvenirs in the National Archives Building and the Presidential Libraries; and admission fees to the Presidential Libraries.

Reproduction of Records. Reproductions of all varieties of records including documents, photographs, maps, motion pictures, and ADP tapes in the National Archives, the Presidential Libraries, and the Federal Records Centers are made upon request and sold to the public, to scholars and to Federal agencies. These reproductions are used for scholarly research, genealogy and family history, to illustrate books and articles, to preserve records, and to make new motion pictures and video productions.

Publications and Souvenirs. The Fund publishes or purchases for resale books and other printed materials based upon the records in the National Archives or based upon materials related to the Presidents. These publications include facsimiles of the Declaration of Independence and Constitution, World War I recruiting posters, and memoirs of former Presidents. The Fund also manufactures or purchases for resale souvenir items for tourists visiting the National Archives Exhibit Hall and the Presidential Libraries. Such items include post cards, color slides, and posters associated with a visit to the National Archives and the Presidential Libraries.

Admission Fees. Fees are generally charged for admission to the exhibits at most of the Presidential Libraries.

National Audiovisual Center. The Center sells and rents to the public audiovisual materials (motion pictures, photographic slides and audio tapes, etc.) produced by or for agencies of the Federal Government. These materials cover the wide range of programs in which the Federal Government is involved and include materials on health and safety, science and technology, business and economics, agriculture and industrial arts.

Program costs for FY 1981 are estimated at \$9,806,000.

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).

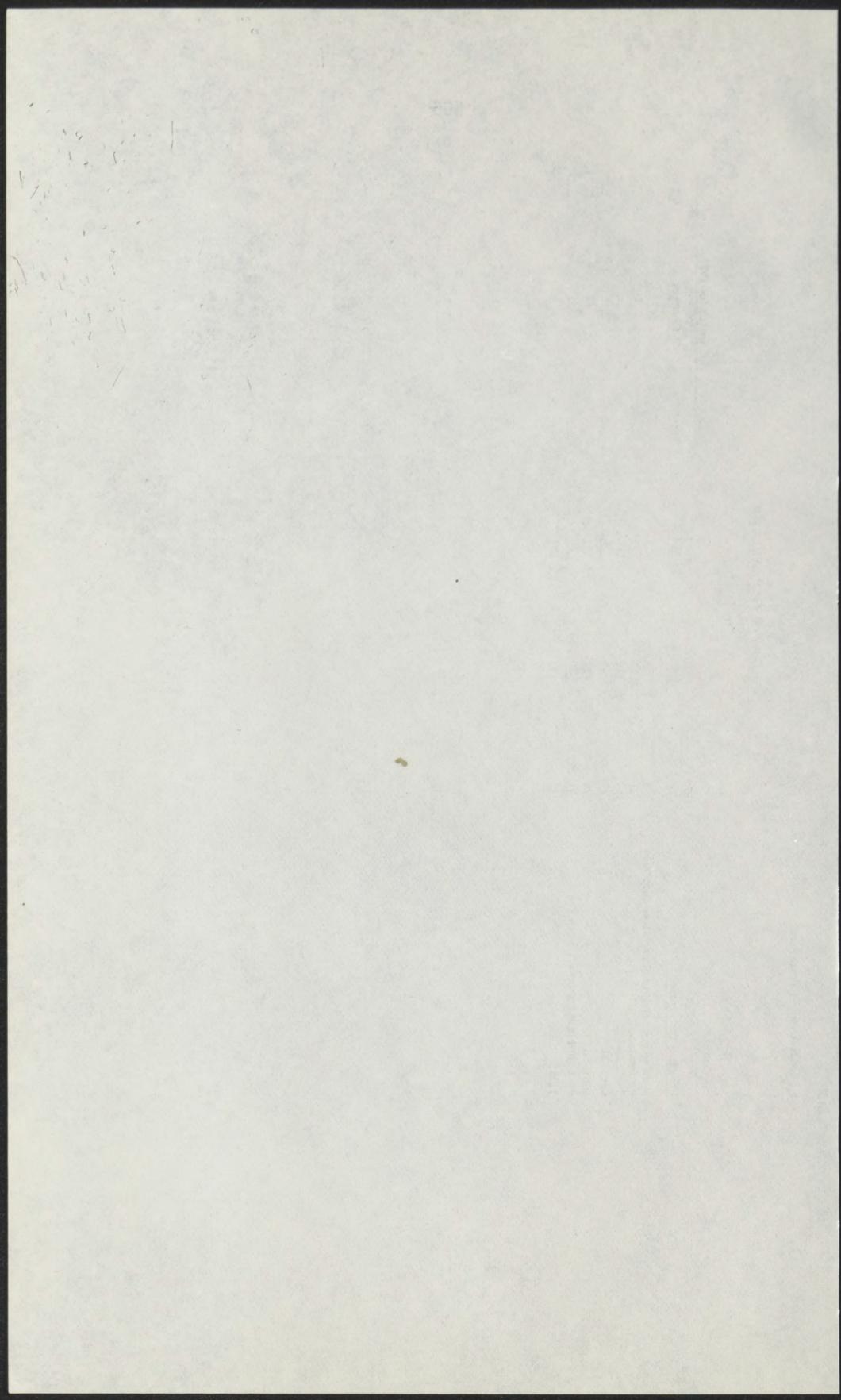
Proceeds from sale of copies of microfilm publications, reproductions, and other publications and admission fees to Presidential Library museum rooms are deposited to this fund (44 U.S.C. 2108).

National Archives Trust Fund

	FUNDED COSTS					
	FY 1979			FY 1980		
Work Years	Workload Measures (000)	Expenses (\$000)	Work Years	Workload Measures (000)	Expenses (\$000)	Workload Measures (000)
Reproduction of Records	109	3,798	67	24,500	3,914	65
National Archives	7	118	10	140	165	10
Presidential Libraries	-	1,149	-	4,575	1,149	-
Federal Records Centers						
Sales of Publications and Souvenirs	18	332	18	115	332	18
National Archives	16	265	22	175	369	23
Presidential Libraries						
Presidential Library Admissions	18	314	27	580	437	28
National Audiovisual Center						
Sales & Rentals of Audiovisual Materials	47	2,710	47	40	2,810	47
Subtotal, Operating Costs Funded	215	29,056	191	30,125	9,176	191
Capital Outlay	-	-	-	-	95	-
Total Program Costs Funded	215	29,056	191	30,125	9,271	191
Permanent Positions		180		180		
						40
						32,390
						9,711
						32,390
						9,806

SUMMARY OF EMPLOYMENT
(Work Years)

Principal Categories	1979	1980	1981	Changes for 1981	
	Actual	Estimate	Estimate	Total	Other
Management and Administrative Direction	8	8	8	-	-
Professional	21	21	21	-	-
Technical	119	116	116	-	-
Clerical	26	26	26	-	-
Subtotal	174	171	171	-	-
Part-time and temporary work years	<u>41</u>	<u>20</u>	<u>20</u>	-	-
Total	215	191	191	-	-



WEDNESDAY, MARCH 12, 1980.

OFFICE OF INSPECTOR GENERAL

WITNESSES

ROWLAND G. FREEMAN III, ADMINISTRATOR OF GENERAL SERVICES
KURT W. MUELLENBERG, INSPECTOR GENERAL
MICHAEL C. EBERHARDT, DEPUTY INSPECTOR GENERAL
WILLIAM J. FROST, EXECUTIVE DIRECTOR
LILLIAN SMITH, BUDGET ANALYST

Mr. STEED. The committee will be in order. We will now take up the FY 1981 budget request for office of Inspector General, GSA. The appropriation to date for FY 1980, is \$18,874,000, with a pay increase supplemental pending of \$860,000, less transfers of \$588,000, bringing the 1980 total to \$19,146,000. The budget request for FY 1981 is \$21,913,000, an increase over 1980 of \$2,767,000.

We are pleased to have Admiral Freeman here. Admiral, if you would like to present Mr. Muellenberg and his associates, we will be pleased to have your statement for the record.

Mr. FREEMAN. In my testimony before the Senate when I was confirmed, I indicated my support of the Inspector General concept as I came from a background of Inspectors General. I am fortunate to have Mr. Muellenberg as the Inspector General.

We have a number of problems in both investigation and auditing. Mr. Muellenberg has undertaken a substantial task and done a commendable job. Therefore, I am pleased to introduce Mr. Muellenberg. He has with him Michael Eberhardt, Deputy Inspector General, and William Frost, Executive Director. After Mr. Muellenberg's short statement, they will be available to answer questions as necessary.

Mr. MUELLENBERG. Mr. Chairman and members of the committee: I am pleased to appear before the committee to discuss the fiscal year 1981 appropriation request for the Office of Inspector General. This request represents the minimum funds required to continue implementation of the Inspector General Act of 1978 within the General Services Administration. The request provides for full-year funding, totaling \$1,211 thousand, for 220 positions originally included in the fiscal year 1980 appropriation.

It also provides for increased audit resources totaling 50 permanent positions, 45 work years and \$1,556 thousand for fiscal year 1981. These resources will allow for initiation of systematic mission oriented reviews of agency programs and provides the resources necessary to implement a 7-year audit cycle of agency programs and major contracts.

The total increase requested is \$2,767 thousand. The total fiscal year 1981 appropriation for the Office of Inspector General is

\$21,913 thousand. This appropriation will provide the resources to complete and issue 1,335 audit reports annually (585 internal, 750 contract), fully investigate the most significant allegations of fraud and other criminal activities through prioritization and move from a reactive approach to a proactive deterrent, inspect agency programs most vulnerable to fraud, waste, and mismanagement, and participate in 14 major projects.

That concludes my statement, Mr. Chairman. I will certainly try to answer any questions you may have.

MANPOWER REQUIREMENTS

Mr. STEED. As you analyze your manpower requirements, do you have any figure yet on how many man-hours you are being required to provide for agent appearances in courts and before grand juries? That is an extra imposition of work on you, is it not?

Mr. MUELLENBERG. Yes. I do not have any figures on that, but since I have been there, which was April 11 of last year, I think the amount of time that agents spent working with grand juries, with courts, and with assistant U.S. attorneys, both here in the District of Columbia and Baltimore, would involve 20 to 25 people, both auditors and investigators, who were detailed to those offices to conduct investigations.

Mr. STEED. Since this was somewhat of a new function in the way it is operating now, and since we are all familiar with the situation that existed before, what do you think the future will be like? Once you get on top of this whole problem, cleaning it up and then getting into the full Inspector General concept of operation will you be able to use your manpower in a more productive way?

Mr. MUELLENBERG. I would certainly think so. Mr. Chairman, I would like to think we use our manpower in a productive way now. But I am satisfied that ultimately the full implementation of the Inspector General Act will provide the protection for programs at GSA or any other agency and the best deterrent is a very effective internal audit program. It is the judgment of people more qualified than I in the program that hopefully the Inspector General's office of an agency like GSA, which after all does control the expenditures of between \$4 or \$5 billion a year, would probably require 450 auditors in order to have an effective audit program where each activity can be examined once every 5 years.

I do not think there is a need to increase the criminal investigative side which will level out at 150 people. In that area what I have been trying to do over the last few months is reassign investigators from some of the more insignificant-type investigations and concentrate on more serious allegations. The inspections program, which was started before I arrived but with which I agree, provides technical assistance from the type of people who can in fact walk through offices and say we did not get the two coats of paint we paid for. All these people taken together, I think, ultimately, in a few years will level off with 450 auditors, 80 inspectors, 150 investigators and some immediate legal staff which I have hired at GSA. I think we can be a very effective Inspector General office.

INTERNAL AUDIT

Mr. STEED. I am a great hand in keeping my mind straight in using old cliches. One is "An ounce of prevention is worth a pound of cure," and the other, "While the cat is away, the mice will play." I think some of the problems you are trying to get on top of by recycling this in a more desirable way can be explained.

Mr. FREEMAN. There is no more valuable tool for a manager than internal audit, and it has not been used properly at GSA for a number of years.

I am operating in advance, in spite of the criticism I get because I would much rather it be something we find and make the management corrections; I am using the philosophy that the sooner I can get into that mode, the sooner I can tell where things have a potential of going wrong before they do.

FRAUD CASES

Mr. STEED. How many fraud cases have you referred to the Department of Justice?

Mr. MUELLENBERG. During this fiscal year, we opened 112 cases and closed 98.

I have an agreement with the Department of Justice, which has established a special GSA task force, in response to the numerous allegations made in the past. Since October 1 we have made 20 referrals which could be categorized as fraud cases. A few have been returned to us for lack of prosecutorial merit but we will proceed administratively against the employees involved.

Mr. STEED. You are not faced with any problems or delay or other lack of interest from the Department of Justice once you have your material ready to present to them?

Mr. MUELLENBERG. No, not at all. We are very fortunate that the Attorney General has established that special group. The Department of Justice Task Force is very responsive and aggressive.

Mr. STEED. Do you think you will get to the point where you can make a good estimate as to how much loss the Government has suffered because of these frauds, and how much is probably chargeable to mismanagement?

LOSSES DUE TO FRAUD

Mr. MUELLENBERG. I think, Mr. Chairman, we will get to that point. The difficulty I find myself in is that I do not have as much time as other Inspectors General because of the high publicity surrounding GSA. For example, in the District of Columbia alone, the guilty pleas that have been entered by contractors in the repair and alteration work and judicial admissions in open court involve up to \$3 million. The FBI tells me that the money that was involved is substantially higher than that, approximately \$10 million; the amount of kickbacks received comes to \$260,000.

Now the concern I have and the reason I cannot come up with a real figure is we have not yet been able to fully utilize our investigators and our inspectors by sending them out to other parts of the country to satisfy ourselves that we do not have the same kind of problem. We may have the same kind of problem in Chicago, New

York, and Los Angeles. It would not be of the same scale because the concentration of Federal buildings is not as large. Until I can look at the programs where abuses and criminality were demonstrated here in Washington, D.C., I will not have an answer that means anything.

Mr. STEED. Any possibility the malfeasance is too big, as a matter of principle. Since GSA is a large organization, what percent of GSA's operation would you guess now is involved in this sort of thing as compared to a department functioning in a proper manner? What I am trying to get at is, sometimes we lose sight of the fact that there are a whole lot of good things that get shunted aside whenever some things are bad. Since there has been a lot of publicity as to GSA, I would think it would be good if we could point out the fact that in spite of all this, a great percentage of the total operation has been on the up-and-up.

Mr. MUELLENBERG. It is very difficult for me to put it in percentage figures, but what has made our job in the Inspector General's office and also the Administrator's job so difficult is that I am constantly battling perceptions that were created in people's minds, not only in the halls of Congress but also in the press, as to the scope of the "scandal" in terms of the amounts of dollars and people involved. I think my performance is being measured against that standard which is not one I set and which in my judgment was overstated. Nonetheless, I will conduct an aggressive investigative and audit program and what facts emerge from that will speak for themselves. Somebody else will have to characterize that in terms of a small or large scandal.

Mr. FREEMAN. The largest majority of my employees are honest. In many cases, one of the problems we have is separating stupidity from fraud. For instance, we talked about some of those in the PBS area where waste was created because of negligent thinking. But I think there has been an overconcern that GSA is a den full of thieves and that is just not so. We do fine things in the Agency, we run fine programs and we have fine initiatives going. I am proud of the place, but I cannot operate it without a good Inspector General. We have our share of troublemakers and people who will try to steal from the Government, and that is why I need the Inspector General. I think it is one of the best programs we have.

Mr. STEED. I think it would be helpful for the record if you would make a statement as to the number of people who have become involved, what you have done to clean it up, and make a comparison as to the total number of people who have been affected. This way, you would get a much better picture. Although it may sound bad at first flush, if you put—

Mr. FREEMAN. Can we do this for the record?

Mr. STEED. Yes. You have to face it, and the sooner you get facts on the record it will be to your advantage.

[The information follows:]

Office of Inspector General, status of indictments as of Mar. 12, 1980, General Services Administration employees

[Total service fiscal year 1980, work-year ceiling, permanent positions]

Federal Supply Service (FSS):	
FSS employees have pled or have been found guilty.....	34
Total FSS employees	4,294
Public Buildings Service (PBS):	
PBS employees have pled or have been found guilty	12
PBS employees have not been tried	10
Total	22
Total PBS employees.....	17,900
Transportation and Public Utilities Service (TPUS):	
TPUS employees have pled or have been found guilty	3
Total TPUS employees.....	1,717
General Services Administration summary:	
FSS employees have pled or have been found guilty.....	34
PBS employees have pled or have been found guilty	12
PBS employees have not been tried	10
TPUS employees have pled or have been found guilty	3
Total	59
Total GSA employee ¹	34,369

¹ Does not include current referrals or employees under investigation.

COST AVOIDANCE

Mr. FREEMAN. My own perception is if I stay in this job 5 years, which will be the time I will leave it, the headlines in the paper will read: "Scandal Ridden GSA Cost Avoided Millions of Dollars." I do not think the aura is going away. I do not like it but I will have to get the job done with it.

Mr. MUELLENBERG. One thing I have found refreshing over the last 6 months—we had two investigations where quality assurance people were offered a bribe, and they immediately reported it. I think this is a healthy trend in an agency. The cooperation of people will help.

Mr. STEED. I think this sort of thing is like cancer; if one fellow starts it and nothing happens to him then others say why not. Then you have people involved who ordinarily would not be. The fact is they do have a problem. Capability to prosecute would eliminate that part of the story automatically.

Mr. MUELLENBERG. Yes.

Mr. FREEMAN. The other day I was present at a talk that was given by a very fine Assistant Attorney General from Baltimore. He indicated that as a result of the investigation, some 33 percent less sales were being made in the retail stores. The Inspector General was instrumental in this dollar reduction. We also pointed out that we have many items that were furnished to the Federal Government that were not necessary. I would be the last to say the Inspector General did not contribute to that cost avoidance. There are many other areas like this we are looking at, too. I think you will see over the next few years, with the cooperation of management and a good collective audit situation, we will get on top of all this and bring back information to you to answer the question you

asked me the first day, "What are the cost avoidances?" They are substantial.

Mr. STEED. This would depend on your ability to make checks.

Mr. FREEMAN. Yes. We have put together an audit plan looking ahead at the areas which the Inspector General believes to be the most vulnerable within the Agency. Because of the broad spectrum of things we do, there are many of them. When I look at this plan with Mr. Muellenberg I was also concerned there were things management needed to do. So this plan represents that cohesiveness and represents what we believe is possible to get accomplished.

WORK FORCE CATEGORIES

Mr. STEED. Do you break your work force down in categories where you have so many agents and so many auditors?

Mr. MUELLENBERG. Yes.

Mr. STEED. Furnish that for the record.

[The information follows:]

OFFICE OF INSPECTOR GENERAL
DISTRIBUTION BY OCCUPATIONAL CATEGORY (PERMANENT POSITIONS)
SUMMARY

OCCUPATIONAL CATEGORY	On Board 10/1/79	On Board 12/31/79	Projected 3/31/80	Projected 6/30/80	Projected 9/30/80	Projected 10/1/80	Projected 12/31/80	Projected 3/31/81 Thru 9/30/81
Managerial	9	11	20	20	20	20	20	20
Attorneys	6	6	7	7	7	7	7	7
Auditors	148	186	240	274	274	274	299	324
Investigators	99	102	118	134	134	134	134	134
Inspectors	23	43	57	71	71	71	71	71
Clerical	43	47	58	66	66	66	66	66
TOTAL	328	395	500	572	572	572	597	622

OFFICE OF INSPECTOR GENERAL
 FY 1980 and FY 1981
 Distribution by Occupational Category
 (Permanent Positions)

	On Board 10/1/79	On Board 12/31/79	Projected 3/31/80	Projected 6/30/80	Projected 9/30/80	Projected 10/1/80	Projected 12/31/80	Projected 3/31/80 Thru 9/30/81
OFFICE								
Office of the Inspector General								
Managerial	5	5	6	6	6	6	6	6
Clerical	$\frac{1}{6}$	$\frac{2}{7}$	$\frac{2}{8}$	$\frac{2}{8}$	$\frac{2}{8}$	$\frac{2}{8}$	$\frac{2}{8}$	$\frac{2}{8}$
Subtotal								
Office of Special Projects								
Attorneys	6	6	7	7	7	7	7	7
Auditors	4	4	6	6	6	6	6	6
Investigators	7	8	9	9	9	9	9	9
Clerical	4	5	5	5	5	5	5	5
Subtotal	<u>21</u>	<u>23</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Office of Executive Director								
Managerial	4	6	14	14	14	14	14	14
Clerical	$\frac{1}{5}$	$\frac{2}{8}$	$\frac{3}{17}$	$\frac{3}{17}$	$\frac{3}{17}$	$\frac{3}{17}$	$\frac{3}{17}$	$\frac{3}{17}$
Subtotal								
Office of Inspections								
Inspectors	23	43	57	71	71	71	71	71
Clerical	$\frac{2}{25}$	$\frac{3}{46}$	$\frac{6}{63}$	$\frac{9}{80}$	$\frac{9}{80}$	$\frac{9}{80}$	$\frac{9}{80}$	$\frac{9}{80}$
Subtotal								
Office of Audits								
Auditors	144	182	234	268	268	268	293	318
Clerical	$\frac{15}{159}$	$\frac{18}{200}$	$\frac{22}{256}$	$\frac{24}{292}$	$\frac{24}{292}$	$\frac{24}{292}$	$\frac{24}{317}$	$\frac{24}{342}$
Subtotal								
Office of Investigations								
Investigators	92	94	109	125	125	125	125	125
Clerical	$\frac{20}{112}$	$\frac{17}{111}$	$\frac{20}{129}$	$\frac{23}{148}$	$\frac{23}{148}$	$\frac{23}{148}$	$\frac{23}{148}$	$\frac{23}{148}$
Subtotal								
TOTAL	<u>328</u>	<u>395</u>	<u>500</u>	<u>572</u>	<u>572</u>	<u>572</u>	<u>597</u>	<u>622</u>

LEGISLATIVE RESTRICTIONS

Mr. FREEMAN. To Kurt's credit, he runs a very low-overhead operation.

Mr. STEED. Are you running into any problems of restriction of limitations in being able to carry out what you think you have to do to make this program work?

Mr. MUELLENBERG. No. I think I am indeed fortunate as Inspector General at GSA, my relationship with the Administrator is excellent.

Mr. STEED. What I am talking about is in the legislative part of it. Does the law put any undue restrictions on you?

Mr. MUELLENBERG. All the Inspectors General meet periodically. I think in due course there may be some need to propose some amendments to the Inspector General Act itself. Clearly, one of the areas is that we have the power to subpoena books and records. I think it would be very helpful in this kind of work if we also had the power to compel testimony. I think that will have to be resolved by the Inspector General's council and hopefully submitted as a legislative proposal. Interestingly I think it is the Department of Justice that was opposed to it. I spent 15 years of my life there and I find it hard to understand, but it is one legislative remedy that would assist us in our work.

INTERNAL REGULATIONS

Mr. STEED. If you needed internal regulations within GSA, this would be part and parcel of your function, would it not?

Mr. MUELLENBERG. Yes. But with the additional resources we should have and with the leadership we are now exercising with the attorneys, I am really looking forward to a better year.

Mr. STEED. I am thinking in terms of if they keep records in such a way that it is difficult for you to do your work you could suggest—

Mr. FREEMAN. These are already occurring, Mr. Chairman.

Mr. MUELLENBERG. One of the requirements in the Inspector General Act itself is that the Inspector General has a responsibility to review all proposed regulations in an agency for economy and efficiency and for all these other reasons. We review and comment on regulations on an ongoing basis.

TRAINING OF WORK FORCE

Mr. STEED. Since GSA is the landlord and housekeeper of the entire Government, and it is such a far-flung agency and involved in so many issues, does this force you to have a work force made up of a variety of experts?

Mr. MUELLENBERG. Yes, and I found for example, somewhat of a lack of expertise on the criminal investigative side of the house. When I arrived as Inspector General, I inherited the existing Office of Investigation and Audits. I think it is fair to say some of the criminal investigators on that staff could use additional training to have a much better understanding of some of the sophisticated programs that GSA is involved in. I was a prosecutor for 15 years. All I ever thought GSA did was buy yellow pads and pencils and

usually the yellow pads were not too good. But the program is complex and it challenges a criminal investigator. We have to do a lot of work in training these people in sophisticated white-collar crime techniques and that is something that needs to be done soon.

Mr. STEED. This subcommittee had a major part in creating and we take care of the Federal Training School in Glynco. They tell us now they are going into special courses on white-collar crime.

Mr. FREEMAN. It is a very sophisticated area involving computers and this type of thing.

Mr. STEED. Will the Inspector General find this program helpful?

Mr. FREEMAN. We have sent people there, I believe.

Mr. MUELLENBERG. The program at Glynco is excellent but ultimately we have to do some in-house training at GSA as other agencies do. There are certain programs that no other agency does which have to be taught in-house. But we are utilizing Glynco and the FBI Academy to some extent. With our in-house program I think we can pull it off.

INDEPENDENCE OF INSPECTORS GENERAL

Mr. STEED. Mr. Miller.

Mr. MILLER. I understand by law, the Inspector General will be responsible to the Administrator of GSA instead of standing out as a separate unit. Are there problems because of their being responsible to the Administrator? Would it be better if you were a separate unit?

Mr. MUELLENBERG. I am about as separate as I can be within an executive agency. As you know, Mr. Miller, the Act calls for an appointment by the President, which I am, confirmed by the Senate. The Administrator cannot discharge me. The President can relieve me of my duty after he advises both Houses. The legislative history makes it quite clear that ultimately it is my decision as to what to investigate and audit. That degree of independence is the greatest I have seen within my experience with the executive branch of the Government. I think the law is adequate the way it is.

Mr. FREEMAN. I would like to comment on that, Mr. Miller. I think it would be a tragedy to separate the two any more than they are now. This is part of the arm which is needed by management to do the job, yet it must have independence. It is the way Inspectors General have operated historically. I do not try to interfere with Kurt's programs but I do need the closeness. I get whistleblowers who call me more frequently than I like and I need to have the ability to discuss their complaints. At the same time there needs to be an interface between management and the Inspector General. I would not like to see a complete separation because you would begin to build a wall between the Inspector General function and the Agency which would not be at all cost-effective.

Mr. MILLER. I can see that possibility in the future. I am not concerned at the present time. But I can see the possibility of its not working well because of a change of an Administrator, or a change of an Inspector General, where they are not pursuing the proper work. So right now, at least, you feel you have a good operation?

Mr. MUELLENBERG. Right now we do. It is not only a possibility, but there are a couple of Inspectors General in the executive branch right now experiencing very serious difficulties working with the Cabinet-level Secretary. One of the problem areas is resources and having access to the Secretary himself. Recently the GAO wrote a report on that relating to the Department of the Interior. So you can see if the relationship is not one of mutual respect and a full understanding of what each responsibilities are, life could be difficult for an Inspector General.

Mr. FREEMAN. The history of the Inspector General within the armed services forms a good picture as to how the Inspectors General will work in the Federal service. However, I find on the civil side a nonrecognition of the Inspector General. Therefore it is easy for me to set up an arm's-length relationship, yet I brought him abreast where he needed to be. I do not see this recognition among other civil agencies as clear as it is within GSA. If it does not work downstream, then you are right, something would have to be done; I would hope this does not become necessary.

COST EFFECTIVENESS OF PROGRAM

Mr. MILLER. You have now about 622 permanent positions. We have before us a request for some \$21.9 million. I do not know that we could even speak of it in this way, but I would like to ask the question: Are we going to be cost-effective, or are we going to have to go as though this is a necessary insurance?

Mr. MUELLENBERG. Mr. Miller, let me cite some figures which would demonstrate it is cost-effective.

Our total fiscal year 1980 ceiling is 572; the 50 positions we asked for would increase it to 622.

All those increased positions will go into the audit program. As I indicated before, we have aggressive internal contract auditors. Since last year, the general and construction audit divisions have completed audits and they have recommended savings of \$21 million. The history of GSA is that 60 percent of those recommended savings do in fact materialize. So I think you are getting a good return on the additional investment for additional auditors especially on the contract audit side. We have an ongoing problem with the low resources of auditing vendors who do in excess of a half million dollars of business with GSA. In 1978, 12 were audited. Each resulted in significant recommendations for costs to be returned to the Government.

So, these resources will go into the audit program and they will be used for both internal and contract audits. I think there will be a good return on the dollar.

Mr. MILLER. I believe it would be good if you would document that for the record as to the audits and savings you have made. [The information follows:]

GENERAL CONTRACT AUDIT DIVISION, SUMMARY OF REPORTS ISSUED OCT. 1, 1979 THROUGH FEB.
29, 1980

	Number	Recommended savings	Hours expended
Preaward evaluations	12	\$783,890	1,960
Multiple award contracts (price reduction)	5	13,936,364	2,143
Lease escalations	3	24,839,727	751
Time and materials contracts.....	5	393,048	1,057
Cost-type contracts	1	109,945	419
Miscellaneous.....	3	219,811	491
Total.....	29	10,282,785	6,821
Assists from other agencies.....	11	39,983	
Total.....	40	10,322,768	

¹ Recommended amounts are refunds due from contractors.

² Includes a refund of \$2,500,000 from a lessor as a result of overbilled utilities costs.

PRICE REDUCTION AUDIT

Audit report 23-8308-011 was issued on January 4, 1980. This audit of a multiple-award contract with Digital Equipment Corporation (DEC) recommended that DEC refund \$3,554,458 to the Government as a result of defective pricing, price reductions, and errors in billing. The contractor failed to disclose current, complete and accurate data above (1) sales agreements with commercial customers, (2) discount agreements with non-profit institutions, and (3) a policy of reducing prices to meet competition. The data submitted by DEC were relied upon by the contracting officer in negotiating the contract prices. The failure to disclose the entire pricing policy resulted in higher prices of \$3,500,000. In addition, pricing reductions given to commercial customers were not passed on to the Government.

COST OF UTILITIES AT THE WORLD TRADE CENTER

Audit report 26-9501-022, issued on January 29, 1980, was an evaluation of the costs for electricity and chilled water supplied to the United States Customs Building at the World Trade Center in New York. The report recommends that a refund of \$2,486,277 is due from the lessor as a result of overbillings during the period August 17, 1973 through December 31, 1978. The lessor, the Port Authority of New York and New Jersey, billed electricity costs to the Government substantially higher than the costs actually incurred. Electricity costs for industrial users vary according to Service Classifications (SC). The Port Authority billed the Government at a higher SC rate on the theory that this is what the Government would have paid if it had purchased electricity directly from the utility company. The audit adjustment to the cost of chilled water is based on an allocation of the cost of operating the World Trade Center's refrigeration plant. The auditor obtained a technical evaluation of the tonnage and usage factors to determine the Government's percentage of the total plant.

LEASE ESCALATION

Audit report 26-9433-033 was issued on January 25, 1980, and it presents the results of an evaluation of a \$5.3 million lease escalation proposal submitted by the Virginia Corporation under lease No. GS-03B-5875. The lease provides for 429,796 sq. ft. of space in the Patrick Henry Building, Washington, DC. The proposal was submitted pursuant to the operating cost and tax escalation clauses of the lease and reflects the lessor's projected cost increases for the period of October 21, 1978, through October 20, 1983.

The audit questioned \$2.3 million of the proposed increases primarily because: (1) the lessor's method of computing the operating cost and tax increase was not as prescribed by the terms of the lease and (2) the factors used by the lessor to project the operating costs increases were overstated.

AUDIT OF TIME AND MATERIALS CONTRACT

Audit report 22-9073-099, issued on February 13, 1980, disclosed numerous deficiencies in contract award and contract performance. Truck Tractor Service Company was awarded two contracts for the repair, maintenance, and overhaul of heavy equipment. The validity of billings of \$530,00 on these two contracts could not be determined because of serious inadequacies in the contractor's accounting policies. There is no accounting for scrap material or inventories of Government furnished material. Employees are paid rates substantially below the minimum hourly rates, a violation of the Service Contract Act.

The Government was negligent in the award and administration of these contracts. The award was made without cost analysis although only one bid was received. The price was justified as being within 15 percent of the preceding contractor's price. This comparison was inappropriate because the materials and certain facilities were contractor-provided on the prior contract but they are Government-furnished on the subject contracts. In addition, the one user agency authorizes a blanket approval on all overtime charges without control or review of labor hours. This user agency also failed to require written estimates or perform inspections of completed work as required by the contract. The Government accounts for most of the contractor's work. The contractor's financial statements indicate an abnormally high profit. We have issued a Suspicion of Irregularities memorandum.

PRICE REDUCTION AUDIT

A price reduction/defective pricing review was made of a contract with Olivetti Corporation of America. The contract provided for the sale and maintenance of calculators and accounting systems. We have recommended that Olivetti refund \$358,000 because of violations of the price reduction clause. These violations consist of allowances and price reductions contrary to the data made known to the Government at the time of negotiations. Commercial customers were given additional discounts and extended warranties. Price reductions were granted to national accounts. None of these allowances were made available to the Government.

CONTRACT AUDIT STATISTICS [Period of Oct. 1, 1979 to Feb. 29, 1980]

Type of audit	No. of reports	Recommended savings	Notes
Architect-engineering.....	21	\$363,298	(1)
Claims.....	14	8,981,298	
Initial pricings.....	23	1,038,728	(2)
Change orders.....	8	718,335	
Construction manager.....	6	88,548	
Total.....	72	11,190,207	

¹ Includes preaward audits of Architect-Engineer proposals for fixed price and term (limitation \$400,000) contracts.

² Includes mostly preaward audits of SBS 8a (minority) contract proposals.

ILLUSTRATION OF AUDITS

NEW COURTHOUSE, FEDERAL OFFICE BUILDING AND PARKING FACILITIES, SAN DIEGO, CA

Audit of project claims

During the period several audits including the prime contractor were completed on the \$7.9 million delay claim submitted on the firm fixed contract of \$37.8 million. The contract was for construction of the new Courthouse, Federal Office Building and Parking Facilities, San Diego, CA. Some audit reports on the project subcontractors remain to be issued.

Prime Contractor (74 percent reduction in claim costs).—The prime contractor's delay claim for \$4.3 million included costs for impact, extended operations and escalation due to alleged Government delays for changes and design problems. As a result of the audit, costs were reduced \$3.2 million for overstated site support, disruption, General & Administrative expenses and unallowable interest.

Elevator Subcontractor (97 percent reduction in claim costs).—The audit of a \$310,000 claim submitted on a \$805,000 fixed price subcontract for elevators resulted in cost adjustments of \$302,000.

Mechanical Subcontractor (87 percent reduction in claim costs).—The Audit completed on the mechanical subcontractor's claim for \$804,000 reduced claim cost by \$705,000. The subcontractor's fixed price contract for mechanical work (heating, ventilating, airconditioning and plumbing) was for \$3.3 million.

UNIVERSITY OF THE DISTRICT OF COLUMBIA

Audit of Claim (77 percent Reduction In Cost Costs)

An audit was completed of a \$1.6 million construction claim on a \$5.5 million fixed price contract which provided for the Phase II construction of the Instructional Resources Center, at the University of the District of Columbia. The audit reduced the claim costs by \$1.3 million for overstated direct costs, extended general conditions, unabsorbed overhead (\$466,800), interest and subcontractor costs.

The contractor alleged in its claim for increase costs that the Government delayed the project starting by 285 calendar days which resulted in a longer performance period and the effects of performing concrete work in winter months.

FEDERAL CORRECTIONAL INSTITUTION FOR AUDITS, OTISVILLE

Audit of change order

An interim audit of a no change in price contract modification (\$134,733 increased costs, minus \$134,733 deletion) of a masonry contract at Otisville resulted in questioned costs of \$327,928. The contractor was awarded a \$3.7 million contract for masonry erection and other minor tasks. Because of alleged delays of the project, the contractor submitted a delay claim of \$134,733 for additional costs and offered a credit in the same amount for deletions of temporary heat and snow removal.

The auditors determined that the claim costs were overstated since the contractor scheduled performance and awarded subcontracts for all the basic work after the delays. The credit offered for deletions was determined to be unsupported and significantly understated, less than half its estimated value.

CIA PRINTING PLANT, MC LEAN, VA

Rejection of claim

A proposed construction contract delay claim for \$199,879 was submitted by PBS to the Construction Contract Audit Division of scheduling. The increased costs were on the fixed price contract for construction of CIA Printing Plant at Headquarters Bldg., McLean Va.

In less than an hour, the division had reviewed and wrote a letter questioning the entire claim based on provisions of the Federal Procurement Regulations (\$107,426) and Statute of Limitations (\$92,453).

TERM CONTRACTS

Mr. MILLER. At the end of your statement, you said you were involved, in 14 projects. What are those projects?

Mr. MUELLENBERG. I should have expanded on that. One of the things I found interesting when I came to GSA, you had the investigative and audit side. Investigations over a period of time would be conducted in the area of motor pools, audits would be conducted in the area of motor pools, and each of the investigations, regardless of whether it results in a criminal charge, represents a breakdown in the system in that someone was able to abuse it. What one does not do is take lessons learned by prosecutors and auditors, put all those together in one document and present it to the Administrator and say, based on all the abuses that have taken place, here is my recommendation. We have done one of those reports in the area of term contracts which I think was an excellent report. It drew on the resources of the FBI, prosecutors, auditors, and investigators. I presented that report to the Administrator. We plan to do others in the area of leasing, construction management, et cetera.

Mr. FREEMAN. As a result of that report, in the area of term contracts, I had the basis to go back to the PBS and say let us modify how we do business to assure these areas of concerns that we can have audit capability to make sure we are playing by the rules and do not have escape valves. It was very useful.

Mr. MILLER. Thank you.

AUDIT REPORTS

Mr. STEED. Mr. Roybal.

Mr. ROYBAL. You will be conducting 1,335 audit reports?

Mr. MUELLENBERG. That is right.

Mr. ROYBAL. And the full cost will be \$21 million?

Mr. MUELLENBERG. That would include not only the auditors of the additional 50 positions are approved by the Congress, it would also include 150 people in Criminal Investigations Division, 80 people in Inspections Division, and I also have a special projects group composed of four auditors, seven or eight investigators and six attorneys who I was able to hire from private practice. The U.S. attorney's office has given me legal expertise which is essential.

Mr. ROYBAL. So it will pay the salaries and expenses of more than 220 people.

Mr. MUELLENBERG. Yes.

Mr. ROYBAL. You also state 585 of those audits will be internal audits done no doubt by people under your employ.

Mr. MUELLENBERG. That is right.

Mr. ROYBAL. There are 750 contracts that will be awarded to someone and the audit will be done by an outside firm?

Mr. MUELLENBERG. No; 750 audits will be contract audits, the auditing of books and records of people who do business with the Government, be it companies who manufacture typewriters or calculators, et cetera.

CONTRACT AUDITORS

Mr. ROYBAL. I understood 750 contracts would be issued for auditing purposes.

Mr. FREEMAN. No.

Mr. ROYBAL. Do you deal with private CPA firms in awarding contracts?

Mr. MUELLENBERG. We do not. On occasion we have used the Defense Contract Audit Agency on a contractual basis if they were in a particular location, and already had an office there to do a contract audit. It is more cost-effective to utilize them rather than flying our auditors there.

Mr. ROYBAL. The 750 contracts that you make reference to, means these individuals would have to travel?

Mr. MUELLENBERG. In most contract audit situations, sure. For instance, my auditors in Washington, D.C. are located in Washington. If they want to do an audit of a vendor who is located in Richmond, they would have to travel to Richmond to do most of the work at the site.

Mr. ROYBAL. Then the \$21 million would include travel.

Mr. MUELLENBERG. Yes.

Mr. FREEMAN. We have both auditors and investigators located in regions; there is an Inspector General office in each region; but they would have to travel within the State regions, and if they need help they will call on Washington.

Mr. MUELLENBERG. What I am trying to do to help a little bit. For instance, in your part of the country, all our auditors and investigators are located in San Francisco, yet the activity in southern California is substantial, so I am thinking of opening up an office in Los Angeles.

Mr. ROYBAL. I think the office should be opened up in Los Angeles where the people are. The population is south of the Tehachapis, not north. I cannot understand why the Federal Government continues to have headquarters in San Francisco and Sacramento when all the people are in the south. I perhaps have some bias because I am a southern Californian.

Mr. FREEMAN. Yes, sir.

Mr. ROYBAL. Thank you.

OVERSEAS AUDITS

Mr. MILLER. Mr. Chairman, I have one more question.

Mr. STEED. Go ahead.

Mr. MILLER. We heard yesterday it was necessary to purchase quarter-ton trucks overseas. Later the American producers will be producing quarter-ton trucks and then we will be able to buy them here, but at the present time apparently we are not able to do that. How far do you as Inspector General get into that contract? Do you have people who go overseas to audit books of a foreign industry?

Mr. MUELLENBERG. To the best of my knowledge that has not arisen.

Mr. FREEMAN. There is an overseas contract audit agency and in this case we would call on the DCAA office in Hamburg to do the audit.

MORALE PROBLEMS

Mr. MILLER. Now you have an Inspector General and people in the field who may feel, to some degree, they are being watched continually. Has this developed a morale problem of any kind?

Mr. MUELLENBERG. I think we probably strike some terror in some people's hearts just by being there, but I think it can and should be a healthy-type relationship. I used to run some fairly substantial programs in the Department of Justice and I knew the GAO was never very far away, and that keeps you on your toes a little bit. I think in a more philosophical and broader question, Mr. Miller, I think we ought to be careful in this country that we do not get to the point and perhaps become so cynical as to the integrity and productivity of people that for every guy who does a day's work there are three guys looking over his shoulder. I think if that trend continues we will find serious difficulties down the road.

Mr. MILLER. Thank you.

Mr. STEED. Well, gentlemen, let me express our appreciation for your appearance.

We will stand in recess until 10 a.m. tomorrow, at which time we will hope to finish the other GSA items. We will insert the justifications in the record at this point.

[The information follows:]

Office of Inspector General

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1981
(\$ in thousands)

	Perm. Pos.	Work-Years	Amount
1980 Appropriation Enacted by Congress	603	569	\$18,874
Adjustments:			
Proposed Supplemental for Pay Increases.....	-	-	860
Transfer to Acquisition Policy.....	-1	-1	-48
Transfer to Office of Federal Protective Service Management, Public Buildings Service.....	-9	-8	- 1/
Transfer of Security Division to Office of Human Resources and Organization.....	-20	-19	-540
Transfer of Control of GAO Reports to Audit Reports Control Office, Office of Human Resources and Organization.....	-1	-1	- 2/
Proposed Authorized Level for 1980.....	572	540	\$19,146
1981 Estimate.....	622	615	\$21,913
Change from 1980 to 1981.....	+50	+75	+\$ 2,767

DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1981

ACTIVITY	FY 1979		FY 1980		FY 1981		INCREASE OR DECREASE (-) FOR 1981					
	Work Yrs.		Work Yrs.		Work Yrs.		Total Program Changes		Other Changes			
	Amount	Yrs.	Amount	Yrs.	Amount	Yrs.	Amount	Yrs.	Amount	Yrs.		
Direct Program ^{3/}	273	8,942	540	19,146	615	21,913	75	2,767	75	2,767	-	-
REIMBURSABLE PROGRAM.....	-	67	-	50	-	50	-	-	-	-	-	-
Total	273	9,009	540	19,196	615	21,963	75	2,767	75	2,767	-	-
Permanent Positions Established.....	(374)	(572)	(572)	(622)	(622)	(50)	(50)	(50)	(50)	(50)	(-)	(-)

1/ Due to the nature of the Federal Buildings Fund, funding in the amount of \$196,000 for the eight work-years is excluded from this change. Associated funds will be collected on a reimbursable basis.
 2/ Costs to be absorbed by the Office of Human Resources and Organization.
 3/ Formerly included in S&E, GMAO in FY 1979.

SUMMARY JUSTIFICATION OF FY 1981 BUDGET ESTIMATES

Direct obligational authority for FY 1981 is estimated at \$21,913,000, an increase of \$2,767,000 over the FY 1980 level, adjusted for the October 1979 pay raise and the transfer of the Security Division to the Office of Human Resources and Organization. The increased funding requirement over FY 1980 consists of a program increase of \$2,767,000 of which \$1,211,000 will provide full-year funding of increased staffing and permit the Office of Inspector General (OIG) to move from a primarily reactive, single purpose mode to an active programmatic approach. Funding totaling \$1,556,000 is for an additional 50 audit positions (45 work years) which will be used to initiate systematic mission oriented reviews of agency programs. The most significant allegations of fraud and other criminal activities can be fully investigated through prioritization. A basic inspections program can be implemented for all major procurement and disposal areas by directing resources to only the highest priorities.

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 1981
(Dollars in Thousands)

Program Changes:

1. Costs related to annualization of 220 positions included in FY 1980 to reflect a net increase of 30 work years for full year staffing.....
- A. Salaries and related benefits
- B. Offsetting payments for SLUC to the Federal Buildings Fund
- C. Communications, printing and reproduction, and postage

2. Costs related to additional 50 positions (45 work years) to provide staffing required to begin systematic management reviews of agency missions and programs.....
- A. Salaries and related benefits
- B. Other costs to include:
 - SLUC
 - Commercial services, training, civil service investigations
 - Communications, printing, supplies, etc.

<u>Work Years</u>	<u>Amount</u>
30	1,211
(30)	(1,187)
	(-4)
	(28)
45	1,556
(45)	(1,150)
	(22)
	(284)
	(100)
75	2,767
-	-
75	2,767

Total Program Changes.....

Other Changes:

Total Changes.....

Office of Inspector General

(Dollars in Thousands)

FY 1979		FY 1980		FY 1981		Total Changes		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
273	\$8,942	540	\$19,146	615	\$21,913	75	\$2,767	75	\$2,767	-	-

BACKGROUND

The Office of Inspector General (OIG) implements in its entirety the provisions of the Inspector General Act of 1978.

Historically, both the Investigations and Audit programs within GSA have been maintained with severely limited funding and manpower. Until recently, an inspections program capable of independently monitoring the quality control programs operated by GSA's Services and Staff Offices has not existed. In the past, the limited staffing and resources assigned to the Offices of Audits and Investigations have seriously curtailed these programs. Indeed many agency programs have not been audited on a recurring basis within acceptable audit time frames and many contracts not audited at all, simply because manpower and resources were unavailable. The same limitations

applied to the investigations programs. It now appears that service and staff office directed inspections and quality control programs have been ineffective and/or mismanaged. Lack of coordination of these programs, insufficient staffing and lack of unified direction have all contributed to the failure of these programs to provide an effective deterrent and detection mechanism within the agency. Prior to the establishment of the Office of Inspector General the unique disciplines of auditing, investigations and inspections were made more disparate by functional as well as organizational separation. The implementation of the Inspector General concept within GSA provides for the first time the ability to organize these disciplines and activities as multidisciplinary, programmatic teams and task forces independent from the influence of Services and Staff Offices.

JUSTIFICATION

A. Highlight

Consistent with the Inspector General Act of 1978, the OIG has been given total responsibility for the audit, investigative and inspections functions of the agency. Its mission is to detect and investigate all instances of fraud and abuse and assure that proper corrective action is taken. The office is also charged with responsibility for reporting on waste, inefficiency, and mismanagement, and making recommendations for improvement. The OIG is to evaluate systems of internal control and procedures and proposed changes to it.

Successful prevention of fraud and other complex criminal acts within the GSA is dependent upon a comprehensive program designed to detect not only the criminal acts, but also the conditions which allow for the commission of such acts. A highly skilled, mobile workforce sufficiently staffed to address major areas of vulnerability on an active recurring basis is in itself a significant deterrent to the commission of criminal acts. Such a workforce, however, must not merely contend itself with the detection of fraud and mismanagement, but must also have sufficient capability and resources to continuously monitor the agency's programs and activities to assure conformance with appropriate laws, regulations and orders.

The objectives of this office are best met by an aggressive and active deterrent posture rather than reactive and limited after-the-fact auditing, inspections and investigation. A program to investigate and monitor computer

and system security is being established which will utilize audit, investigations and inspections personnel. Current investigative staff is being upgraded to increase the capability to address and combat fraud, corruption and other white collar crime.

Audit services can be provided through professional and independent evaluation of GSA's programs and activities. While complete audit service cannot be provided, every program in GSA could expect to be reviewed once every seven (7) years. Recurring audits of the most fundamental and rudimentary nature can be performed. It is through these recurring fundamental audits that internal control over fiscal expenditures, property and assets intended by the 1950 Accounting and Auditing Act will be accomplished. Further, most opportunities to reduce or eliminate wasteful practices and identify potential cost reductions are the result of these reviews. Audits as mandated by standards, principles and procedures promulgated by the Comptroller General can also be accomplished. The most significant allegations of fraud and other criminal activities can be fully investigated through prioritization. A basic inspections program can be implemented for all major procurement and disposal areas by directing resources to only the highest priorities. The examination of suspicious contracts and programs of previous years would continue to dominate inspections activities.

Office of Inspector General (con't.)

B. Explanation of Changes - FY 1981 vs. FY 1980

The Inspector General's increase of 75 work years and \$2,767,000, of which \$1,211,000 is directly attributable to full-year funding of increased staffing, consists of the following:

(1) Program Changes:

(a) An increase of 30 work years and \$1,211,000 will provide full-year funding for increased staffing. Included is the following:

(1) \$1,187,000 for salaries and related benefits.

(2) \$192,000 for increased payments to the Federal Buildings Fund related to the annualization of the 220 positions included in FY 1980 offset by a decrease of \$196,000 for reimbursement of the costs of nine positions transferred to the Office of Federal Protective Service Management, Public Buildings Service.

(3) \$28,000 for increased costs for postage, communications costs, and printing and reproduction.

(b) An additional 50 positions (45 work years) and \$1,556,000 will provide the OIG with staffing required to begin systematic management reviews of agency missions and programs. Included is the following:

(1) \$1,150,000 for salaries and related benefits.

(2) \$22,000 for increased payments to the Federal Buildings Fund due to the increase in staffing.

(3) \$284,000 for increased costs of payments to the Working Capital Fund, Civil Service Investigations, proficiency training, and commercial contractors.

(4) \$100,000 for increased costs for motor pool services, transportation of things, rents, postage, printing, supplies, and communications services to support the increase in staffing.

(2) Other Changes: None.

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staff - \$15,788,000 for 622 positions (615 work years) distributed as follows:
- | Positions (All) | 1979 | 1980 | 1981 |
|-----------------|------|------|------|
| Central Office | 374 | 572 | 622 |
| Work Years | 273 | 540 | 615 |
12. Personnel Benefits - \$1,248,000 - Includes \$ 936,000 for direct contribution to retire-fund; \$276,000 for health benefits; \$36,000 for group insurance.
21. Travel and Transportation of Persons - \$1,762,000 - Includes \$80,000 for Motor Pool and \$1,682,000 for travel expenses in connection with the audit and investigation of GSA activities and contracts awarded by GSA.
22. Transportation of Things - \$75,000 for commercial transportation.
23. Rents, Communications, and Utilities - \$1,522,000 - \$158,000 for rental services, \$903,000 to the Federal Buildings Fund for SLUC payment, \$47,000 for payment to the Federal Buildings Fund for non-recurring costs, \$17,000 for postage cost and \$397,000 for communications services.
24. Printing and Reproduction - \$105,000 for reproduction of issuances, forms and other materials, and payments to the Working Capital Fund.
25. Other Services - \$1,312,000 for payments not to exceed \$10,000 for information and detection of fraud against the Government, including payment for recovery of stolen Government property, Civil Service Investigations, proficiency training, and commercial contractors.
26. Supplies and Materials - \$101,000 for normal administrative supplies.

Office of Inspector General

SUMMARY OF EMPLOYMENT
(Number of Work-Years)

Principal Categories	Actual	Estimated		Change from 1980 to 1981		
	1979	1980	1981	Program	Other	Total
Executive	1	5	5	-	-	-
Management and Administrative Direction.....	41	49	57	8	-	8
Professional.....	198	442	503	61	-	61
Clerical.....	<u>31</u>	<u>43</u>	<u>48</u>	<u>5</u>	<u>-</u>	<u>5</u>
Subtotal.....	271	539	613	74	-	74
Part-time and Temporary.....	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total.....	<u>273</u>	<u>540</u>	<u>615</u>	<u>75</u>	<u>-</u>	<u>75</u>

GENERAL SERVICES ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

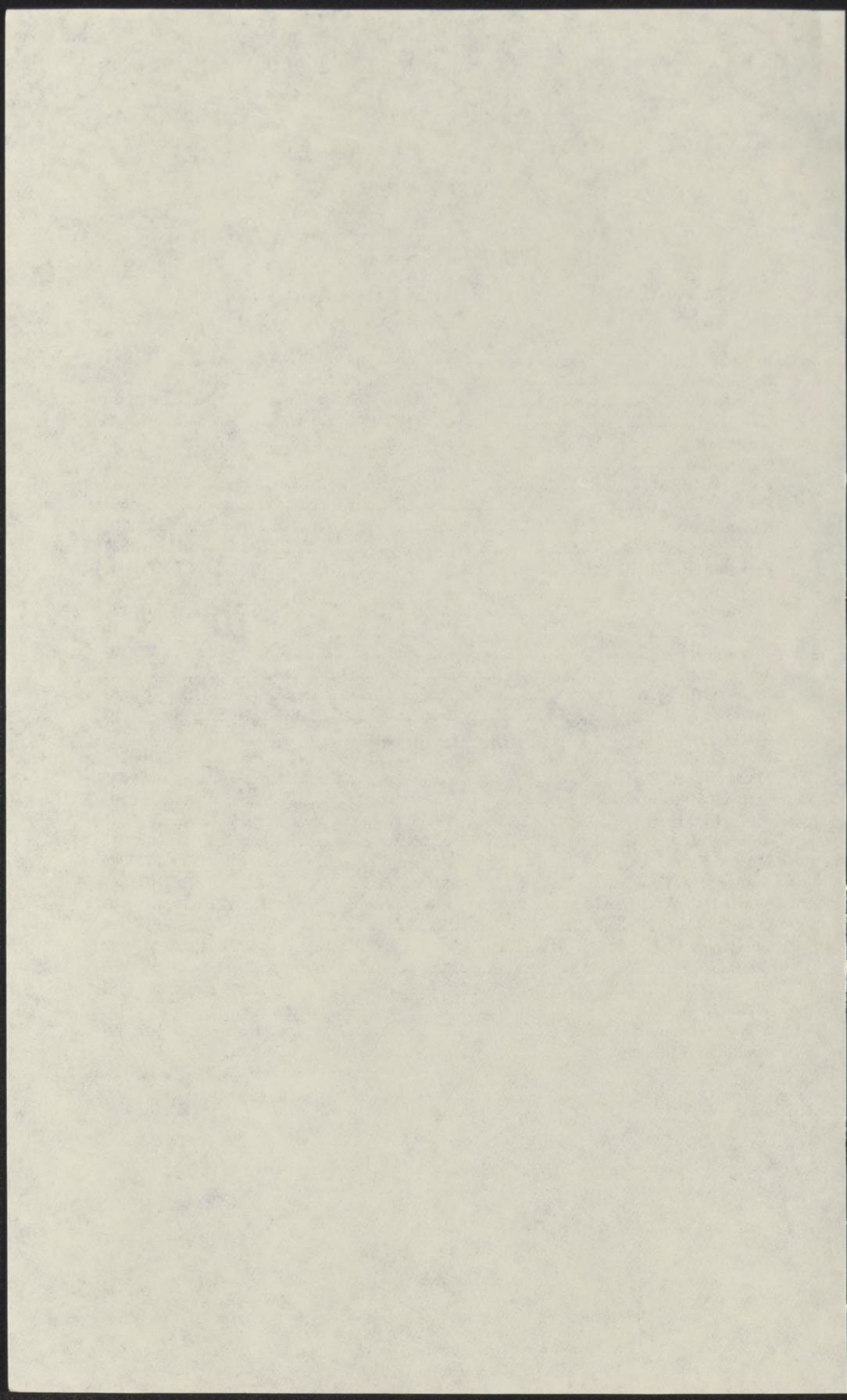
For necessary expenses of the Office of Inspector General, \$18,874,000 *Provided*, That not to exceed \$10,000 shall be available for payment for information and detection of fraud against the government, including payment for recovery of stolen government property.

\$21,913,000

(Independent Agencies Appropriation Act, 1980)

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