

Y4
.Ap 6/1
T 711
982/PT. 5

1011

9774
Ap 6/1
T 711/982
pt. 5

TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR
FISCAL YEAR 1982

GOVERNMENT
Storage

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
NINETY-SEVENTH CONGRESS
FIRST SESSION

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

EDWARD R. ROYBAL, California, *Chairman*

JOSEPH P. ADDABBO, New York
DANIEL K. AKAKA, Hawaii
SIDNEY R. YATES, Illinois
DAVID R. OBEY, Wisconsin

CLARENCE E. MILLER, Ohio
ELDON RUDD, Arizona
CARROLL A. CAMPBELL, Jr., South
Carolina

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

PART 5

GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations

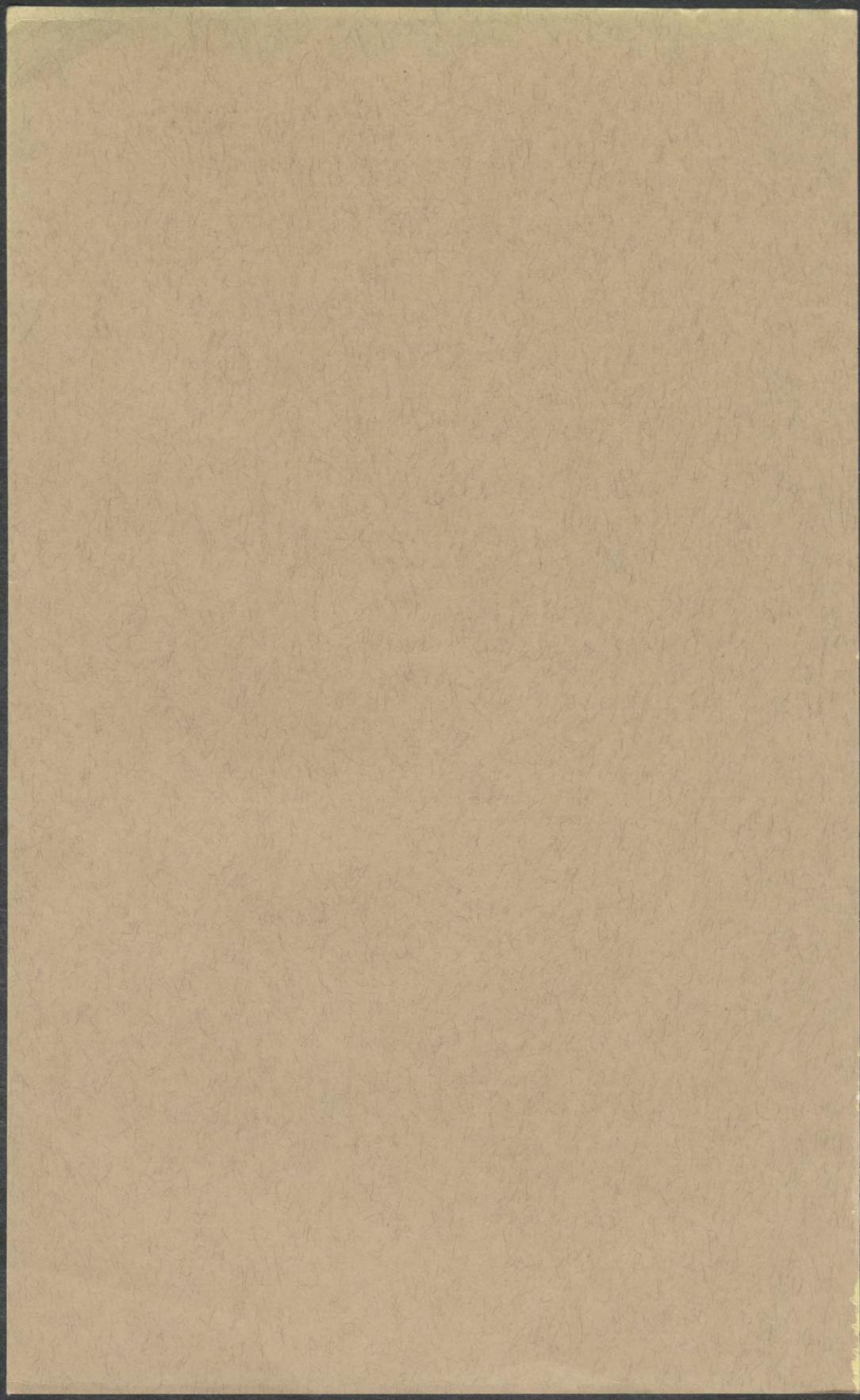
KSU LIBRARIES
111900 466783
E8L900 006TTA



DOCUMENTS

JUN 8 1981

FARRELL LIBRARY
KANSAS STATE UNIVERSITY



**TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR
FISCAL YEAR 1982**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
NINETY-SEVENTH CONGRESS
FIRST SESSION

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

EDWARD R. ROYBAL, California, *Chairman*

JOSEPH P. ADDABBO, New York
DANIEL K. AKAKA, Hawaii
SIDNEY R. YATES, Illinois
DAVID R. OBEY, Wisconsin

CLARENCE E. MILLER, Ohio
ELDON RUDD, Arizona
CARROLL A. CAMPBELL, JR., South
Carolina

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

PART 5
GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1981

COMMITTEE ON APPROPRIATIONS

JAMIE L. WHITTEN, Mississippi, *Chairman*

EDWARD P. BOLAND, Massachusetts	SILVIO O. CONTE, Massachusetts
WILLIAM H. NATCHER, Kentucky	JOSEPH M. McDADE, Pennsylvania
NEAL SMITH, Iowa	JACK EDWARDS, Alabama
JOSEPH P. ADDABBO, New York	JOHN T. MYERS, Indiana
CLARENCE D. LONG, Maryland	J. KENNETH ROBINSON, Virginia
SIDNEY R. YATES, Illinois	CLARENCE E. MILLER, Ohio
DAVID R. OBEY, Wisconsin	LAWRENCE COUGHLIN, Pennsylvania
EDWARD R. ROYBAL, California	C. W. BILL YOUNG, Florida
LOUIS STOKES, Ohio	JACK F. KEMP, New York
TOM BEVILL, Alabama	RALPH S. REGULA, Ohio
BILL CHAPPELL, Florida	CLAIR W. BURGNER, California
BILL ALEXANDER, Arkansas	GEORGE M. O'BRIEN, Illinois
JOHN P. MURTHA, Pennsylvania	VIRGINIA SMITH, Nebraska
BOB TRAXLER, Michigan	ELDON RUDD, Arizona
JOSEPH D. EARLY, Massachusetts	CARL D. PURSELL, Michigan
CHARLES WILSON, Texas	MICKEY EDWARDS, Oklahoma
LINDY (MRS. HALE) BOGGS, Louisiana	BOB LIVINGSTON, Louisiana
ADAM BENJAMIN, JR., Indiana	BILL GREEN, New York
NORMAN D. DICKS, Washington	TOM LOEFFLER, Texas
MATTHEW F. McHUGH, New York	JERRY LEWIS, California
BO GINN, Georgia	CARROLL A. CAMPBELL, JR., South Carolina
WILLIAM LEHMAN, Florida	JOHN EDWARD PORTER, Illinois
JACK HIGHTOWER, Texas	
MARTIN OLAV SABO, Minnesota	
JULIAN C. DIXON, California	
VIC FAZIO, California	
W. G. (BILL) HEFNER, North Carolina	
LES AuCOIN, Oregon	
DANIEL K. AKAKA, Hawaii	
WES WATKINS, Oklahoma	
WILLIAM H. GRAY, III, Pennsylvania	
BERNARD J. DWYER, New Jersey	

KEITH F. MAINLAND, *Clerk and Staff Director*

**TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATIONS FOR FISCAL
YEAR 1982**

TUESDAY, MARCH 24, 1981.

GENERAL SERVICES ADMINISTRATION

WITNESSES

RAY KLINE, ACTING ADMINISTRATOR
RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS AND FINANCIAL MANAGEMENT
WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET
ALLIE B. LATIMER, GENERAL COUNSEL

PUBLIC BUILDINGS SERVICE

ALBERT R. MARSCHALL, COMMISSIONER
JOHN F. GALUARDI, DEPUTY COMMISSIONER
WOLFGANG ZOELLNER, ASSISTANT COMMISSIONER FOR PROGRAM
SUPPORT

OFFICE OF ACQUISITION POLICY

GERALD McBRIDE, ASSISTANT ADMINISTRATOR FOR ACQUISITION
POLICY

OFFICE OF EXTERNAL AFFAIRS

PAUL W. NEWTON, ASSISTANT ADMINISTRATOR FOR EXTERNAL AF-
FAIRS

OFFICE OF INSPECTOR GENERAL

BRIAN BRUH, ACTING INSPECTOR GENERAL
WILLIAM FROST, EXECUTIVE DIRECTOR
MS. LILLIAN SMITH, BUDGET ANALYST

FEDERAL PROPERTY RESOURCES SERVICE

ROY MARKON, COMMISSIONER
JOHN P. CANNON, DIRECTOR, PROGRAM SUPPORT
FRANCIS B. ROCHE, ASSISTANT COMMISSIONER, OFFICE OF PERSONAL
PROPERTY

OPENING STATEMENT OF RAY KLINE, ACTING ADMINISTRATOR

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear the budgetary request from the General Services Administration, the Federal Buildings Fund.

Mr. Kline, will you please proceed in any way that you may desire?

Mr. KLINE. Yes, sir, Mr. Chairman.

Mr. Chairman and Members of the Committee, I am pleased to appear before this Committee to discuss our revised fiscal year 1982 budget.

Our appropriation request is \$580,682,000, a net increase of \$28,914,000 from the comparable total for 1981 which excludes the proposed program supplementals. This net increase principally includes:

\$17,900,000 for acquisition of strategic and critical materials; and \$2,100,000 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;

\$10,185,000 for the standard level user charge;

\$7,708,000 for increased costs of providing goods and services and other common type costs, including communications and postage;

\$7,376,000 for installation and conversion to new automated systems and computing resources while continuing to operate current systems until conversions are completed;

\$1,558,000 to print the Federal Acquisition Regulations under the Administrative Procedures Act and the Federal Register Act;

\$1,884,000 for activities transferred from nonappropriation accounts and funded on a reimbursable basis in 1981;

\$1,437,000 for miscellaneous program increases.

These increases, totalling \$50,148,000 are offset by decreases of \$21,234,000 which include: \$10,546,000 under the Administration's initiative to reduce employment in the Federal Government;

\$4 million for the National Historical Publications and Records Commission grant program, representing the total authorization;

\$6,250,000 for appropriations in 1981 not required in 1982, including \$3 million for expenses of the Presidential Transition, and \$3,250,000 for capital for the Federal Telecommunications Fund and Working Capital Fund; and

\$483,000 for other miscellaneous programs.

We are asking \$1.8 billion of new obligational authority for the Federal Buildings Fund in 1982. This will provide \$27.6 million for construction and acquisition of facilities, \$197.4 million for repairs and alterations, \$161.7 million for purchase contract payments, \$721.7 million for rental of space, \$626.3 million for real property operations, and \$88.6 million for program direction.

The Operating Expenses, Transportation and Public Utilities Service appropriation language includes a proposed provision authorizing GSA to expend an amount not in excess of \$100,000 from proceeds received during the current fiscal year from the collection of carrier overcharges.

These funds would be used to test the feasibility of having commercial firms audit paid transportation vouchers that are below the minimum levels now being audited by GSA, in exchange for a 50 percent share of the recovered funds.

There would be no cash outlay by the government since payment to the contractor would be dependent on the identification of collectible overcharges. The General Accounting Office has recently approved this concept.

Transfer authority between operating expenses appropriations not to exceed 3 percent for mandatory programs requirements is requested for 1982. Transfer authority between activities of the Federal Buildings Fund for mandatory program requirements is also requested, similar to the provision enacted for 1980, and proposed in the supplemental for 1981.

These provisions provide for proposed transfers to be submitted to the House and Senate Appropriations Committees for approval. This proposed transfer authority will provide a modest degree of management flexibility to assure that essential levels of overall program direction and support and program requirements are adequately performed under constrained resources.

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

We will be pleased to respond to the questions of the committee.

FEDERAL BUILDING FUND

Mr. ROYBAL. Sometimes it seems that we have established a whole bureaucracy and transferred funds from one agency to another for payment for SLUC charges.

Do you really believe that the Federal Buildings Fund is worth the price we are paying for it?

Mr. KLINE. My personal assessment is that it is worth the price. Obviously, there are some bugs that remain to be worked out in the system in terms of the way that the charges are determined and assessed, and in the past several years we have been working on those problems.

There have been some changes to the system which we are prepared to talk about, if the committee would like to do that, in terms of the way that the charges are assessed to the agency and the manner in which payments are made.

I think it does provide a focus for the activities covered by the Federal Buildings Fund, and my view is that having the fund is a better arrangement than not having such a fund.

Mr. ROYBAL. Well, how much money is spent by the Federal Buildings Fund? What was it for 1981 and what is it for 1982?

Mr. FONTAINE. \$1.65 billion; we are asking for approximately \$1.82 billion in 1982.

Mr. ROYBAL. What are you asking for in 1982?

Mr. KLINE. For \$1.82 billion, an increase of \$175.8 million.

Mr. FONTAINE. This is primarily for rental of space, purchase contract, and utilities real property operations areas, including inflation, escalation, etc.

Mr. ROYBAL. Well, are there now adequate internal controls in place to protect against abuses of any kind?

Mr. KLINE. The Comptroller, I think, should best respond to that.

Mr. FONTAINE. I would say yes, Mr. Chairman.

We have an approved accounting system; a good check and balance system on the way the funds can be obligated. I think one of

the benefits is that you actually see the cost of space for each agency.

Individual agencies have to budget for space and come before their appropriations committee rather than having GSA put it all in their budget, so you in effect have true costs for every agency on what they spend for their space which you couldn't identify if you did not have the Federal Buildings Fund.

There are obvious problems with the budget cycles and the timing of the fixed three-year rates, having to have appraisals done constantly. We turn over roughly a third of the inventory in appraisals every year, but it again gives you a true cost approach to what the Federal Government spends on space that you wouldn't have if GSA were appropriated all space funds.

Mr. KLINE. The OMB is tightening up the requirement side of this through the budget review process of the other agencies by reviewing what their requirements are in terms of new administration objectives, and I think the controls being employed by the Office of Management and Budget in terms of the new requirements of the different agencies and in terms of the cutbacks being made by the President, are going to be more rigorous than heretofore.

Mr. ROYBAL. Then you don't believe that the \$175.8 million is excessive?

Mr. KLINE. No, sir; it is not excessive, when one takes into account the utility increases and the rental increases which we continue to experience. Beyond those accounts the rest of that appropriation is really at a bare bones minimum, and I think in fiscal year 1982 with the kinds of adjustments we have been asked to make, it is going to take some rigorous management on our part to meet our obligations to keep buildings in the kind of condition that they are supposed to be in.

The construction part of the appropriation called for is very modest, and that means that through 1982 the emphasis on leasing is going to continue, pending other congressional legislation to embark on a new construction program.

Mr. ROYBAL. Is the increase in 1982 over 1981 due in great part to the \$175.8 million increase in this account?

Mr. KLINE. The \$175.8 million increase is based in large measure in real property operations, the increased costs of utilities. That is one area; and the second area is the increase in rental rates which is carried under the rental of space activity.

That breakdown is where you will see the most dramatic increase and, based on our projections, those increases are going to continue.

Mr. ROYBAL. You mean your landlord is not going to be compassionate in other words?

Mr. KLINE. No; he is not. All indications are going in the opposite direction.

Mr. ROYBAL. Please provide detailed information regarding all costs, appraisals, accounting costs, and so forth, related to the operation of the Fund and compare it to specific savings that you can identify resulting directly from the Fund.

Mr. KLINE. All right, sir; we will be happy to do that.

Mr. ROYBAL. Now, that can be provided for the record.

Mr. GUNNELS. This was started in 1975. If you could give us a trend on that, it would be very helpful for the record.

Mr. KLINE. Very good; we will do that, Mr. Chairman.

[The information follows:]

UTILIZATION TABLE
GENERAL SERVICES ADMINISTRATION
OFFICE UTILIZATION TRENDS

1974 - 1981

Assigned Office Area

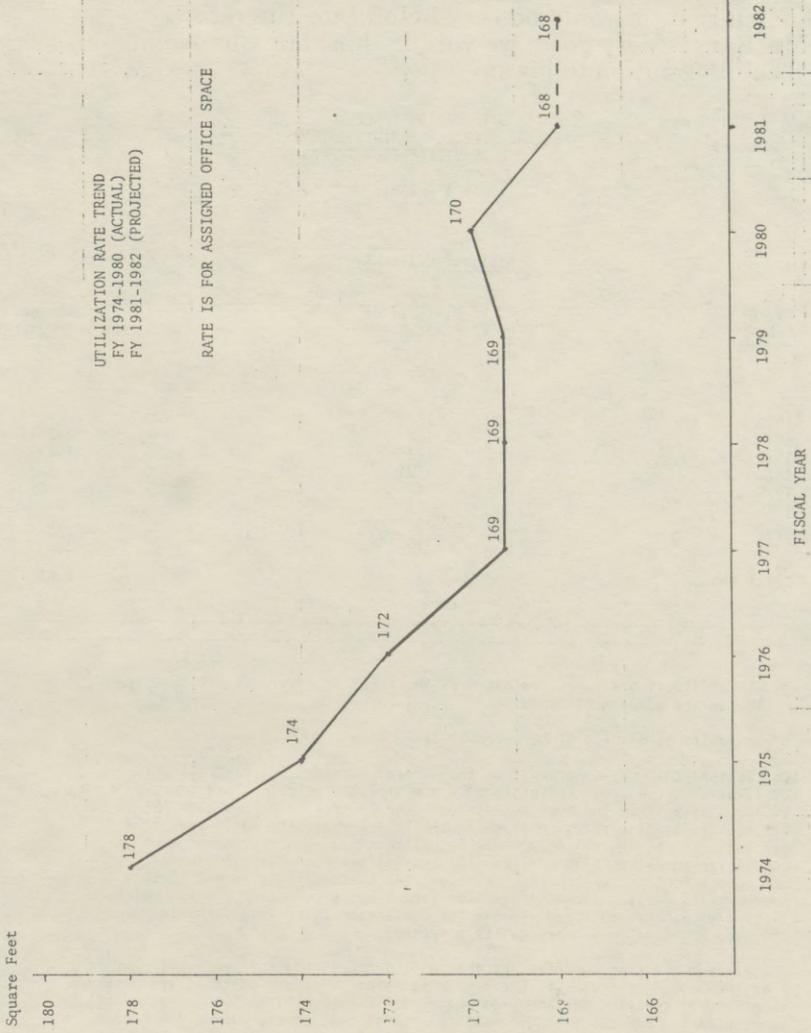
<u>Fiscal Year</u>	<u>Utilization * Rate</u>	<u>%Change Ovr. Prv. Yr.</u>
1974	178	-
1975	174	2.2
1976	172	1.1
1977	169	1.7
1978	169	-
1979	169	-
1980	170	.6
1981	168**	1.2
Total Change	(-) 10	5.6%

* GSA utilization figures are based on the total inventory of office space leased and government-owned.

** Estimated as of 9-30-81 based on 12-31-80 data

Conclusions that may be drawn from the General Services Administration (GSA) utilization table are: (1) assigned space utilization rates have improved substantially since the implementation of the Federal Buildings Fund (FBF); (2) had utilization rates remained at the 1974 levels, the additional cost avoidance to the Federal government is estimated to have approached a cumulative amount of \$338 million; (3) current estimated annual savings per square foot/per person is \$9 million; (4) these savings do not include the benefits derived from GSA's active vacant space reduction program which eliminates excess space and reduces the costs associated with maintaining unneeded and sometimes poor quality property.

There are three important factors that will exert strong influence over future year trends. They are: (1) the manner in which budgetary controls are employed to provide incentives for improved space utilization; (2) the coordination of space planning and space requirement adjustment that occurs during the budget approval cycle; and, (3) the relative importance of the relationship between space utilization standards and response time to space requests. Both factors (1) and (2) are currently being reviewed by the Office of Management and Budget.



COSTS DIRECTLY ATTRIBUTABLE TO THE
FEDERAL BUILDINGS FUND
(Dollars in thousands)

	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981 (Est)</u>
STAFFING	400	400	390	305	200	200
COMPUTER SYSTEMS	876	980	911	864	897	895
FAR APPRAISALS	968	99	450	466	401	417
TOTAL	2,244	1,479	1,751	1,635	1,498	1,512
% Change over	-	(-)34.1	(+)18.4	(-)6.6	(-)8.4	(+) .9

The Public Buildings Amendments of 1972 (Public Law 92-313) approved June 16, 1972 established the Federal Buildings Fund. This law was enacted to accomplish four major objectives:

- (1) Promote the efficient and economic use of space by tenant agencies by assigning the responsibility for space costs to the occupant agencies.
- (2) Facilitate Congressional and Office of Management and Budget (OMB) direction and control:
- (3) Aid overall space management by GSA and Federal agencies in GSA space; and
- (4) Improve the quality of space and related services which GSA provides to user agencies.

The Federal Buildings Fund (FBF) has had a favorable effect on the ratio of space per person each agency utilizes. FBF utilization rates have improved by decreasing 6% per square foot/per person housed in office space since the implementation of the Fund. Private industry utilization rates have increased by 22% over the same time period. It has been estimated that for each square foot/per person reduction in nationwide utilization rates, a current annual savings of \$9 million will be realized.

The management information generated by the Federal Buildings Fund provides a useful vehicle for the oversight of the Federal government space requirements in that for the first time a comprehensive analysis can be made of the quantity, variety, and quality of space as well as its economic value. A current concern of the Office of Management and Budget is the efficient management of the funds provided for this space and any possible expansion requests generated as the size of the federal work force in each client agency expands or contracts in accordance with overall governmental policy.

The overhead expenditures in the Federal Buildings Fund as a percentage of total obligations of 4.5% compares very favorably to that found in private industry where average administrative expenses range between 5% and 6%. Included in the 4.5% total overhead figure is less than 1% (\$1.5M) in expenditures directly attributable to the establishment and annual operation of the FBF.

In addition to knowing the quantity, variety, and quality of space in the GSA inventory, better management is being made of that inventory. Improved timeliness in tenant agency relinquishment of unneeded space has continued since the establishment of the FBF. An effective vacancy reduction program within GSA has led to vacancy levels 11.8 million square feet below the peak of 1975. The Federal government has benefited from this vacancy reduction through elimination of costs associated with unneeded and sometimes poor quality property.

PROSPECTUS PROJECTS

Mr. ROYBAL. You say the future does not look well, we might as well have it all in black and white.

With regard to Construction, are you requesting funds for projects whose prospectuses have not been approved yet?

Mr. KLINE. We have 6 prospectus projects in our fiscal year 1982 request. All have been approved by the House and are pending in the Senate.

Three of those are for border stations and three are for court-houses.

Mr. ROYBAL. What about the backlog of those that have been approved for which no funds have been requested?

Mr. FONTAINE. I don't think there are many, Mr. Chairman. I think we are pretty clean.

Mr. ROYBAL. But are there some?

Mr. EARLY. There are some.

Mr. MARSCHALL. Let us provide that for the record.

Mr. ROYBAL. Will you, please?

Mr. KLINE. We will provide the specifics for the record.

[The information follows:]

PROJECT APPROVAL

At the present time there are only two projects approved for which no funds have been requested: Silver Spring, Maryland, and Redding, California.

NEW OBLIGATIONAL AUTHORITY

Mr. ROYBAL. Will you please summarize the request for repairs and alterations and how many projects are proposed which do not have final prospectus approval.

Mr. MARSCHALL. The only proposed project which does not have an approved prospectus is the U.S. Appraisers Stores, Boston, Massachusetts. I had an opening statement prepared which covers a great deal of this, Mr. Chairman.

Would you care for me to go through that and it may obviate some of the questions?

Mr. ROYBAL. You may read it or provide it for the record.

Mr. MARSCHALL. Let me hit the highlights then.

Mr. ROYBAL. Please proceed.

Mr. MARSCHALL. We project sufficient income in the Federal Buildings Fund to request new obligational authority of \$1.82 billion, which is a net increase of \$175.8 million over our requested 1981 program level and which will finance the following Federal Buildings Fund activities:

\$27.6 million in new obligational authority for Construction and Acquisition of Facilities will provide new funding for the construction of two border stations, Houlton, Maine, and San Diego, Otay Mesa, California, and the acquisition by transfer of two properties excess to the needs of the U.S. Postal Service, Cookeville, Tennessee, and Spokane, Washington.

The acquisition of the USPS properties will ensure uninterrupted housing for agencies, particularly the U.S. Courts, and will result in a reduction of \$218,000 in rental payments to the Postal Service.

This request will also provide additional funding for (1) the completion of two courthouse projects, East St. Louis, Illinois, and Madison, Wisconsin, which have been redesigned since the original prospectus was approved to meet additional needs of the U.S. Courts; (2) the construction of an extension to a post office and courthouse in Little Rock, Arkansas; and (3) the acquisition and repair and alteration of a privately owned property in Detroit, Michigan, Ambassador Bridge Station, for use as a Border Station and Secondary Truck Inspection Facility.

\$197.4 million in new obligational authority for Repairs and Alterations will provide funding for basic work to correct deterioration, malfunction and obsolescence; improvement to space to promote utilization; fire prevention, life, safety, and property protection, and a continuing 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.

Major emphasis in fiscal year 1982 is also placed on alterations for district and circuit judges in accordance with Public Law 95-486, the Omnibus Judgeship legislation.

In addition, retrofit projects 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 which is estimated will result in an annual rental cost avoidance of \$7.5 million;

\$161.7 million in new obligational authority in the Purchase Contracts activity will provide for payments of principal, interest, administrative expense, and taxes. Under this program we have constructed 73 additional government-owned buildings around the country since 1972;

\$721.7 million in the Rental of space activity will provide for continued occupancy of 93.2 million square feet of leased space in fiscal year 1982. This reflects a 0.3 percent decrease in the leased space inventory at the end of fiscal year 1982 as compared to 93.5 million square feet at the end of fiscal year 1981. The total square footage includes 3.9 million square feet of space leased in USPS facilities;

\$626.3 million in 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.

GSA has played a leading role in the government's effort to conserve energy and hold down costs. During fiscal year 1980, GSA maintained a reduced level of energy consumption as compared to fiscal year 1975 and fiscal year 1973. This resulted in a cost avoidance of approximately \$70 million in fiscal year 1980 as compared to fiscal year 1973. Through continuation and intensification of the energy conservation methods utilized in previous years, GSA expects to achieve a further cost avoidance of about 3.3 percent during fiscal year 1982.

\$88.6 million in new obligational authority for the Program Direction activity provides a continued level of oversight as in previous years.

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

We will be pleased to respond to your questions.

Mr. ROYBAL. The new authority requested for the Federal Building Fund is \$1.82 billion.

Mr. MARSCHALL. Yes, sir.

Mr. ROYBAL. You have broken it down to the various projects?

Mr. MARSCHALL. Yes, sir.

EMPLOYMENT

Mr. ROYBAL. It is very impressive that that amount of money will be used to do this work.

Now, how many jobs will this generate, new jobs? Take jobs in general and then new jobs, if any.

Mr. MARSCHALL. In the Public Buildings Service, we will have on our rolls in fiscal 1982 16,544 employees.

This is down from 1980 when we had 18,098.

As far as the number of jobs that would be generated by the \$1.8 billion, I would have to say that we would make some effort to provide you with those figures.

Anything I would give you at this particular hearing would be speculative, but we could project it as far as what we think it would generate within the country.

It is a big figure nationally, and it certainly is much greater than the 16,544.

Mr. ZOELLNER. In the Repair and Alterations Activity, we estimate 50 jobs per million dollars, so if you have a program of \$197 million, it would create approximately 10,000 jobs in the private sector.

Mr. KLINE. Then you would add a little for the modest construction programs.

Mr. ZOELLNER. \$27.6 million; the ratio in construction is a little less than in the Repair and Alterations program, which is much more labor intensive. We estimate that the Construction program will generate about 1,000 jobs.

Mr. MARSCHALL. Even the materials and equipment which we use in our R&A program and in our construction program generate jobs for the manufacturers.

Mr. ROYBAL. I would be interested in getting a projected figure.

Mr. KLINE. The custodial and mechanical and the guard contract work done on contract and the services are generally straight labor, and we could provide that very easily.

Mr. ROYBAL. Some of this is actually contracted out?

Mr. ZOELLNER. There are about 8,200 personnel involved in providing direct funded contract services for the Public Buildings Service.

CONSTRUCTION JOBS

Mr. ROYBAL. When you contract out what do you do about seeing to it that the proper wage is paid?

Mr. MARSCHALL. We are governed by the Davis-Bacon Act on construction jobs.

Mr. ROYBAL. I am not talking about maintenance, but people that clean out the—

Mr. MARSCHALL. The Service Contract Act also applies, so that we have the wages specified. The minimum wage is specified by the Labor Department.

Mr. ROYBAL. How is it that you put out this contract on open competitive bid if it is controlled by the Act as to what they can pay and things of that kind? This work is services?

Mr. KLINE. The competitors generally concentrate on the overhead charges, the management arrangements, and so forth, but by and large, because of Service Contract Act requirements, there is no enormous discriminator between the offered wages for doing relative levels of service.

Mr. ROYBAL. The reason I ask that is because I have been questioned about the service in the building in Los Angeles, which is being contracted out.

Many questions have arisen with regard to the work that they are doing, the employees that they get, whether or not they are paying them a comparable wage to any other person doing the same work.

Mr. MARSCHALL. We do find violations, Mr. Chairman, but I would say, by and large, our contractors adhere to the rules of the game and the laws of the land.

Mr. ROYBAL. Is the contract usually for a year or longer?

Mr. ZOELLNER. The contracts are for one year but we have options to renew.

Mr. MARSCHALL. Options to renew so that we can effectively go for three years, that is, one year with two option renewals.

Mr. ROYBAL. Isn't there more of a saving that way, contracting out, than it is to have your own employees?

Mr. MARSCHALL. I think it has to be judged on each individual case, Mr. Chairman, and there is a prescribed formula by the Office of Management and Budget in Circular A-76 which provides the methodology.

I think we have to look each time we make a decision as to whether we should contract or use government employees.

Mr. ROYBAL. It is strange to see people cleaning your office with a uniform that is different from the uniform we have been used to seeing all these years.

Mr. MARSCHALL. Yes, sir.

LEASED VERSUS GOVERNMENT-OWNED SPACE

Mr. ROYBAL. Now, what is the current policy with regard to leased versus government-owned property?

Mr. MARSCHALL. It is a question which I would like to answer and cannot. Until the present administration came in we were enthusiastically supporting what was then Senate 2080 and House 6075.

That bill, or those bills, I should say, as you may know, died in committee on the 18th of December at 8:31 in the evening. We have not yet received specific guidance from this administration as to what its position is in this particular area.

Mr. ROYBAL. Is such a decision forthcoming, or do you have any idea what will happen?

Mr. MARSCHALL. I indeed hope so, Mr. Chairman. That decision, I think, will be the first proposition I am going to put to the new administrator when he arrives. It is a matter of extreme interest to me personally.

Mr. ROYBAL. Well, you gentlemen, as experts, would probably have a recommendation to make, would you not?

Mr. MARSCHALL. I have been making recommendations now for almost 21 months, and my recommendations are to build as opposed to lease, but that is a personal opinion as of now. It was supported previously, and I hope it will be supported again, but I enthusiastically support personally the idea of building Federal facilities, not leasing them.

Mr. ROYBAL. Well, I am inclined to agree with you.

Now, how much vacant space do you have now in government-owned property?

Mr. MARSCHALL. In fiscal year 1981 we have 12 million square feet, Mr. Chairman.

Mr. ZOELLNER. Only 5 of that 12 million, however, is office space. But it is 12 million total space, most of it being warehouse space.

Mr. ROYBAL. Government-owned?

Mr. MARSCHALL. Yes, 10.8 of the 12 million square feet is government-owned.

Mr. ROYBAL. How much in leased property?

Mr. ZOELLNER. 1.2 million square feet.

Mr. MARSCHALL. That would be the usual type space.

I would like to think, Mr. Chairman, that we don't have any big blocks of space hanging vacant right now in our leased area. I would not want to bet my year's salary on it, but I think we are down to the normal amount of space which one would expect in shifting offices as the government quite frequently does.

Mr. ROYBAL. Well, have you done better this year than last year in that regard?

Mr. ZOELLNER. Yes. We have made every effort to avoid having vacant space. I mean, having leased space sit vacant, so whatever vacant space remains in the inventory is space that is awaiting occupancy because of alterations or, of course, the movement of an agency from one location to another.

Mr. ROYBAL. Well, you have some vacant property, and still you are requesting \$44.7 million for space rental.

Mr. MARSCHALL. In serving the constantly changing space requirements of such a large number of agencies, it is not possible to eliminate all vacant space. Our utilization rates for office space compare favorably with that of the private sector. I think our cost increases are the result of what has happened in the rental market, Mr. Chairman. It is not an increase, not a great change. Five years, six years, seven years ago one would rent very adequate space in the City of Washington, D.C. for \$5.00 a square foot.

These leases have come to an end, and the new prices vary between \$15 and \$20 a square foot in this area. The market for office space, particularly in Washington, D.C., New York City, San Francisco has skyrocketed.

Mr. ROYBAL. It is my understanding that in consultation with a number of other Federal agencies, GSA recently completed a study on leasing. Can you outline the results of the study for the subcommittee?

Mr. MARSCHALL. As a matter of fact, we will provide the report of that group to the subcommittee if it would care to receive it. There were certain recommendations made that we think are valid.

Mr. ROYBAL. We would appreciate if you would.

[NOTE.—This voluminous report has been sent to the Committee under separate cover.]

LEASING POLICIES

Mr. ROYBAL. Can you briefly outline some of the things that that report brings out? I would like to know whether or not your leasing policies changed as a result of that report.

Mr. MARSCHALL. No, our leasing policies have not changed but we are altering some of our internal procedures. As a matter of fact, one of the major features that was found at fault was the length of time it took to consummate a lease, and I think that we are on the track to improve that.

For example, our standard solicitation form has been reduced to something we can push a button and get out in a very short time from a computer.

The review process can be shortened. There were 76 steps in the leasing process, and I am sure that each and every one of those steps had as its origin some heinous crime against the State somewhere back in the deep dark past, and everybody is trying to be "Arrid safe".

The result is extreme delay and almost an unwillingness to lay it on the line and say, "Hey, I think this lease is good." A man is not going to lay it on the line as a result of some of the troubles we have had in GSA.

We are trying to get away from this and streamline the process and protect the employees, too.

Mr. KLINE. This was done at the request of the former Administrator, and looking at the data in the Public Buildings Service in terms of the growing backlog in the leasing workload and getting on top of that led us to review what was giving rise to this and see what we could do about it in the longer or shorter term.

The one thing that was done was procedural, as Mr. Marschall just talked about, where we took a look at the internal process and we have wiped out a number of internal reviews. We have the assurance that the people doing these things do not need controls to the level that they had been employing in the past so we have relaxed some of those.

In addition, just sheer application of staffing to do the leasing work around the country needed a shot in the arm, and part of the internal management decisions that Mr. Marschall is making is to see what kind of additional resources he can put into this effort in the regional offices to get on top of the workload.

But there are some factors that are beyond the direct control of the agency, and we take these things up with other people, but in the final analysis, they are not ours to deal with.

They have to do with public policy as it applies to the leasing program. Public policy objectives which are addressed through general procurement and also applied to leasing, such as locating and relocating agencies within the business areas of our cities, promoting procurement from minority business enterprises, and things of this nature.

A second general type is what Mr. Marschall talked about, and that is the sheer availability of space, and the unattractiveness of the government to the lessor as somebody they would want to do business with because of the constraints that we have in our leasing program. Many of them are required by law. We are no longer a preferred customer to a lot of these people and in fact a lot of the lessors are urging us to get out of their space so they can lease their space to other tenants.

Where you have the kind of market condition we have today, especially in large cities, as Mr. Marschall described, that makes it doubly difficult to actually go out and find the space that one can deal with, so you take all of this and throw it into a barrel together, it does add up to a sizable problem in how the leasing job is done.

SPACE REQUEST BACKLOG

Mr. ROYBAL. Have you reduced the space request backlog that you have? If I remember correctly, last year you said something about reducing it 30 to 50 percent.

Mr. GALUARDI. That is for HHS. We sat down with the Social Security Administration and HHS and dealt with very specific locations; we have met the objective which we established for HHS.

Mr. ROYBAL. You delegated authority to them, did you not?

Mr. MARSCHALL. No, sir; we did not.

Mr. GALUARDI. We have delegated certain authorities; one was to the Department of Agriculture. We delegated the leasing of recruiting stations. But for SSA and HHS we met with them and they gave us their priorities and we set an objective to meet those priorities and we met that objective.

Mr. MARSCHALL. As a matter of fact, we have had in some of our regions, Social Security employees sitting beside our own employees helping to put this program together, and I think we achieved a 41 percent reduction in that particular backlog last year and we had promised it would be 30 percent or better. Also, this significant reduction was achieved with no diminution of services to more than 100 other Federal agencies for which GSA is responsible for providing general purpose space.

Mr. GALUARDI. SSA has identified additional requirements now and built the backlog back up again, but we have come to an agreement with them as to what their priorities are.

Mr. ROYBAL. Then you have not delegated space acquisition authority?

Mr. MARSCHALL. No, sir. As a matter of fact, we had a hearing before Mr. Pickle's committee concerning that very thing and when questioned, I took the position that I thought we could do the job for which we were set up to do, and it has not changed.

Mr. KLINE. Putting the government on an agency-wide basis, there are cases where the authority will be delegated to the agen-

cies. Some of the outlying departments of Agriculture have very small requirements for space in remote locations, things of that nature, so on an exceptions basis, we do delegate leasing authority.

Mr. ROYBAL. But the authority will not be delegated to Social Security, for example?

Mr. MARSCHALL. No, sir, unless there is some compelling reason to do so, Mr. Chairman. We are not hide-bound on this, but we haven't seen a better alternative from Social Security or anyone else, other than Defense.

Defense said, "Hey, we would like to get the recruiting stations". It turned out recruiting stations were 20 percent of our problems and a miniscule amount of our total dollar volume of leasing, and they wanted to do it and we said, go ahead. It made sense.

Mr. GALUARDI. They had a Real Property Division already established.

Mr. MARSCHALL. An excellent Real Property Division.

SOCIAL SECURITY FACILITY

Mr. ROYBAL. I am asking these questions because of a situation out in East Los Angeles with Social Security, whether or not authority will be delegated to them, how you will be working with them so that facility can be built.

Mr. MARSCHALL. We are working with them, and that facility will be built with their funds.

Mr. GALUARDI. We are going to build a Federal building there now, rather than acquire a leased building.

Mr. ROYBAL. Yes.

Mr. GALUARDI. The design is underway. We are starting site selection in May.

Mr. ZOELLNER. We have narrowed it down to four sites, and we are in touch with SSA so it is moving along.

Mr. ROYBAL. Don't you have the right of eminent domain in a situation like that?

Mr. GALUARDI. Yes, sir.

Mr. ROYBAL. Because if you do, there are some very nice sites there but it will take the right of eminent domain to get it.

ENERGY CONSUMPTION

With regard to real property operations, what action have you taken to reduce energy consumption?

Mr. MARSCHALL. Mr. Chairman, we have had a continuing retrofit program for our facilities. We have instituted in the design of new facilities an energy budget for the building.

We have maintained over the past several years temperature regulations in our buildings.

We have maintained lighting regulations which reduced the energy requirements at facilities and since 1973 we have reduced our energy consumption per gross square foot by 31 percent and had a cost avoidance of \$104 million.

Mr. KLINE. It is an area where the easy things have been done.

As Mr. Marschall said, starting in 1973 the government became very active in cutting energy consumption. In the first two years you do the easy things like turning down the air conditioning and

turning off some of the lights, lights in parking lots and things like that; and based on my experience from other agencies, I found that that first cut is where the big savings are.

The objectives set, for example, if you take a universe from 1973 to 1985 as a total objective of what you want to do, 30 percent of that goal was made in those first two years.

Now, in the five years since then, an additional 8 percent has been cut out which shows how much tougher it gets, and against a target that has been set for the agency, we have another 12 percent reduction between now and 1985, and here is where you get into the tough areas such as retrofit programs, and where you are looking forward to payback and things of that nature.

It is the kind of program that in addition to initiating the reductions you have to continually monitor the programs, because after a while people turn the air conditioning back up and turn more lights on.

Mr. ROYBAL. Has all of this in any way affected the government operations as a whole?

Mr. KLINE. Well, in summertime, if you read the newspapers, you will find a lot of people are really sweating in Washington more than they would like to.

Mr. ROYBAL. I remember when we first became conscious of this energy situation, that the lights were on in the Federal Buildings. When we inquired about it, we were told that it is much cheaper to leave them on all the time than it is to turn them off.

Mr. KLINE. Correct.

Mr. ROYBAL. Has there been a change in that attitude?

Mr. MARSCHALL. Yes, there has.

Mr. GALUARDI. We have a survey team in the Atlanta office right now doing a management survey. Our evaluation team gets in a car and drives to one of our facilities at about ten or eleven o'clock at night, and they look to observe such things as the use of unnecessary lighting.

Mr. MARSCHALL. We are going to things such as daytime cleaning in order to cut down the light usage. This gets to be a little bit annoying when you are having a conference in your office and the man comes in with a vacuum cleaner, but the plain truth is it does save energy.

Mr. ROYBAL. You discovered that you were wrong then, but you are now heading the other way?

Mr. MARSHCALL. Yes, sir.

Mr. ROYBAL. Because there was quite an argument on that and I couldn't understand how that could be so.

Mr. GALUARDI. The argument was that the cost of labor and light bulbs was more than the cost of energy, and it may have been true at one time, but energy became more costly.

Mr. ROYBAL. Bulbs have not decreased in price.

Mr. GALUARDI. But energy costs have increased much faster.

Mr. ROYBAL. Yes, one thing I can tell you that they are doing quite well in the Federal Buildings in Los Angeles; I have been there at night; I have forgotten something and gone back. The second time I went back I took my flashlight.

I am not really kidding; that is so, because there was one light way at one end of the hall and the other at the other end, and my

office happens not to be at that end, so when I went in there the second time I did take a flashlight to find out where I was going.

Mr. Campbell?

Mr. CAMPBELL. Let me ask you very briefly, if I might, a couple of things.

This daytime cleaning and disrupting a conference, do you utilize your time, say, from seven to nine in the morning, or from five to eight in the afternoon when you don't need the lights?

Mr. MARSCHALL. We try to schedule it as best we can.

Mr. CAMPBELL. Trade-off in cost of energy versus productivity in an office, too?

Mr. ZOELLNER. Periodic work like waxing and buffing, that is not done during the office hours, and that is the kind of work that you would see them doing between five and eight in the evening because that work is too disruptive.

ENERGY MONITORING

Mr. CAMPBELL. I have noticed in the two Federal courthouses that I have offices in, that the location of heat registers is such that the setting of a thermostat at 68 degrees might be 50 in one office and 78 or 80 in the other.

Somehow or another it does not seem to balance out exactly right in there; what are you doing about the problems like that?

Mr. MARSCHALL. We have a constant energy monitoring program underway trying to avoid just that sort of thing.

I can tell you without any hesitation and fear of contradiction that we won't make it all work, but we try. This is a problem not common just to government, but it is common to the whole wide world.

When I was in the private sector we had the same problems, and it is just a matter of keeping after the thing and shifting your thermostats and making sure that they provide the prescribed comfort levels.

Mr. CAMPBELL. It is kind of hard to shift them when they have a little peg in them.

Mr. MARSCHALL. You can shift a thermostat. A register is something else.

COURTROOM SPACE

Mr. CAMPBELL. Let me get into another area just a little bit because it is a broad area and yet I have an interest in it, too.

All of the new judges that we have across the country, in my State we practically got them holding court out of trailers. We had some approval for additional courtroom space where we were going to renovate the Federal building, which is in one of my areas.

In another area we had it closed down. I am curious in general where we are coming with it, and in particular I am curious when I read through the thing where is Greenville, where we just added additional judges, and where are we supposed to be changing the IRS space to build courtrooms to take some of the pressure off where we are now.

Mr. ZOELLNER. You mention Greenville specifically. We do have Greenville in our 1982 Repairs and Alterations budget to provide

additional space for courts, and replacement of the heating, ventilation and air conditioning system.

Of course, that we have been doing work for some time now in support of the Omnibus Judgeship Bill, and we are pretty far down the pike.

Mr. GALUARDI. What we had to do with the Omnibus Judgeship Bill was to determine all the R&A requirements in each case, and in the many cases where the cost exceeded the half million dollar limit, we then had to go to the Public Works Committees and get authorization.

We did a total analysis on the whole program and put all those projects together and went to the Public Works Committees, and this fiscal year is the first year in which the major funding is being requested but much of the money we have in the \$197 million for repairs and alterations is to fund those Omnibus Judgeship projects.

We do have some new construction projects which are primarily for judges, and they are lagging behind a little bit, but the judges have been aware of that and have gotten personally involved in it and understand the situation.

Mr. MARSCHALL. It is fortuitous that you bring up the subject, sir, because on the 23rd of March we sent a letter to the Chairman of the Appropriations Committee requesting reprogramming authority in the amount of \$1.4 million for fiscal year 1981 to accomplish design work on six projects, one of which is Greenville, South Carolina.

Mr. CAMPBELL. Somehow or other I had an idea we were coming up.

Mr. MARSCHALL. We think we can save some money, if we can get this reprogramming authority and go ahead with design. The prospectuses for these projects are approved, and if we can get going now on the design, we can go to work as quickly as we get our 1982 money or as quickly as we get the design completed.

Mr. CAMPBELL. What prompted my question was obviously the fact that some of the judges have taken an active interest. I am not sure whether my office belongs to judges or what now, because they have taken a very active interest in it.

In trying to get it worked out, we have had, as you are keenly aware, many of my judges beginning to move into senior status, so we fill them in and we are sitting there with two judges in one office.

I was very curious to know how far along we were, and I take it from what you say then on that particular courthouse in Greenville, it would be dependent on what we do on the 1981 budget as to whether the design work would be completed in 1981, if not 1982?

Mr. MARSCHALL. We have asked for some reprogramming authority in the 1981 program so we can go to design on six of those individual projects, and in that manner get a jump on the 1982 construction program. This is a system that I am very accustomed to.

I used to come up here and present the Military Construction Budget for the Navy, and we always got design money in advance, so that when the time came to do the construction we went to the Congress and said, this is our program for this year; we have got

about 50, 60, 80, 90 percent design, whatever the case was, and went right ahead and started the construction.

The result, for example, in the Department of Defense last year was that they obligated 95 percent of their military construction projects in the year in which they were authorized, whereas GSA has to start from go when we get our appropriation, do the design, do the site selection, all of that after we get the appropriation, so it is maybe a year and a half into the job before we can start construction.

STRATEGIC AND CRITICAL MATERIALS

Mr. CAMPBELL. Let me switch into another area just a minute, if I might, from your statement which is here by the acting administrator on the acquisition of strategic and critical materials.

We read constantly in the press about a shortage of this and that, and I am not going to try to pin you into what materials, but I do want to know in your opinion, given the state of shortfalls in certain strategic and critical materials, and given the possibility of lack of access to some of those areas, do you feel that the amount you have here is going to be enough to keep us at a safe stockpile level?

Mr. KLINE. Sir, this amount in no way would solve the whole problem.

Mr. CAMPBELL. In an ongoing program, is this a good level to work at toward purchase in a given year?

Mr. KLINE. Yes; in terms of starting off the program. If you look at it in terms of a ten-year period with this kind of an increment, to begin paying attention to the most critical requirements we have in terms of where the shortages are, tying this in with other commodities that we frankly have too much of and disposing of those as well, this is a good increment, I think, to step into the program.

Mr. CAMPBELL. Without going into the materials themselves, how did we let ourselves get in the position of being so far down in some of these strategic materials?

Mr. KLINE. The way that the stockpile was managed heretofore, I believe, left something to be desired as to how that stockpile was used. There was a difference of opinion among a lot of people in past years, about whether the country really needed a stockpile. There were those people who were reflecting the concerns that we are now reading about in the media, especially with regard to five or six of the most critical shortages that we have. However, depending on who was setting policy at different times and their view, about where the shortfall was and the need to make it up, there was generally not that same concern being expressed now in terms of total geopolitical considerations.

I was not in the agency at that time, but those kinds of considerations did not get a lot of attention. It was looked at more as a budgetary problem rather than a strategic problem involving the interests of the country.

Mr. EARLY. In the past, review of the stockpile program was on a commodity-by-commodity basis. Because of that, many commodities did not come up for review for a number of years. About five years ago program managers made a concerted effort to take a look at

the stockpile as a whole and put renewed focus on the emergency program.

They looked at the entire stockpile, all of the commodities, re-evaluated them and came up with what was called at that time an annual materials plan. This plan, which they are still dealing with, looks at the entire spectrum of the commodities. That was when they first came across the realization that many commodities were not properly stockpiled, the political atmosphere in the countries had changed, the shortages had changed, and other modern substitutes made certain commodities obsolete.

So there was a concerted effort for the first time to include an entire review. The result of that has been what is called a National Annual Materials Plan which the National Security Council works with and is shown to the Armed Services Subcommittees. This is the first result of that, where they are beginning to take the first step toward making major sales and major purchases to put the stockpile in proper balance.

Mr. KLINE. Without getting into the specifics of the commodities, the judgment by Mr. Markon is that we are about \$6 billion heavy in some commodities, things we ought to sell off. We are about \$12 billion short in other commodities. This program is designed to restructure the stockpile using a total programmatic approach.

Mr. CAMPBELL. I think that you agree that this program is in a critical state?

Mr. KLINE. Yes, sir; I do.

FUND USE

Mr. ROYBAL. I am reading a letter that was sent to the Chairman of the committee with regard to an authorization to use funds in 1981. Now, isn't it true that if authority is granted, that in 1982 or that the funds for 1982 would have already been committed, if the 1981 request is made on reprogramming?

Mr. MARSCHALL. The specific projects which have been mentioned in this letter are all approved prospectus projects. We have put them in the fiscal year 1982 funding package and, in answer to your question, yes, we would have committed moneys in advance of the appropriation for the construction of those facilities, but this is precisely what I think this agency needs in the way of authority now and for the future, and that is advance authority and funding for design and site acquisition.

We will save the taxpayers many, many dollars. There can be oversight by this committee and the Public Works Committees. There will be breakage. Sometimes we will not use a design that we have paid for, but the gains are all in the nature of getting the job done, getting people housed properly earlier and avoiding the escalation of prices, which has continued over the last two decades.

Mr. ZOELLNER. I might just add that these particular projects have already suffered. They were in the 1981 budget, but were not appropriated because the prospectuses had not been approved, so there has already been a year of slippage on those particular projects.

Mr. ROYBAL. There are also new requests for space. For example, the new judges will be requesting space?

Mr. ZOELLNER. Yes.

Mr. ROYBAL. The judges in Los Angeles are requesting space in the form of a jail but, nevertheless, still requesting space, and how are we going to be going with this program in view of the fact that the tendency happens to be to reduce the budget?

BUDGET REQUEST

I see where the budget for Construction and Acquisition of Facilities, Repairs and Alterations versus Purchase Contract Payments, Rental of Space, Real Property Operations and Program Direction have all increased.

Mr. MARSCHALL. Those are the increases of inflation, generally speaking, Mr. Chairman, and we are going to face that until we turn the corner on inflation.

This administration has indicated that it is not going to cut the budget. It is going to cut the rate of increase in the budget.

Mr. ROYBAL. But it has cut the budget.

Mr. MARSCHALL. It has cut the previous administration's budget; it certainly has.

Mr. ZOELLNER. Including ours.

Mr. MARSCHALL. Yes.

Mr. ZOELLNER. In rental of regular space, just to add to what Mr. Marschall has said, our rental space program provides for no additional expansion space. In fact, it projects a very small, modest reduction in the amount of leased space, some 300,000 square feet.

Our real property operations program is barely keeping up with the percentage of inflation that we are projecting. In the purchase contract program, the increase in 1982 is related to the fact that it will be the first year we are paying full principal and interest on all of the projects that were constructed under the dual system part of the purchase contract programs.

Mr. ROYBAL. What would happen if the transfer authority is not granted?

Mr. MARSCHALL. We will wait.

Mr. ROYBAL. What would happen insofar as costs, and what is a good argument?

Mr. MARSCHALL. I think we could probably save about \$1½ million by getting on with the design earlier. This we have calculated on the basis of our projects of escalation of construction costs. Furthermore, we will get the facilities available to the people who need them quicker, and that is to me even more important than the dollar saving on construction.

Mr. ROYBAL. That is the most important thing, no doubt about that.

Mr. MARSCHALL. That is why we are here.

CONSTRUCTION PROGRAM

Mr. ROYBAL. What is the status of acquiring space for the new judges? Where do we stand on that?

Mr. ZOELLNER. In our Construction Program we have three projects that affect the judges directly: Little Rock, Arkansas, Madison, Wisconsin, and East St. Louis, Illinois.

Those three projects that are in the \$27 million for new construction will provide additional court space. Of course, the reprogram-

ming that we just talked about provides for an additional three projects. There are several other projects scattered throughout the Repairs and Alterations budget in 1982 that have an impact on the courts, and that pretty much wraps up our requirements for the courts.

Mr. GALUARDI. All except Birmingham, Alabama, which is going to be a new building for them and it is taking a longer time to do that.

Mr. ROYBAL. How do you decide what project to build? Under what priority do you make the selection?

Mr. MARSCHALL. We have worked with the Administrative Office of the Courts and worked out with them their priorities.

They seem quite pleased.

Mr. ROYBAL. For instance, has the Judiciary provided GSA with specific requirements including location, amount of space and type of space, and so forth?

Mr. GALUARDI. Each of our regional offices has gone to the chief judge of that particular district and they sat down with the chief judge and worked out what is it that they have in the way of housing now and what does the judge or what does the Judiciary require in that particular location.

From that they drew up some sketches as to how they would solve their problem. Is another courtroom or chamber required? Are additional facilities required for the U.S. marshalls, the attorneys that come along with them?

That was translated into some specific cost figures and layouts. We then put them together in a prospectus, and submit it to the Public Works Committees.

Mr. ZOELLNER. They even visited some of the locations to make sure the need was bona fide.

Mr. ROYBAL. After all that is done you put a price on it?

Mr. GALUARDI. We put a price on it to the Public Works Committees, and now we are in the appropriations process asking you for the funds to accomplish this program.

With respect to the reprogramming, we are attempting to move three of the six for judges to start the design a little earlier, so that when the construction funds are provided in the fiscal 1982 appropriation we could make the award of the contract earlier.

Mr. ROYBAL. Then by providing the authority to reprogram, your contention is that it would be cheaper in the long run and, second, it will provide the facility sooner?

Mr. MARSCHALL. Yes.

PLANNING SYSTEM

Mr. ROYBAL. So that the full use of the facility can be taken advantage of by those who are going to be using it and, based on that, I think you have a good argument; but on the other hand, I also see that there will be a commitment for 1982. That is something that we are going to have to decide and think about.

Mr. MARSCHALL. Mr. Chairman, when I came into this agency we had no semblance of a planning system. We now have a planning system and it is in its infancy, I admit, but we have presented to the committees copies of our facility plan and will provide copies of the subsequent volumes covering seven years, fiscal years, 1981

through 1987. So the planning system will tell you in advance what it is we propose to do and how we propose to do it.

This is in the nature of establishing our own priorities and levelling with the committees each year sufficiently in advance so that they know what we are proposing to get.

This is not at all uncommon in other agencies, and I think it is high time we had this, and I think it is high time you had it from us.

Mr. ROYBAL. Sure.

Mr. MARSCHALL. So I think that is going to help that problem considerably. You will know what we project. Every plan is changed somewhat, but we telegraph our punch, so to speak, and you will know that in advance.

COURT SPACE

Mr. ROYBAL. To go back to the judges, I suppose not all of them have been confirmed, but they will be if they haven't. Have you earmarked any of the rental funds specifically for other judges?

Mr. GALUARDI. There are some funds in the rental program to take care of what is sort of a two-stage operation. In existing Federal buildings we will have to take some agencies out of that building and put them into a rental location in order for us to take the space in that Federal building and convert it to what the judge requires, chambers or courtroom.

I can think of one in particular in Chicago, when we built the Chicago Federal Building years ago we put into it expansion for additional courtrooms, but in the meantime we have used that space for Federal agencies but now the time has come that we must make them into courtrooms.

We have to take those agencies from that area and put them out into leased space because we have no other Federally-owned space in Chicago in which to house those agencies.

Mr. ZOELLNER. We might point out with respect to the question if of whether there are still judges that have to be confirmed, there are eight district judges that will be appointed by this administration.

Mr. MARSCHALL. That is out of 109 district judges and 35 circuit judges so it is pretty well completed now.

Mr. ROYBAL. Still all those people have to be housed someplace.

Mr. MARSCHALL. Right; some of them have been housed and others are in the process of being housed.

Mr. GALUARDI. What we have done with those that have been appointed, and they do not really have their final destination, they are sitting in some sort of an office somewhere but it just is inappropriate and causing them some difficulty in performing their work.

Mr. ROYBAL. Do you feel then that you can meet the requirements of your agencies for rental space on a fair and equitable basis with the funds you now have in 1981?

Mr. MARSCHALL. For fiscal year 1981?

Mr. ROYBAL. Yes, sir.

Mr. GALUARDI. The question has to do with the fact that a couple of years ago the courts were concerned we had put a freeze on space and they wanted funds earmarked for their purpose. We

have adequate funds within this budget to take care of all of the agencies, and we would not have to freeze.

Mr. ROYBAL. What about 1982?

Mr. GALUARDI. The same is true for 1982.

Mr. ROYBAL. It would be the same.

L.A. DETENTION FACILITY

Now, what about the request by the judges in Los Angeles for a jail? Has anything been done beyond the original request?

Mr. MARSCHALL. This is the first I have heard of it, Mr. Chairman.

Mr. GALUARDI. Detention facilities is what you are asking for, I think, and within the courthouse to take care of prisoners, not a jail as such.

Mr. ROYBAL. If they take care of prisoners they are not going to be out in a swimming pool. It is a jail; that is exactly what it is, and not only that but they also house people there that the government uses for witnesses.

Why can't they sequester them and put them in a hotel instead of putting them in a jail behind bars?

Mr. MARSCHALL. This comes as a complete surprise to us. We have not heard of a requirement for a jail or anything else.

Mr. ROYBAL. There is property right behind the Federal Building now, and we have been struggling with that property for 25 years. We finally have it right behind the Federal Building in Los Angeles.

Mr. GALUARDI. That is 300 North Los Angeles?

Mr. ROYBAL. Yes, sir; and the judges felt that that property should be used for a detention center, they called it. I called it a jail because that is all it is; it has got bars and the whole thing, and someone here in Congress brought the legislation in and they didn't get the appropriation.

My understanding is that they are going to try it again, and I just wanted to know whether you gentlemen knew about it.

Mr. GALUARDI. It is the Bureau of Prisons Program. Neither the City of Los Angeles nor GSA would be agreeable for using this site as a location for a jail. At the present time GSA is moving to request funds in fiscal year 1983 for demolition of two seismically unsafe warehouse buildings to fulfill a Federal commitment to the City of Los Angeles to demolish the buildings. Thereafter, the site will be used to meet interim parking requirements until a new Federal Office construction project is approved.

I am not aware of the fact that the Bureau of Prisons has cast its eyes upon it as a site for a detention center, and that is why we are surprised.

Mr. ROYBAL. Well, they have and I think we should take a good look at it.

GAO REPORT

Now, GAO issued a report on November 7, 1979 criticizing GSA for the practice of assessing higher rental rates on building improvements without allowing agencies that funded the improvements adjustments.

Please explain the background of this policy and what you are doing to implement the GAO recommendation.

Mr. MARSCHALL. I think we took issue with that recommendation. We upgraded the space; we charged a fair annual rental. If they pay for it they got it until the next assessment, and then the price went up.

Mr. GALUARDI. Yes; there is a question of equity in there. What we say to agencies is that we must take an appropriate length of time to put a request of theirs into the budgetary process and, as such, as an example, if they wanted something today, for fiscal year 1982 we couldn't take care of it.

They would have to wait until 1983, so the agency says, "I can't wait that long. Therefore, GSA, would you undertake this, and we will give you the money for it." We end up spending some of the agency's money for the purpose of making this improvement.

Then they say, "Well, gee, we upgraded this space; you ought not to be charging us the higher Standard Level User Charge, because we paid for improving it."

We say, "Well, it is your fault; your responsibility. You have to wait until we do it and we put it in our program." We have objected to what GAO says; maybe it is not fair.

The difficulty we have is it would be very complex to put into the thousands of bills that we send out to all the agencies and try and come up with some sort of an equitable adjustment. It does not amount to a large amount of money in our budgetary process but it would be an accounting nightmare to keep track of all these adjustments.

Mr. ZOELLNER. All of the agencies are aware of it because the Federal Property Regulations that have been issued provide for this, and it is in conformance with the law which established the Federal Buildings Fund. They must either give us time to budget for it or they have the option of paying for it. Of course, if they do that they are getting charged twice in a sense.

Mr. ROYBAL. I think I can agree that GSA is a pretty tough landlord.

Mr. ZOELLNER. Fair.

GAO RECOMMENDATIONS

Mr. ROYBAL. In this particular report you were criticized for not being fair, I want to know whether or not you had implemented those recommendations.

Mr. ZOELLNER. We took issue with them.

Mr. ROYBAL. Therefore, the recommendations have not been implemented?

Mr. KLINE. Where does it stand as of today?

Mr. ZOELLNER. We answered the GAO report and no longer carry it on our books.

As far as we were concerned, the issue is settled; we were not doing something that was improper; we tried to encourage the agencies to do some planning in advance, just as we have to, in order to give us an opportunity to budget for the work.

If they cannot plan with us and can't wait then they must pay for it. We don't have the money. There is nothing in our budget to permit us to undertake alterations that were unknown to us, and

that came out of the clear blue and must be met within a specific time frame at the agency's request.

Mr. GALUARDI. We weren't that hard-nosed about it. We did go to the accountants and asked them whether or not we could work this sort of a process out. I believe the accountants here with us today would also agree, it would be very difficult to take care of a few projects and a few dollars in the system.

PROTECTIVE SERVICES

Mr. ROYBAL. Another thing that has happened is that the GAO report dated August 5, 1980 indicated that GSA is overcharging agencies for protective services.

Mr. ZOELLNER. Yes; we have acted on that.

Mr. ROYBAL. Did you agree with them then or didn't you?

Mr. ZOELLNER. We asked each of our regions to look to see if there were incongruities in the process. It does not appear to stem from a policy but an individual problem that we have had in some of our regions.

Mr. GALUARDI. In some regions we were doing it one way and in some another. We have taken steps to insure uniformity.

Mr. ROYBAL. Any questions?

CONSTRUCTION VERSUS LEASE

Mr. CAMPBELL. Let me ask you one question going back to the earlier questions the Chairman had, do you prefer to build rather than to lease?

I have a follow-up question where you were talking about people being displaced from Federal buildings, IRS, Social Security, whoever happened to be there.

What criteria do you use to determine when you are going to build, not talking about getting the money, but talking about what criteria would you determine to pursue building as opposed to leasing for those agencies that would be scattered out?

Mr. MARSCHALL. There is an Office of Management and Budget Circular A-104 which prescribes the procedure which establishes the present value of construction versus leasing versus outright purchase, so we go through this procedure and decide what will be the least cost to the government over the life of the building.

In the recent past, we have taken issue with the parameters used in A-104, because we felt that they biased every solution in favor of leasing.

OMB has heard our objection and I think they now agree with us. I don't know what the new procedure will be, but I think that this analysis is now being run on a rather straightforward and fair basis, and there won't be the biases that we had in the past.

Mr. CAMPBELL. Does this circular outline the number of agencies to be housed in a building, or does it outline the convenience to the public in dealing with government as opposed to having an agency here and one over there and that sort of thing?

Mr. MARSCHALL. No, sir; that is not the procedure at all. We try to decide where to consolidate various government agencies.

Mr. GALUARDI. If I could explain what we do in our planning process.

First of all, you have to describe what a community is. For example, if space is required in San Francisco, for an agency, then they must define San Francisco.

The agency may say the city, county, but in most cases, GSA says no, the community is going to be the whole Bay area. We then take a look within that area, and it will tell us where everybody is, where should they be, and who is scattered into various lease locations and the alternatives available for existing buildings.

They look at the entire space situation which is a very complicated process, and develop a Federal Space Situation Report which is referred to by its acronym FSSR.

If you have a short-term requirement of the Federal Government, you know that the activity is not going to be around for very long, you keep them in leased space.

If you know that they are an agency that is going to perhaps be growing rapidly because it might be an HEW or HHS type program, they can solve their problem within leased space for a while.

The stable populations of the Federal activities, now you consider them as to what their interrelationships are to each other. We have a program where we have co-located certain kinds of agencies of the Federal Government.

When practical, they are brought within a co-terminus location to each other, because people who come to visit the Federal Government may have to go from agency to agency, and instead of sending them all over the place they are located in the same general area which makes it more convenient to the people we serve.

That is the type of criteria we review prior to making a decision to consolidate activities into either a single building or a single group of buildings together. Then the A-104 process comes into play. At that point, how should you provide for those housing requirements?

Should it be by a new single lease building, a new Federally constructed building? This is the criteria and the process we use.

Mr. CAMPBELL. Taking into consideration the general population of a community, do you have a general figure you work with there?

Mr. GALUARDI. GSA is more reactive to agencies rather than telling them how much they can have, and where they are going to go. They have to tell you where they must be to serve the needs of whomever they are in business for.

Mr. KLINE. The issue very often arises when the agency would like to be out in the suburbs, but there is an Executive Order which states it is public policy to put them downtown in terms of strengthening the inner city. If you categorize the issues where we are nose to nose with the agencies as to where they are going to go, you will find that a lot of them are surrounding those kinds of questions, so by Executive Directive of the President this is a criterion, a consideration for the inner city.

Mr. CAMPBELL. Thank you, Mr. Chairman.

SLUC CHARGES

Mr. GUNNELS. Mr. Marschall, a few years ago when this standard level user charge system was first started, this committee began receiving quite a number of complaints from various agencies that

their rent, for example, was being increased during their budget year when they had not had an opportunity to ask for that money to budget for it and have it appropriated for their use. If they had to pay increased rent it would have to be taken out of something else.

This committee at that time, you probably remember, directed that GSA give the agencies an opportunity to budget for the increase in SLUC charges in order to be able to pay for it without cutting back on the operational problems. That is the first issue.

Are you still following that system?

Mr. MARSCHALL. Absolutely, but we have also in the last year and a half instituted another procedure which keeps us closer to reality, and that is by an annual increase based on a combination of the CPI and certain BOMA figures which don't add up to anything that would put an agency out of joint, but we won't be in the position now of charging SLUC.

Mr. GUNNELS. The other part of the problem is the improvement of space during the year. Let me give you a specific example.

A few years ago, I think in 1978, the committee had a rather serious complaint from Customs Service in Chicago. I went out to look at it and see what they had done. They had some office space used for warehouse space and office space in the same building.

Customs had taken a part of their warehouse space and constructed an office, using some of their own money and essentially their own labor. Their people came down and worked in that space and as soon as GSA found out about it you increased their rent because it was office space instead of warehouse space, and they were a little bit unhappy.

There is some equity there, but the problem is, when space is improved during the year, whether it is with their money, if it is with their money, do you immediately start charging them more rent the next month?

Mr. MARSCHALL. That is correct.

Mr. GUNNELS. They were concerned that you were charging them for their own labors, and they were unhappy. They believed that you should wait, at least, and this is the basic reason for that 1979 GAO study, so that you would give them an opportunity to budget for and receive their appropriation before it became effective.

Mr. ZOELLNER. We can agree with that. Generally, that is what we are trying to do. It may not happen in every instance, but it isn't the mere improvement of the space; it is only if the space classification changes, as your example noted, from warehouse to office or if the amount of space that they had increased.

As I remember now, when that audit came out, we did discuss that, and we did talk to GAO in terms that, well, wherever possible we ought to wait and not assess that agency the additional charge until they have had an opportunity to budget for it. We will review our procedures and advise you of the steps we have taken to accommodate this concern.

I think that is fair and reasonable to expect.

Mr. GUNNELS. As best I can tell you, your popularity as an organization is second only to Internal Revenue Service.

Thank you, Mr. Chairman.

EMPLOYMENT REDUCTIONS

Mr. ROYBAL. Mr. Kline, on page 2 of your statement, you said that \$10,546,000 under the administration's initiative would be used to reduce employment in the Federal Government.

What does that mean?

Mr. KLINE. Mr. Fontaine?

Mr. FONTAINE. Those are the dollar reductions related to the number of GSA employees that the new administration reduced 1981 to 1982 in their Federal employment reductions across the board. This reduced employment is in all areas and organizations in GSA.

Mr. ROYBAL. How many would be reduced?

Mr. FONTAINE. In the neighborhood of 1,700 to 2,000.

Mr. ROYBAL. And it is going to cost \$10,546,000 to do it?

Mr. FONTAINE. That would be the reduction in salaries and related benefits.

Mr. ROYBAL. That would actually be a savings, would it?

Mr. FONTAINE. Yes, sir; we have to lose a couple thousand employees.

Mr. ROYBAL. You have to lose the services of 2,000 people?

Mr. FONTAINE. Yes, sir.

Mr. ROYBAL. In the long run it may not necessarily be a saving.

Mr. KLINE. Time is going to tell that. We are going to have a difficult fiscal year 1982 in terms of what is expected of us in service performance against those kinds of cuts.

Where we are right now is each of the Commissioners, staff office chiefs, and Regional Administrators, are taking those cuts, and they are coming back with their suggestions of what is going to have to suffer and what isn't going to get done.

The way the cuts were laid on us by the OMB, they put it in very general terms and hit the overhead of the agency pretty hard, around 10 percent. They zeroed in on some specific areas, in a policy way, like the Federal Protective Service, and really cut that very heavily, just in terms of saying, as a matter of policy, there won't be this same level of Federal protective services.

Other accounts were not hit quite as hard, but no one was spared some part of the reductions.

So in terms of the impact of these reductions and how we are going to live with them, by about the middle of June we are going to have a more precise assessment. We will have to stop doing some things, close up some things, and possibly have an involuntary reduction in force in a number of locations.

Mr. ROYBAL. The efficiency of the agency then is going to suffer?

Mr. KLINE. I don't want to say that on a broad scale basis, but as of this moment, I am concerned about some of our service levels in the different activities.

Mr. ROYBAL. Were you consulted before these reductions were proposed?

Mr. KLINE. Yes; there was a discussion with the agency in terms of what the cuts would be.

We did not have the strongest vote in Government in terms of going back with objections that were sustained, but we did discuss the reductions with OMB and now it is our task to live with them.

Mr. ROYBAL. Those people are going to be fired; which is what is actually happening. Do you already know who they are?

Mr. KLINE. No, sir; we don't. This is part of the assessment that is going on now.

Mr. ROYBAL. When will that assessment be completed?

Mr. KLINE. By around June. Now in some cases we are going to know earlier than that because some of those decisions must be made very quickly, since there is a dollar consequence that follows if you keep them on the payroll too long.

We are already kicking off action as those people are identified, to try and counsel them and be of some assistance to them as to where they can go from here either in other parts of our organization or elsewhere.

We are starting to work on that.

Mr. ROYBAL. With the freeze, can they still get employment in other agencies?

Mr. KLINE. As we get those adjustments from the OMB, we are now to get down to a specific number.

Having that number, the freeze has essentially been lifted by the President and now it becomes an agency option to continue the freeze, either selectively or across the board.

Mr. ROYBAL. Then there is a possibility that these people can be transferred elsewhere?

Mr. KLINE. Yes, sir; we have a little more flexibility now than we had some time ago.

Mr. EARLY. Other agencies are experiencing similar cuts so they probably will not be hiring.

Mr. KLINE. I imagine the Department of Defense is getting lots of applications.

Mr. ROYBAL. That is the only agency in the department that is being increased.

Mr. FONTAINE. That is why also, Mr. Chairman, we have asked for transfer authority in 1982 between appropriations; we may have more attrition in one area, because it is a little early to tell what the impact is, how many people we can lose through attrition.

Mr. ROYBAL. I don't know if I am reading anything into your statement, but I get the impression you are not very confident that these 2,000 people could be transferred elsewhere and get employment.

Mr. FONTAINE. I think it is too early to say again in a climate where possibly DOD may be the only agency doing any hiring to speak of, because if you look at the numbers in the employment ceilings most of the other agencies had reductions, also, we are going to be facing a hard freeze for a couple of years.

Mr. ROYBAL. Will you provide for the record the number of employees that you have, a breakdown of men and women, ethnic composition?

Mr. KLINE. Sure.

[The information follows:]

GENERAL SERVICES ADMINISTRATION

[EEO statistics—Sept. 30, 1980, on-board employment]

	Full-time permanent employees		Full-time temporary employees		Part-time employees	
	Onboard	Percent	Onboard	Percent	Onboard	Percent
Total:						
Employees.....	32,432	100	1,520	100	1,373	100
Women.....	11,270	34.7	434	28.6	868	63.2
Minority.....	12,708	39.2	615	40.5	455	33.1
Black:						
Men.....	6,237	19.2	361	23.8	143	10.4
Women.....	4,673	14.4	147	9.7	203	14.8
Total.....	10,910	33.6	508	33.5	346	25.2
Hispanics:						
Men.....	858	2.6	63	4.1	35	2.5
Women.....	290	.9	7	.5	35	2.5
Total.....	1,148	3.5	70	4.6	70	5
American Indian:						
Men.....	106	.3	7	.5	3	.2
Women.....	56	.2	2	.1	4	.3
Total.....	162	.5	9	.6	7	.5
Asian:						
Men.....	326	1	17	1.1	10	.7
Women.....	162	.5	11	.7	22	1.6
Total.....	488	1.5	28	1.8	32	2.3
White:						
Men.....	13,635	421.1	638	42	314	22.9
Women.....	6,089	18.8	267	17.5	604	44.1
Total.....	19,724	60.9	905	59.5	918	67

Mr. ROYBAL. Sometime next year I would like to know what the breakdown would be with regard to the 1,700 to 2,000 people that were laid off.

Mr. KLINE. Yes, sir; I think we are going to have a report next year that is going to show some impact in the EEO area. For example, a lot of the guard force are minorities and that kind of cut is likely to heavily impact the minority complement.

A lot of those people are in skill areas that are not that directly transferable. Some of those are trained as Federal protective officers, and to move them into other departments, like the National Archives or even other parts of the Public Building Service, could be very difficult to do. We will be happy to provide that information for you, sir when the actions are in place.

Mr. ROYBAL I can see many problems down the line with regard to this.

Mr. KLINE. Yes, sir; we are not looking forward to this at all.

Mr. ROYBAL. I will go into the General Management Agencies Operations, and hear from the Assistant Administrator for Plans, Programs.

Mr. CAMPBELL. Before we leave that subject that you just broached, could I go back on to it just a minute.

I know the Chairman has asked for your total employment, but tell the percentage cut in employees that you have contemplated.

Mr. KLINE. We are expecting by the end of 1982 it will be about an 8 percent cut in the current level.

Mr. CAMPBELL. And you don't know whether that is going to hurt your efficiency or not, and you also mentioned that a lot of those are Federal protective officers?

Provide for us how many Federal protective officers are retired military people and drawing pensions from some other category, too, and let us know when you make your decisions there.

Mr. KLINE. There are 179 Federal Protective Service officers who are receiving retired military pay.

REDUCTIONS IN FORCE

Mr. CAMPBELL. Are you going to make it last hired, first fired sort of thing?

Mr. KLINE. There are very strict rules for reductions in force.

Mr. CAMPBELL. Let us know how that impacts from that standpoint so that we are not really talking about people being put out.

A couple of other things, what is your normal vacancy rate in your job position overall out of that. If you are only going to lose 8 percent, do you normally operate at 29 percent capacity?

Mr. KLINE. The rate of attrition varies.

Mr. CAMPBELL. I am going to ask that on your annual rate of attrition in your employees, because I want to know about whether you are talking about firing people.

Mr. KLINE. If you look at the universe of the annual rate of attrition, you find that for telephone operators, the rate is over 20 percent. In the Federal Protective Service it is 10 to 30 percent depending on the area but the national average is approximately 14 percent. In other types of employment there is hardly anything at all.

The secretaries will have an attrition rate far in excess of professionals. If you try to solve the problem just by handling current attrition, you could wind up with a skewed work force.

Mr. CAMPBELL. I appreciate that. You said in certain areas you have mandated heavy cuts, Federal Protection Service, high turnover area, and I believe you said earlier you would give people an opportunity to transfer.

Mr. KLINE. If they are qualified.

Mr. CAMPBELL. You might have something that is manageable, but you won't know that until this summer. I would like to look at the attrition rates of the various categories that are mandated.

Mr. KLINE. We will be happy to provide the attrition rates along with the categories finally mandated for reduction in force, if any. Additional data may need to be provided after any actual reductions in force occur if there are displacement rights involved.

Mr. CAMPBELL. Finally, I guess I have to ask, following that question, some of the positions that you have after you have to set new priorities may not be as vital as all of us would like to think they are at this particular time.

Would that be a true statement?

Mr. KLINE. Yes, sir; if we are asked to live within another number, you have to draw your priorities.

Mr. CAMPBELL. Let me ask you to tell me what basic impact inflation has on GSA on each one percent of on your ongoing functions?

You have to calculate it every time you come up here with a budget, and I want you to tell me what you do figure in as a general rule for inflationary impact on your total budget, so that we might best determine whether those cuts, as we bring down the rate of inflation, have any positive impact?

Mr. KLINE. The impact of inflation included in the fiscal year 1982 Carter Budget for each of our appropriation accounts and activities of the Federal Buildings Fund, based on the OMB formula, was eliminated in the total Reagan budget reductions.

Mr. ROYBAL. Mr. Miller and Mr. Rudd have questions that they will supply you so you may answer them for the record.

[Mr. Miller's questions follow:]

Questions for the Record From Congressman Clarence Miller

Mr. MILLER. We have been concerned in past years about the rental of buildings when the space is not utilized. We read now that GSA has spent \$2.5 million to rent a vacant building in Washington while agencies fought over who was going to occupy it. Will you explain this?

Answer. The General Services Administration (GSA) leased approximately 275,000 square feet of space in the Bicentennial Building, 600 E Street, N.W. in an as is condition, prior to the completion of alterations, due to the tight space situation in Washington, DC. This space was leased in increments beginning June 1977 to house the Bureau of Labor Statistics (BLS), the Federal Trade Commission, and other agencies to make space available in the General Accounting Office (GAO) Building for GAO. BLS appealed to the Office of Management and Budget (OMB) GSA's decision to relocate only 75,000 square feet of its approximately 223,000 square feet from the GAO Building. In May 1978, OMB upheld GSA's decision to relocate only the 75,000 square feet. Further delays were attributable to obtaining cooperation from BLS in planning its space layouts, BLS's changing space requirements, and in completing the alterations.

There is now approximately 7,900 square feet of space vacant on the first floor and the basement of this building of which approximately 1,000 square feet has been committed for the expansion of the cafeteria leaving 6,900 square feet (3 percent) for which no tenants have been identified at this time. The region is reviewing agency requests for space in an attempt to assign it.

[Mr. Rudd's questions follow:]

Questions for the Record From Congressman Rudd

Mr. RUDD. Could you please provide for the record a listing of all agencies whose Standard Level User Charge (SLUC) was increased in the fiscal year 1982 budget, along with the comparative SLUC amounts for fiscal year 1980, fiscal year 1981, fiscal year 1982, and the dollar and percentage increases each year?

ANSWER. The information follows.

AGENCY Capitol Architect

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	31,605	57,568	57,727
% of increase	82.7	82	.3
Square Feet	11,662	11,662	11,662
% of increase	90.1	-0-	-0-

AGENCY Library of Congress

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	5,068,728	3,346,786	5,873,079
% of increase	7.3	-34	75
Square Feet	859,471	671,517	945,137
% of increase	-10.1	-22	40.7

AGENCY Government Printing Office

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,143,193	1,939,725	1,824,796
% of increase	5.5	-9.5	-6
Square Feet	615,106	417,300	414,719
% of increase	9.1	-32	-0.06

AGENCY General Accounting Office

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	7,530,885	7,797,720	11,846,539
% of increase	5.3	3.5	51.9
Square Feet	1,075,445	1,092,832	1,055,461
% of increase	1.5	1.6	-3.4

AGENCY

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars			
% of increase			
Square Feet			
% of increase			

AGENCY Railroad Retirement Board

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	2,035,299	3,301,511	3,357,609
% of increase	-24.8	62.2	1.7
Square Feet	452,029	461,861	457,885
% of increase	.5	2.2	-8.6

AGENCY Consumer Product Safety Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	2,453,055	2,481,859	2,905,548
% of increase	5.3	1.2	17
Square Feet	330,439	306,333	336,524
% of increase	-3.1	-7.3	9.8

AGENCY National Labor Relations Board

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	7,480,926	7,995,629	9,750,663
% of increase	11.9	6.9	21.9
Square Feet	842,771	853,260	822,204
% of increase	2.9	1.2	-3.6

AGENCY Tennessee Valley Authority

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	1,548	2,340	2,346
% of increase	-0-	51	.3
Square Feet	280	280	280
% of increase	-0-	-0-	-0-

AGENCY _____

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars			
% of increase			
Square Feet			
% of increase			

AGENCY Selective Service System

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	257,970	244,711	446,656
% of increase	6.6	-5.1	82.5
Square Feet	37,530	36,975	51,763
% of increase	.45	-1.5	39.9

AGENCY National Transportation Safety

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	806,924	843,988	1,274,067
% of increase	-5.6	4.6	50.9
Square Feet	103,045	96,564	107,159
% of increase	2.9	-6.3	10.9

AGENCY National Capital Planning Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	170,842	221,516	222,124
% of increase	-0-	29.7	.27
Square Feet	21,370	21,370	21,370
% of increase	-0-	-0-	-0-

AGENCY International Communications Agency

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	7,375,598	8,217,255	10,315,102
% of increase	3.4	11.4	25.5
Square Feet	1,000,096	989,050	1,029,779
% of increase	-1.5	-1.0	4.1

AGENCY _____

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars			
% of increase			
Square Feet			
% of increase			

AGENCY Civil Aeronautics Board

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	1,316,257	1,335,721	2,591,027
% of increase	2	1.5	94
Square Feet	171,145	170,496	171,337
% of increase	-2.2	.38	.5

AGENCY Community Services Administration

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,672,302	2,921,812	3,747,318
% of increase	5.5	9.3	28.3
Square Feet	337,520	340,528	340,360
% of increase	3	.89	-.05

AGENCY Federal Deposit Insurance Corp.

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	1,606	-0-	1,687
% of increase	-43		
Square Feet	534		534
% of increase	-44.3	-0-	-0-

AGENCY Federal Mediation and Conciliation Service

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,542,921	2,551,578	3,191,377
% of increase	1.9	.3	25.1
Square Feet	334,936	312,095	313,697
% of increase	-3.4	-6.8	.51

AGENCY Federal Trade Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	3,836,996	4,234,614	5,564,865
% of increase	6.1	10.4	31.4
Square Feet	478,816	505,524	544,196
% of increase	1.8	5.6	7.6

AGENCY State

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	17,197,118	21,482,570	23,783,342
% of increase	2.1	24.9	10.7
Square Feet	2,067,580	2,504,963	2,067,586
% of increase	-.0005	21.2	-17.5

AGENCY Transportation

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	49,648,692	50,589,242	71,321,861
% of increase	4.3	1.9	41
Square Feet	8,222,252	8,057,329	8,514,886
% of increase	4.2	-2.0	5.7

AGENCY Treasury

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	188,461,513	201,364,170	230,721,654
% of increase	5.7	6.8	14.6
Square Feet	32,778,507	33,070,702	34,376,143
% of increase	1.3	.9	3.7

AGENCY Veterans Administration

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	55,716,171	59,100,924	65,842,719
% of increase	10.1	6.1	11.4
Square Feet	8,651,112	8,810,454	9,111,936
% of increase	6.5	1.8	3.4

AGENCY Agency for Internat'l Develop.

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	2,977,303	2,970,809	3,632,572
% of increase	7.2	-.22	22.3
Square Feet	332,633	33,079	332,612
% of increase	.01	.1	-.002

AGENCY	Housing & Urban Development		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	29,631,297	31,307,083	41,015,360
% of increase	-.3	5.7	31
Square Feet	3,888,469	3,915,871	4,131,587
% of increase	-.4.7	.7	5.5

AGENCY	Department of Interior		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	80,976,439	86,748,293	110,229,673
% of increase	9.1	7.1	27.1
Square Feet	16,515,691	16,797,179	19,670,277
% of increase	4.5	1.7	17.1

AGENCY	The Judiciary		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	83,092,178	88,938,965	114,226,410
% of increase	9.9	7	28.4
Square Feet	10,237,360	10,494,528	12,007,457
% of increase	5	2.5	14.4

AGENCY	Department of Justice		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	93,684,283	100,298,309	116,328,139
% of increase	10	7.1	16
Square Feet	13,621,691	13,962,436	14,285,832
% of increase	4	2.5	2.3

AGENCY	Department of Labor		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	43,681,752	46,452,800	58,412,918
% of increase	8.7	6.3	23.6
Square Feet	6,133,808	6,348,283	6,366,506
% of increase	3.3	3.5	.3

AGENCY Exec. Office of the President

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	7,071,129	7,474,991	9,353,496
% of increase	11.8	5.7	25.1
Square Feet	700,758	704,775	750,158
% of increase	5.4	.06	.6

AGENCY Postal Service

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	23,478,371	24,445,790	26,947,372
% of increase	2.8	4.1	10.2
Square Feet	5,921,171	5,887,618	5,903,120
% of increase	-1.3	-.6	.3

AGENCY U.S. Tax Courts

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,074,304	2,142,771	2,355,498
% of increase	17.1	3.3	9.9
Square Feet	209,434	210,243	223,061
% of increase	3.1	.4	6.0

AGENCY Office Personnel Mgmt.

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	17,174,255	17,593,693	20,060,509
% of increase	3.4	2.4	14
Square Feet	2,289,754	2,263,619	2,341,661
% of increase	-1.7	-1.1	3.4

AGENCY Credit Union

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	500,111	387,329	479,839
% of increase	-18.4	-23	23.8
Square Feet	52,499	48,028	55,761
% of increase		-8.5	16.1

AGENCY U.S. Department of Agriculture

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	78,595,345	75,406,840	84,654,869
% of increase	6.1	-4.1	12.2
Square Feet	15,425,578	12,773,258	15,127,685
% of increase	.4	-17.2	18.4

AGENCY Department of Commerce

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	47,478,924	52,751,971	64,182,494
% of increase	11.8	11.1	21.7
Square Feet	9,044,487	9,043,779	9,527,644
% of increase	11.8	-.0001	5.4

AGENCY Department of Defense

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	180,503,836	203,312,371	221,197,280
% of increase	-1.9	12.6	8.8
Square Feet	35,165,515	34,470,073	36,226,107
% of increase	6.4	-1.98	5.1

AGENCY Department of Energy

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	28,356,935	31,084,876	40,918,010
% of increase	18.2	9.6	31.6
Square Feet	4,425,600	4,483,770	4,802,755
% of increase	5.6	1.3	7.1

AGENCY Health and Human Services

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	208,159,157	214,983,702	243,684,387
% of increase	5.4	3.3	13.4
Square Feet	34,363,155	33,940,823	35,661,509
% of increase	.9	-1.22	5.1

AGENCY Commission on Fine Arts

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	21,730	24,920	24,989
% of increase	-0-	14.7%	.28%
Square Feet	2,425	2,425	2,425
% of increase	-0-	-0-	-0-

AGENCY Federal Election Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	365,208	358,071	945,406
% of increase	5.9	-19.5	264
Square Feet	48,130	46,570	83,605
% of increase	27.6	-3.2	79.5

AGENCY Environmental Protection Agency

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	18,781,269	20,329,934	20,660,702
% of increase	12	8.2	1.6
Square Feet	2,706,561	2,864,274	2,716,478
% of increase	2.3	5.8	-5.2

AGENCY Small Business Administration

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	9,730,684	11,398,815	11,260,748
% of increase	9.5	17.1	-1.2
Square Feet	1,256,325	1,399,225	1,283,341
% of increase	5.8	11.4	-8.2

AGENCY Merit Systems Protection Board

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	731,876	1,245,809	1,116,217
% of increase	1120.7	70.2	-10.4
Square Feet	94,345	113,725	215,777
% of increase	998.1	20.5	89.7

AGENCY Mine Safety Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	249,267	297,866	472,206
% of increase	-0-	19.5	58.5
Square Feet	34,780	37,990	39,015
% of increase	-0-	9.2	2.7

AGENCY U.S. - Japan Friendship Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	8,640	8,616	16,981
% of increase	-0-	-.28	97.1
Square Feet	1,055	1,055	1,055
% of increase	-0-	-0-	-0-

AGENCY Federal Home Loan Bank Board

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	197,613	223,061	226,562
% of increase	2.7	12.9	1.6
Square Feet	28,172	30,431	27,974
% of increase	4.2	8.0	-8.1

AGENCY Export/Import Bank

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	967,552	936,672	1,015,938
% of increase	9.2	3.2	8.5
Square Feet	107,507	107,775	124,326
% of increase	2.8	.2	15.4

AGENCY Upper Mississippi River Basin

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	6,670	10,292	10,387
% of increase	3	54.3	.9
Square Feet	1,704	1,699	1,704
% of increase	-0-	-.3	.3

AGENCY Securities and Exchange Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	4,012,711	4,354,498	5,009,354
% of increase	10.3	8.5	15
Square Feet	481,312	490,484	574,638
% of increase	-2.2	1.9	17.2

 AGENCY Federal Labor Relations Authority

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	346,228	583,911	1,326,508
% of increase	-	68.6	227
Square Feet	47,192	47,119	125,945
% of increase	-	-.1	257

 AGENCY Advisory Commission on Intergovernmental Relations

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	152,848	160,038	297,803
% of increase	2.8	4.7	86.1
Square Feet	19,996	20,176	19,996
% of increase	-0-	.9	-.9

 AGENCY Federal Emergency Management Agency

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	3,843,256	3,999,343	6,025,918
% of increase	-	4	50.6
Square Feet	715,225	675,186	781,583
% of increase	-	-5.5	15.7

 AGENCY National Foundation for the Art/Humanities

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC \$ Dollars	1,146,745	1,360,281	1,467,264
% of increase	1.9	18.6	7.8
Square Feet	147,897	142,872	143,805
% of increase	3.5	-3.4	.65

AGENCY International Communications Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	4,505,303	4,484,559	4,658,174
% of increase	8	-.46	3.9
Square Feet	611,809	584,341	584,841
% of increase	5.5	-4.5	.08

AGENCY House of Representatives

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	3,169,845	3,179,084	3,733,948
% of increase	1.4	.29	17.5
Square Feet	585,867	566,589	584,242
% of increase	.94	-3.3	3.1

AGENCY Senate

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,315,966	2,269,051	2,660,928
% of increase	8.7	-2.0	17.3
Square Feet	397,223	371,119	387,987
% of increase	6.4	-6.6	4.5

AGENCY National Academy of Sciences

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	4,623	4,674	10,349
% of increase	-1.5	1.1	221
Square Feet	2,250	2,243	2,250
% of increase	.17	-.3	.3

AGENCY Army/Air Force Exchange

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	979,109	1,072,141	1,260,756
% of increase	87.7	9.5	17.6
Square Feet	854,897	815,535	968,911
% of increase	215	4.6	18.8

AGENCY Federal Communications Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	3,813,971	5,086,396	5,338,800
% of increase	2.4	33	4.9
Square Feet	466,696	463,464	476,320
% of increase	1.6	-.7	2.8

AGENCY National Consumer Cooperative Bank

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	95,695	387,268	441,260
% of increase	-	404.7	13.9
Square Feet	3,920	33,761	39,950
% of increase	-	861	18.3

AGENCY Smithsonian Institution

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	247,305	249,008	245,879
% of increase	16.8	.7	-1.3
Square Feet	52,957	53,856	52,957
% of increase	-0-	1.7	-1.6

AGENCY Nuclear Regulatory Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	4,907,379	5,626,429	7,304,015
% of increase	1.3	14.7	29.8
Square Feet	637,317	654,352	725,130
% of increase	1.8	2.7	10.8

AGENCY _____

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars			
% of increase			
Square Feet			
% of increase			

AGENCY U.S. International Trade Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	670,194	888,628	1,099,435
% of increase	5.7	32.6	23.7
Square Feet	104,964	111,049	113,785
% of increase	11	5.8	2.5

AGENCY Commission on Air Quality

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	100,134	99,860	138,793
% of increase	247	-.27	40.1
Square Feet	8,610	8,610	8,610
% of increase	-0-	-0-	-0-

AGENCY Water Resources Council

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	125,067	124,724	230,011
% of increase	-0-	-.27	84.4
Square Feet	14,735	14,735	14,735
% of increase	-0-	-0-	-0-

AGENCY Pension Policy Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	35,220	39,931	40,042
% of increase	-0-	13.4	.27
Square Feet	3,740	3,740	3,740
% of increase	-0-	-0-	-0-

AGENCY Board of International Broadcasters

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	22,472	31,792	38,706
% of increase	-0-	41.5	21.7
Square Feet	2,650	2,650	3,270
% of increase	-0-	-0-	23.4

AGENCY Marine Mammal Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	18,527	18,476	35,237
% of increase	-0-	-.27	90.7
Square Feet	2,110	2,110	2,110
% of increase	-0-	-0-	-0-

AGENCY Occupational and Health Review Commission

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	561,332	680,624	853,849
% of increase	3	21.3	25.5
Square Feet	60,750	63,907	70,832
% of increase	3.6	5.2	10.8

AGENCY Administrative Conference of the U.S.

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	54,872	54,723	100,983
% of increase	-0-	-.27	84.5
Square Feet	6,415	6,415	6,415
% of increase	-0-	-0-	-0-

AGENCY Advisory Council on Federal Pay

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	13,968	13,929	30,464
% of increase	-0-	-.28	118.7
Square Feet	1,600	1,600	1,600
% of increase	-0-	-0-	-0-

AGENCY Commission Civil Rights

	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	625,032	899,172	985,153
% of increase	6.6	43.9	9.6
Square Feet	92,232	91,507	95,035
% of increase	3.3	-.79	2.8

AGENCY	<u>Panama Canal Commission</u>		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	23,117	23,053	42,537
% of increase	-0-	.27	84.5
Square Feet	2,739	2,739	2,739
% of increase	-0-	-0-	-0-

AGENCY	<u>ACTION</u>		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	2,498,275	2,766,096	3,291,025
% of increase	2.4	10.7	18.9
Square Feet	310,406	314,965	316,312
% of increase	- 2.4	1.5	.4

AGENCY	<u>Equal Employment Opportunity Commission</u>		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	5,722,477	6,906,457	6,877,913
% of increase	4.6	20.7	-.4
Square Feet	724,939	792,531	768,191
% of increase	6.1	9.3	- 3

AGENCY	<u>General Services Administration</u>		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	77,910,423	82,525,817	102,180,130
% of increase	5.4	5.9	24.
Square Feet	31,337,589	31,493,286	34,721,045
% of increase	-.1	-1.1	1.0

AGENCY	<u>National Science Foundation</u>		
	Fiscal Year 80	Fiscal Year 81	Fiscal Year 82
SLUC			
\$ Dollars	3,111,985	3,249,721	4,935,208
% of increase	10	4.4	51.8
Square Feet	342,401	342,401	350.850
% of increase	-0-	-	2.5

Questions for the Record From Congressman Rudd

Mr. RUDD. Please indicate what amount of the SLUC increase is attributable to space rental (inflation), additional space rental, utilities (inflation), additional utility usage, and other factors.

ANSWER. This question asks that it be indicated what amount of SLUC increases are attributable to increased lease costs and utilities.

The SLUC rate has no relationship to the operation and maintenance costs which GSA incurs in buildings under its control or administration. The SLUC rate is based upon the Fair Annual Rental.

The Fair Annual Rental (FAR) is the annual amount reasonably expected for the right to the agreed use of real and related personal property as established by competition in the rental market. This amount, on a per square foot basis, is determined by performing a FAR appraisal of each building in the GSA building inventory. This appraisal reflects the space rental market, the location and the unique characteristics (aesthetics and quality) of the subject building. The resulting rate per square foot from the FAR appraisal is the fundamental element of GSA's Standard Level User Charge (SLUC) rate.

The SLUC rate is comprised of the FAR rate and 2 other elements; a factor which escalates the FAR base rate to allow for inflation from the time the appraisal is made to the time when it becomes effective (usually 2 years); and, a charge for standard protection.

The income approach is the appraisal process which is generally used to appraise GSA controlled buildings. This approach requires appraisers, who are private contractors, to evaluate the rental income of 3 leased buildings comparable to the subject in order to determine a FAR.

Because a third of our inventory is reappraised for each fiscal year and SLUC rates are reviewed and adjusted annually to compensate for inflation, it can be assumed that every agency will have a moderate increase in SLUC assessments even if an agency's assigned square footage remains unchanged.

Mr. RUDD. Chief Judge Carl Muecke of the U.S. District Court in Phoenix, Arizona, has been negotiating with GSA for the addition of a seventh courtroom in the Federal Building. I gather from the exchange of correspondence between Judge Muecke and GSA's Region 9 office in San Francisco that GSA believes the request is meritorious, and has informed him that the prospectus for the courtroom will be submitted with GSA's fiscal year 1984 budget request. This would mean that the earliest the court could expect completion of this project would be 1985.

Would it be possible to expedite the process so that this courtroom can be included in GSA's fiscal year 1983 budget request?

ANSWER. The General Services Administration has prepared and submitted a Management Plan, Volume 1, Facility Plan dated January 20, 1981 to the Public Works Committees. However, we will submit a prospectus for the Federal Building, U.S. Court House, 230 North First Avenue, Phoenix, Arizona to the Public Works Committees as an amendment to our pending Facility Plan. We will also program the project as part of our 1983 budget. Pending favorable consideration of the project by both the Office of Management and Budget and the Committees we will initiate it in fiscal year 1983.

Mr. ROYBAL. We will insert the justifications in the record at this point.

[The justifications follow:]

FEDERAL BUILDINGS FUND, PUBLIC BUILDINGS SERVICE
 Fiscal Year 1981
 Comparison of Budget Adjustments to FY 1981 Funding
 (\$000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Construction and Acquisition of Facilities	\$ 20,012	\$ 18,128	\$ - 1,884
2. Repairs and Alterations	189,000	180,000	- 9,000
3. Purchase Contract Payments	108,374	108,374	-
4. Rental of Space	680,000	677,000	- 3,000
5. Real Property Operations	583,769	581,844	- 1,925
6. Program Direction	<u>82,184</u>	<u>82,179</u>	<u>- 5</u>
Total	\$1,663,339	\$1,647,525	\$ -15,814
Appropriation (House level under Continuing Resolution)	\$1,598,019	\$1,595,019	\$ - 3,000
Proposed pay increase supplemental	21,400	19,470	- 1,930
Proposed program supplemental	<u>43,920</u>	<u>33,036</u>	<u>-10,884</u>
Revised Amount	\$1,663,339	\$1,647,525	\$ -15,814

Explanation of Reductions

The budget reductions applicable to this fund are as follows:

Employment	- 1,280
Travel	- 545
Consultants	- 5
Equipment	- 100
Leased Space	- 3,000
Weatherization (R&A)	- 9,000
Technical correction	<u>- 1,884</u>
Total	-15,814

This total reduction is applied as an offset to the Continuing Resolution level and to both pending supplementals.

FEDERAL BUILDINGS FUND
 GENERAL SERVICES ADMINISTRATION
 Fiscal Year 1982
 Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
 (in 000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Construction and Acquisition of Facilities	\$ 195,833	\$ 27,620	\$ -168,213
2. Repairs and Alterations	197,380	197,380	-
3. Purchase Contract Payments	161,725	161,725	-
4. Rental of Space	728,700	721,700	- 7,000
5. Real Property Operations	634,571	626,346	- 8,225
6. Program Direction	<u>88,590</u>	<u>88,585</u>	<u>- 5</u>
Total	\$2,006,799	\$1,823,356	\$ -183,443

Explanation of Reductions

Program Reductions

1. Construction projects:

Silver Spring, MD, FOB	-132,304
Birmingham, AL, CTHS	- 26,901
San Luis, AZ, BS	- 6,866
Vancouver, WA, FB	- 1,142
Projects less than \$500 thousand	- 1,000

2. Rental of Space - reduction resulting from decrease in Federal employment	- 7,000
---	---------

Employment Reductions

Real Property Operations - Protection	- 7,680
---	---------

Travel and Consultants Reduction

Travel	- 545
Consultants	<u>- 5</u>

Total	\$ -183,443
-------	-------------

GENERAL SERVICES ADMINISTRATION, FEDERAL BUILDINGS FUND
Fiscal Year 1982 Revised Budget
Comparison with FY 1981 Revised Budget
(in 000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Construction and Acquisition of Facilities	\$ 18,128	\$ 27,620	\$ 9,492
2. Repairs and Alterations	180,000	197,380	17,380
3. Purchase Contract Payments	108,374	161,725	53,351
4. Rental of Space	677,000	721,700	44,700
5. Real Property Operations	581,844	626,346	44,502
6. Program Direction	<u>82,179</u>	<u>88,585</u>	<u>6,406</u>
Total	\$1,647,525	\$1,823,356	\$175,831

Explanation for Change

1. Construction and Acquisition of Facilities - Additional funding for three Courthouses (East St. Louis, IL; Madison, WI; Little Rock, AK) and one Border Station (Detroit, MI); New funding for two Border Stations (San Diego, CA; Houlton, ME) and Acquisition of two USPS Buildings (Cookeville, TN; Spokane, WA).	9,492
2. Repairs and Alterations - Maintain current level of project activity allowing for construction industry inflation.	17,380
3. Rental of Space - Maintain current inventory.	44,700
4. Purchase Contract Payments - Mandatory payment of principal, interest and taxes.	53,351
5. Real Property Operations - Reduction in level of protection: Maintain current level of other building services (cleaning, etc.). Continues reduced level of travel from FY 1981.	44,502
6. Program Direction - Maintain current level of overall management and administrative services. Continues reduced level of consultant services from FY 1981.	<u>6,406</u>
Total	\$175,831

FEDERAL BUILDINGS FUND, PUBLIC BUILDINGS SERVICE
 Fiscal Year 1981
 Workyears
 Initial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Construction and Acquisition of Facilities	-	-	-
2. Repairs and Alterations	-	-	-
3. Purchase Contract Payments	-	-	-
4. Rental of Space	-	-	-
5. Real Property Operations	12,171	12,008	- 163
6. Program Direction	<u>1,902</u>	<u>1,902</u>	<u>-</u>
Sub-total, Direct activities	14,073	13,910	- 163
7. Reimbursable	<u>2,915</u>	<u>2,888</u>	<u>- 27</u>
Sub-total, FBF	16,988	16,798	- 190
8. Construction Services Fund	<u>872</u>	<u>872</u>	<u>-</u>
Total, PBS	17,860	17,670	- 190

Reduction consists of:

Federal Protective Service	- 64
Other Real Property Operations activities	- 99
Reimbursable activities	<u>- 27</u>
Total	-190

FEDERAL BUILDINGS FUND, PUBLIC BUILDINGS SERVICE
 Fiscal Year 1982
 Workyears
 FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Construction and Acquisition of Facilities	-	-	-
2. Repairs and Alterations	-	-	-
3. Purchase Contract Payments	-	-	-
4. Rental of Space	-	-	-
5. Real Property Operations	12,171	11,120	- 1,051
6. Program Direction	<u>1,902</u>	<u>1,902</u>	<u>-</u>
Sub-total, Direct activities	14,073	13,022	- 1,051
7. Reimbursable	<u>2,825</u>	<u>2,650</u>	<u>- 175</u>
Sub-total, FBF	16,898	15,672	- 1,226
8. Construction Services Fund	<u>872</u>	<u>872</u>	<u>-</u>
Total, PBS	17,770	16,544	- 1,226

Reduction consists of:

Federal Protective Service	- 384
Other Real Property Operations activities	- 667
Reimbursable activities	- 175
Total	-1,226

FEDERAL BUILDINGS FUND, PUBLIC BUILDINGS SERVICE
 Fiscal Year 1982
 Workyears
 Comparison with FY 1981 Revised Budget

<u>Activities</u>	1981 <u>Revised Budget</u>	1982 <u>Revised Budget</u>	<u>Change</u>
1. Construction and Acquisition of Facilities	-	-	-
2. Repairs and Alterations	-	-	-
3. Purchase Contract Payments	-	-	-
4. Rental of Space	-	-	-
5. Real Property Operations	12,008	11,120	- 888
6. Program Direction	<u>1,902</u>	<u>1,902</u>	-
Sub-total, Direct activities	13,910	13,022	- 888
7. Reimbursable	<u>2,888</u>	<u>2,650</u>	- 238
Sub-total, FBF	16,798	15,672	- 1,126
8. Construction Services Fund	<u>872</u>	<u>872</u>	-
Total, PBS	17,670	16,544	- 1,126

Reduction consists of:

Federal Protective Service	- 320
Other Real Property Operations activities	- 568
Reimbursable activities	- 238
Total	<u>-1,126</u>

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
I-V47	Federal Buildings Fund Limitation on the Availability of Revenue			Limitation decrease

(In the appropriation language under the above heading delete "\$2,006,799,000" and insert in lieu thereof \$1,823,356,000 , delete "\$195,833,000" and insert in lieu thereof \$27,620,000 , delete "Alabama; Birmingham, Courthouse, \$26,901,000; Arizona: San Luis, Border Station, \$6,866,000; Maryland: Silver Spring, Federal Office Building, \$132,304,000; Washington: Vancouver, Federal Building, \$1,142,000; and Construction Projects less than \$500,000, \$1,000,000", delete "\$728,700,000" and insert in lieu thereof \$721,700,000 , delete "\$634,571,000" and insert in lieu thereof \$626,346,000 , delete "\$88,590,000" and insert in lieu thereof \$88,585,000 , and delete "Provided further, That the Administrator is authorized to issue obligations to the Secretary of the Treasury, who by the authority of this Act is authorized to purchase such obligations, not to exceed \$121,304,000, to finance the construction of the Silver Spring, Maryland, Federal Office Building, pursuant to terms established by the Secretary of the Treasury", and delete "\$2,006,799,000" and insert in lieu thereof \$1,823,356,000 .)

This amendment reduces the availability of funds in the Federal Buildings Fund, particularly construction and protection of public buildings, and this action would reduce 1982 outlays by \$20 million.

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4542-1-4-804	19 81 estimate	19 81 estimate	19 81 estimate	19 81 estimate
Program by activities:	Presently Available	Proposed Supplemental	Proposed Amendments	Revised Estimate
<u>Basic program:</u>				
1. Construction and acquisition of facilities	64,397	+ 4,220	-	68,617
2. Repairs and alterations ...	168,265	+ 9,000	- 9,000	168,265
3. Purchase contract payments:	108,374	-	-	108,374
4. Rental of space	640,200	-	- 3,000 ^{1/}	637,200
5. Real property operations ..	553,069	+ 30,700	- 1,925 ^{2/}	581,844
6. Program direction	82,184	-	- 5 ^{3/}	82,179
Total basic program	1,616,489	+ 43,920	-13,930	1,646,479
Reimbursable Program	298,588	-	-	298,588
Total program costs funded	1,915,077	+ 43,920	-13,930	1,945,067
Change in selected resources ..	53,527	-	-	53,527
10.00 Total obligations	1,968,604	+ 43,920	-13,930	1,998,594
<u>Financing</u>				
Offsetting collection from:				
Standard level users charge ...	-1,631,500	-	+ 3,000	-1,628,500
Collections for:				
(a) Special services and improvements	- 298,588	-	-	- 298,588
(b) Sale of fixed assets	- 1,000	-	-	- 1,000
(c) Miscellaneous income	- 4,000	-	-	- 4,000
Total receipts and reimburse- ments	-1,935,088	-	+ 3,000	-1,932,088
11.00 Federal funds	-1,784,459	-	+ 3,000	-1,781,459
Change in unfilled customer's orders	-	-	-	-
13.00 Trust funds	- 120,777	-	-	- 120,777

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4542-1-4-804	1981 Estimate	1981 Estimate	1981 Proposed Amendments	1981 Revised Estimate
	Presently Available	Proposed Supplements		
14.00 Non-Federal sources:				
Sale of fixed assets	- 1,000	-	-	- 1,000
Miscellaneous income	- 4,000	-	-	- 4,000
15.00 Off-budget Federal entities	- 24,852	-	-	- 24,852
21.98 Unobligated balance available, start of year:				
Fund balance	-449,231	-	-	-449,231
Unobligated balance, start of year (unavailable):				
Fund balance	- 57,231	-	-	- 57,231
24.47 Unobligated balance available, end of year:				
Authority to borrow	-	-	-	-
24.98 Unobligated balance available, end of year:				
Fund balance	358,834	- 1,884	-	356,950
Unobligated balance, end of year (unavailable):				
Fund balance	114,112	-42,036	+10,930	83,006
39.00 Budget authority	-	-	-	-
Budget authority:				
40.00 Appropriation	-	-	-	-
47.00 Authority to borrow	-	-	-	-
Relation of obligations to outlays:				
71.00 Obligations incurred net .	33,516	+43,920	-10,930	66,506
72.98 Obligated balance, start of year:				
Fund balance	164,913	-	-	164,913

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4542-1-4-804	19 81	19 81	19 81	19 81
	Estimate	Estimate	estimate	estimate
	Presently Available	Proposed Supplemental	Proposed Amendments	Revised Estimate
74.98 Obligated balance, end of year:				
Fund balance	- 210,660	- 6,000	+ 6,000	- 210,660
90.00 Outlays	- 12,231	37,920	- 4,930	+ 20,759

^{1/} Reflects reduction in Rental of Space pursuant to aggregate availability of \$1,647,525,000 reflected on page 1.

^{2/} Reflects reduction in request for pay supplemental for Real Property Operations as reflected on page 44 and pursuant to the aggregate availability of \$1,647,525,000 on page 1.

^{3/} Reflects reduction in request for pay supplemental for Program Direction as reflected on page 44 and pursuant to the aggregate availability of \$1,647,525,000 on page 1.

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-4542-1-4-804	1981	1981	1981 estimate	1981 estimate
	Presently Available	Proposed Supplemental	Proposed Amendments	Revised Estimate
Personnel compensation:				
11.1 Permanent positions.....	302,822	-	-1,150	301,672
11.3 Positions other than permanent.....	15,087	-	-	15,087
11.5 Other personnel compensation.....	9,523	-	-	9,523
11.9 Special personal services payments				
Total personnel compensation.....	327,432	-	-1,150	326,282
Personnel benefits:				
12.1 Civilian.....	36,943	-	-130	36,813
13.0 Benefits for former personnel.....	20	-	-	20
21.0 Travel and transportation of persons.....	15,186	-	-545	14,641
22.0 Transportation of things.....	293	-	-	293
23.0 Rent, communications, and utilities.....	828,625	+ 30,700	-3,000	856,325
24.0 Printing and reproduction.....	3,532	-	-	3,532
25.0 Other services.....	531,107	+ 10,950	-9,005	533,052
26.0 Supplies and materials.....	95,142	-	-	95,142
31.0 Equipment.....	2,737	-	-100	2,637
32.0 Lands and structures.....	36,717	+ 2,270	-	38,987
33.0 Investments and loans.....				
41.0 Grants, subsidies, and contributions.....	25,453	-	-	25,453
42.0 Insurance claims and indemnities.....	23	-	-	23
43.0 Interest and dividends.....	65,394	-	-	65,394
44.0 Refunds.....				
99.0 Total obligations.....	1,968,604	+ 43,920	-13,930	1,998,594

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
Personnel Summary

Identification code	1981	1981	1981	1981
	Estimate Presently Available	Proposed Supplemental	Proposed Amendments	Revised Estimate
Direct:				
Total number of permanent positions	13,597	-	-163	13,434
Total compensable workyears..				
Full-time equivalent employment	14,073	-	-163	13,910
Full-time equivalent of overtime and holiday hours	240	-	-	240
Average ES salary	50,112	-	-	50,112
Average GS grade	7.65	-	-	7.65
Average GS salary	20,337	-	-	20,337
Average salary of ungraded positions	18,225	-	-	18,225
Reimbursable:				
Total number of permanent positions	3,267	-	-27	3,240
Total compensable workyears..				
Full-time equivalent employment	2,915	-	-27	2,888
Full-time equivalent of overtime and holiday hours	55	-	-	55
Average GS grade	5.37	-	-	5.37
Average GS salary	14,595	-	-	14,595
Average salary of ungraded positions	18,286	-	-	18,286

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
DETAIL OF PERMANENT POSITIONS

Identification code	FY #81 Presently Available	#81 Proposed Supplemental	FY #81 Proposed Amendment	FY #81 Revised Estimate
Direct program:				
ES-6.....	1	-	-	1
ES-5.....	1	-	-	1
ES-4.....	5	-	-	5
ES-3.....	4	-	-	4
ES-2.....	2	-	-	2
Subtotal.....	<u>13</u>	-	-	<u>13</u>
GS/GM-15.....	77	-	-	77
GS/GM-14.....	167	-	-	167
GS/GM-13.....	349	-	-	349
GS-12.....	512	-	-	512
GS-11.....	553	-	-	553
GS-10.....	9	-	-	9
GS-9.....	324	-	-	324
GS-8.....	51	-	-	51
GS-7.....	499	-	-	499
GS-6.....	397	-	-	397
GS-5.....	1,587	-	-64	1,523
GS-4.....	623	-	-	623
GS-3.....	76	-	-	76
GS-2.....	19	-	-	19
Subtotal.....	<u>5,243</u>	-	-64	<u>5,179</u>
Ungraded.....	8,341	-	-99	8,242
Total (direct).....	13,597	-	-163	13,434
Reimbursable program:				
GS/GM-15.....	4	-	-	4
GS/GM-14.....	7	-	-	7
GS/GM-13.....	9	-	-	9
GS-12.....	15	-	-	15
GS-11.....	10	-	-	10
GS-10.....	3	-	-	3
GS-9.....	17	-	-	17
GS-8.....	2	-	-	2
GS-7.....	40	-	-	40
GS-6.....	38	-	-	38
GS-5.....	1,001	-	-	1,001
GS-4.....	204	-	-	204
GS-3.....	71	-	-	71
GS-2.....	5	-	-	5
Subtotal.....	<u>1,426</u>	-	-	<u>1,426</u>
Ungraded.....	1,814	-	-27	1,814
Total (reimbursable).....	3,267	-	-27	3,240
Total permanent positions..	16,864	-	-190	16,674
Unfilled positions, end of year.....	-1,071	-	-641	1,712
Total permanent employment, end of year.....	15,793	-	-831	14,962

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4542-0-4-804	19 82 Estimate	19 82 estimate	19 82 estimate
<u>Program by activities:</u>	<u>Pending Request</u>	<u>Proposed Amendments</u>	<u>Revised Request</u>
Basic program:			
1. Construction and acquisition of facilities	62,631	- 11,063	51,568
2. Repairs and alterations	167,773	-	167,773
3. Purchase contract payments	161,725	-	161,725
4. Rental of space	728,700	- 7,000	721,700
5. Real property operations	634,571	- 8,225	626,346
6. Program direction	88,590	- 5	88,585
Total basic program	1,843,990	- 26,293	1,817,697
Reimbursable Program	300,000	-	300,000
Total program costs, funded	2,143,990	- 26,293	2,117,697
Change in selected resources	50,484	- 7,802	42,682
10.00 Total obligations	2,194,474	- 34,095	2,160,379
<u>Financing</u>			
Offsetting collections from:			
Standard level users charge	-1,836,040	+ 7,000	-1,829,040
Collection for:			
(a) Special services and improvements.	- 300,000	-	- 300,000
(b) Sale of fixed assets	- 1,000	-	- 1,000
(c) Miscellaneous income	- 5,000	-	- 5,000
Total receipts and reimbursements	-2,142,040	+ 7,000	-2,135,040
11.00 Federal funds	-1,962,436	+ 7,000	-1,955,436
Change in unfilled customers orders	- 15,800	-	- 15,800
13.00 Trust funds	- 147,685	-	- 147,685

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4542-0-4-804	19 82	19 82	19 82
	Est 'mate	estimate	estimate
	Pending Request	Proposed Amendments	Revised Request
14.00 Non-Federal sources:			
Sale of fixed assets	- 1,000	-	- 1,000
Miscellaneous income	- 5,000	-	- 5,000
15.00 Off-budget Federal entities ...	- 25,919	-	- 25,919
21.98 Unobligated balance available, start of year:			
Fund balance	-356,950	-	-356,950
Unobligated balance, start of year (unavailable):			
Fund balance	- 83,006	-	- 83,006
24.47 Unobligated balance available, end of year:			
Authority to borrow	114,849	-114,849	-
24.98 Unobligated balance available, end of year:			
Fund balance	370,226	- 34,499	335,727
Unobligated balance, end of year (unavailable):			
Fund balance	39,551	+ 55,139	94,690
39.00 Budget authority	121,304	-121,304	-
Budget authority:			
40.00 Appropriation	-	-	-
47.00 Authority to borrow	121,304	-121,304	-
Relation of obligations to outlays:			
71.00 Obligations incurred net	36,634	- 27,095	9,539

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Program and Financing (in thousands of dollars)

Identification code	19 82 Estimate	19 82 estimate	19 82 estimate
47-4542-0-4-804			
72.98 Obligated balance, start of year:	<u>Pending Request</u>	<u>Proposed Amendment</u>	<u>Revised Request</u>
Fund balance	210,660	-	210,660
74.98 Obligated balance, end of year:			
Fund balance	-224,750	+ 7,036	-217,714
90.00 Outlays	22,544	-20,059	+ 2,485

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-4542-0-4-804	19 82	19 82 estimate	19 82 estimate
	Pending Request	Proposed Amendment	Revised Request
Personnel compensation:			
11.1 Permanent positions.....	304,450	-6,912	297,538
11.3 Positions other than permanent.....	15,238	-	15,238
11.5 Other personnel compensation.....	9,687	-	9,687
44.0 Special personal services payments.....			
Total personnel compensation.....	329,375	-6,912	322,463
Personnel benefits:			
12.1 Civilian.....	37,837	-768	37,069
13.0 Benefits for former personnel.....	22	-	22
21.0 Travel and transportation of persons.....	16,633	-545	16,088
22.0 Transportation of things.....	589	-	589
23.0 Rent, communications, and utilities.....	961,171	-7,000	954,171
24.0 Printing and reproduction.....	3,642	-	3,642
25.0 Other services.....	553,988	-7,807	546,181
26.0 Supplies and materials.....	107,850	-	107,850
31.0 Equipment.....	3,032	-	3,032
32.0 Lands and structures.....	43,482	-11,063	32,419
33.0 Investments and loans.....			
41.0 Grants, subsidies, and contributions.....	28,388	-	28,388
42.0 Insurance claims and indemnities.....	28	-	28
43.0 Interest and dividends.....	108,437	-	108,437
44.0 Refunds.....			
99.0 Total obligations.....	2,194,474	-34,095	2,160,379

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

Personnel Summary

Identification code	FY 1982 Request Pending	FY 1982 Proposed Amendment	FY 1982 Revised Request
Direct:			
Total number of permanent positions	13,597	-1,051	12,546
Total compensable workyears			
Full-time equivalent employment	14,073	-1,051	13,022
Full-time equivalent of overtime and holiday hours.....	240	-	240
Average GS salary	50,112	-	50,112
Average GS grade	7.67	-	7.67
Average GS salary	20,540	-	20,540
Average salary of ungraded positions	18,407	-	18,407
Reimbursable:			
Total number of permanent positions	3,177	-175	3,002
Total compensable workyears			
Full-time equivalent employment	2,825	-175	2,650
Full-time equivalent of overtime and holiday hours	55	-	55
Average GS grade	5.37	-	5.37
Average GS salary	14,741	-	14,741
Average salary of ungraded positions	18,468	-	18,468

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND

DETAIL OF PERMANENT POSITIONS

	FY 1982 Request Pending	FY 1982 Proposed Amendment	FY 1982 Revised Estimate
Direct program:			
ES-6.....	1	.....	1
ES-5.....	1	.....	1
ES-4.....	5	.....	5
ES-3.....	4	.....	4
ES-2.....	2	.....	2
Subtotal.....	<u>13</u>	.....	<u>13</u>
GS/GM-15.....	77	.....	77
GS/GM-14.....	167	.....	167
GS/GM-13.....	349	.....	349
GS-12.....	512	.....	512
GS-11.....	553	.....	553
GS-10.....	9	.....	9
GS-9.....	324	.....	324
GS-8.....	51	.....	51
GS-7.....	499	.....	499
GS-6.....	397	.....	397
GS-5.....	1,587	-384	1,203
GS-4.....	623	.....	623
GS-3.....	76	.....	76
GS-2.....	19	.....	19
Subtotal.....	<u>5,243</u>	<u>-384</u>	<u>4,859</u>
Ungraded.....	8,341	-667	7,674
Total (direct).....	<u>13,597</u>	<u>-1,051</u>	<u>12,546</u>
Reimbursable program:			
GS/GM-15.....	4	.....	4
GS/GM-14.....	7	.....	7
GS/GM-13.....	9	.....	9
GS-12.....	15	.....	15
GS-11.....	10	.....	10
GS-10.....	3	.....	3
GS-9.....	17	.....	17
GS-8.....	2	.....	2
GS-7.....	40	.....	40
GS-6.....	38	.....	38
GS-5.....	911	.....	911
GS-4.....	204	.....	204
GS-3.....	71	.....	71
GS-2.....	5	.....	5
Subtotal.....	<u>1,336</u>	.....	<u>1,336</u>
Ungraded.....	<u>1,841</u>	-175	1,666
Total (reimbursable)	<u>3,177</u>	-175	3,002
Total permanent positions.....	16,774	-1,226	15,548
Unfilled positions, end of year.....	-1,071	-93	-1,164
Total permanent employment, end of year..	15,703	-1,319	14,384

TUESDAY, MARCH 24, 1981.

GENERAL MANAGEMENT AND ADMINISTRATION, PUBLIC SERVICES, AND INDIAN TRUST ACCOUNTING ACTIVITIES

WITNESSES

RAY KLINE, ACTING ADMINISTRATOR
RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
PROGRAMS, AND FINANCIAL MANAGEMENT
WILLIAM B. EARLY, JR., DIRECTOR OF THE BUDGET
ALLIE B. LATIMER, GENERAL COUNSEL
PAUL W. NEWTON, ASSISTANT ADMINISTRATOR FOR EXTERNAL AFFAIRS

Mr. ROYBAL. Now we will get into the General Management and Administration Agency Operations.

Mr. FONTAINE. Mr. Chairman, I have a short statement I would like to summarize.

This General Management and Administration account combines the Public Services and the Indian Trust Accounting appropriations into one. This is basically the overhead appropriations for staff and activities within GSA.

We are asking for an appropriation of approximately \$136 million this year, compared to approximately \$125 million last year.

The main increases in this account are approximately \$7.4 for new ADP requirements involving GSA long-range information system requirements which still operate under old and antiquated equipment that has to be replaced or upgraded.

Approximately \$1.6 million to print the Federal Acquisition Regulations, which is a statutory requirement of the Administrative Procedures Act and the Federal Register Act.

Approximately \$1.9 million to fund functional transfer from the Federal Buildings Fund which were funded by reimbursement to this appropriation during the fiscal year 1981, and \$.04 million for minor increases in SLUC, common costs, postage, et cetera.

[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 1982 budget request for the general management and administration, public services, and Indian trust accounting 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 \$136,225,000 for this new general management and administration account. This is a net increase of \$11,179,000 from the comparable total for fiscal year 1981. This net increase will provide—

\$7,376,000 to support the agency's long-range ADP requirements. The agency is currently functioning with antiquated equipment and this increase is in our long-range plan to upgrade our ADP systems.

\$1,558,000 to print the Federal acquisition regulations which is a statutory requirement of the Administrative Procedures Act and the Federal Register Act. \$1,884,000 to fund functional transfers from the Federal buildings fund which was funded by reimbursement to this appropriation during fiscal year 1981.

\$361,000 for increased SLUC costs and other miscellaneous cost increases offset partially by employment reductions.

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

GENERAL SERVICES ADMINISTRATION

FY 1981 Initial Budget and Revised Budget
(in thousands)

	Initial Budget 1/	Employment	Travel	Consultants	Equipment/ Other	Revised Budget
Operating Expenses, FSS	\$135,043	-\$977	-\$148	-\$15	-	\$133,903
General Supply Fund (Suppl.)	425,200	-	-	-	-	425,200
Operating Expenses, TPUS	18,139	-320	-14	-	-\$5	17,800
Operating Expenses, NARS	90,529	-1,686	-40	-15	-16	88,772
Operating Expenses, ADTS	13,663	-239	-15	-	-9	13,400
Federal Telecommunications Fund Capital	2,500	-	-	-	-	2,500
Operating Expenses, FPRS	46,866	-694	-96	-	-	46,076
Stockpile Transaction Fund	100,000	-	-	-	-	100,000
Salaries and Expenses, General Management & Admin.	128,443	-3,116	-159	-100	-22	125,046
Inspector General	22,225	-1,240	-179	-	-	20,806
Presidential Transition	3,000	-	-	-	-	3,000
Allowances, Former Presidents	823	-	-8	-	-	815
Working Capital Fund (Capital)	750	-	-	-	-	750
Federal Buildings Fund (Limit.)	(1,663,339)	(-1,280)	(-545)	(-5)	(-13,984) 2/	(1,647,525)
Total Budget Authority	\$987,181	-\$8,272	-\$659	-\$130	-\$52	\$978,068
Less receipts:						
Stockpile: Enacted Legislation	-267,300					-267,300
Requiring Legis.	-209,800					-209,800
Real Property and Other	-118,964				600	-118,364
Net Budget Authority	\$391,117					\$382,604

... 1/ Includes all pending supplementals.

2/ Includes \$.9 million reduction for weatherization supplemental,
\$.3 million for leasing, \$.100 thousand for equipment, and
\$.1,884 thousand technical correction.

GENERAL SERVICES ADMINISTRATION

FY 1982 Initial Budget and Revised Budget
(in thousands)

	Initial Budget	Employment	Travel	Programs	Revised Budget
Operating Expenses, FSS	\$143,555	-\$8,250	-\$148	-\$15	\$135,142
Operating Expenses, TPUS	18,358	-1,110	-14	-	17,234
Operating Expenses, NARS	97,746	-4,584	-40	-3,015	90,107
Operating Expenses, ADTS	14,080	-666	-15	-	13,399
Operating Expenses, FPRS	49,576	-2,142	-96	-	47,338
Stockpile Transaction Fund	120,000	-	-	-	120,000
Sal. & Exp., General Management and Administration	144,237	-7,753	-159	-100	136,225
Inspector General	22,582	-2,272	-179	-	20,131
Allowances, Former Presidents	1,114	-	-8	-	1,106
Federal Buildings Fund (Limitation)	(2,006,799)	(-7,680)	(-545)	(-175,218)	(1,823,356)
Federal Buildings Fund Borrowing Authority	121,304	-	-	-121,304	-
Total Budget Authority	\$732,552	-\$26,777	-\$659	-\$124,434	\$580,682
Less receipts:					
Stockpile: Enacted Legislation	-267,300				-267,300
Requiring Legislation	-209,800			-601,200	-811,000
Real Property and Other	-103,964				-103,964
Net Budget Authority	\$151,488				-\$601,582

GENERAL SERVICES ADMINISTRATION

FY 1982 Revised Budget
Comparison with FY 1981 Revised Budget
(in thousands)

	1981 Revised Budget	1982 Revised Budget	Change
Operating Expenses, FSS	\$133,903	\$135,142	+1,239
General Supply Fund (Supplemental)	425,200	-	-425,200
Operating Expenses, TPUS	17,800	17,234	-566
Operating Expenses, NARS	88,772	90,107	+1,335
Operating Expenses, ADTS	13,400	13,399	-1
Federal Telecommunications Fund Capital	2,500	-	-2,500
Operating Expenses, FPRS	46,076	47,338	+1,262
Stockpile Transaction Fund	100,000	120,000	+20,000
Sal. & Exp., General Management & Administration	125,046	136,225	+11,179
Inspector General	20,806	20,131	-675
Presidential Transition	3,000	-	-3,000
Allowances, Former Presidents	815	1,106	+291
Working Capital Fund Capital	750	-	-750
Total Budget Authority	\$978,068	\$580,682	-\$397,386
Federal Buildings Fund (Limitation)	(\$1,647,525)	(\$1,823,356)	(+\$175,831)

GENERAL SERVICES ADMINISTRATION
SUMMARY OF AVERAGE POSITIONS

	1980 (1)	1981		1982		Increase or Decrease (-) for revised FY 1982 from revised FY 1981	
		Initial (2)	Revised (3)	Initial (5)	Revised (6)	Total Changes	Other Changes
				Decrease (4)		Decrease (7)	
Federal Buildings Fund (Direct)	14,078	14,073	13,910	-163	14,073	13,022	-1,051
Federal Buildings Fund (Reimbursable)	3,148	2,915	2,888	-27	2,825	2,650	-888
Construction Services Fund	872	872	872	-	872	872	-238
Operating Expenses, FSS	3,936	3,817	3,786	-31	3,853	3,603	-183
Reimbursable FSS	460	459	455	-4	469	439	-16
General Supply Fund	1,355	1,345	1,330	-15	1,354	1,309	-21
Operating Expenses, TPUS	476	560	551	-9	560	523	-28
Reimbursable TPUS	4	4	4	-	4	4	-
Operating Expenses, NARS	2,569	2,473*	2,372*	-101	2,494	2,351	-21
Reimbursable NARS	225	215	206	-9	215	203	-3
National Archives Trust Fund	231	206	203	-3	206	200	-3
Operating Expenses, ADTS	278	281	276	-5	281	263	-13
Federal Telecommunications Fund	1,904	1,888	1,868	-20	1,888	1,828	-40
Automatic Data Processing Fund	234	240	236	-4	241	225	-11
Operating Expenses, FPRS	911	910	896	-14	914	851	-45
Rare Silver Dollars	20	4	4	-	4	-	-4
Salaries and Expenses, GMA	3,611	3,562	3,437	-125	3,633	3,375	-62
Reimbursable GMA	104	139	134	-5	95	89	-45
Inspector General	436	567	527	-40	582	511	-16
Working Capital Fund	420	454	447	-7	454	423	-24
Sub-Total	35,272	34,984*	34,402*	-582	35,013	32,741	-1,661
Consumer Information Center	21	22	19	-3	22	17	-5
TOTAL	35,293	35,006	34,421	-585	35,035	32,758	-1,663

*Excludes 11 workyears for NARS program supplemental approved in revised budget, reflected elsewhere.

GENERAL SERVICES ADMINISTRATION
SUMMARY OF PERMANENT POSITIONS

	1981				1982		Increase or Decrease (-) for revised FY 1982 from revised FY 1981		
	1980 (1)	Initial (2)	Revised (3)	Decrease (4)	Initial (5)	Revised (6)	Decrease (7)	Total Program Changes	Other Changes
								Col (3) vs Col (6)	Col (6)
Federal Buildings Fund (Direct)	13,733	13,597	13,434	-163	13,597	12,546	-1,051	-888	-
Federal Buildings Fund (Reimbursable)	3,698	3,267	3,240	-27	3,177	3,002	-175	-238	-
Construction Services Fund	876	852	852	-	852	852	-	-	-
Operating Expenses, FSS	3,820	3,695	3,695	-	3,731	3,731	-	+36	-
Reimbursable FSS	399	398	398	-	417	417	-	+19	-
General Supply Fund	1,249	1,247	1,247	-	1,256	1,256	-	+9	-
Operating Expenses, TPUS	488	568	568	-	568	568	-	-	-
Reimbursable TPUS	4	4	4	-	4	4	-	-	-
Operating Expenses, NARS	2,244	2,250	2,164	-86	2,266	2,156	-110	-8	-
Reimbursable NARS	159	159	150	-9	159	147	-12	-3	-
National Archives Trust Fund	190	195	192	-3	195	189	-6	-3	-
Operating Expenses, ADTS	321	322	322	-	322	322	-	-	-
Federal Telecommunications Fund	1,874	1,874	1,874	-	1,874	1,874	-	-	-
Automatic Data Processing Fund	286	286	286	-	286	286	-	-	-
Operating Expenses, FPRS	1,014	997	983	-14	997	934	-63	-49	-
Reimbursable FPRS	3	-	-	-	-	-	-	-	-
Rare Silver Dollars	3	-	-	-	-	-	-	-	-
Salaries and Expenses, GMA	8,495	3,549	3,380	-169	3,622	3,345	-277	-35	-
Reimbursable GMA	111	137	131	-6	94	86	-8	-45	-
Inspector General	572	622	538	-84	612	536	-76	-2	-
Working Capital Fund	415	469	448	-21	469	435	-34	-13	-
TOTAL	34,954	34,488	33,906	-582	34,498	32,686	-1,812	-1,220	+1,220

GENERAL SERVICES ADMINISTRATION

I-V72 General Provisions--General Services Administration

(Insert the following General Provisions immediately after SEC. 4:)

"SEC. 5. Not to exceed 3 per centum of the personnel compensation made available in appropriations for operating expenses and salaries and expenses, excluding the Federal Buildings Fund, during the current fiscal year, may be transferred between such appropriations for mandatory program requirements. Any transfers proposed shall be submitted promptly to the Committees on Appropriations of the House and Senate for approval."

"SEC. 6. Funds in the Federal Buildings Fund made available for fiscal year 1982 for Federal Buildings Fund activities may be transferred between such activities only to the extent necessary for mandatory program requirements. Any transfers proposed shall be submitted promptly to the Committees on Appropriations of the House and Senate for approval."

These General Provisions would provide a degree of management flexibility to assure that essential levels of overall program direction and support and program requirements are performed under constrained resources.

GENERAL SERVICES ADMINISTRATION

Reductions in Planned Fiscal Year 1981 Consulting Services, Management and Professional Services, and Special Studies and Analyses

Part 1 - Contractual Services

	<u>Obligations (In thousands)</u>	<u>Membership</u>
a. Total obligations for consulting services estimates (excluding personnel appointments) in the 1982 Budget transmitted to Congress on January 15, 1981.....	406	N/A
Less 5 percent.....	20	N/A
Revised total.....	386	N/A
b. Total obligations for management and professional services and special studies and analyses in the January 1982 Budget.....	2,606	N/A
Less 5 percent.....	131	N/A
Revised total.....	2,475	N/A

Part 2 - Advisory Committee Memberships

Total obligations (and related memberships) estimated in the January 1982 Budget.....	-	(NA)
Less 5 percent of obligations (and resultant reduction in memberships).....	-	(NA)
Revised total.....	-	(NA)

Part 3 - Detail. For each appropriation or fund account for which a reduction is planned, provide the following information:

Account Identification Number	Account Title	Reductions ^a		Advisory Committee Memberships
		(000) Obligations Amount	Percent	
47X4542	Federal Buildings Fund	5	5%	-
4710500	Operating Expenses, FSS	15	5%	-
4710114	Salaries and Expenses, GMA	72	5%	-
47X8431	National Archives Trust Fund	3	5%	-
4710300	Operating Expenses, NARS	15	5%	-
47X4533	Federal Telecommunications Fund	40	5%	-
	TOTAL	150	5%	

^a Compared to the estimated 1981 level for this program in the 1982 Budget transmitted to Congress on March 10, 1981.

GENERAL MANAGEMENT AND ADMINISTRATION

Mr. ROYBAL. What is the purpose of your proposed reorganization?

Mr. FONTAINE. This is basically to streamline the overhead activities of GSA into one appropriation. We have been scattered around in separate accounts. We feel it would be cleaner and more streamlined to put it all into one appropriation.

Mr. EARLY. Last year we had two other appropriations which this committee suggested we combine into one, which we did for 1981. We are suggesting to continue that combination for 1982 and add two other types of accounts into that same overhead appropriation making one appropriation for all the overhead.

Mr. KLINE. It will give the agency management more flexibility in terms of moving resources around in these accounts, especially in a period of budget reductions.

Mr. ROYBAL. What effect will it have on accountability?

Mr. FONTAINE. It will make it simpler.

Mr. ROYBAL. Would it require any less people to do it?

Mr. FONTAINE. Initially no, but again this account took its cuts in the administration's budget reductions.

Mr. KLINE. It definitely will not require any more people. If anything, it will require fewer. We will provide you for the record a schedule reflecting the makeup of the consolidated GMA.

Mr. ROYBAL. That will be fine.

[The information follows:]

MAKE UP OF CONSOLIDATED GMA

	1980 actual	1981 estimated	1982 estimated
Direct work years:			
GMAO.....	3,272	3,081	3,015
Public service.....	252	279	286
Indians.....	87	77	74
GMA Total direct.....	3,611	3,437	3,375
Direct program:			
GMAO.....	\$106,798	\$114,060	\$124,559
Public service.....	\$6,513	\$8,186	\$8,837
Indians.....	\$2,460	\$2,800	\$2,829
GMA Total direct.....	\$115,771	\$125,046	\$136,225
Reimb. work years:			
GMAO.....	104	118	89
Public service.....	0	16	0
Indians.....	0	0	0
GMA Total reimb.....	104	134	89
Reimb. program:			
GMAO.....	\$10,263	\$19,272	\$23,555
Public service.....	\$9	\$597	0
Indians.....	0	0	0
GMA Total reimb.....	\$10,272	\$19,869	\$23,555

EMPLOYMENT REDUCTIONS

Mr. ROYBAL. If there is reorganization and everything that is put into one capsule, could that reduce the number of people that you will use?

Mr. FONTAINE. There will be a decrease.

Mr. ROYBAL. If that is a fact, then the number that will be reduced can be taken care of by attrition?

Mr. EARLY. This account does show in the neighborhood of 300 less employees in 1982 than in 1981.

Mr. ROYBAL. It would be 300 less as a result of your reorganization?

Mr. KLINE. No, sir; there will be other service adjustments as well.

Mr. ROYBAL. In general?

Mr. KLINE. Yes, sir.

Mr. FONTAINE. It is the combination of complying with the Reagan proposals on the budget reductions.

COMPUTER OPERATIONS

Mr. ROYBAL. All right; what part of your total computer operations is in the Office of Data Systems?

Mr. FONTAINE. All of GSA computers are in Data Systems.

Mr. ROYBAL. All of them. How do the Public Buildings Service and Federal Supply Service handle their computer work?

Mr. FONTAINE. We support all of the Services in GSA.

Mr. ROYBAL. Do you charge them a fee?

Mr. FONTAINE. That is budgeted for in this appropriation.

Mr. ROYBAL. You don't charge them for their share of the rent?

Mr. FONTAINE. We pay the rent back to them. They get the computer service.

Mr. ROYBAL. I wanted to be sure you weren't charging for the space that they use.

Mr. FONTAINE. No; I pay that bill. Computer space is expensive.

Mr. ROYBAL. How does this office relate to Automated Data and Telecommunications Service?

Mr. FONTAINE. ADTS has governmentwide responsibility for ADP under the Brooks bill. We support GSA's internal requirements.

Mr. KLINE. ADTS looks at this office as another agency in terms of their governmentwide role in the processes for approval of ADP and Telecommunications.

Mr. ROYBAL. I have some ADP questions from Mr. Rudd to be answered for the record.

Mr. KLINE. We will be happy to respond.

[The questions follow:]

Mr. RUDD. Why has GSA not acquired its automatic data processing resources in accordance with this OBM Circular A-109?

When will GSA comply with this competitive requirement for computer resources, as intended?

Mr. KLINE. In the GSA ADP Plan, the acquisition strategy dealt with the procurement of computing and communications resources. Conversion or redesign of GSA applications was not included. With this focus, the acquisition was directed at obtaining commercially available, off-the-shelf resources.

OMB Circular A-109 and related guidelines provide latitude in how the objectives of the circular are to be met. While funded competitive concept studies and performance demonstrations are recommended, it points out that these should be done

when cost-justifiable. For the GSA acquisition, it was decided that the A-109 process could be compressed to two steps, and that funded studies and demonstrations were not justifiable since the required items were off-the-shelf and normally offered in competitive proposals.

This decision was made by the Administrator after review and advice from GSA's Systems Acquisition Review Council. With this approach, it was believed that the intent of Circular A-109 was being fulfilled by expressing mission needs in functional terms by involving top management in key decisions, and by providing wide latitude for innovative technical and business proposals.

In response to the second part of the question, an answer cannot be given at this time. As will be pointed out later, changes are being made in the GSA ADP Plan. The acquisition strategies and schedules that will be followed in the future have not yet been determined.

Mr. RUDD. The GAO has recommended that GSA immediately scale down its financial system, and if possible transfer these functions to another Federal computer—possibly to the Office of Personnel Management's computer at Macon, Georgia—because of problems with CSC.

Is this being done? (If not, why not?)

How quickly will this be accomplished?

Mr. KLINE. This is not being done. The specific recommendation was one of several mentioned by GAO as a means of dealing with the impending termination of the contract with CSC. Related to that specific recommendation there was some misunderstanding between GSA and GAO as to the size and complexity of the financial system, how much it could be scaled down, and the readiness of the OPM Center to accept the load. GSA believes the system cannot be scaled down and still continue to satisfy GSA needs. The system supports a large part of GSA's financial functions—paying bills, collecting revenue, and accounting. The system fully consumes a large-scale computer that serves all GSA regions and the Central Office.

The OPM alternative was one of several considered by GSA for dealing with the impending crisis situation with CSC. It has now been decided that the conversion and processing requirements will be satisfied through a competitive procurement. The acquisition effort has been initiated. The objective is to obtain delivery of an alternative capability by the time the current contract expires.

Mr. RUDD. The GAO has also recommended that GSA immediately act to terminate the current long-range plan to acquire automatic data processing resources to support GSA internal systems, and to remain at the Macon facility until the long-range procurement can be properly conducted in accordance with OMB Circular A-109 and other Federal regulations.

Is this being done, and if not why not?

Mr. KLINE. To the first part of the question, the answer is yes. The Request for Proposals was withdrawn on February 26, 1981. The interim resources to be acquired by competitive procurement will be used until a new long-range plan is implemented. GSA is now developing the revised plan, targeted for completion this fiscal year. The new plan will incorporate revised strategies for acquiring computing and related resources for satisfying its needs over the long-range.

HUMAN RESOURCES AND ORGANIZATION

Mr. ROYBAL. What function does your Office of Human Resources and Organization perform?

Mr. FONTAINE. That is basically personnel and administrative services, the training and personnel related functions basically.

Mr. KLINE. We also have a new activity, the Audit Reports Control Office. For example, if the Inspector General submits to us a report and we want to take management action and decide how we would implement them, we need a place in the staff capacity that assists us in determining how we should proceed with it.

This activity is in that office as well.

Mr. ROYBAL. Do you provide that training; is that a continuous process?

Mr. KLINE. We have a continuing training program, and the focus of it is in the Office of Human Resources and Organization.

The participants in the training, the service commissioners, and our regions help to decide what the requirements are for training.

Some training is done through individual appropriations that we have, but in terms of the overall program direction, that is all pulled together at one place.

For the year coming up we plan to emphasize contract training, supervisory training and skills training, and this office helps to see that those things are pursued.

Mr. EARLY. The employees would attend the training and the services pay for the cost of training, depending on where the source is.

OFFICE OF GENERAL COUNSEL

Mr. ROYBAL. Now, in the General Counsel's Office you have a special division for ADTS. What is that?

Ms. LATIMER. I am Allie Latimer.

In the Office of General Counsel, we are organized into seven divisions. We are house counsel to the six services and one division for our claims and litigations, which handles all of the appeals before the Board of Contract Appeals, as well as the litigation by or against the agency that we do in connection with the Justice Department.

The ADTS division is the house counsel to the Automated Data and Telecommunications Service, and provides all of the specialized legal services required by that service.

For instance, they are experts on the Brooks bill. They are legal specialists on the procurement of telecommunications services, and they are now participating in a number of competitive procurements in the telecommunications area. With the status of TELPAK, they are now gearing up to do a lot of competitive procurements.

Mr. ROYBAL. Do you feel that your organization may be too fragmented functionally, because you have an appropriation for ADTS, your General Counsel for ADTS in a different office, and your Office of Data Systems?

Mr. KLINE. No, sir; I don't think there is over-fragmentation at all. There are lots of different ways to run a railroad, of course. It is imperative to me that the general counsel be independent of the Services.

Although it renders professional legal service to ADTS, I think the greater consideration is to have counsel for the entire organization all together and the professionalism of the kind of services that is rendered just as a parallel, as we have house counsel for ADTS and FSS and for PBS, and I do not think it would be a good idea to break up general counsel and move those house counsels into the different services.

The integrity and the time together of the counsel's business is the overriding consideration. It is not costing us any more in terms of dollars in doing it that way.

DATA SYSTEMS

In terms of data systems, I believe that the operational part of the business of doing data systems, if moved into a policy organization like ADTS would start to invade the time that should be spent for governmentwide management computers. Again, I don't think

that this is costing us any more in people or dollars to have this kind of separation and having it working that way.

Mr. ROYBAL. You do have a coordinated system apparently?

Mr. KLINE. Yes, sir; a lot of interchange among the players.

BOARD OF CONTRACT APPEALS

Mr. ROYBAL. It is my understanding that you have a Board of Contract Appeals. What is that? What is it made up of, how many and how is it working?

Ms. LATIMER. The Board of Contract Appeals is now established under the Contracts Disputes Act of 1978 to handle all contract claims of the agency.

The GSA Board has 11 administrative judges and other support personnel to hear cases brought before them by contractors where a final decision has been made by the contracting officer under one of our contracts and the contractor disagrees with such decision.

Mr. KLINE. Would you give the Chairman an example of the kind of appeal that is brought to them?

Ms. LATIMER. A typical example of a claim under a construction contract involves "delay" matters. A contractor fails to complete construction within the contractually prescribed period. He asserts the delay was caused by the contractor and denies the request for compensation. A final decision issues, denying additional time and money and the contractor appeals to the Board.

The agency is represented by lawyers from our office and the contractor usually has his own lawyer. It is an administrative tribunal. They can either go directly to our Board of Contract Appeals or under the Contracts Disputes Act, they can go to the Court of Claims, so it has increased the status of those boards since 1978 by the advent of the Contracts Dispute Act.

Mr. EARLY. The office has a total of 36 people in it. The statistics for 1980 were 300 cases filed during the year; 317 cases closed during the year, and 112 hearings during the year.

Mr. ROYBAL. All right.

Now, do they find for the government most of the time, or for the contractor? Do you have a breakdown of that?

Mr. EARLY. We can provide that for the record.

Ms. LATIMER. Yes; we can but usually I would conjecture to say that many of the appeals are dismissed on the basis that the government prevails.

Mr. ROYBAL. I am trying to find out where GSA looks the best, by finding for the contractor or by finding for the government.

Ms. LATIMER. That would be hard to say.

Mr. KLINE. We will provide an analysis of that for the record. [The information follows:]

Of the cases in which decisions were rendered during fiscal year 1979 through February 28, 1981, 53 percent were in favor of the Government, 28 percent were in favor of the contractor, and 19 percent were partially in favor of the Government and partially in favor of the contractor

Mr. ROYBAL. I would like to know, do the types of cases being brought before the Board indicate good management on the part of

the GSA and the findings, do they in fact reflect good management or is it just the other way around?

Mr. EARLY. In many cases, they are technical enough that it really doesn't reflect on management. It may be that the contractor was reacting to our disagreement on the price of a change order, and it goes to the Board of Contract Appeals for final decision.

The dollar value is what is at heart and not the management of the contract or proper behavior on either side. In other cases, yes, it may deal with that.

Mr. FONTAINE. If the Board comes down on the side of the government, I would say the taxpayer is generally better off.

Mr. ROYBAL. Yes; I would think so.

INDIAN TRUST ACCOUNTING

What is the status of this Indian Trust Accounting function?

Mr. FONTAINE. This is a function, I believe, you are aware we got a number of years ago from GAO, and we are continually doing accounting work on behalf of the Justice Department when they go into court. The workload is declining.

The Indian Claims Commission has finished the work that was mandated by the Court of Claims, and as I see it, assuming there are no new suits instituted, we are in a declining workload; and in possibly three or four years, this function will go out of business. It is kind of up to the courts.

Mr. ROYBAL. You say it will go out of business; how long a time?

Mr. FONTAINE. Three to four years, assuming no court decisions to turn anything around.

PUBLIC SERVICES

Mr. ROYBAL. What about the status of the Public Service activity?

Mr. FONTAINE. This is our Federal Information Centers and Business Service Centers. Mr. Newton is the Assistant Administrator regarding that program. I would prefer he discuss it in more detail with you.

Mr. NEWTON. Our request for fiscal year 1982, while it may appear to reflect an increase in the budget level over 1981, is an addition of a unit that we have established in public affairs in the Public Service account called Customer Relations.

It is a selective high level staff dealing with our customers in working out some of the processes and problems within the agencies and on the complaints of the civilian agencies that we serve.

We have 38 people in this office, five here in Washington and three in each of the regions that deal with customer complaints, customers being our civilian agencies that we serve.

We do have some lack of coordination within the agency when you have so many constituent services, space needs, telecommunications needs, office furniture and moving needs in coordinating moves within the government.

This past year in establishing this service, we opened up some new lines of communication with the agencies that we serve, and overall we hope that by this next year we will see an improved

level of service from GSA to our customer agencies. It is being funded fully in this account beginning in fiscal year 1982. We have had the operation underway for about a year now.

Mr. ROYBAL. Do you see any reduction in personnel?

Mr. NEWTON. We are reducing our personnel in Public Service along with the other proportional cuts in the overhead account for GSA.

Mr. ROYBAL. How much?

Mr. NEWTON. We are working with a figure of 32 less people in the Public Services Account. This is out of a total of approximately 300, so it is a little over 10 percent.

Mr. ROYBAL. What is the situation with regard to the Indian Trust Accounting function?

Mr. FONTAINE. Generally, every account in GSA is being reduced, different percentages, but every one of them. There were no un-touchables.

Mr. ROYBAL. So every subdepartment and department is suffering the consequences?

Mr. KLINE. No one is being spared, Mr. Chairman.

Mr. ROYBAL. The committee will recess until two o'clock this afternoon. We will insert the justifications in the record at this point.

[The justifications follow:]

Salaries & Expenses, General Management & Administration
Fiscal Year 1981
Comparison of Budget Adjustments to FY 1981 Funding
(in 000)

Activities	Initial Budget	Revised Budget	Reduction
1. Executive Direction	4,831	\$ 4,685	\$- 146
2. Plans, Programs & Financial Management	69,673	67,999	-1,674
3. Human Resources & Organization	30,667	29,825	- 842
4. Legal Services	7,169	6,964	- 205
5. Acquisition Policy	3,050	2,959	- 91
6. Board of Contract Appeals	1,677	1,628	- 49
7. Public Services	8,428	8,186	- 242
8. Indian Trust Accounting	2,948	2,800	- 148
Total	<u>\$128,443</u>	<u>\$125,046</u>	<u>\$-3,397</u>
Appropriation (House Level under Continuing Resolution)	\$120,050	\$120,050	
Transfers from other Accounts	<u>1,015</u>	<u>1,015</u>	
Total Availability	121,065	121,065	
Proposed pay increase supplemental	7,378	3,981	-3,397
Revised amount	<u>\$128,443</u>	<u>\$125,046</u>	<u>\$-3,397</u>

Explanation of Reduction

The budget reductions in employment, travel, consultants, and equipment applicable to this appropriation are as follows:

Employment	\$ -3,116
Travel	- 159
Consultants	- 100
Equipment	- 22
Total Reduction	<u>\$ -3,397</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

Salaries & Expenses, General Management & Administration
 Fiscal Year 1982
Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
 (in 000)

Activities	Initial Budget	Revised Budget	Reduction
1. Executive Direction	\$ 5,025	\$ 4,718	\$- 307
2. Plans, Programs & Financial Management	79,348	75,072	-4,276
3. Human Resources & Organization	32,930	31,008	-1,922
4. Legal Services	7,465	7,020	- 445
5. Acquisition Policy	5,276	5,052	- 224
6. Board of Contract Appeals	1,797	1,689	- 108
7. Public Services	9,395	8,837	- 558
8. Indian Trust Accounting	3,001	2,829	- 172
Total	<u>\$144,237</u>	<u>\$136,225</u>	<u>\$-8,012</u>

Explanation of Reduction

<u>Employment Reduction</u>	<u>\$-7,753</u>
1. Executive Direction	\$- 288
2. Plans, Programs & Financial Management	-4,124
3. Human Resources Organization	-1,887
4. Legal Services	- 428
5. Acquisition Policy	- 213
6. Board of Contract Appeals	- 103
7. Public Services	- 538
8. Indian Trust Accounting	- 172
 <u>Travel and Consultants Reduction</u>	
Travel	- 159
Consultants	- 100
Total Reduction	<u>\$-8,012</u>

SALARIES & EXPENSES, GENERAL MANAGEMENT & ADMINISTRATION
 FY 1982
 Revised Budget
Comparison with FY 1981 Revised Budget
 (in 000)

<u>Activities</u>	1981 Revised Budget	1982 Revised Budget	Change
1. Executive Direction	\$ 4,685	\$ 4,718	\$ 33
2. Plans, Programs & Financial Management	67,999	75,072	7,073
3. Human Resources & Organization	29,825	31,008	1,183
4. Legal Services	6,964	7,020	56
5. Acquisition Policy	2,959	5,052	2,093
6. Board of Contract Appeals	1,628	1,689	61
7. Public Services	8,186	8,837	651
8. Indian Trust Accounting	2,800	2,829	29
Total	<u>\$125,046</u>	<u>\$136,225</u>	<u>\$+11,179</u>

Explanation for ChangeProgram Changes

Increase to support the Agency's long-range plan for ADP requirements \$ +7,376

Augmentation of the Far function, primarily printing costs. +1,558
\$ +8,934

Other Changes

Employment reduction (full year cost of FY 1981 reductions plus additional employment reductions in FY 1982) -1,722

Increased payment for SLUC + 551

Activities funded in FY 1981 as reimbursable transferred to direct funding in FY 1982. +1,884

Non-discretionary, common distributables, cost increases (communication, Postage, etc.) +1,532
+2,245

Total Changes \$+11,179

Reimbursable Program Change

ADP support for centralized mailing lists, not budgeted in direct appropriation request for activity 2 above, will be financed by reimbursement from benefiting GSA appropriations, effective October 1, 1981.

SALARIES & EXPENSES, GENERAL MANAGEMENT & ADMINISTRATION
 FY 1981
 Workyears
Initial Budget and Revised Budget

<u>Activities: Direct Program:</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Executive Direction	83	80	- 3
2. Plans, Programs & Financial Management	1,865	1,799	- 66
3. Human Resources & Organization	978	944	- 34
4. Legal Services	167	161	- 6
5. Acquisition Policy	63	61	- 2
6. Board of Contract Appeals	37	36	- 1
7. Public Services	289	279	- 10
8. Indian Trust Accounting	80	77	- 3
Total	<u>3,562</u>	<u>3,437</u>	<u>-125</u>

Reimbursable program:

2. Plans, Programs & Financial Management	65	62	-3
3. Human Resources & Organization	53	51	-2
5. Acquisition Policy	5	5	-
7. Public Services	16	16	-
Total	<u>139</u>	<u>134</u>	<u>-5</u>

SALARIES & EXPENSES, GENERAL MANAGEMENT & ADMINISTRATOR
 FY 1982
 Workyears
FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activities: Direct Program:</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Executive Direction	83	77	- 6
2. Plans, Programs & Financial Management	1,865	1,746	-119
3. Human Resources & Organization	1,016	937	- 79
4. Legal Services	173	156	- 17
5. Acquisition Policy	74	64	- 10
6. Board of Contract Appeals	37	35	- 2
7. Public Services	305	286	- 19
8. Indian Trust Accounting	80	74	- 6
Total	<u>3,633</u>	<u>3,375</u>	<u>-258</u>
Reimbursable program:			
2. Plans, Programs & Financial Management	65	61	-4
3. Human Resources & Organization	30	28	-2
Total	<u>95</u>	<u>89</u>	<u>-6</u>

SALARIES & EXPENSES, GENERAL MANAGEMENT & ADMINISTRATION
 FY 1982
 Workyears
Comparison with FY 1981 Revised Budget

<u>Activities: Direct Program:</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Executive Direction	80	77	- 3
2. Plans, Programs & Financial Management	1,799	1,746	-53
3. Human Resources & Organization	944	937	- 7
4. Legal Services	161	156	- 5
5. Acquisition Policy	61	64	+ 3
6. Board of Contract Appeals	36	35	- 1
7. Public Services	279	286	+ 7
8. Indian Trust Accounting	77	74	- 3
Total	<u>3,437</u>	<u>3,375</u>	<u>-62</u>

Explanation of Change

The increase in FTE's for Acquisition Policy and Public Services reflects positions funded as reimbursable in FY 1981 for which direct authority is being requested in FY 1982. This level is below the number of FTE's for which this authority was requested in January. This was also a factor which affected the reduction in FTE's for Human Resources and Organization activity.

Reimbursable Program

2. Plans, Programs & Financial Management	62	61	- 1
3. Human Resources & Organization	51	28	-23
5. Acquisition Policy	5	-	- 5
7. Public Services	16	-	-16
Total	<u>134</u>	<u>89</u>	<u>-45</u>

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
------------------------------------	---------	--------------------------------------	-------------------------------	----------------------------

I-V67 General management and
administration

144,237,000 -8,012,000 136,225,000

This amendment reduces the request for salaries and expenses and would reduce the 1982 outlays by \$8 million.

GENERAL MANAGEMENT & ADMINISTRATION
Salaries and Expenses
Program and Financing
(in thousands of dollars)

Identification code	1981		1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0110-0-1-800			
Program by activities:			
Direct program:			
1. Executive Direction.....	4,831	-146	4,685
2. Plans, Programs, and Financial Management....	69,673	-1,674	67,999
3. Human resources and Organization.....	30,667	-842	29,825
4. Legal services.....	7,169	-205	6,964
5. Acquisition office.....	3,050	-91	2,959
6. Board of Contract Appeals.....	1,677	-49	1,628
7. Public Services.....	8,428	-242	8,186
8. Indian Trust Accounting...	2,948	-148	2,800
Total direct program.....	128,443	-3,397	125,046
Reimbursable program:			
1. Executive Direction.....	46	---	46
2. Plans, Programs and Financial Management....	14,456	---	14,456
3. Human resources and Organization.....	4,570	---	4,570
5. Acquisition office.....	200	---	200
7. Public Services.....	597	---	597
Total reimbursable program	19,869	---	19,869
Total program costs, funded.....	148,312	-3,397	144,915
Change in selected resources (undelivered orders).....	---	---	---
10.00 Total obligations.....	148,312	-3,397	144,915
Financing:			
11.00 Offsetting collections from: Federal funds.....	-19,869	---	-19,869
25.00 Unobligated balance lapsing...	---	---	---
39.00 Budget authority.....	128,443	-3,397	125,046

GENERAL MANAGEMENT & ADMINISTRATION (cont'd)
PROGRAM AND FINANCING (in thousands of dollars)

Identification code	1981 REQUEST FUNDING	1981 PROPOSED AMENDMENTS	1981 REVISED PROFIT
47-0110-0-1-800			
Budget authority:			
40.00 Appropriation.....	120,050	---	120,050
41.01 Appropriation rescinded (Public Law 96-304).....	---	---	---
41.00 Transferred to other accounts...	-265	---	-265
42.00 Transferred from other accounts.	1,280	---	1,280
43.00 Appropriation (adjusted)....	121,065	---	121,065
44.20 Supplemental for civilian pay raises.....	7,378	-3,397	3,981
Distribution of budget authority by account:			
General management and administration salaries and expenses.....	117,067	-3,097	114,060
Public services.....	8,428	-242	8,186
General management and agency operations, salaries and expenses...	---	---	---
Administration and staff support services, salaries and expenses....	---	---	---
Indian trust accounting.....	2,948	-148	2,800
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	128,443	-3,397	125,046
72.40 Obligated balance, start of year.....	13,724	---	13,724
74.40 Obligated balance, end of year..	-13,724	-1,251	-14,975
77.00 Adjustments in expired account..	---	---	---
99.00 Outlays, excluding pay raise supplemental.....	121,292	-1,251	120,041
91.20 Outlays from civilian pay raise supplemental.....	7,151	-3,397	3,754
Distribution of outlays by account:			
General management and administration, salaries and expenses.....	117,067	-4,148	112,919
Public Services.....	8,428	-324	8,104
General management and agency operations, salaries and expenses.....	---	---	---
Administrative and staff support services, salaries and expenses....	---	---	---
Indian Trust Accounting.....	2,948	-176	2,772

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1981		1981
	RECVST PENDING	PROPOSED AMENDMENT	REVISED RECVST
47-0110-0-1-800			
Personnel compensation:			
11.1 Permanent positions.....	79,182	-2,820	76,362
11.3 Positions other than permanent.....	3,216	---	3,216
11.5 Other personnel compensation.....	1,466	---	1,466
11.8 Special personal services payments.....			
Total personnel compensation.....	83,864	-2,820	81,044
Personnel benefits:			
12.1 Civilian.....	8,193	-296	7,897
13.0 Benefits for former personnel.....	---	---	---
21.0 Travel and transportation of persons.....	1,486	-159	1,327
21.0 Motor Pool.....	108	---	108
22.0 Transportation of things.....	208	---	208
23.1 Standard Level User Charge.....	8,184	---	8,184
23.2 Rent, communications, and utilities.....	8,480	-5	8,475
24.0 Printing and reproduction.....	1,539	---	1,539
25.0 Other services.....	13,387	-100	13,287
26.0 Supplies and materials.....	2,977	---	2,977
31.0 Equipment.....	17	-17	---
32.0 Lands and structures.....			
33.0 Investments and loans.....			
41.0 Grants, subsidies, and contributions.....			
42.0 Insurance claims and indemnities.....			
43.0 Interest and dividends.....			
44.0 Refunds.....			
.....Total Direct Obligations.....	128,443	-3,397	125,046
.....Total Reimbursable Obligations.....	19,869	---	19,869
99.0 Total obligations.....	148,312	-3,397	144,915

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses
Personnel Summary

Identification code	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0110-0-1-800			
Direct:			
Total number of full-time permanent positions.	3,549	-169	3,380
Total compensable workyears:			
Full-time equivalent employment. . .	3,562	-125	3,437
Full-time equivalent of overtime and holiday hours.	31	---	31
Average ES salary.	\$50,112	---	\$50,112
Average GS grade.	8.83	---	8.83
Average GS salary	\$24,120	---	\$24,120
Average grade, grades established by Public Law 95-563.	16.27	---	16.27
Average salary, established by Public Law 95-563.	\$50,000	---	\$50,000
Average salary of ungraded positions. .	\$12,279	---	\$12,279
Reimbursable:			
Total number of permanent positions. .	137	-6	131
Total compensable workyears:			
Full-time equivalent employment. . .	139	-5	134
Full-time equivalent of overtime and holiday hours.	(0)	---	(0)
Average GS grade.	8.91	---	8.91
Average GS salary	\$27,252	---	\$27,252

GENERAL ACTIVITIES
General Management and Administration
Salaries and Expenses

DETAIL OF PERMANENT POSITIONS

	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Executive Level 111.....	1	---	1
Direct program			
ES-6.....	18	---	18
ES-5.....	6	---	6
ES-4.....	15	---	15
ES-3.....	3	---	3
ES-2.....	6	---	6
ES-1.....	2	---	2
Subtotal.....	<u>51</u>	<u>---</u>	<u>51</u>
GS/GM-15.....	125	- 6	119
GS/GS-14.....	208	-10	198
GS/GM-13.....	389	-19	370
GS-12.....	398	-20	378
GS-11.....	303	-15	288
GS-10.....	15	- 1	14
GS-9.....	294	-14	280
GS-8.....	87	- 4	83
GS-7.....	436	-21	415
GS-6.....	381	-19	362
GS-5.....	559	-27	532
GS-4.....	183	- 9	174
GS-3.....	75	- 4	71
GS-2.....	6	---	6
Subtotal.....	<u>3,459</u>	<u>-169</u>	<u>3,290</u>
Ungraded.....	<u>28</u>	<u>---</u>	<u>28</u>
Total (direct).....	<u>3,538</u>	<u>-169</u>	<u>3,369</u>
Grade set by Public Law 95-563:			
SR-18.....	1	---	1
SR-17.....	1	---	1
SR-16.....	9	---	9
Subtotal.....	<u>11</u>	<u>---</u>	<u>11</u>
Reimbursable program:			
GS/GM-15.....	3	---	3
GS/GM-14.....	19	-1	18
GS/GM-13.....	20	-1	19
GS-12.....	9	---	9
GS-11.....	5	---	5
GS-10.....	1	---	1
GS-9.....	11	- 1	10

GENERAL ACTIVITIES
General Management and Administration
Salaries and Expenses (Continued)

DETAIL OF PERMANENT POSITIONS

	1981	1981	1981
	REQ'EST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
GS-8.....	4	---	4
GS-7.....	11	- 1	10
GS-6.....	12	- 1	11
GS-5.....	31	- 1	30
GS-4.....	8	---	8
GS-3.....	3	---	3
Total (reimbursable).....	<u>137</u>	<u>- 6</u>	<u>131</u>
Total permanent positions.....	3,686	-175	3,511
Unfilled positions, end of year.....	<u>- 188</u>	<u>---</u>	<u>-188</u>
Total permanent employment, end of year.....	3,498	-175	3,323

GENERAL MANAGEMENT & ADMINISTRATION
Salaries and Expenses
Program and Financing
(in thousands of dollars)

Identification code	1982		1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0110-0-1-800			
Program by activities:			
Direct program:			
1. Executive Direction.....	5,025	-307	4,718
2. Plans, Programs, and Financial Management.....	79,348	-4,276	75,072
3. Human resources and Organization.....	32,930	-1,922	31,008
4. Legal services.....	7,465	-445	7,020
5. Acquisition office.....	5,276	-224	5,052
6. Board of Contract Appeals.....	1,797	-108	1,689
7. Public Services.....	9,395	-558	8,837
8. Indian Trust Accounting...	3,001	-172	2,829
Total direct program.....	144,237	-8,012	136,225
Reimbursable program:			
1. Executive Direction.....			---
2. Plans, Programs and Financial Management....	20,459	-	20,459
3. Human resources and Organization.....	3,096	-	3,096
5. Acquisition office.....	-	-	---
7. Public Services.....	-	-	---
Total reimbursable program	23,555	-	23,555
Total program costs, funded.....	167,792	-8,012	159,780
Change in selected resources (undelivered orders).....	-	-	--
10.00 Total obligations.....	167,792	-8,012	159,780
Financing:			
11.00 Offsetting collections from: Federal funds.....	-23,555	-	-23,555
25.00 Unobligated balance lapsing...			---
39.00 Budget authority.....	144,237	-8,012	136,225

GENERAL MANAGEMENT & ADMINISTRATION (cont'd)

Program and Financing
(in thousands of dollars)

Identification code	1982		
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0110-0-1-800			
Budget authority:			
40.00 Appropriation.....	144,237	-8,012	136,225
41.01 Appropriation rescinded (Public Law 96-304).....	---	---	---
41.00 Transferred to other accounts...	---	---	---
42.00 Transferred from other accounts.	---	---	---
43.00 Appropriation (adjusted)....	144,237	-8,012	136,225
44.20 Supplemental for civilian pay raises.....	---	---	---
Distribution of budget authority by account:			
General management and administration salaries and expenses.....	144,237	-8,012	136,225
Public services.....	---	---	---
General management and agency operations, salaries and expenses...	---	---	---
Administration and staff support services, salaries and expenses....	---	---	---
Indian trust accounting.....	---	---	---
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	144,237	-8,012	136,225
72.40 Obligated balance, start of year.....	13,724	+1,251	14,975
74.40 Obligated balance, end of year..	-13,724	-2,613	-16,337
77.00 Adjustments in expired account..	---	---	---
99.00 Outlays, excluding pay raise supplemental.....	144,010	-9,374	134,636
91.20 Outlays from civilian pay raise supplemental.....	227	-	227
Distribution of outlays by account:			
General management and administra- tion, salaries and expenses.....	144,237	-9,374	134,863
Public Services.....	---	---	---
General management and agency opera- tions, salaries and expenses.....	---	---	---
Administrative and staff support services, salaries and expenses....	---	---	---
Indian Trust Accounting.....	---	---	---

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1982		1982
	REQUESTED FUNDING	PROPOSED AMENDMENT	REVISED REQUEST
47-0110-0-1-800			
Personnel compensation:			
11.1 Permanent positions.....	81,763	-7,017	74,746
11.3 Positions other than permanent.....	3,282	---	3,282
11.5 Other personnel compensation.....	1,460	---	1,460
41.0 Special personal services payments			
Total personnel compensation.....	86,505	-7,017	79,488
Personnel benefits:			
12.1 Civilian.....	8,467	-736	7,731
43.0 Benefits for former personnel			
21.0 Travel and transportation of persons.....	1,614	-159	1,455
21.0 Motor Pool.....	125	---	125
22.0 Transportation of things.....	230	---	230
23.1 Standard Level User Charge.....	8,735	---	8,735
23.2 Rent, communications, and utilities.....	9,624	---	9,624
24.0 Printing and reproduction.....	3,306	---	3,306
25.0 Other services.....	22,293	-100	22,193
26.0 Supplies and materials.....	3,297	---	3,297
31.0 Equipment.....	41	---	41
32.0 Lands and structures			
33.0 Investments and loans			
41.0 Grants, subsidies, and contributions			
42.0 Insurance claims and indemnities			
43.0 Interest and dividends			
44.0 Refunds			
Total Direct Obligations	144,237	-8,012	136,225
Total Reimbursable Obligations	23,555	---	23,555
99.0 Total obligations.....	167,792	-8,012	159,780

GENERAL MANAGEMENT & ADMINISTRATION
Salaries & Expenses
Personnel Summary

Identification code	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0110-0-1-800			
Direct:			
Total number of full-time permanent positions.	3,622	-277	3,345
Total compensable workyears:			
Full-time equivalent employment. . .	3,633	-258	3,375
Full-time equivalent of overtime and holiday hours.	31	---	31
Average ES salary.	\$50,112	---	\$50,112
Average GS grade.	8.89	---	8.89
Average GS salary.	\$23,735	---	\$23,735
Average grade, grades established by Public Law 95-563.	16.27	---	16.27
Average salary, established by Public Law 95-563.	\$50,000	---	\$50,000
Average salary of ungraded positions. .	<u>\$12,365</u>	<u>---</u>	<u>\$12,365</u>
Reimbursable:			
Total number of permanent positions. .	94	-8	86
Total compensable workyears:			
Full-time equivalent employment. . .	95	-6	89
Full-time equivalent of overtime and holiday hours.	(0)	---	(0)
Average GS grade.	7.79	---	7.79
Average GS salary	\$21,699	---	\$21,699

GENERAL ACTIVITIES
General Management and Administration
Salaries and Expenses

DETAIL OF PERMANENT POSITIONS

	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Executive Level 111.....	1	---	1
Direct program			
ES-6.....	18	---	18
ES-5.....	6	---	6
ES-4.....	15	---	15
ES-3.....	4	---	4
ES-2.....	6	---	6
ES-1.....	2	---	2
Subtotal.....	<u>52</u>	---	<u>52</u>
GS/GM-15.....	127	-10	117
GS/GS-14.....	226	-18	208
GS/GM-13.....	407	-32	375
GS-12.....	405	-32	373
GS-11.....	311	-24	287
GS-10.....	15	-1	14
GS-9.....	320	-25	295
GS-8.....	86	-7	79
GS-7.....	415	-33	382
GS-6.....	453	-36	417
GS-5.....	498	-39	459
GS-4.....	183	14	169
GS-3.....	77	-5	72
GS-2.....	7	-1	6
Subtotal.....	<u>3,530</u>	<u>-277</u>	<u>3,253</u>
Ungraded.....	<u>29</u>	-	<u>29</u>
Total (direct).....	<u>3,611</u>	<u>-277</u>	<u>3,334</u>
Grade set by Public Law 95-563:			
SR-18, \$50,112.50.....	1	---	1
SR-17, \$50,112.50.....	1	---	1
SR-16, \$50,112.50.....	9	---	9
Subtotal.....	<u>11</u>	---	<u>11</u>
Reimbursable program:			
GS/GM-15.....	1	---	1
GS/GM-14.....	3	---	3
GS/GM-13.....	7	-1	6
GS-12.....	8	-1	7
GS-11.....	4	-	4
GS-10.....	1	-	1
GS-9.....	8	-1	7

General Management and Administration
Salaries and Expenses (Continued)

	DETAIL OF PERMANENT POSITIONS		
	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
GS-8.....	3	---	3
GS-7.....	11	-1	10
GS-6.....	9	-1	8
GS-5.....	30	-3	27
GS-4.....	6	---	6
GS-3.....	<u>3</u>	<u>---</u>	<u>3</u>
Total (reimbursable).....	<u>94</u>	<u>-8</u>	<u>86</u>
Total permanent positions.....	3,716	-285	3,431
Unfilled positions, end of year.....	<u>- 185</u>	<u>-</u>	<u>-185</u>
Total permanent employment, end of year.....	3,531	-285	3,246

WORKING CAPITAL FUND
FY 1981
Workyears
Initial Budget and Revised Budget

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Working Capital Fund	454	447	-7

WORKING CAPITAL FUND
FY 1982
Workyears
FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Working Capital Fund	454	423	-31

WORKING CAPITAL FUND
FY 1982
Workyears
Comparison with FY 1981 Revised Budget

<u>Activity</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
Working Capital Fund	447	423	-24

WORKING CAPITAL FUND
Personnel Summary

Identification code 47-4540-0-4-804	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Total number of full-time permanent positions	469	- 21	448
Total compensable workyears:			
Full-time equivalent employment	454	- 7	447
Full-time equivalent of overtime and holiday hours	5	-	5
Average GS grade	6.80	---	6.80
Average GS salary	\$16,672	---	\$16,672
Average salary of ungraded positions.	\$19,665	---	\$19,665

WORKING CAPITAL FUND

DETAIL OF PERMANENT POSITIONS
1981

	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
GS/GM-15.....	1	---	1
GS/GM-14.....	4	---	4
GS/GM-13.....	7	-2	5
GS-12.....	10	---	10
GS-11.....	10	---	10
GS-10.....	3	---	3
GS-9.....	19	-3	16
GS-8.....	3	---	3
GS-7.....	20	---	20
GS-6.....	16	---	16
GS-5.....	28	---	28
GS-4.....	22	---	22
GS-3.....	21	---	21
GS-2.....	6	---	6
Subtotal.....	<u>170</u>	<u>-5</u>	<u>165</u>
Ungraded.....	<u>299</u>	<u>-16</u>	<u>283</u>
Total permanent positions.....	469	-21	448
Unfilled positions, end of year.....	<u>-53</u>	<u>---</u>	<u>-53</u>
Total permanent employment, end of year.....	416	-21	395

WORKING CAPITAL FUND
Personnel Summary

Identification code 47-4540-0-4-804	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Total number of full-time permanent positions	469	-34	435
Total compensable workyears:			
Full-time equivalent employment..	454	-31	423
Full-time equivalent of overtime and holiday hours.	5	---	5
Average GS grade.	6.80	---	6.80
Average GS salary.	\$16,672	---	\$16,672
Average salary of ungraded positions.	\$19,665	---	\$19,665

WORKING CAPITAL FUND

DETAIL OF PERMANENT POSITIONS

	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
GS/GM-15.....	1	---	1
GS/GM-14.....	4	---	4
GS/GM-13.....	7	- 2	5
GS-12.....	10	---	10
GS-11.....	10	---	10
GS-10.....	3	---	3
GS-9.....	19	- 3	16
GS-8.....	3	---	3
GS-7.....	20	---	20
GS-6.....	16	---	16
GS-5.....	28	- 3	25
GS-4.....	22	---	22
GS-3.....	21	---	21
GS-2.....	6	---	6
Subtotal.....	<u>170</u>	<u>- 8</u>	<u>162</u>
Ungraded.....	<u>299</u>	<u>-26</u>	<u>273</u>
Total permanent positions.....	469	-34	435
Unfilled positions, end of year.....	<u>-53</u>	<u>---</u>	<u>-53</u>
Total permanent employment, end of year.....	416	-34	382

TUESDAY, MARCH 24, 1981.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

WITNESS

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

Mr. ROYBAL. The committee will resume its sitting.

We will continue to hear from GSA on the Allowances and Office Staff for Former Presidents.

Mr. FONTAINE. I have just a brief statement, Mr. Chairman.

We are asking for an appropriation of \$1,106,000 this year, which is an increase of \$291,000 over fiscal year 1981, and most of the increase is related to having an additional former President, President Carter.

We have full year costs for his pension of \$21,000, full year cost for his staff and related expenses of approximately \$262,000, and a minor increase of approximately \$8,000 for communications and rent.

Again, it is almost entirely related to having the first full year for former President Carter under this appropriation.

[The statement of Mr. Fontaine follows:]

STATEMENT OF THE ASSISTANT ADMINISTRATION 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 1982 budget request for the allowances and office staff for former presidents.

We are asking an appropriation of \$1,106,000 for this account an increase of \$291,000 from the fiscal year 1981. This net increase will provide—

\$21,000 for full year costs of former president Carter's pension.

\$262,000 for full year costs for former president Carter's office staff and related expense.

\$8,000 for miscellaneous increases such as rent and communications.

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

COSTS FOR FORMER PRESIDENTS

Mr. ROYBAL. Public Law 95-138 provided for the first 30 months after a former President was entitled to benefits under the Former Presidents Act, the ceiling for personnel is raised from \$96,000 to \$150,000.

Does former President Carter receive \$150,000 for his staff?

Mr. FONTAINE. Yes, sir; he will be the only one; both former Presidents Ford and Nixon are beyond the 30-month limitation at \$96,000.

Mr. ROYBAL. Will you provide for the record the amount that each former President receives?

Mr. FONTAINE. Yes, sir.

[The information follows:]

Allowances and Offices Staff for
Former Presidents
FY 1980 Actual

Personnel Compensation	Nixon \$ 87,259	Ford \$146,048	Widows \$ -	Total \$233,307
Personnel Benefits	7,683	14,579	-	22,262
Pension	69,630	69,630	42,000	181,260
Travel	25,063	25,298	-	50,361
Transportation	29,142	249	-	29,391
<u>Rents & Utilities</u>				
SLUC	62,053	60,551	-	122,604
Equipment, Depreciation	4,011	1,069	-	5,080
Telephone, Teletype	15,591	34,909	-	50,500
Postage	7,000	10,000	5,000	22,000
Printing	588	209	-	797
Other Services	4,899	7,472	-	12,371
Supplies & Materials	5,294	5,167	-	10,461
Total Obligations	\$318,213	\$375,181	\$47,000	\$740,394

Access and Office Staff for
Former Presidents

FORMER PRESIDENTS

FY 1981

	<u>Nixon</u>	<u>Ford</u>	<u>Carter</u>	<u>Widows</u>	<u>Total</u>
Personnel Compensation	\$96,000	\$96,000	\$29,200	-	\$221,200
Personnel Benefits	9,000	10,000	3,000	-	22,000
Pensions	70,000	70,000	49,000	\$40,000	229,000
Travel - People	31,000	31,000	7,000	-	69,000
Transportation of Things	-	-	3,000	-	3,000
Printing	2,000	5,000	1,000	-	8,000
Rents, Utilities, Communications					
Equipment Depreciation	10,000	3,000	3,000	-	16,000
Telephone, Teletype	29,000	35,000	7,000	-	71,000
Postage	6,000	10,000	2,000	5,000	23,000
SLUC	68,000	56,000	-	-	124,000
Other Services					
Commercial Contracts, etc.	5,000	6,000	1,200	-	12,200
Supplies and Materials	8,000	7,000	1,600	-	16,600
Total Appropriation	\$334,000	\$329,000	\$107,000	\$45,000	\$815,000

All. .ces and Office Staff for
Former Presidents

FORMER PRESIDENTS

FY 1982

	<u>Nixon</u>	<u>Ford</u>	<u>Carter</u>	<u>Widows</u>	<u>Total</u>
Personnel Compensation	\$96,000	\$96,000	\$150,000	-	\$342,000
Personnel Benefits	9,000	10,000	15,000	-	34,000
Pensions	70,000	70,000	70,000	\$40,000	250,000
Travel - People	31,000	31,000	35,000	-	97,000
Printing	3,000	5,000	5,000	-	13,000
Rents, Utilities, Communications					
Equipment Depreciation	10,000	3,000	3,000	-	16,000
Telephone, Teletype	31,000	35,000	35,000	-	101,000
Postage	6,000	10,000	10,000	5,000	31,000
SLUC	68,000	57,000	54,000	-	179,000
Other Services					
Commercial Contracts, etc.	7,000	6,000	6,000	-	19,000
Supplies and Materials	<u>8,000</u>	<u>9,000</u>	<u>7,000</u>	-	<u>24,000</u>
Total Appropriation	\$339,000	\$332,000	\$390,000	\$45,000	\$1,106,000

GAO STUDY ON HIGHER ALLOWANCES

Mr. ROYBAL. Several years ago before former President Nixon resigned, a GAO study recommended a higher staff allowance.

What is the administration's position on this item?

Mr. FONTAINE. Mr. Chairman, I am not sure what this administration's position is. We have submitted legislation a number of times in the past relating to previous GAO reports as far as the staffing and pensions for former presidents and allowances for widows, concerning a number of things in a gray area, where it is not clear what the intent of the law is in both the Former Presidents Act and the Presidential Transition Act. Each time, it seems the administration has some hesitancy, to send up this legislation and, as a result, nothing seems to ever become of it.

We are still operating under these old laws, although there have been many recommendations by GAO and proposed legislation that never seems to go anywhere.

I am not sure what the Reagan Administration's policy would be on this.

Mr. Roybal, we will have to wait to see what they determine later on.

With regard to travel, the former President is entitled to do just that, and that is, travel for activities related to his office.

Mr. ROYBAL. Do you audit such travel to ensure that it is for activities related to his office?

Mr. FONTAINE. Yes, sir; and they are required to certify that it was related to the Act, and wasn't "for political purposes" or anything else, and they submit the voucher to us and then we pay it.

Mr. ROYBAL. How much is spent in that regard?

Mr. FONTAINE. We have approximately \$30,000 in the budget for each former President. Generally they don't spend all of it. Actually, for 1980 for both Mr. Nixon and Mr. Ford it was approximately \$25,000 each.

Mr. ROYBAL. Give me those figures again.

Mr. FONTAINE. They were both approximately \$25,000 each in 1980. We have approximately \$31,000 in the budget for 1982.

Mr. ROYBAL. What about for staffs; are they entitled to travel also?

Mr. FONTAINE. Yes, sir; up to two members.

Mr. ROYBAL. How much was spent on staff last year?

Mr. FONTAINE. That is in the total; that would include the former President and two members of his staff, approximately \$25,000 each. I don't have it broken down.

I can provide that for the record.

[The information follows:]

During 1980 all travel was performed by former President Nixon's and former President Ford's staffs. No travel vouchers were filed by either former President on his own behalf. Travel costs associated with staff travel is as follows: Nixon: \$25,063; and Ford: \$25,298.

TRAVEL

Mr. ROYBAL. Has there been an increase in travel at all from previous experience?

Mr. FONTAINE. A slight amount, basically due to inflation and airline prices and per diem rates going up.

Mr. Nixon's office has become more active than it was a few years ago.

Mr. ROYBAL. On matters relating to his office?

Mr. FONTAINE. Yes, sir; he travels much more than he used to.

SPACE COSTS

Mr. ROYBAL. All right; how much are the funds requested for President Nixon is for space costs and how does that compare to the projected costs for former Presidents or compare that with President Carter?

Mr. FONTAINE. Mr. Nixon's space bill in New York is approximately \$68,000. He is housed in the Federal Building in New York.

The amount for President Carter who will be in the Richard Russell Building in Atlanta is approximately \$55,000. The rate, I believe, is lower in Atlanta than it is in New York.

Mr. ROYBAL. Are they restricted to any particular space with regard to footage?

Mr. FONTAINE. No, sir; the law is silent on that.

Mr. ROYBAL. Whatever they request, that is given to them?

Mr. FONTAINE. The Administrator of GSA is directed by law to provide suitable office space that is adequately furnished—I believe that is the terminology, but there is no limitation on square footage or the amount of rent.

We did discourage Mr. Nixon from going to a building in New York at \$40-some-dollars a foot. He agreed to occupy space in the Federal Building where the rent is \$12 a square foot at our suggestion.

This obviously makes it easier for the Secret Service and for others who work with the former President's office.

Mr. ROYBAL. If a former President wants to go to the most expensive building in the country, I suppose, he can do that, can't he?

Mr. FONTAINE. He could make that request to us, but the Administrator of GSA still has the right to make a determination. The former President selects the geographic location and the administrator of the GSA indicates that we will provide you space in so and so building.

Mr. ROYBAL. Can a former President request space any place in the United States?

Mr. FONTAINE. Yes, sir.

Mr. EARLY. He may only have one location upon his designation, and we try to meet the former President's requirement, but, of course, there would be constraints within the funds that are available.

Mr. FONTAINE. For example, Mr. Nixon leaving California for New York.

Mr. EARLY. In that case there already were funds in the budget for space so when he moved to New York he considered facilities that were in excess of the funds available for that purpose. GSA indicated that he had to live within the budget, which placed limitations on the choices available to him.

Mr. ROYBAL. Is this provided to former President's for the rest of their lives?

Mr. FONTAINE. Yes, sir.

Mr. ROYBAL. As to space, space and everything else?

Mr. FONTAINE. Yes, sir.

Mr. ROYBAL. Thank you, we will insert the justifications in the record at this point.

[The justifications follow:]

FORMER PRESIDENTS
 FY 1981
Comparison of Budget Adjustments to FY 1981 Funding
 (in 000)

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Former Presidents	\$823	\$815	\$-8
Appropriation (House level under Continuing Resolution)	823	823	-
Total Availability	823	823	-
Travel Reduction	-	-8	-8
Revised amount	<u>\$823</u>	<u>\$815</u>	<u>\$-8</u>

Explanation of Reduction

Travel	\$ -8
--------	-------

FORMER PRESIDENTS
FY 1982Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
(in 000)

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Former Presidents	\$1,114	\$1,106	\$ -8

Explanation of Reduction

Travel	\$ -8
--------	-------

FORMER PRESIDENTS
 FY 1982
 Revised Budget
Comparison with FY 1981 Revised Budget
 (in 000)

<u>Activity</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
Former Presidents	\$815	\$1,106	\$ 291

Explanation for Change

Full year costs of former President Carter's pension			+ 21
Full year costs of former President Carter's office staff and related expenses			+262
Increased costs (rent, communications, etc.)			+ 8
			<u>\$ 291</u>

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
------------------------------------	---------	--------------------------------------	-------------------------------	----------------------------

I-70	Allowances and Office Staff for Former Presidents	1,114,000	-8,000	1,106,000
------	--	-----------	--------	-----------

This amendment reduces the 1982 request for Allowances and Office Staff for Former Presidents and would reduce the 1982 outlays by \$8 thousand.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Program and Financing (in thousands of dollars)

Identificatio code	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0105-0-1-802			
Program by activities:			
1. Allowances and pensions.....	234	---	234
2. Office staff.....	589	-8	581
Total program costs, funded	823	-8	815
Change in selected resources (undelivered orders).....	---	---	---
10.00 Total obligations.....	823	-8	815
Financing:			
25.00 Unobligated balance lapsing...	---	---	---
39.00 Budget authority	823	-8	815
Budget authority:			
40.00 Appropriation.....	823	---	823
41.00 Transferred to other accounts	---	-8	-8
43.00 Appropriation (adjusted).....	823	-8	815
Relation of obligations to outlays			
71.00 Obligations incurred, net....	823	-8	815
72.40 Obligated balance, start of year.....	66	---	66
74.40 Obligated balance, end of year.....	-66	-8	-74
77.00 Adjustments in expired accounts.....	---	---	---
90.00 Outlays.....	823	-16	807

ALLOWANCES & OFFICE STAFF FOR FORMER PRESIDENTS

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-0105-0-1-802	1981		1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Personnel compensation:			
11.5 Other personnel compensation.....	221	---	221
Total personnel compensation.....	221	---	221
Personnel benefits:			
12.1 Civilian.....	22	---	22
13.0 Benefits for former personnel.....	229	---	229
21.0 Travel and transportation of persons.....	77	- 8	69
22.0 Transportation of things.....	3	---	3
23.1 Standard Level User Charge.....	124	---	124
23.2 Rent, communications, and utilities.....	110	---	110
24.0 Printing and reproduction.....	8	---	8
25.0 Other services.....	12	---	12
26.0 Supplies and materials.....	17	---	17
31.0 Equipment.....	--	---	---
99.0 Total obligations.....	823	- 8	815

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Program and Financing (in thousands of dollars)

Identification code	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0105-0-1-802			
Program by activities:			
1. Allowances and pensions.....	255	-	255
2. Office staff.....	859	-8	851
Total program costs, funded	1,114	-8	1,106
Change in selected resources (undelivered orders).....	---	---	---
10.00 Total obligations.....	1,114	-8	1,106
Financing:			
25.00 Unobligated balance lapsing...	---	---	---
40.00 Budget authority (appropriation)	1,114	-8	1,106

Relation of obligations to outlays			
71.00 Obligations incurred, net....	1,114	-8	1,106
72.40 Obligated balance, start of year.....	66	+8	74
74.40 Obligated balance, end of year.....	-66	-19	-85
77.00 Adjustments in expired accounts.....	---	---	---
90.00 Outlays.....	1,114	-19	1,095

ALLOWANCES & OFFICE STAFF FOR FORMTP PRESIDENTS
 OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-0105-0-1-802	1982		1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Personnel compensation:			
11.5 Other personnel compensation.....	342	---	342
Total personnel compensation.....	342	---	342
Personnel benefits:			
12.1 Civilian.....	34	---	34
13.0 Benefits for former personnel.....	250	---	250
21.0 Travel and transportation of persons.....	105	-8	97
22.0 Transportation of things.....	---	---	-
23.1 Standard Level User Charge.....	179	---	179
23.2 Rent, communications, and utilities.....	148	---	148
24.0 Printing and reproduction.....	13	---	13
25.0 Other services.....	19	---	19
26.0 Supplies and materials.....	24	---	24
.....			
.....			
99.0 Total obligations.....	1,114	-8	1,106

Table 1. Summary of the data used in the analysis.

Year	Number of observations	Number of firms	Number of employees
1995	10,000	1,000	100,000
1996	10,000	1,000	100,000
1997	10,000	1,000	100,000
1998	10,000	1,000	100,000
1999	10,000	1,000	100,000
2000	10,000	1,000	100,000
2001	10,000	1,000	100,000
2002	10,000	1,000	100,000
2003	10,000	1,000	100,000
2004	10,000	1,000	100,000
2005	10,000	1,000	100,000
2006	10,000	1,000	100,000
2007	10,000	1,000	100,000
2008	10,000	1,000	100,000
2009	10,000	1,000	100,000
2010	10,000	1,000	100,000
2011	10,000	1,000	100,000
2012	10,000	1,000	100,000
2013	10,000	1,000	100,000
2014	10,000	1,000	100,000
2015	10,000	1,000	100,000
2016	10,000	1,000	100,000
2017	10,000	1,000	100,000
2018	10,000	1,000	100,000
2019	10,000	1,000	100,000
2020	10,000	1,000	100,000

TUESDAY, MARCH 24, 1981.

OFFICE OF THE INSPECTOR GENERAL

WITNESSES

BRIAN BRUH, ACTING INSPECTOR GENERAL
WILLIAM FROST, EXECUTIVE DIRECTOR
LILLIAN SMITH, BUDGET ANALYST

Mr. ROYBAL. We will now take the Office of the Inspector General.

Mr. KLINE. Mr. Brian Bruh, the Acting Inspector General.

Mr. ROYBAL. The Office of the Inspector General.

Mr. BRUH. Yes, sir.

Mr. ROYBAL. You may proceed in any manner that you may desire.

Mr. BRUH. Mr. Chairman, I would like to introduce first William Frost, who is Executive Director of the Inspector General's Office, and his Budget Assistant, Lillian Smith.

I am pleased to appear before the committee to discuss the fiscal year 1982 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 total Office of Inspector General fiscal year 1982 appropriation for 511 staff years is \$20.1 million.

These resources will allow for a nine-year audit cycle of agency programs and major contracts. It will provide the resources to complete and issue approximately 740 audit reports annually, about two-thirds covering GSA contracts and the balance internal.

It will allow us to fully investigate the most significant allegations of fraud and other criminal activities through prioritization and conduct limited proactive investigations of those GSA programs most vulnerable to fraud, abuse and mismanagement.

Finally, the appropriation for fiscal year 1982 will enable us to maintain a basic level of inspections of agency programs concentrating on those programs where the detection of fraud, waste and mismanagement is most probable, and participate in five major projects.

There is still much to be accomplished. Our effectiveness will be increased through greater utilization of interdisciplinary resources, continued improvement in coordinating and planning among all Office of Inspector General component offices, and continued efforts to increase the utilization of civil and administrative remedies.

We especially need to improve the credibility between GSA management officials and the Office of Inspector General, to achieve a greater visibility and credibility with all GSA personnel, and to

improve fraud and bribery awareness on the part of GSA personnel.

These are being accomplished through nationwide briefings to all new GSA personnel, implementation of a bribery awareness program to be given to GSA personnel that are more likely than others to receive bribe offers, and continued issuance of fraud awareness information to GSA managers.

Additionally, we are attempting to achieve maximum publicity on our criminal cases to act as a deterrent against others who might be tempted to defraud GSA.

As I hope you can see the problem is complex and calls for continued substantial efforts.

If you have any questions, sir, I will be happy to answer them.

FRAUD CASES

Mr. ROYBAL. How many cases of fraud on the part of government employees and non government employees have you referred to Justice?

Mr. BRUH. Well, to date from April 1, 1979 through today's date, we have 127 indictments and 109 convictions. There are a number of other investigations pending in the United States Attorney's Office.

Mr. ROYBAL. Of the 127 indictments, how many were convictions?

Mr. BRUH. There were 109 convictions.

Mr. ROYBAL. Out of the 127 indictments?

Mr. BRUH. Yes.

Actually, Mr. Chairman, on that figure, I would elaborate slightly. Those are the numbers of indictments and convictions over a period of time, so it is not necessarily so that the 109 convictions directly relate to those very same 127 indictments.

Mr. ROYBAL. Well, how many cases have you had in total that have produced 109 convictions?

Mr. BRUH. Since April 1, 1979, there is a rollover, Mr. Chairman, and we are opening approximately 350 and closing some 350 criminal investigations every six months right now.

From the period April 1, 1979 through February 28, 1981, we opened 1,444 cases and closed 1,222.

Mr. ROYBAL. Now what do you mean by you closed 1,222?

Mr. BRUH. Closed means either they were sent to the United States Justice Department where the criminal justice system closed out the case through either a conviction and then a sentencing, or an acquittal or dismissal of the indictment or else it was closed through administrative and civil remedies.

Mr. ROYBAL. What I am trying to get at is the percentage of convictions to indictments.

Mr. BRUH. I don't have that figure, but I can get it for you. I think I could safely say, though, that in the past since April 1, 1979 that it would be a very high percentage.

Mr. ROYBAL. Will you provide that for the record?

Mr. BRUH. Yes, I will.

[The information follows:]

OFFICE OF INSPECTOR GENERAL

INVESTIGATIVE RESULTS

INDICTMENTS/CONVICTIONS

Identification of Individuals and Firms
in the Criminal Justice System

	Apr 1, 1979 to Sep 30, 1979		Oct 1, 1979 to Mar 31, 1980		Apr 1, 1980 to Sep 30, 1980		FY 1980 Total	
	Indicted	Convicted	Indicted	Convicted	Indicted	Convicted	Indicted	Convicted
GSA Employees	10	7	12	13	3	5	15	18
Firms	2	1	2	2	1	2	3	4
Officers, Employees, Principals, and Agents of Firms	19	17	19	17	11	11	30	28
Private Individuals	-	-	2	1	-	1	2	2
Other Government Agency Employees	4	4	2	2	1	1	3	3
TOTAL	35	29	37	35	16	20	53	55

OFFICE OF INSPECTOR GENERAL

INVESTIGATIVE RESULTS

INDICTMENTS/CONVICTIONS

(Continued)

Identification of Individuals and Firms
in the Criminal Justice System

	Oct 1, 1980 to Feb 28, 1981		Apr 1, 1979 to Feb 28, 1981		TOTAL
	Indicted	Convicted	Indicted	Convicted	
GSA Employees	10	9	35	34	
Firms	8	5	13	10	
Officers, Employees, Principals, and Agents of Firms	15	9	64	54	
Private Individuals	4	2	6	4	
Other Government Agency Employees	<u>2</u>	<u>-</u>	<u>9</u>	<u>7</u>	
TOTAL	39	25	127	109	<u>1/</u>

1/ Percentage of convictions to indictments: 86%.

Total fraud related which includes thefts: 108. Theft are considered fraud related by the General Accounting Office (GAO).

Dollar value of thefts and mis-appropriations (independent contractors and people outside of GSA): \$2,349,408. This information is based on convictions and proven losses to the government.

COORDINATION BETWEEN GSA MANAGEMENT AND OIG

Mr. ROYBAL. One of the things that caught my eye as you were giving your statement is that we especially need to improve the credibility between GSA management officials and the Office of the Inspector General.

Just exactly what do you mean by that?

Mr. BRUH. What I meant by that is that the Inspector General's office has to operate in such a way that it is fair; that, the body of GSA employees to include top management feels that the office operates not for any personal motivations but for the good of the agency, the good of the taxpaying public and the good of the government; and that, investigations, audits and inspections are done for sound reasons and not for any other reason.

On the other hand, the GSA management has to feel that it can come to us, report information in to us which we could probe to see if their concerns are valid or not.

They also have to come to us and use us as a sounding board, identifying areas that they have no knowledge of and which they would like to be probed. There has to be developed a respect for each other.

I am not convinced at this point that there is a good exchange nationwide, either in our own office or among management. I think we are working at it.

Mr. ROYBAL. You seem to be working then in a vacuum if you don't have that broad—

Mr. BRUH. No; I don't think so, Mr. Chairman. The acting administrator has allowed us to meet with the heads of each of his Offices. Where we get to know each other, to see each other's faces and discuss mutual concerns, and where we are becoming no longer strangers to one another, I can see the increase in contact where people don't hesitate as much to call us.

GSA is very large, however, and it has a long history, and I think that it is going to take a while before we can see outstanding results.

PUBLICITY

Mr. ROYBAL. You are attempting to achieve maximum publicity?

Mr. BRUH. Yes, sir.

Mr. ROYBAL. On criminal cases, that is; maximum publicity could also mean unnecessary leaks, and in the long run that particular individual working for GSA may be tried in the newspaper.

Mr. BRUH. I come from a background, sir, not at this agency where publicity was very strictly controlled. However, it also had the same kind of deterrent policy we seek. The only time that it is officially ever released is when it is checked out first with the United States Attorney's Office, because the Justice Department has very strict pre-indictment publicity.

Therefore, we will never issue a press release until the person is either indicted, convicted, or sentenced.

Mr. ROYBAL. I am not talking about a press release; I am talking about little leaks to the press now. We know that takes place and too often.

Mr. BRUH. We have had such problems, and we are trying to weed them out.

Mr. ROYBAL. A publicity campaign may result in a lot of those leaks, and the civil rights of the individual in question will be violated.

Mr. BRUH. I wrote a document early on, when I first came to this office that set up very strict procedures between us, the people in the field and GSA about the way publicity will be handled. As far as that goes, we check out everything. Now, as far as those leaks go, I must admit to you that I feel that there have been some leaks and we are trying to get to the bottom of that now.

Mr. ROYBAL. I can understand publicizing a conviction, once a conviction is handed down, but to try to get publicity while that is in progress, either the investigation or the trial, I think it will result in a violation of the civil rights of the individual in question.

Mr. BRUH. Should I find that anyone on my staff releases information to the media which virtually publicly tries the person in the papers, I promise you sir, that I will turn that case over to the Department of Justice for prosecution.

Mr. ROYBAL. Well, the Department of Justice does not do so well in that area either.

Mr. BRUH. I have no other remedy.

Mr. ROYBAL. I am bringing this out because of my fear that there would be a violation of the individual's civil rights if you go the publicity route.

INFORMATION LEAKS

Mr. RUDD. Will the Chairman yield? It is an interesting problem.

What do you do in the event some employee passes out a piece of information before you take it to the Grand Jury, before you even take it before the United States Attorney to see whether it is prosecutable or not?

Mr. BRUH. We issue an investigation to see where the leak occurred. During the time I have been there, which is almost eight months, we have not determined on the few occasions that there have been leaks that possibly could have come from our office, who leaked the information.

We have tried many things, testing photocopy machines, getting affidavits, interviewing scores of people. To date we have been unsuccessful.

Mr. RUDD. You conduct your own investigation, though, do you not?

Mr. BRUH. I assign investigators to it who would have absolutely no motive to release that information.

Mr. RUDD. Do you use the FBI lab, Identification Division, all of the aids that they have are available to you for the asking?

Mr. BRUH. Yes; we do

Mr. RUDD. If you did find somebody who leaked this piece of information, what would you do with them?

Mr. BRUH. I would recommend prosecution against them.

Mr. RUDD. How about dismissal?

Mr. BRUH. Yes, sir.

Mr. ROYBAL. What is your best estimate as to the total government losses due to fraud?

Mr. BRUH. I have no idea, sir.

Mr. ROYBAL. Do you have any idea whether it would be due to poor management?

Mr. BRUH. I have no idea.

FRAUD CASES

Mr. ROYBAL. Of the 109 cases that were successfully prosecuted how much was fraud involved with regard to a conviction?

Mr. BRUH. I would have to get you those figures. As far as fraud itself goes?

Mr. ROYBAL. Yes.

Mr. BRUH. There has been a number of fraud cases. Recently we had a million dollar fraud case on a transport tire company where the people were convicted, the main principals. We investigated them and they were convicted for defrauding the United States Army. We issued the contracts for defective tires, so we have had some substantial cases.

I do not have the figures available. I could get them for you.

Mr. ROYBAL. I would appreciate it if you would provide them for the record.

[The information follows:]

FRAUD RELATED CASES

Total fraud related which includes thefts: 108. The General Accounting Office (GAO) considers thefts to be fraud related.

DETECTION OF ILLEGAL ACTIVITY

Mr. ROYBAL. What percentage of illegal activity in GSA do you think you have detected by now; do you have any idea?

Mr. BRUH. I have no idea.

Mr. ROYBAL. Would you say that there is some evidence of some illegal activity?

Mr. BRUH. Is there some evidence of illegal activity?

Mr. ROYBAL. Yes.

Mr. BRUH. It is only fair to say that GSA is made up of 38,000 people, and they do business with tens of thousands of contractors, and it is unreasonable to think with all the billions of dollars dealt with, that a certain portion of people would not be corrupt.

We couldn't get that large a body without some corruption. However, I do believe in my own heart and mind that the great majority of GSA employees are honest.

Mr. ROYBAL. Well, I would think so.

There are a great number of them, and I fear that because of one, many will be tainted by the same brush. This is why I was asking questions with regard to publicity, leaks, and the way that an individual is treated during the time his case is under investigation, because once it gets to the newspapers you better forget it. That man is going to be guilty whether he is or not.

Mr. BRUH. I would just like to try to make you comfortable with two things. There is a definite difference between publicity after the person is indicted, which is a public document and publicity prior to indictment which is an unsanctioned release of information. As I said before, should I find somebody who issues information, I will recommend prosecution against him.

As far as indictment, conviction or sentencing, that is public information.

Mr. ROYBAL. I agree with that, not the indictment necessarily, but once a conviction is handed down, that that can be used, and perhaps would result in a deterrent to others; but beyond that, I am not so sure that the individual's rights will not be violated.

Anyway, that is something that I am sure you will be guarding against. You would not want to violate anyone's rights, and you want to conduct those investigations in a proper manner, so we hope that you will continue doing just that.

Now, what percent of your resources are going to set up procedures to ensure that those illegal activities do not continue to exist in large numbers?

Mr. BRUH. Virtually the entire Office of the Inspector General works on things like that.

Most of our reports audit, investigations or inspections actually provide recommendations for corrective action to management.

RECOMMENDATIONS FOR IMPROVEMENTS

Mr. ROYBAL. Now, you said that you have been on the job about eight months?

Mr. BRUH. Yes, sir; three weeks in my acting position.

Mr. ROYBAL. Yes, sir. Do you feel that your activities will eventually result in recommendations to amend the legislation? Do you see anything in the eight weeks that you have been in this position?

Mr. BRUH. Eight months.

Mr. ROYBAL. Or eight months that you have been in this position that you might feel now that changes must be brought about?

Mr. BRUH. In the Inspector General's Office itself, yes, I do.

Mr. ROYBAL. Have you made those recommendations?

Mr. BRUH. Yes, I have.

Mr. ROYBAL. Because it seems to me that you would be in a position to see ahead a little and make some recommendations as to change.

Mr. BRUH. I have made recommendations to the Transition Team, and I have also made recommendations to GAO.

Mr. ROYBAL. All right; now what recommendations have you made to tighten up on internal regulations and procedures within GSA?

Mr. BRUH. It is a very broad question, Mr. Chairman.

As I said before, we issue many hundreds of reports each year. Virtually every single one of them has recommendations that affect either a local office or an entire program.

For example, in fast track leasing, which is where we have recommended how GSA by limiting certain steps could negotiate leases more quickly and thereby service client agencies better.

We are also trying to do types of investigative probes that could help the agency before a problem occurs. It is a very broad question.

Mr. ROYBAL. Well, as time goes on, you will probably be making some recommendations that I hope will in no way infringe upon the rights that GSA has at the moment. That could very well happen, if adopted.

I don't know that those recommendations will be adopted, and I hope that never happens where you are at odds with GSA, and what brought that about was your statement that we especially need to improve the credibility between GSA and management officials and the Office of the Inspector General.

I immediately got the impression that you people weren't talking to one another.

Mr. BRUH. Oh, no; no, that is not true. The Inspector General Act was initiated in 1978 and it is relatively a new idea. Before that, the offices that had investigators and auditors worked in a very different manner, and they were much less visible. We are trying to reach out to every single employee out there, from low-ranking employees to the highest officials. It is just a process that takes a while.

Mr. KLINE. Mr. Chairman, I would like to make a comment about this.

I, of course, didn't see the Inspector General's statement because he should talk to you independently, but on the question that you are pursuing here, in the year and a half that I have been with GSA, with Administrator Freeman at the time, we set up a pretty close interaction with the Inspector General in terms of the things we thought ought to be pursued, particularly on the subject of audits.

The Office of Inspector General has been pretty effective in getting some of that started. For example, potentially the biggest pay off is going to come up in the area of contract audits in terms of dollars.

Now you say how do I know that? I don't really know that, but it is our feeling about the place after that period of time, and we have asked the Inspector General to devote a greater proportion of the auditing resources into that area, because we do see the biggest return for the taxpayer and for the public.

In terms of some of the reports coming back, the one that was just mentioned, Fast Track Audit, I read that report last week. That is a good management audit report, and I have turned that over to Mr. Marschall immediately, and in terms of implementing that, this addresses the problem that we were discussing this morning about the growing backlog in the leasing business.

It applies to the smaller leases under 5,000 square feet, and we think we can take some of those 76 steps out of the process that was described to you this morning and get started with that.

Now, we are sort of in a hiatus period. The appointed Inspector General is gone. His deputy left about three weeks ago, and Mr. Bruh here was third in line, and he is now filling in.

We are in that hiatus period which a number of agencies are experiencing around town where we are looking forward to aggressive new Inspector General leadership to come in, to take command, and establish these same interactions we enjoyed with the former Inspector General in terms of laying out an effective Inspector General program.

Mr. ROYBAL Thank you.

Mr. Rudd?

Mr. RUDD. Thank you, Mr. Chairman.

QUESTIONS FOR THE RECORD

Let me back up for just a moment, Mr. Chairman. I would like to submit these questions for the record. They pertain to earlier testimony with regard to courts and some of their problems. I hope we can get some early answers, particularly regarding the situation in Arizona.

[Mr. Rudd's questions follow:]

Mr. RUDD. Can you provide the Subcommittee with some background information as to where we stand in the corruption investigation?

ANSWER. Through the efforts of investigators, auditors, inspectors and attorneys in the GSA Office of Inspector General and the Department of Justice, over 216 individuals have been indicted for criminal activity in connection with GSA programs and operations since the initial investigative efforts in 1977.

The initial investigative efforts which focused primarily in the Washington, D.C. and Baltimore, Maryland area have been expanded so that currently the GSA Inspector General's Office, the Department of Justice and various grand juries working throughout the country are continuing to investigate and prosecute allegations of fraud and corruption.

FORMER PRESIDENTS

Mr. RUDD. With regard to the allowances for former Presidents, I think you may have given some testimony on that—

Mr. KLINE. We did, sir.

Mr. RUDD. We provide special communications for past Presidents. I am wondering how long that continues.

Mr. FONTAINE. As long as they are alive.

Mr. RUDD. Whatever they need or use. I noticed some recent newspaper publicity about former President Carter's home in Georgia which indicated that there was some modern computer terminal, including a video screen and other equipment there. I think this has to do with the preparation of his memoirs.

Is this equipment provided by GSA or by another means of taxpayer expense?

Mr. FONTAINE. That would come out of the former President's appropriation. I believe we lease some word processing equipment for Mr. Carter to try to get the backlog of mail down that has accumulated since he left office.

Mr. RUDD. Do you handle that?

Mr. FONTAINE. Yes, sir.

THEFT AND FRAUD

Mr. RUDD. To continue along the lines that the Chairman was pursuing with you. We know there has to be theft and fraud and all of those things that take place in any kind of a giant or small agency. I would like to know for the record the estimated dollar value of thefts, outright thefts, and of misappropriations each year that you encounter in the General Services Administration, if you can provide that, please.

Mr. BRUH. I will try to come up with some figures. I don't know if I will be successful, sir.

[The information follows:]

DOLLAR VALUE

Dollar value of thefts and mis-appropriations (independent contractors and people outside of GSA): \$2,349,408. This information is based on convictions and proven losses to the Government.

Mr. BRUH. I think there are thefts made because of poor accountability that we don't know about.

Mr. KLINE. Excuse me, Mr. Chairman, perhaps you are asking of the actual cases they have had based on their actual experience rather than an estimate.

Mr. RUDD. That's right. But I mean also your audit at the end of the year. You know what you have lost and what you have not lost. Maybe that loss has not been identified as a theft itself, but the thefts that you have could only be identified as theft if they come to your attention, if you have had a complaint on it independent of the audit. However, the audit would also show those things up, too. So that means misappropriations that I am talking about in those two categories—actual cases that you have, because they have been identified as theft. Then you have the misappropriation losses that show up in the audit. How you classify them, I don't know, but this has to do with what the Chairman was talking about, too. Be a little more specific, if you would, please.

Mr. BRUH. Yes, sir.

Mr. RUDD. I would like to have it broken down also as to whether they were in the area of independent contractors or people outside GSA, other visitors other than direct employees.

USE OF OTHER INVESTIGATIVE ORGANIZATIONS

I would like to know how much use you make of the facilities of other investigative organizations such as the FBI with regard to attempting to solve those problems, fraud, misappropriation, criminal cases that have to do with theft.

[The information follows:]

USE OF OTHER INVESTIGATIVE ORGANIZATIONS

The Office of Inspector General maintains a liaison with other law enforcement agencies, FBI, Department of Justice, United States Attorneys, and other Inspectors General offices. Field investigators are encouraged to establish an informal relationship with state and local law enforcement organizations. Investigators also belong to professional associations which augments their relationship with other investigators. This office also provides assistance to United States Attorneys and Department of Justice attorneys in the preparation and conduct of criminal proceedings in the courts and grand jury proceedings.

LIAISON WITH OTHER ORGANIZATIONS

Mr. BRUH. I would include in there liaison, sir, right, where they work with us or we work with them.

Mr. RUDD. You can tell me that now.

What is your status there?

Mr. BRUH. We do. For example, we have a number of investigations where we find that the contractor may have a contract with us. He may be committing fraud or was suspected of committing fraud, and we learn they also do business with other agencies.

We do notify the other agencies, either the Inspector General's Office or the FBI, whichever is appropriate.

Mr. RUDD. Do you have an established liaison with the Metropolitan Police, for example, with local police departments, Park Police, people that might be helpful to you?

Mr. BRUH. We have continuing liaison with many law enforcement organizations. We also encourage our agents to develop their own relationships.

Every one of us belongs to a number of organizations in the field of law enforcement where we meet with each other and discuss things with each other. For example, Thursday night I will be going to such a meeting, of my counterparts in the other Inspector General offices.

STAFFING AND TRAINING

Mr. RUDD. What is the size of your actual investigative force?

Mr. BRUH. We have on board 115 special agents, in the office of Inspector General.

Mr. RUDD. Okay. What is the 139?

Mr. BRUH. Total staffing with clerical and paraprofessionals for the office of Investigations.

Mr. RUDD. I am asking for just investigative staff, that is 115. Training becomes a big factor.

How do you accomplish that?

Mr. BRUH. We have a few different programs.

First of all, we have tried to seek out those people who have already shown an ability to investigate white collar fraud.

We have tried to hire at the higher levels to attract people who have that kind of background.

Secondly, we do have some formalized schooling, both in Glynco for law enforcement training, as well as white collar crime schools of other agencies and agency program training such as procurement.

In addition to that, we have scheduled, I have a small task force working on this, our own Office of Inspector General training for special agents, and we hope to conduct the first class around the middle of May.

Mr. RUDD. What is your schedule for retraining within staff, rather than sending them to some other agency for retraining?

Mr. BRUH. We sent them to the Federal Law Enforcement Training Center in Glynco, Georgia, which is, where every Treasury agent goes and some of the other IG offices who are series 1811.

Mr. RUDD. For retraining?

Mr. BRUH. For basic training.

Mr. RUDD. For retraining, what do you have, monthly meetings?

Mr. BRUH. As far as retraining goes, we have a number of things that we do. For example, we started a program where we have significant case analyses. Where a case is complicated, and has nuances in it that are unusual, we write it up. We send it out to everybody in the field so they learn from it; and in addition to that, I have a staff in my headquarters which seeks to share that kind of information.

If there is something unique happening in Region 9, we will spread it around the country so people are aware of it, and we

prepare internal type documents relating to contracts, new court decisions or matters of professional interest, and we look for training that GSA does for their own people, contracting officers, quality assurance people.

We try to take advantage of that training and send a small number of people to it.

ABUSE OF PAINT

Mr. RUDD. In another area, there has been some adverse publicity on the use of paint, painting and repainting buildings.

How do you assess that publicity?

What is the problem? Do you see it in the newspaper? Doesn't that mean one thing? How do you assess that?

Mr. BRUH. I think we have a lot of problems in the painting area from my limited time in GSA.

Paint is very difficult to account for, and we found to a great extent that it was not accounted for. For example, what do you do with a half gallon of paint left over? We found situations where—

Mr. RUDD. What do you do with it?

Mr. BRUH. I really meant how you account for it, there may be a lot of these half gallons of paint. A painter may estimate X number of gallons to paint a room with two coats. Sometimes only one coat is applied.

We are trying to do some work in this area. We found at times people have taken paint home and have actually done commercial painting on their own with it. We have conducted investigations in this area.

Mr. RUDD. Well, how are you handling this to avoid this problem?

Mr. BRUH. We have made recommendations to regional administrators where we have seen problems in reports, that they have to tighten up controls in certain areas.

In addition to that, we have done certain investigations to try to get rid of the wrong-doers.

Mr. RUDD. Well, for example, in Washington, D.C. alone, where you have most of the buildings that you have to repaint. At the end of the one day of repainting you might have started out to use 1,000 cans of paint of the same color and you end up with 1,000 half gallons of paint. How do you bring that under one umbrella to either pour them into the other cans or take care of them, or do you have some kind of program that authorizes the supervisors on the spot to communicate with other supervisors?

Mr. BRUH. I really believe that is a management decision. I am not trying to pass the buck. We bring the problem to their attention.

Sometimes we can make recommendations, but frankly, they are more expert on things like that and how supervisors should do their jobs.

Mr. RUDD. Do you have a plan to handle it?

Mr. BRUH. No, sir; we do not have an exact plan to control painting.

Mr. RUDD. Are you going to put one together? Don't you think it is worth the effort, or what?

Mr. BRUH. I am afraid I can't answer the question. I really don't know.

On some occasions it really isn't worth the effort. We may get an allegation that there are two cans of paint missing but we just don't have the resources to investigate something like that when we have a number of investigations involving multimillion dollar frauds which has priority.

We are not very large, as far as an investigative body goes. We bring the problem to management's attention, and hopefully they will take the corrective action.

AUDIT CONTROL

Mr. RUDD. I guess what I am really asking is whether we are talking about cans of paint or automobiles or whatever, don't you have some broad general plan in which everybody is answerable to somebody else where there is a possibility of fraud? Have you no control over it at all?

Mr. BRUH. As far as people being accountable to one unit in GSA, no. People are accountable to one another at many levels. It is how effective they do their jobs at the lower levels that counts, too.

Mr. KLINE. After an audit is run, and let's say there is a general finding in the National Capital Region that there are lots of partial cans of paint around or whatever, then a judgment would be made by the Inspector General as to what level of management that ought to go.

Chances are that one could go to the head of the Public Buildings Service in that region, or to the Regional Administrator, and he is under obligation then to us, to the general management, to address that plan and take action, because we are informed about this audit having been conducted.

We have a follow-up mechanism which is under our direct control which tracks that Regional Administrator by recommendation on how they are coming along against a specific time frame, and we see reports on that on a monthly basis.

We get a periodic report of summaries one of which I received this morning from the Inspector General. These are called briefs on the audits, one page briefs which are quite comprehensive of audit activity, let's say, for the last quarter; and we review those and pursue them as well.

Mr. RUDD. What I am really looking for is something as simple as this. Say you have a complaint that comes to you or someone answerable to you. Do you record the complaint and then do something about it, look into it, and put a point on the calendar two weeks from now to see whether it was done?

Mr. BRUH. In essence yes. We also do follow up audits and also make additional recommendations. You happened to pick on paint, which may not be as easy to explain as some other items. We have a number of recommendations in, for example, on the repair of motor vehicles.

We are making recommendations that the people that do the repairs should be bonded, for example. They should be licensed. Therefore, they have some responsibility.

Paint is a little more difficult, but in a large number of areas we do have such recommendations.

Mr. RUDD. Excuse me, Mr. Chairman. The thing that disturbs me is you say you don't know what would happen to that. However, if you have a problem, you have to attack it; and if you have a plan and place, it will attack itself.

I asked you what you would do—we were using the paint as an example—if at the end of a day you had used half of the paint in each of 1,000 cans of one kind of paint, how would you keep the leftover paint from being taken home?

Mr. BRUH. I must say that is a management problem; there are supervisors within GSA. We only have a small body of investigators and we can only investigate some problems. We don't supervise we the employees of GSA.

We audit them, we investigate them.

Mr. RUDD. He has a plan for this and he advises you of this, and you take it from there, and that will give you some clues as to how to stop it.

Mr. BRUH. Right.

Mr. KLINE. We do tell the Inspector General after that plan is developed; we inform them here is the corrective action that has been taken. They are independent in their contacts.

Mr. RUDD. If a complaint comes in, you have a means and a way to attack it immediately?

Mr. KLINE. Yes, sir; and our common practice is, we hear from the general public or an employee within the GSA about a problem; it goes immediately down to the Inspector General to take a look at it.

Mr. BRUH. For example, Mr. Kline this morning sent me something about a complaint coming in, but not only do we send him our findings and recommendations and not only does he answer them, but we also then write back to him as to whether or not we agree as to his corrective action.

Mr. RUDD. Thank you, Mr. Chairman.

Thank you.

LEAKS

Mr. ROYBAL. Was that publicity with regard to paint the result of a leak or was a press release put out?

Mr. KLINE. With regard to paint, the initial time I heard about this was before my arrival on the scene; I know it was the product of an audit report.

As to whether that particular one was leaked, I don't know.

On the question of leaks, Mr. Chairman, I guess this is my greatest single frustration in the agency. When management asks for an audit report because it suspects a problem and then reads in a preliminary way in the newspaper for the first time the response where the headline that says, "GSA Screws Up Again", it gives you some concern about getting on top of a problem and dealing with it.

In the Inspector General's Office, the part that Mr. Bruh heads, the investigations area, the integrity there, and inspections, the integrity of that process has been good.

On the audit side, and here is the part where these leaks spring forth every once in a while, where you tend to read things quite often in the newspaper before they come up through the management channel it dealt with, and this leads to the kind of problem you talked about earlier.

This is the kind of problem I discussed with Mr. Bruh the week before last about tightening ourselves up here. This period of hiatus of leadership of getting strong vigorous management, which is not only rooting out fraud but doing it in a way of following the accepted principles of how audits are run.

Mr. ROYBAL. Mr. Akaka, do you have any questions?

REVIEW OF PANEL OF NATIONAL ACADEMY OF PUBLIC ADMINISTRATORS

Mr. AKAKA. Mr. Chairman, Mr. Kline, I don't know whether this should be properly addressed to you, but what review has GSA made of this December 31, 1980 report by the Panel of National Academy of Public Administrators that was requested by GSA?

Mr. KLINE. Yes, sir; the administrator who recently departed requested that report last November. We received the report just prior to his departure.

We wrote a letter of response to that address to the President at that time of the actions which had taken place on that one list of suggestions made to the GSA management.

That report was turned over to the transition team from the Reagan Administration, turned over to the administrator nominee, Mr. Carmen, for his review as well. And I would imagine upon arrival of the new management, they will want to pursue a large number of the items in there.

Mr. AKAKA. Have any of those recommendations been implemented?

Mr. KLINE. Yes, sir; a number of them that are addressed to the agency management, some of those were underway prior to the conduct of the study, and we are continuing to pursue them.

Mr. AKAKA. Have you taken issue with any of the recommendations?

Mr. KLINE. By and large I thought that was a pretty good package, I really did.

CONGRESSIONAL LIAISON

Mr. AKAKA. I want to ask one particular question, and this has to do with the Congress. It is stated in here that GSA has not appeared to recognize the importance of some relationships with the Congress and failed to take advantage of congressional interests.

This is on page 53.

Mr. KLINE. Yes.

Mr. AKAKA. Do you have any comment about that partnership with Congress and where it is heading?

Mr. KLINE. I think it is heading in a better direction.

To someone relatively new to the agency the thing that is really overpowering is when one realizes that there are so many interfaces with the Congress, especially at the subcommittee level, and

in all the work of the GSA across all of its programs, the nature of those interactions varies.

In some areas they are pretty good. For example, my impression is that the relationship in the PBS area that Mr. Marschall has with the public buildings committees is a pretty good one on the interchange.

My impression with some of the other committees is that at times it is a little more rocky than that in terms of oversight questions and things of that nature. I think in general terms that the agency works well on problem solving with the Congress.

I know that we have talked to people at the staff level on Capitol Hill, and have heard from a number of people that they don't think that in all cases they are being informed in a timely manner in terms of what is going on and in terms of understanding transactions in a broader context of where different programs are going.

That needs more attention, just how we should address those kinds of activities.

Mr. AKAKA. We hope this partnership will grow and increase and become improved.

Mr. ROYBAL. Thank you.

INFORMATION LEAKS

Mr. BRUH. One more thing for the record.

On the subject of leaks, which is the last subject in the world that I care to talk about because it brings a great distaste to me, I would like to say that if there is a leak in our office, I am certain that it would not involve more than one or two people, and it should not smear the other 500 and some odd people that are trying to do their jobs, and who are frankly working quite hard and are quite dedicated.

Mr. ROYBAL. Well, I sincerely hope that there are no leaks, but I suppose that is very difficult to expect.

I know that there are many times when meetings are held, and the secret the next morning we find it in the newspaper, and this happens. It takes place whenever legislators meet, and I suppose if legislators can do it most anyone can.

But it is a very, very bad thing to do, and it does in fact tar and feather individuals unjustly.

The last question I wanted to ask you, in answer to a question you said there were 127 indictments and 109 convictions. You mentioned the date of April 1, 1979.

I assume that is from April 1, 1979 to the present time?

Mr. BRUH. Until February 28, 1981.

INVESTIGATIONS

Mr. ROYBAL. Will you also provide for the record the number of investigations that were conducted between April 1, 1979 and February 28, 1981?

Mr. BRUH. Yes, sir.

[The information follows:]

OFFICE OF INSPECTOR GENERAL

NUMBER OF INVESTIGATIONS CONDUCTED

APRIL 1, 1979, through FEBRUARY 28, 1981

CASES OPENED/CLOSED

Case Category	Number of Cases							
	Apr 1, 1979 to Sep 30, 1979		Oct 1, 1979 to Mar 31, 1980		Apr 1, 1980 to Sep 30, 1980		FY 1980 Total	
	Opened	Closed	Opened	Closed	Opened	Closed	Opened	Closed
White Collar Crime (Fraud, Bribery, Embezzlement, False Claims)	221	132	189	197	256	223	445	420
Other Crimes in GSA-Occupied Space	48	42	46	63	58	37	104	100
Contractor Debarment/Suspension	36	74	24	12	37	11	61	23
Employee Misconduct	30	34	41	44	34	33	75	77
Proactive Investigations	13	-	13	-	9	1	22	1
Other	24	18	25	23	35	27	60	50
TOTAL	372	300	338	339	429	332	767	671

OFFICE OF INSPECTOR GENERAL
 NUMBER OF INVESTIGATIONS CONDUCTED
 APRIL 1, 1979, through FEBRUARY 28, 1981
 CASES OPENED/CLOSED
 (continued)

Case Category	Number of Cases			
	Oct 1, 1980 to Feb 28, 1981		TOTAL	
	Opened	Closed	Apr 1, 1979 thru Feb 28, 1981 Opened	Closed
White Collar Crime (Fraud, Bribery, Embezzlement, False Claims)	152	154	818	706
Other Crimes in GSA-Occupied Space	46	33	198	175
Contractor Debarment/Suspension	24	16	121	113
Employee Misconduct	24	27	129	138
Proactive Investigations	19	8	54	9
Other	40	13	124	81
TOTAL	305	251	1,444	1,222

DEBARMENTS/SUSPENSIONS
ACTIONS

	Debarments and Suspensions					TOTAL 4/1/79 to 2/28/81
	4/1/79 to 9/30/79	10/1/79 to 3/31/80	4/1/80 to 9/30/80	FY 1980 Total	10/1/80 to 2/28/81	
Debarments	18	20	13	33	8	59
Suspensions	<u>26</u>	<u>8</u>	<u>18</u>	<u>26</u>	<u>30</u>	<u>82</u>
Total	44	28	31	59	38	141

	Referrals					TOTAL 4/1/79 to 2/28/81
	4/1/79 to 9/30/79	10/1/79 to 3/31/80	4/1/80 to 9/30/80	FY 1980 Total	10/1/80 to 2/28/81	
Debarments	18	23	29	52	47	117
Suspensions	<u>26</u>	<u>13</u>	<u>18</u>	<u>31</u>	<u>27</u>	<u>84</u>
Total	44	36	47	83	74	201

ADMINISTRATIVE ACTIONS

	Referrals for Administrative Action to Agency Officials and Results of Referrals						TOTAL 4/1/79 to 2/28/81
	4/1/79 to 9/30/79	10/1/79 to 3/31/80	4/1/80 to 9/30/80	FY 1980 Total	10/1/80 to 2/28/81	TOTAL 4/1/79 to 2/28/81	
Pending with Agency Officials at Beginning of Period	0	64	64	64 ^{1/}	32 ^{3/}	32 ^{3/}	
REFERRALS for Administrative Action	97	148	81	229	96	422	
Administrative Actions Taken by Agency	33	84	111	195	53	281	
Pending with Agency Officials at End of Period	64	64	34	34 ^{2/}	75 ^{4/}	75 ^{4/}	
REFERRALS for Informational Purposes Only	77	20	38	58	119	254	
Total REFERRALS	174	168	119	287	215	676	

^{1/} Pending April 1, 1980^{2/} Pending September 30, 1980^{3/} Pending October 1, 1980^{4/} Pending February 28, 1981

Mr. ROYBAL. Thank you. We will insert the justifications in the record.

[The Justifications follow:]

INSPECTOR GENERAL
 FY 1981
Comparison of Budget Adjustments to FY 1981 Funding
 (in 000)

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Inspector General	\$22,225	\$20,806	\$ -1,419
Appropriation (House Level Under Continuing Resolution)	21,250	21,250	
Transfer to O.E., FSS		-444	-444
Total Availability	<u>21,250</u>	<u>20,806</u>	
Proposed pay increase supplemental	975	-	-975
Revised amount	<u>\$22,225</u>	<u>\$20,806</u>	<u>\$ -1,419</u>

Explanation of Reduction

Employment	\$- 796
Travel	- 179
Transfer to O.E., FSS	- 444
Total Reduction	<u>\$-1,419</u>

The reduction for employment and travel is reflected as an offset to the supplemental requirements for increased pay cost.

INSPECTOR GENERAL
FY 1982
Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
(in 000)

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Inspector General	\$22,582	\$20,131	\$ -2,451

Explanation of Reduction

Employment	\$-2,272
Travel	- 179
Total Reduction	\$-2,451

INSPECTOR GENERAL
 FY 1982
 Revised Budget
Comparison with FY 1981 Revised Budget
 (in 000)

<u>Activity</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
Inspector General	\$20,806	\$20,131	\$ -675
<u>Explanation for Change</u>			
Employment Reduction (Full-year cost of FY 1981 reductions plus additional employment reductions in FY 1982)			\$ -796
Travel			+180
Payments to FBF (SLUC)			+ 14
Other Services			<u>- 73</u>
Total Reduction			\$ -675

OFFICE OF INSPECTOR GENERAL
FY 1981
Workyears
Initial Budget and Revised Budget

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Inspector General	567	527	-40

OFFICE OF INSPECTOR GENERAL
FY 1982
Workyears
FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activity</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
Inspector General	582	511	-71

Office of Inspector General
FY 1982
Workyears
Comparison with FY 1981 Revised Budget

<u>Activity</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
Inspector General	527	511	-16

Explanation of Change

The FY 1982 level reflects the annualization of the FY 1981 FTE reductions made in accordance with the President's program.

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
------------------------------------	---------	--------------------------------------	-------------------------------	----------------------------

I-V69	Office of Inspector General	22,582,000	-2,451,000	20,131,000
-------	-----------------------------	------------	------------	------------

This amendment reduces the request for salaries and expenses and would reduce the 1982 outlays by \$2.5 million.

OFFICE OF INSPECTOR GENERAL
 Program and Financing
 (in thousands of dollars)
 1981

Identification code	1981		
	RFUFSST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0108-0-1-804			
Program by activities:			
Direct program:			
Inspector General.....	22,225	-1,419	20,806
Reimbursable program.....	110	---	110
Total program costs, funded.....	22,335	-1,419	20,916
Change in selected resources (undelivered orders).....	---	---	---
10.00 Total obligations.....	22,335	-1,419	20,916
Financing:			
11.00 Offsetting collections from:			
Federal Funds.....	- 110	---	- 110
25.00 Unobligated balance lapsing....	---	---	---
39.00 Budget authority.....	22,225	-1,419	20,806
Budget authority:			
40.00 Appropriation.....	21,250	---	21,250
40.01 Appropriation rescinded (Public Law 96-304).....	---	---	---
41.00 Transferred to other accounts..	---	-444	-444
43.00 Appropriation (adjusted).....	21,250	-444	20,806
44.20 Supplemental for Civilian Pay Raises.....	975	-975	---
Relation of obligations to outlays.			
71.00 Obligations incurred, net.....	22,225	-1,419	20,806
72.40 Obligated balance, start of year.....	1,309	---	1,309
74.40 Obligated balance, end of year.....	-1,309	-208	-1,517
77.00 Adjustments in expired accounts	---	---	---
90.00 Outlays, excluding pay raise supplemental	21,280	-682	20,598
91.20 Outlays from civilian pay raise supplemental	945	-945	---

OFFICE OF INSPECTOR GENERAL

Identification code	OBJECT CLASSIFICATION (in thousands of dollars)		
	1981	1981	1981
47-0108-0-1-804	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Personnel compensation:			
11.1 Permanent positions.....	16,064	-1,148	14,916
11.3 Positions other than permanent.....	22	---	22
11.5 Other personnel compensation.....	48	---	48
11.8 Special personal services payments.....			
Total personnel compensation.....	16,134	-1,148	14,986
Personnel benefits:			
12.1 Civilian.....	1,293	-- 92	1,201
13.0 Benefits for former personnel.....	---	---	---
21.0 Travel and transportation of persons.....	1,682	-179	1,503
21.0 Motor Pool.....	107	---	107
22.0 Transportation of things.....	84	---	84
23.1 Standard Level User Charges.....	876	---	876
23.2 Rent, communications, and utilities.....	619	---	619
24.0 Printing and reproduction.....	105	---	105
25.0 Other services.....	1,224	---	1,224
26.0 Supplies and materials.....	101	---	101
Total Direct Obligations.....	22,225	-1,419	20,806
Total Reimbursable Obligations.....	110	---	110
99.0 Total obligations.....	22,335	-1,419	20,916

OFFICE OF INSPECTOR GENERAL
 Personnel Summary

Identification code	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0108-0-1-804			
Total number of full-time permanent positions	622	- 84	538
Total compensable workyears:			
Full-time equivalent employment . .	567	- 40	527
Full-time equivalent of overtime and holiday hours	(0)	--	(0)
Average ES salary	\$50,112	-445	\$49,667
Average GS grade	11.03	-.29	10.74
Average GS salary	\$26,613	+857	\$27,470

OFFICE OF INSPECTOR GENERAL

DETAIL OF PERMANENT POSITIONS

	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUFST
Executive Level V.....	1	---	1
ES-5.....	1	---	1
ES-4.....	3	---	3
ES-1.....	1	---	1
Subtotal.....	6	---	6
GS-16.....	---	---	---
GS/GM-15.....	28	---	28
GS/GM-14.....	70	-18	52
GS/GM-13.....	174	-30	144
GS-12.....	122	- 1	121
GS-11.....	47	- 8	39
GS-10.....	---	---	---
GS-9.....	44	- 6	38
GS-8.....	5	---	5
GS-7.....	35	4	39
GS-6.....	38	-21	17
GS-5.....	31	2	33
GS-4.....	22	- 6	16
GS-3.....	---	---	---
GS-2.....	---	---	---
Subtotal.....	616	-84	532
Total permanent positions.....	622	-84	538
Unfilled positions, end of year.....	-55	55	---
Total permanent employment, end of year.....	567	-29	538

OFFICE OF INSPECTOR GENERAL
 Program and Financing
 (in thousands of dollars)

Identification code	1982		1982
	REQUEST FUNDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0108-0-1-804			
Program by activities:			
Direct program:			
Inspector General.....	22,582	-2,451	20,131
Reimbursable program.....	50	---	50
Total program costs, funded.....	22,632	---	20,181
Change in selected resources (undelivered orders).....	---	---	---
10.00 Total obligations.....	22,632	-2,451	20,181
Financing:			
11.00 Offsetting collections from:			
Federal Funds.....	- 50	---	-50
25.00 Unobligated balance lapsing....	---	---	---
39.00 Budget authority.....	22,582	-2,451	20,131
Budget authority:			
40.00 Appropriation.....	22,582	-2,451	20,131
40.01 Appropriation rescinded (Public Law 96-304).....	---	---	---
41.00 Transferred to other accounts..	---	---	---
43.00 Appropriation (adjusted).....	22,582	-2,451	20,131
Relation of obligations to outlays.			
71.00 Obligations incurred, net.....	22,582	-2,451	20,131
72.40 Obligated balance, start of year.....	1,309	652	1,961
74.40 Obligated balance, end of year.....	-1,309	-853	-2,162
77.00 Adjustments in expired accounts	---	---	---
90.00 Outlays	22,552	-2,622	19,930
91.20 Outlays for civilian pay raise supplemental	30	-30	-

OFFICE OF INSPECTOR GENERAL

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1982		1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0108-0-1-804			
Personnel compensation:			
11.1 Permanent positions.....	16,251	-2,071	14,180
11.3 Positions other than permanent.....	22	-	22
11.5 Other personnel compensation.....	48	-	48
11.8 Special personal services payments.....			
Total personnel compensation.....	16,321	-2,071	14,250
Personnel benefits:			
12.1 Civilian.....	1,342	-201	1,141
13.0 Benefits for former personnel.....	---	---	-
21.0 Travel and transportation of persons.....	1,862	-179	1,683
21.0 Motor Pool.....	107	---	107
22.0 Transportation of things.....	84	---	84
23.1 Standard Level User Charges	890	---	890
23.2 Rent, communications, and utilities.....	619	---	619
24.0 Printing and reproduction.....	105	---	105
25.0 Other services.....	1,151	---	1,151
26.0 Supplies and materials.....	101	---	101
			-
Total Direct Obligations	22,582	-2,451	20,131
Total Reimbursable Obligations	50	---	50
99.0 Total obligations.....	22,632	-2,451	20,181

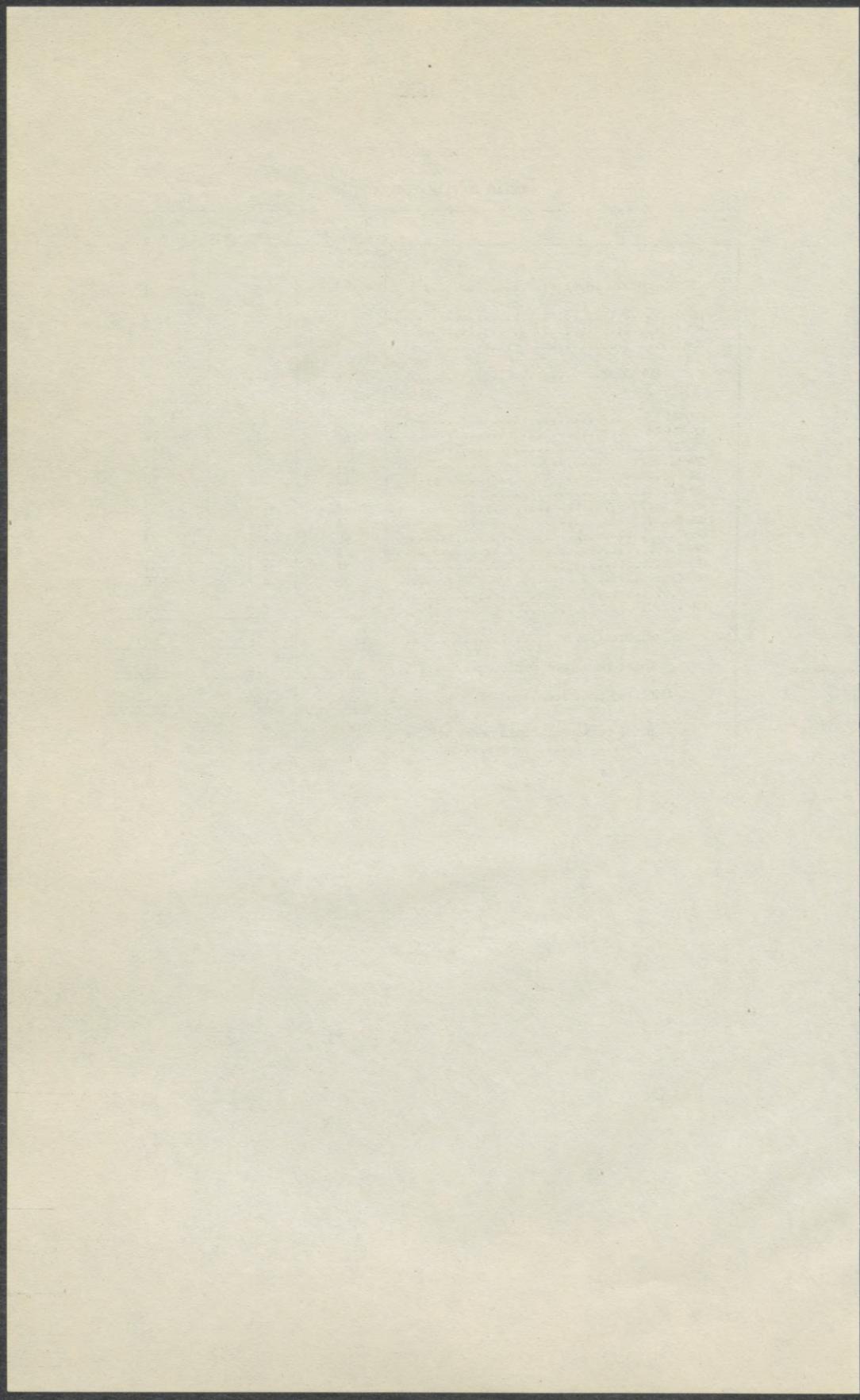
OFFICE OF INSPECTOR GENERAL
 Personnel Summary

Identification code	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0108-0-1-804			
Total number of full-time permanent positions	612	- 76	536
Total compensable workyears:			
Full-time equivalent employment . .	582	- 71	511
Full-time equivalent of overtime and holiday hours	(0)	-	(0)
Average ES salary	\$50,112	-445	\$49,667
Average GS grade	11.02	-.31	10.71
Average GS salary	\$26,588	+805	\$27,393

OFFICE OF INSPECTOR GENERAL

DETAIL OF PERMANENT POSITIONS

	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Executive Level V.....	1	---	1
ES-5.....	1	---	1
ES-4.....	3	---	3
ES-1.....	1	---	1
Subtotal.....	6	---	6
GS/GM-15.....	28	---	28
GS/GM-14.....	66	-14	52
GS/GM-13.....	163	-19	144
GS-12.....	131	-12	119
GS-11.....	47	- 7	40
GS-10.....	---	---	-
GS-9.....	44	- 7	37
GS-8.....	5	---	5
GS-7.....	40	- 1	39
GS-6.....	29	-12	17
GS-5.....	31	+ 3	34
GS-4.....	22	- 7	15
GS-3.....	---	---	-
GS-2.....	---	---	-
Subtotal.....	606	-76	530
Total permanent positions.....	612	-76	536
Unfilled positions, end of year.....	-30	+30	-
Total permanent employment, end of year.....	582	-46	536



TUESDAY, MARCH 24, 1981.

FEDERAL PROPERTY RESOURCES SERVICE

WITNESSES

ROY MARKON, COMMISSIONER

JOHN P. CANNON, DIRECTOR, PROGRAM SUPPORT

FRANCIS B. ROCHE, ASSISTANT COMMISSIONER, OFFICE OF PERSONAL PROPERTY

Mr. ROYBAL. We will now proceed to hear from the Federal Property Resources Service.

Mr. KLINE. Mr. Markon here, Mr. Chairman.

Mr. MARKON. I am pleased to appear again before this committee to talk about the appropriations for the Federal Property Resources Service.

I have a prepared statement and, with your permission, I would like to introduce it for the record and summarize those remarks.

Mr. ROYBAL. Without objection, so ordered.

[The statement of Mr. Markon 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 present the fiscal year 1982 budget request for the Federal Property Resources Service (FPRS). The appropriations for which I am requesting funds in 1982 are: Operating Expenses, which includes Stockpile Transactions, Stockpile Management, and Real and Personal Property; the National Defense Stockpile Transaction Fund.

NATIONAL DEFENSE STOCKPILE

I would like to discuss our fiscal year 1982 request by program beginning with the National Defense Stockpile of Strategic and Critical Materials.

The President's authority for Stockpile Management, including acquisition, disposal, exchange, barter, storage and rotation contained in Section 6 of the Strategic and Critical Materials Stock Piling Act of 1979, Public Law 96-41, dated July 30, 1979, (Policy Act) was delegated to GSA by Executive Order 12155. The Federal Property Resources Service was tasked to manage the program for GSA, including the management of 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 Policy Act also provides that Congress shall authorize and appropriate money from the Transaction Fund to support the acquisition of commodities that are required to meet our essential requirements for a three year National emergency. Receipts covered into the Transaction Fund at the conclusion of fiscal year 1980 were \$94 million, and the balance on March 12, 1981 was \$121 million.

The fund can be used for acquisition of commodities but not for operating expenses such as storage receipts and internal handling, inspection, economic and market research, planning and other necessary program expenses. These expenses for 1982 are included in the Operating Expenses portion of our request, which I will discuss later.

Public Law 96-175 authorized the disposal of excess tin and industrial diamond stones and appropriations of \$237 million. The second continuing resolution, Public Law 96-536, provided interim funding of \$100 million in fiscal year 1981 to acquire

commodities. (Our total request was \$149 million). For fiscal year 1982 I am requesting \$120 million for strategic and critical commodity acquisitions.

The President's statement of March 13, 1981, directed the initiation of the purchase program for the National Defense Stockpile. Following the President's announcement FPRS selected cobalt as our first step in offsetting a critical deficit and beginning the long overdue restructuring of the National Defense Stockpile. Stockpile goal requirements for all strategic and critical materials needed for a three-year national emergency are valued at approximately \$20 billion, with a materials deficit estimated at \$12 billion.

Commodities that have been determined to be excess to our strategic requirement have an estimated value of \$6 billion. An Administration proposal is to be submitted to Congress for additional multiple year disposal authorization for seven commodities excess to our strategic needs valued at \$2.1 billion.

Market conditions and market prices in the fast-paced commodities business change continually, making it necessary to change our disposal and acquisition plans and estimates frequently. Receipts entering the Fund depend on both market prices and conditions which determine quantities of stockpile materials than 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. For this reason and multiple year contracting, requirement funds for acquisitions are requested for five years as authorized in the Policy Act.

WILLIAM LANGER JEWEL BEARING PLANT

Another aspect 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, as authorized by Public Law 90-469. 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 only a slight gain in 1980, we will be back on a break-even basis in 1981.

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 1980 there were 349 dispositions of excess real property with a value of nearly \$142 million; including 43 transfers to other Federal agencies with an estimated value of \$24 million, 196 public and negotiated sales generating proceeds of \$81 million, and 110 discount conveyances having an estimated value of \$32 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 authorizes 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. This expense is covered in Expenses, Disposal of Surplus Real and Related Personal Property. For fiscal year 1981 OMB apportioned \$1 million for these purposes and for fiscal year 1982 I am requesting the same amount.

Personal property

In fiscal year 1980 excess personal property with an original acquisition cost of \$469.8 million was transferred among Federal agencies for their use. We also donated property valued at an original acquisition cost of \$346.6 million to eligible donees through State agencies under the authority of Public Law 95-545. Agency payments for work placed under our rehabilitation contracts program totaled \$58.9 million. Proceeds from surplus personal property sales were \$52.7 million, composed of \$36.0 million for usable property and \$16.7 million for scrap and miscellaneous.

Stockpile transactions

This activity disposes of excess stockpile materials and acquires items that are below prescribed goals for the National Defense Stockpile. Current emphasis is

being placed on sale of the 35,000 long tons of tin authorized by Public Law 96-175, and intensive research into those commodity markets where acquisitions and disposal activity is anticipated.

Stockpile management

Our stockpile management responsibilities include storage, inventory, quality assurance, transportation, handling, packaging, upgrading, refining, security, and readiness of strategic and critical materials in the National Defense Stockpile. Stockpiled commodities are stored at 106 different locations throughout the country with varying requirements for security and safety. We are presently reviewing prospective storage locations for commodities to be acquired, and making preparations for disposal of excesses.

Ongoing efforts unrelated to the restructuring activities include repackaging of materials to facilitate readiness, preservation and environmental management. In fiscal year 1980, 400 tons of materials were handled, and 5,605 inspections were performed. Workload in fiscal year 1982 is forecasted at 749 tons to be handled and 8,385 inspections to be performed. Because of the cyclical nature of the acquisition and disposal activities these funds which are used in direct support of the purchase and sales functions are requested for two years as authorized in the Policy Act.

Summary, FPRS 1982 budget request

The 1982 budget request for the Federal Property Resources Service is as follows:

	1982 budget	Increase from 1981
<i>Operating expenses:</i>		
Stockpile management	\$20,697,000	\$996,000
Stockpile transactions	3,182,000	37,000
Real property	6,927,000	65,000
Personal property	16,532,000	164,000
Total, operating expenses	47,338,000	1,262,000
<i>National defense stockpile:</i>		
Transaction Fund	120,000,000	20,000,000
Total FPRS	167,338,000	21,262,000

Summary operating expenses

Operating Expenses will provide funds for Real Property, Personal Property and Stockpile Management, Acquisition and Disposal Programs at 2.7 percent (\$1,262,000) more than the fiscal year 1981 level. The additional funding is for increases in rent of \$300,000, and costs of goods and services of \$962,000. Employment is reduced by 5 percent, the reduction to be applied primarily to functions which do not generate income or cost avoidance to the government.

The 1982 request of \$120,000,000 from the National Defense Transaction Fund for acquisition of commodities required to restructure the National Stockpile was previously discussed. The increase of \$20 million for stockpile acquisitions represents the major (93 percent) increase in the FPRS program.

Rare silver dollars

Although we are not requesting funds for this program, I'd like to say a few words about the sales of the Carson City Silver Dollars. As you are aware, we recently sold the remaining inventory of these coins, not without adverse comments.

The Carson City Silver Dollar Sales program began with Public Law 91-607, the Bank Holding Company Act Amendments of 1970, by which Congress authorized GSA to sell the last of the Government's holding of 90 percent fine silver dollars. That law required GSA to adhere to the sale plan approved by the Joint Commission on the Coinage, which is not longer in existence. The Commission's plan had three main goals:

- (1) To insure the public a widespread opportunity to obtain the coins;
- (2) To obtain the maximum return on disposal for the Treasury; and
- (3) To conduct the disposal operation in Government rather than in private hands.

The Commission decided on a sales plan in which the silver dollars were to be sold by public mail bid with a pre-established minimum price set near their then-retail values. Coins were to be awarded beginning with the highest bid for each offering. If there were more coins than bids, all coins were to be awarded at the

minimum bid price indicated and any amount over that price was to be refunded. Bidders were limited to one coin each per category. Coins were awarded on an "as is" off-the-shelf, sight unseen basis. GSA received an appropriation of \$10 million to market the coins.

Five sales of the Carson City silver dollars were conducted by GSA during the years 1972-74. As a result of these five sales, 1,959,428 coins were sold generating net revenues of \$55.3 million.

Sales were discontinued in 1974 because of the high costs involved in conducting them, and because of the diminishing market returns from the sale of 1883-1884 coins—which constituted 64 percent of the remaining inventory. Expenses incurred against the appropriation for the five sales were approximately \$7.8 million.

Public Law 96-2, approved March 7, 1979, amended the Bank Holding Company Act to allow the Administrator of GSA to conclude the sales by any method he deemed appropriate.

Under the amended and less restrictive legislation, we planned three sales in 1980 utilizing the remaining \$2.2 million of the appropriation. The February 8, 1980 sale (Sale VI) offered some 923,000 of the common date and poorer quality coins to the public by mail order at fixed prices. The sale was vastly oversubscribed and limits were set to spread the coins among more of the would-be customers. The sellout generated gross revenues of more than \$51 million. The next sale (Sale VII), in July, offered the remaining 55,000 coins at public auction by mail bid. Virtually all of the coins were sold. Because of our success in selling all of the coins, it was not necessary to conduct the planned third sale. Gross revenues of more than \$11 million from the July sale, when added to those from the February sale, brought total gross revenue for the 1980 sales program to approximately \$63 million, which exceeded the income estimate at the time of authorization by over \$37 million. In these days of cost overruns I am pleased to report an income overrun in a program that was concluded slightly below budget. The program will wind up pending miscellaneous matters and will be concluded this fiscal year.

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

BUDGET OVERVIEW

Mr. MARKON. We are requesting appropriations for Operating Expenses for the programs managed by the Federal Property Resources Service. These programs are the Stockpile Management; Stockpile Transactions; Real Property and Personal Property.

The Stockpile Management and Transactions operating expenses are as follows:

\$20,697,000 in our 1982 budget, which is an increase of \$996,000 over 1981. For Stockpile Transactions, and that is the activity in my office that does the buying and selling and market research, we are requesting \$3,182,000, and this is an increase of \$37,000 from 1981.

For our Real Property operations, we are requesting \$6,927,000, an increase of \$65,000 over 1981. These funds are appropriated from the Land and Water Conservation Fund, not from general receipts.

For our Personal Property program, we are requesting \$16,532,000, an increase of \$164,000 over 1981.

The total request for 1982 is \$47,338,000, and the total increase over the 1981 budget is \$1,262,000.

Also in our budget I am requesting funds for \$120 million to be appropriated from the National Defense Stockpile Transaction Fund. This is an increase of \$20 million over the 1981 budget.

Our total FPRS budget then is \$167,338,000.

The total increase is \$21,262,000.

The bulk of the increase for additional funding is reflected in the increase in costs of goods and services and the cost of rent.

Of the \$1,262,000, \$300,000 is increased SLUC costs, and \$962,000 is the increased costs of goods and services.

There is one other program that we are not requesting funds for, but I would like to mention it because I am sure the committee is interested in this subject, and that is the sale of Carson City Silver Dollars.

We have completed our sales. The proceeds from the July sale amounted to \$11 million. The \$11 million, when added to the proceeds of the February sale, brought the total gross revenues for the sale of this program to approximately \$63 million which exceeded the income estimates at the time of authorization by over \$37 million.

In these days of cost overruns, I am pleased to report an income overrun in the amount of \$37 million.

All those coins are sold and we are out of the coin business. Mr. ROYBAL. Congratulations in more ways than one.

RESOURCE UTILIZATION

Will you repeat again the figures for cost of goods and services and then also separately for rent?

I would like to know how you are doing in the rent situation.

Mr. MARKON. Rental increase is \$300,000.

Mr. ROYBAL. Has that been an increase?

Mr. MARKON. An increase over 1981.

Mr. ROYBAL. What was the 1981 rent?

Mr. MARKON. It was approximately \$9 million.

Mr. ROYBAL. Total?

Mr. MARKON. Yes; most of that is in the stockpile area. We rent warehouse space from GSA, so to speak.

OPERATION OF THE STOCKPILE

Mr. ROYBAL. Now, how does this appropriation relate to the operations of the Stockpile Transaction Fund?

Mr. MARKON. Under the presidential executive order, we are the managers of the stockpile. We do the buying, selling, and we manage the funds. The proceeds from the sale of the excess stockpile commodities are deposited into the Transaction Fund. Those funds have to be authorized for appropriation and must be appropriated so that we can buy the commodities for which there are deficits.

There is no authorization of the commodities which we buy. That is an administrative judgment. For fiscal year 1981, under the continuing resolution, we have \$100 million available for acquisition of commodities. We have recently announced our plan to proceed to use this money to buy cobalt in which we have a great deficiency in the stockpile, and it is a highly strategic material.

REAL PROPERTY

Mr. ROYBAL. What about the real property that you dispose of? What is the cash receipt to the government on that?

Mr. MARKON. Last year the cash receipts were about \$81 million. We handle more property than that. The property when it becomes excess runs through a process.

First there is a utilization process. If another agency needs it, then we transfer the property from one agency to another and that is cost avoidance.

Then it goes through a cycle for public discount conveyance, and that is for parks, education, airport and health needs. Once it passes through that process, then it goes through negotiated sale with public bodies, and if there are no interests or we cannot negotiate a sale with public bodies, it goes on competitive sale.

Mr. ROYBAL. How much of that property has gone on competitive sale in the last two years?

Mr. MARKON. Like I said, we made \$81 million last year on the sale of property. We handle \$200 million worth of property.

Mr. ROYBAL. The \$81 million is actual cash for the property that you sold on an open competitive market?

Mr. MARKON. Either that or negotiated sale with a city or county which we must get fair market value.

Mr. ROYBAL. How much of this property goes on open competitive bid, a small percentage?

Mr. MARKON. I would say it is about half of it. I can provide that for the record. The rest is negotiated.

Mr. ROYBAL. I understand. In other words, half of the property is property that no other agency in the government wants or any other public agency, but it is property then that is set up for sale? Is that my understanding?

Mr. MARKON. Properties reported as excess during the year? About 280 different properties, and that is what comes into the inventory.

We dispose of about 229 properties during the year, so we keep a kind of a constant backlog. Out of the 229 properties, we transferred property that was worth \$23,566,000. We went to public sale, that is competitive sale, and we received \$10,088,000 for the property we sold. Negotiated sales, \$71,327,000. For parks and recreation purposes, property worth \$17,233,000; for health purposes, \$1,680,000; education, \$9,181,000; for airport uses, property worth \$2,881,000, and other miscellaneous, \$6,227,000. So the total property that we handled all of last year was \$142,235,000.

Mr. ROYBAL. Ten million of that is actually open competitive?

Mr. MARKON. Yes; now, we receive some property like the industrial property from the Defense Department, which is reported to us for sale to the operator.

The need to maintain that productive capacity is the reason why we do not sell that on the market, and sell it only to that particular operator. In those sales, there is a requirement that he retain and maintain the productive capacity for defense purposes.

PROPERTY REHABILITATION PROGRAM

Mr. ROYBAL. What is the Property Rehabilitation Program?

Mr. MARKON. In Personal Property?

Mr. ROYBAL. In Personal Property.

Mr. MARKON. We have a very active program in that particular area. Basically, it is a service that we provide because it is used by more than one agency.

In a particular area we will put out a contract for repair of furniture, for example, for painting of furniture. It is a standard

contract. Any government agency can utilize that contract. If they have furniture to be repaired or to be painted, they utilize the contract.

They take their furniture or the furniture is picked up by our contractor, repaired and delivered back to them. In those cases, we maintain or put the contract in place. The actual payment of the cost to repair is paid by the agency.

CONTRACTS INVOLVING THE HANDICAPPED

Mr. ROYBAL. All right; do you use any disabled people on that, handicapped workers?

Mr. MARKON. Oh, yes. It is a program that is well suited for some of the social objectives in contracting. Over 90 percent of our contracts are small business, and we do have agreements with the blind and the handicapped wherever we can. We have repair contracts that they can handle.

Mr. ROYBAL. You actually have repair contracts with handicapped groups and organizations?

Mr. ROCHE. There are several contracts particularly in the area of furniture repair, where things such as chairs that might have to be rewoven can be rewoven by the blind.

Mr. ROYBAL. Did you say they are rewoven by the blind?

Mr. ROCHE. Yes, sir.

Mr. ROYBAL. I know a young fellow and really not so young; he is probably in his middle forties who is a paraplegic, and who is one of the best furniture refinishers I have ever seen. He does cabinet work and he has three or four others working with him, but he is excellent, especially when you take one of those old dining room tables and he finishes it and it comes out looking like it did when it came out of the store, so no doubt these people can and should be used.

Mr. MARKON. Oh, yes; where we can we would certainly encourage contracting with those kinds of firms. Our contracts are generally small. We have over 2,000 contracts. The payments made by the agencies for services last year was \$58 million, but with over 2,000 contracts you can see it is spread throughout the country, and it is a program where we can utilize small business and deal with the handicapped.

RANKING AND SCREENING PROPERTY

Mr. ROYBAL. How do you rank priority for "public benefit disposal" of real property and also personal property?

Mr. MARKON. The ranking is different. In the real property area the discretion is with the administrator. The administrator under the law has discretion to deny public benefit discounts and move the property on the market for sale. There is no right for a public benefit disposal. It is not mandatory.

In the personal property area, the excess property goes through a screening process of 60 days. In the last 20 days of that 60 day cycle, the States screen the property. Our donations program is with the States under the public law that authorizes us to make donations of personal property.

If the States screen the property and they see something they want, they take it, or they come and pick it up, so it is automatic. We make a record of that and we try to see that the personal property is equally distributed among the States.

In that process we have established goals based on dollar value and the State can draw to meet its entitlement under these goals. When they reach that and there is a competition between two States, the State that has a lower percentage toward their entitlement will get the property rather than the State that has already reached its entitlement figure.

REAL PROPERTY CONVEYANCES

Mr. ROYBAL. Mr. Akaka?

Mr. AKAKA. Yes; thank you very much, Mr. Chairman.

On page 3 of your testimony you state here that for fiscal year 1980 there were 349 dispositions of excess real property with a value nearly \$143 million, including 43 transfers to other Federal agencies.

My question is, of the remaining, how many were conveyed to State, local or city entities under either outright sale, or a discount conveyance?

Mr. MARKON. There were 196 public and negotiated sales. In that area, we testified that \$71 million was negotiated to parties other than the states—say \$10 million was negotiated with the States.

The 110 discount conveyances to the States had a value of \$32 million, so the \$32 million plus the \$10 million, it would be \$42 million negotiated on public discount.

Mr. AKAKA. How many of those were conveyed to private interests?

Mr. MARKON. The figure of \$71,327,000 of negotiated sales represents 91 parcels, and they were either negotiated basically with industrial firms in the program, where we are selling off the industrial property of the Defense Department.

HARBOR DEVELOPMENT

Mr. AKAKA. According to Federal law, properties that are no longer needed by a Federal agency are declared surplus, and are made available to State, local, and county governments.

These governments may acquire surplus properties at a discount from market value for such uses as parks, education, recreation, airport, or public health facilities, et cetera. These uses are considered to be in the public interest.

However, harbor development is not included in the list of uses considered to be in the public interest, and yet harbor development is essential for commerce in some areas. Harbors are becoming increasingly important at a time when energy is in short supply, and a tremendous growth in coal utilization is anticipated in the coming years, and harbors, therefore, become very important.

This will mean new development in expansion of ports and harbors.

Would GSA object to including State harbor facilities in the list of uses for excess Federal land which is in the public interest?

Mr. MARKON. There has been legislation introduced on this subject in the 96th Congress. There was a Bill introduced in the Senate and in the House and also in the 97th Congress, so this is a question we have addressed.

Our position has been to oppose such a conveyance. There is in most of our public discount conveyances, public use. For parks, people get a direct benefit; for education—their children. People-oriented types of conveyances.

When you get into commercial operations like a harbor development or an industrial facility, then there is a financial formula and if the harbor is really worth developing, the value of the land is only a small part of the cost of the development and will not really prevent the development.

I doubt that it would be that much of an incentive to development.

Mr. AKAKA. Can that same argument be used for airports as being in the public interest, for the public use, and yet it is included in this excess fund?

Mr. MARKON. Yes, I think you can make the same argument. The Airport Act of 1944 had the donation, for airport purposes of air bases. A military airbase is an existing facility. The runways are in place, the control tower is there, and other facilities are there so the highest and best use was to convert it to civilian use for the same purpose.

It is, I think, a little different both in point of time, 1944, and today, and in terms of use. It is a question of degree, not a basic difference in principle.

Mr. AKAKA. I am hoping some day there will be more public use of the harbors. I think you know that Hawaii now has the only passenger liner that operates in the United States, and it operates within the State of Hawaii and its waters, and that is why I raise this, because there is public use and I often wondered why this was not included as the airport is.

Mr. MARKON. The land that we have in Hawaii, Pearl Harbor, for example, is utilized by the Navy. I am not sure that we have any excess land that is suitable for harbor purposes in Hawaii.

COORDINATION WITH STATES

Mr. AKAKA. Yes, I am not certain about that. Under the Federal excess real property procedures, excess land not acquired by State, local governments, are then offered for sale to the public. Oftentimes, however, States are not able to review the property needs quickly enough to acquire excess Federal property before they are offered for sale to the public.

In other instances, the State finds that it could have made use of excess lands that have only recently been sold to the public.

Would it be possible for the GSA to hold property at the request of the State or local government until a needs assessment can be made?

Mr. MARKON. I think in this area that we have a record where we have bent over backwards. There is an Office of Management and Budget Circular, A-75, which requires us to give notice and to coordinate our activities with State planning agencies.

Many times we do get requests to hold up on a disposal because of the requirement to go through some legislative process in the State, or to go through some budget process within a municipality or county. These are problems that we understand.

We do accommodate the States in many, many instances, sometimes to the extent of two or three legislatures. We have property where we have really held it too long, some property that we have held for four years, and all at the request of the State.

Now, the requests are not always "please." Sometimes they threaten to pass zoning laws and block the conveyance in other ways, so it is a matter where we need mutual cooperation.

Mr. AKAKA. So that if there is a time frame it is very flexible; it depends on the situation that demands.

Mr. MARKON. Yes.

Mr. AKAKA. You bend over backwards to help the States?

Mr. MARKON. I don't know of a case where we have sold property where a State complained it was done in too much of a hurry.

INSPECTOR GENERAL AUDITS

Mr. ROYBAL. Mr. Markon, you described your operation, the various contracts you enter into, people that you involved yourselves with. To what extent does the Inspector General examine this operation and have there been any cases of fraud uncovered?

Mr. MARKON. Yes; the Inspector General examines all of the contracts, not only the Inspector General but the General Accounting Office. They make reports on some of our activities in this area.

The Inspector General testified just a little while ago to a fraud case involving a million dollars on tire recapping. That was one of our contracts. This is done by the Inspector General, according to his own schedule. He may select contracts and audit those contracts or investigate them, or it may be done on our own suspicion that something is wrong and we ask for an investigation.

I have suspended three contractors from doing business with GSA. Two of them have ended up in convictions for fraud.

Mr. ROYBAL. So there has been some fraud uncovered and it has been taken care of?

Mr. MARKON. Oh, yes, I think the fraud was in the heavy equipment repair where we were being overcharged for parts.

Anyone who has an automobile understands how that works.

Mr. ROYBAL. Yes, even to the extent that in one instance on television the other day a woman went out to get her car fixed, to get her car tuned, and when they finished with the job she couldn't get the car started. She finally got her husband to take her elsewhere where they did the job all over again.

She paid both places, and she has had a dickens of a time getting her money back from either one of them.

What I am saying, they did not tune the automobile at place number one or number two. I was wondering to what extent is GSA taken advantage of when it is necessary to get all those things done?

Mr. MARKON. We don't really have the manpower to have somebody stationed at 2,000 places watching all of the work coming in and going out. Contract administration is something that the GAO has commented on and has always encouraged us to do more.

We issue instructions and advice and guidance to the agencies that use the contracts, to be careful, to watch their bills, to inspect the equipment, and in many cases where they have the capability, like in the Navy, for example, they have their mechanics go over a repaired vehicle very thoroughly before they accept it, so some of the agencies are very careful in this area. Others who don't have the capability or the manpower, they are susceptible to being ripped off a bit.

Mr. ROYBAL. Thank you very much.

STOCKPILE TRANSACTION FUND

We will now proceed with the National Defense Stockpile Transaction Fund.

Mr. MARKON. That is my program, Mr. Chairman.

I had it in my other statement. The Transaction Fund briefly is the fund in which the proceeds from the sales of excess property are deposited, and these proceeds must be appropriated. Last year we received under the continuing resolution \$100 million, and this year our request is for \$120 million.

Much of our presentation on the stockpile looks to the future. We talk here about appropriations. We make estimates on income and proceeds into the fund as we did last year. We are operating in a market that prices change. For some of these commodities—daily, and there are drastic changes.

I testified before this subcommittee on the request by Mr. McDonald to buy silver. At the time I was testifying, silver was \$10 an ounce and in February last year when we sold our silver dollars, silver was \$50 an ounce. The estimates that we have in our request projecting incomes and so forth have to be looked at in the context of the market in which we deal.

I gave the example of silver, how commodities can rise and how markets can be soft. We made a projection we would sell 10,000 tons of tin. I am very competitive in the sale of tin, and I am getting complaints from the producers about disrupting the market, but tin just is not moving.

I have talked to all of the tin consumers, U.S. Steel and Bethlehem, et cetera, and the market is very soft, and we are not selling tin. When the market turns, production picks up, then we will sell our tin. We will sell it at the price at that time.

The fund currently has about \$120 million in it. We have submitted legislation to the Congress for authority to dispose of 7 additional commodities, and one of the commodities is silver.

Now, we have a stockpile that if it were fully up to goals in all commodities would be worth in today's market approximately \$20 billion. A \$12 billion deficit exists. We have \$6 billion of excess material.

Now, in that \$6 billion, the value of tin, the excess tin, and the value of the excess silver is about 85 percent of that \$6 billion, so there is a lot of commodities in there that are excess; but if we should sell them we are really not going to generate substantial sums to attack that \$12 billion deficit.

Mr. ROYBAL. Your request for 1982 is \$20 million more than 1981. Has all the \$100 million of 1981 been spent?

Mr. MARKON. No, that was made available under the continuing resolution, and that is rather recent.

Our first proposal for acquisition was out on the streets in mid-March, by March 14, and it was a request to buy cobalt, 1.2 million pounds for option with additional pounds for other increments as we may receive from proposers.

Cobalt world price is about \$20 a pound, so we can easily commit the \$100 million on that commodity alone. We have 17 other commodities which we are developing acquisition plans for.

STOCKPILE ACQUISITION PLAN

Mr. ROYBAL. Now, what agencies decide what the stockpile levels should be? Who makes that decision?

Mr. MARKON. The decision is actually made by the National Security Council.

There are four basic committees, and most of this is chaired by FEMA. For the Defense requirements or the Defense needs, a subcommittee headed up by Defense, the international implications of the commodities and the proposed activities is a subcommittee headed up by the Department of State.

The business or economic effect, that is headed up by the Commerce Department, and market impact and budgetary is headed up by FEMA. FEMA is the coordinating agency which takes the input from all of the agencies and does the mathematical modelling. From that modeling they develop a plan.

This plan is predicated on a three-year war. To provide for the essential military requirements, defense requirements, essential civilian requirements, and basic requirements, so you have three years on three different levels.

Mr. ROYBAL. Now, you must get approval then for the purchase of any item?

Mr. MARKON. The plan, once it is approved by the National Security Council, is presented to the Congress by FEMA to the Armed Services Committees. This is not a legislative action. It is a report action and if the committee has no objections then this becomes the final plan.

That plan then is announced to the world through some of the stockpile reports. In the stockpile report each commodity in the stockpile is listed. The inventory is listed. The value which is an estimate of the value on the date that the report was made the excess and the deficiencies.

Now, based on this plan, we develop acquisition plans. FEMA identifies the priority commodities. They gave us recently and announced publicly 18 commodities which they consider to be priority for acquisition.

Among those 18 was cobalt. GSA selected cobalt because we think the market is right to buy cobalt at this time.

Mr. ROYBAL. After you get your final approval, then you do have latitude as to what items to acquire?

Mr. MARKON. Yes, with \$100 million I have the selection of the 18 commodities.

Mr. ROYBAL. You can pick any of the 18 or two or three or whatever it is you think are in the best interests of the country?

Mr. MARKON. And this selection is coordinated with FEMA and the Defense Department, because it is their priorities that I am reacting to.

I might have a very good plan on a particular commodity because I think the market is right, and maybe the market is right; but if Defense might think another commodity has a higher priority, I will have to shift.

Mr. ROYBAL. Is there a legislative process you must go through prior to procuring for or disposing of items from the stockpile?

Mr. MARKON. I have no authority, unless it is authorized by law, and in this process, they not only authorize the disposition of the commodity but they set a limit.

For example, the last disposition authorization we received was for tin and industrial diamond stones, and they set a limit on tin for 35,000 metric tons.

Now, in that process in which they authorized the disposition, they also authorized the appropriation of our estimated income from that disposition.

We estimated \$237 million income from the disposal of industrial diamond stones and tin, and that was in the authorization for appropriation.

STOCKPILE TRANSPORTATION COSTS

Mr. ROYBAL. Now, who pays the transportation costs?

Mr. MARKON. Some of the transportation costs are absorbed in the acquisition process by the terms of the contract. Generally speaking, we are talking about materials on which we are import dependent. The sales are made at port of entry.

I was saying that the transactions are generally based on port of entry. The article may be received in New York or Chicago or some other port, depending on whether it arrives through the inter-coastal or by ship into New York.

Once it arrives at that point it is inspected and, if accepted, then the transportation to our particular depot and the cost of putting it on the shelf or putting it in the area is a cost that we absorb.

In our request last year for \$100 million, \$89.3 million will be used for the actual acquisition cost payment, and \$10.7 million is transportation.

For the request this year for \$120 million, \$107.2 million will be for payment for commodities, and \$12.8 million will be for transportation.

Mr. ROYBAL. It is customary for the purchaser to pay transportation costs?

Mr. MARKON. Yes, from the point of acceptance. If we would ask it to be delivered we can arrange that, but that would just be an additional cost to us.

Mr. ROYBAL. When you plan to make a purchase, do you announce this to the public?

Mr. MARKON. The law provides that we will conduct our activities and be as competitive as practical. To be competitive we have to announce and we have to offer and make solicitations to the widest range of interest.

Mr. ROYBAL. You have a special number of days in which you can do that prior to involving yourselves in a transaction? How do you work that?

Mr. MARKON. Some of the acquisition or procurement practices would be my invitation to bid.

We submit invitations and the bids come back and either we reject all bids or accept the bids that we feel are in the best interests of the United States. The method that we use for cobalt is to solicit proposals and select the high, and perhaps the second or third best proposer and then negotiate the transaction for the United States.

COMMODITY SELECTION

Mr. ROYBAL. All right; what do you expect to purchase with the \$120 million for fiscal year 1982; do you have any idea?

Mr. MARKON. Well, we would pursue the 18 commodities that FEMA has identified and we would continue our cobalt acquisition, because we have such a large deficit in that area and we would look at other commodities on this particular list, and balancing the priorities with the market opportunity, we would select one of those others.

Mr. ROYBAL. You can't purchase all 18 commodities?

Mr. MARKON. True.

Mr. ROYBAL. So you make a decision to purchase one or two, whatever it happens to be.

What happens if you purchase the wrong item and some other item will increase as silver did from \$10 to \$50? How do you feel about it then?

Mr. MARKON. If I select a commodity like cobalt, I am fortunate enough to buy cobalt, say, for \$15 a pound, and then all of a sudden it goes up to \$50, I have a contract that makes me look like a genius; but if cobalt should be reduced to \$10, then I have a contract that makes me look like a fool, so these are the risks that we take when we make these decisions.

Mr. ROYBAL. It is really quite a risk, I would say.

Mr. MARKON. It is. Millions of dollars are made every day on the commodities market by private individuals.

It is a very risky business, an awful lot of speculators in the business and there are many things that affect prices that are beyond any one single person's knowledge, and there is quite a bit of business judgment that we have to exercise, but I would point with pride to the record and our sales.

We have sold commodities. We have received market prices, and I think that that kind of a record is the basis for the faith that we have that we will have a very successful acquisition program.

Mr. ROYBAL. What is the total amount that you now have and now is available for acquisition?

Mr. MARKON. \$120 million.

Mr. ROYBAL. That is the amount you have ?

Mr. MARKON. Currently in the bank.

Mr. ROYBAL. But of that you said \$100 million is going to be spent for cobalt?

Mr. MARKON. We are requesting a proposal for 1.2 million pounds with options for additional. Depending on the return that I

get, whether I bring another million or two, the more I buy the better discount I should get, so when we analyze our return on the proposals for cobalt we would make a decision whether to accept the option for additional or to go into another commodity.

REQUESTED INCREASE

Mr. ROYBAL. Mr. Akaka?

Mr. AKAKA. Yes, Mr. Chairman.

There is an increase of \$20 million in your request.

My question is, what is this money to be primarily used for?

Mr. MARKON. This money is to be used for transportation costs and payment for the commodities I am buying.

My operating expense budget contains the money to support that function, that is, to pay the people that are involved in that program.

The commodities that I will be buying, I mentioned cobalt which I am buying, and I am also considering Agricultural Based Chemical Intermediaries such as Castor Bean Oil, Pyrethrum, Aluminum Oxide, Bauxite, Cobalt, Columbium, Cordage Fibers, Fluorspar, Manganese Dioxide, Medicinals, Nickel, Platinum Group Metals, Rubber, Tantalum, Titanium, and Vanadium.

All of these are in deficit and all of them are priorities.

Mr. AKAKA. Those are the 18 commodities identified by FEMA?

Mr. MARKON. That is right. The platinum market is fluctuating. It goes with gold. If you have been reading about the gold market, it is softening a little bit now, and it could be an opportune time to buy platinum for the stockpile.

Mr. AKAKA. You mention the cost of transportation. That interests me. In the testimony earlier by Mr. Kline, he pointed out \$2,100,000 was to be used for transportation and handling of, I guess, the strategic metals.

My question is, how is it that the cost is so high for transportation and handling?

Mr. MARKON. Why so much money?

Mr. AKAKA. Yes.

Mr. MARKON. We are dealing with bulk commodities, a million pounds of cobalt. Also, we are dealing with high value commodities at \$15, \$20 a pound, or whatever we can buy it for.

We need security. The bulk size of the commodity, the special handling requirements on some, and the security is what is represented in the transportation costs.

The estimated transportation costs of \$100 million was \$10.7 million. For the \$120 million we have \$12.8 million, and this increase was \$2.1 million I believe those are the figures that Mr. Kline mentioned.

Mr. AKAKA. Yes.

Mr. ROYBAL. Off the record.

[A discussion was held off the record.]

Mr. ROYBAL. Back on the record.

Mr. Kline, Mr. Markon, we would like to thank you for your testimony. I have some questions I wish to submit for the record, along with some from Congressman Miller.

[The questions follow:]

Questions From Congressman Roybal

Mr. ROYBAL. Last year the Executive Branch agreed to a balanced program for the stockpile; that is, more critically needed materials would be purchased with the funds derived from the sale of excess materials on a dollar-for-dollar basis. Does this Administration agree with the philosophy of the balanced program?

ANSWER. Yes. This administration proposed acceleration of the sale of excess stockpile materials to provide funds for future acquisitions of required materials and to reduce security, rotation and other storage costs of the excess materials.

Mr. ROYBAL. In the face of House Report 96-1090, dated June 13, 1980, which: ". . . directs the Office of Management and Budget, in coordination with the Treasury Department and GSA, to take actions necessary to reconcile this conflict between the law and the manner in which the Budget is presented to the Congress. The Committees on Appropriations of the House and Senate should be kept informed concerning this matter." Why does the Administration continue, in the regular budget, the disposal and acquisition of stockpile material?

ANSWER. The Office of Management and Budget does not perceive a conflict between the law and the manner in which the budget is presented to Congress. Funds for acquisition must be appropriated and therefore receipts from stockpile sales are an offset to the budget authority. Because of this interpretation, the fiscal year 1982 Budget was presented in the same manner as the fiscal year 1981 Budget. Any changes in the presentation would require a change in the legislation eliminating the provision that funds for acquisition must be appropriated.

Mr. ROYBAL. What is the amount of money already available in fiscal year 1981 for the purchase of commodities for the stockpile?

ANSWER. \$100 million is available pursuant to the Second Continuing Resolution, Public Law 96-536.

Mr. ROYBAL. What is the estimate of income in fiscal year 1981 from the sale of commodities from the stockpile?

ANSWER. \$461.0 million, \$267.3 million under existing legislation, and \$193.7 million under legislation recently proposed.

Mr. ROYBAL. What is the estimated income in fiscal year 1982 from the sale of commodities from the stockpile?

ANSWER. \$992.8 million, \$267.3 million under existing legislation, and \$725.5 million under legislation recently proposed.

Mr. ROYBAL. What is the projection as the total amount of money available in fiscal year 1982 for the purchase of commodities for the stockpile under current authorization?

ANSWER. \$120.0 million was requested for fiscal year 1982. The current authorization for acquisition funds is \$137 million.

Mr. ROYBAL. Under proposed authorization?

ANSWER. \$1,448.1 million.

Mr. ROYBAL. What are the estimates of the difference in the amount of money to be received from sales from the stockpile and the amount of money to be expended for new materials for the stockpile?

ANSWER.

[In millions of dollars]

	Receipts	Appropriations	Outlays
1981.....	461.0	100	100
1982.....	992.8	120	84

Mr. ROYBAL. What is the Executive Branch's understanding of the disposition of these excess funds?

ANSWER. In accordance with section 9 of the Strategic and Critical Materials Stock Piling Revision Act of 1979, moneys received from the sale of materials in the stockpile shall remain in the fund until appropriated or until the end of the third fiscal year following the fiscal year in which they are received. Any such moneys remaining in the fund after the end of the third fiscal year that have not been appropriated shall be transferred to miscellaneous receipts of the Treasury. Any of such moneys that are appropriated shall be disbursed from the fund in the order in which they are covered into the fund.

If provided in appropriation Acts, moneys in the fund, when appropriated, shall remain available for a period of five fiscal years. If the funds appropriated are not

obligated within the time provided in the Appropriation Act, the funds are transferred to miscellaneous receipts of the Treasury in the order in which they are appropriated from the fund.

Questions From Congressman Clarence Miller

Mr. MILLER. We understand that the House Subcommittee on Consumer Affairs has been critical of the recent GSA sale of silver dollars. Will you comment on this?

ANSWER. The chairman of the House Subcommittee on Consumer Affairs (and Coinage) sponsored authorizing legislation for the sale of the government's remaining inventory of some 978,000 historic silver dollars. Two sales were conducted in 1980 and all of the coins were sold. The sales were monitored by the subcommittee. An oversight hearing was held on August 19, 1980. The transcript of the hearing and a subsequent subcommittee report both refer to difficulties and errors in the operation of the sale.

Among its criticisms, the subcommittee takes the position that many American citizens were "cheated out of an opportunity to purchase" the coins. The Commissioner, Federal Property Resources Service (FPRS), maintains, however, that millions of uncirculated Carson City silver dollars became collector's items long before GSA became involved in selling them. These coins are traded daily in the marketplace. The government's supply of coins was offered to the public in five separate sales between 1972 and 1974. Each customer was then permitted to purchase only one coin uncirculated Carson city silver dollars became a part of the numismatic collections of many people.

Under less restrictive legislation, sponsored by the chairman of the subcommittee, FPRS planned the sale which was conducted in February, 1980. The sales plan was consistent with GSA's statements before the House Subcommittee on Historic Preservation and Coinage, in April, 1978.

Before outlining a sales plan, former GSA Administrator Jay Solomon said, "... it is significant for me to emphasize that we believe that GSA has already amply provided for every American to have an equal opportunity to purchase one or more of these historic coins." The final sales plan, shared with the subcommittee and announced in November, 1979, placed no limit on the number of coins a person could order; it did restrict the initial filling of orders to no more than 500 coins from each of the three categories offered.

In a letter dated February 5, 1980, three days before the sale opened, the chairman of the subcommittee wrote to former GSA Administrator Rowland Freeman suggesting "... the 500-coin limit on orders is no longer appropriate and should be reduced greatly to a 50 coin, or perhaps even lower limit." The Commissioner, FPRS, imposed limits of 20, 10, and 5 coins per category. The General Accounting Office, in testimony before the subcommittee on August 19, 1980, "found no basis to question GSA's actions" in setting these limits. Furthermore, funds available were not sufficient to execute a sales program with lower limits.

Most of the subcommittee's poor marks were given for operational and mechanical difficulties stemming from the tremendous size and scope of the sale.

For example, more than 200,000 orders were processed. In 3,795 cases, checks with a total face value of some \$8.1 million were returned, unpaid, by financial institutions. Almost without exception, these payments were stopped by customers who wished to withdraw from the sale. Many of these customers had placed large orders accompanied by substantial payments. When order limits were reduced to 20, 10, and 5 coins per category, these people had their payments tied up with no chance of receiving the quantity of coins they requested.

In 714 of the 3,795 cases involving unpaid checks, coins (3,825 of them worth \$228,965) and refund checks (649 of them worth \$862,627) totaling \$1,091,592 were inappropriately sent to customers.

Collection procedures were initiated and 633 of the 714 cases have been resolved, with restitution totaling \$1,010,470. Collection procedures continue on 81 cases involving 375 coins (worth \$22,405) and refund checks (worth \$58,717) totaling \$81,122. Our Regional Office is preparing to turn over to the U.S. Attorney in San Francisco a minimum of 20 cases for litigation.

It is unfortunate that the sales did not reach the level of perfection GSA had sought. We were operating in a market environment that was moving at an unbelievable pace. Decisions to be made and implemented on a very fast basis. In the rapid change in the operations, mistakes were made that, in relation to the magnitude of the sale, were minor. On a very limited budget this agency has sold virtually all of the coins, at fair market value, in an equitable manner, resulting in revenues of approximately \$63 million dollars. This income figure exceeds our original estimates by some \$37 million.

The committee will adjourn and will reconvene at ten o'clock tomorrow morning. We will insert the justifications in the record at this point.

[The justifications follow:]

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
Fiscal Year 1981
Comparison of Budget Adjustments to FY 1981 Funding
(\$ 000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u> ^{1/}
1. Stockpile Management	19,473	19,701	+228
2. Stockpile Transactions	3,345	3,145	-200
3. Real Property	7,140	6,862	-278
4. Personal Property	16,908	16,363	-540
Total	45,866	46,076	-790
Appropriation (House level under Continuing Resolution)	45,000	45,000	
Transfers to other accounts	<u>-113</u>	<u>-113</u>	
Total Availability	44,887	44,887	
Proposed pay increase supplemental	<u>1,979</u>	<u>1,189</u>	-790
Revised Amount	46,866	46,076	-790

Explanation of Reduction

The budget reductions in employment and travel applicable to this appropriation are as follows:

Employment	-694
Travel	-96
Total	<u>-790</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

^{1/} In addition to reductions, reflects a realignment of resources to meet changes in program needs since the initial budget was submitted.

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
 Fiscal Year 1982
 Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
 (\$ 000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Stockpile Management	20,948	20,697	-251
2. Stockpile Transactions	3,504	3,182	-322
3. Real Property	7,383	6,927	-456
4. Personal Property	17,741	16,532	-1,209
Total	49,576	47,338	-2,238
 <u>Explanation of Reductions</u>			
<u>Employment Reductions</u>			
1. Stockpile Management			-215
2. Stockpile Transactions			-321
3. Real Property			-436
4. Personal Property			-1,170
			-2,142
 <u>Travel Reduction</u>			
			-96

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
 Fiscal Year 1982
 Revised Budget
 Comparison with FY 1981 Revised Budget
 (\$ 000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Stockpile Management	19,701	20,697	+996
2. Stockpile Transactions	3,145	3,182	+37
3. Real Property	6,862	6,927	+65
4. Personal Property	16,368	16,532	+164
Total	46,076	47,338	+1,262
 <u>Explanation for Change</u>			
<u>Increases</u>			
Standard Level User Charges			+300
Annualization of FY 1981 pay increase			+14
Economic adjustments for increased costs of goods and services			+1,457
Subtotal			+1,771
 <u>Decreases</u>			
Employment reductions			-509
Subtotal			-509
Total			-1,262

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
Fiscal Year 1981
Workyears
Initial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u> ^{1/}
1. Stockpile Management	223	236	+13
2. Stockpile Transactions	52	56	+4
3. Real Property	155	153	-2
4. Personal Property	480	451	-29
Total	<u>910</u>	<u>896</u>	<u>-14</u>

^{1/} In addition to reductions, reflects realignment of workyears to meet changes in program needs since the initial budget was submitted.

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
 Fiscal Year 1982
 Workyears
 FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u> ^{1/}
1. Stockpile Management	227	227	0
2. Stockpile Transactions	52	53	+1
3. Real Property	155	144	-11
4. Personal Property	480	427	-53
Total	914	851	-63

^{1/} In addition to reductions, reflects realignment of workyears to meet changes in program needs since the initial budget submission.

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE
Fiscal Year 1982
Workyears
Comparison with FY 1981 Revised Budget

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Stockpile Management	236	227	-9
2. Stockpile Transactions	56	53	-3
3. Real Property	153	144	-9
4. Personal Property	451	427	-24
Total	896	851	-45

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
I-V64	Federal Property Resources Service, operating expenses	49,576,000	-2,238,000	47,338,000

This amendment reduces the request for operating expenses and would reduce 1982 outlays by \$2.2 million.

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

PROGRAM AND FINANCING (In Thousands of Dollars)

Identification code	1981	1981	1981
47-0533-0-1-999	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
PROGRAM BY ACTIVITIES:			
Direct Program:			
1. Stockpile Management.....	19,473	228	19,701
2. Stockpile Transactions.....	3,345	-200	3,145
3. Real Property.....	7,140	-278	6,862
4. Personal Property.....	16,908	-540	16,368
	<hr/>	<hr/>	<hr/>
Total Direct Program.....	46,866	-790	46,076
Reimbursable Program:			
2. Stockpile Transactions.....	40	--	40
3. Real Property.....	120	--	120
	<hr/>	<hr/>	<hr/>
Total Reimbursable Program....	160	--	160
	<hr/>	<hr/>	<hr/>
Total Program costs, funded....	47,026	-790	46,236
Changes in selected resources (unde- livered orders).....			
	--	--	--
	<hr/>	<hr/>	<hr/>
10.00 Total Obligations	47,026	-790	46,236
FINANCING:			
11.00 Offsetting collections from: Federal Funds.....	-160	--	-160
25.00 Unobligated balance lapsing....	--	--	--
	<hr/>	<hr/>	<hr/>
39.00 Budget Authority.....	46,866	-790	46,076
BUDGET AUTHORITY:			
40.00 Appropriation.....	45,000	--	45,000
41.00 Transferred to other accounts..	-113	--	-113
43.00 Appropriation (adjusted).....	44,887	--	44,887
44.10 Supplemental for wage-board pay raises.....	70	-28	42
44.20 Supplemental for civilian pay raises.....	1,909	-762	1,147

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

PROGRAM AND FINANCING (In Thousands of Dollars)

Identification code	19 81	19 81	19 81
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0533-0-1-999			
RELATION OF OBLIGATIONS TO OUTLAYS:			
71.00 Obligations incurred, net.....	46,866	-790	46,076
72.40 Obligated balance, start of year.....	9,924	--	9,924
74.40 Obligated balance, end of year	-9,924	-461	-10,385
77.00 Adjustments in expired accounts	--	--	--
90.00 Outlays, excluding pay raise supplemental.....	44,947	-485	44,462
91.10 Outlays from wage-board pay raise supplemental.....	68	-27	41
91.20 Outlays from civilian pay raise supplemental	1,851	-739	1,112

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-0533-0-1-999	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Direct Obligations:			
Personnel compensation:			
11.1 Permanent positions.....	22,695	-631	22,064
11.3 Positions other than permanent.....	300	--	300
11.5 Other personnel compensation.....			
11.8 Special personal services payments.....			
11.9 Total personnel compensation.....	22,995	-631	22,364
Personnel benefits:			
12.1 Civilian.....	2,270	-63	2,207
13.0 Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	720	-72	648
21.0 Motor Pool Travel.....	237	-24	213
22.0 Transportation of things.....	107	--	107
23.1 Standard level user charges.....	9,077	--	9,077
23.2 Communications, utilities and other rent.....	2,373	--	2,373
24.0 Printing and reproduction.....	640	--	640
25.0 Other services.....	6,460	--	6,460
26.0 Supplies and materials.....	1,802	--	1,802
31.0 Equipment.....	184	--	184
32.0 Lands and structures.....			
33.0 Investments and loans.....			
41.0 Grants, subsidies, and contributions.....	1	--	1
42.0 Insurance claims and indemnities.....			
43.0 Interest and dividends.....			
44.0 Refunds.....			
99.0 Subtotal, direct obligations.....	46,866	-790	46,076
99.0 Total obligations.....			

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-0533-0-1-999	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Reimbursable Obligations:			
Personnel compensation:			
11.1 Permanent positions.....	--	--	--
11.3-- Positions other than permanent.....			
11.5-- Other personnel compensation.....			
11.8-- Special personal services payments.....			
Total personnel compensation.....			
Personnel benefits:			
12.1 Civilian.....	--	--	--
13.0-- Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	--	--	--
22.0-- Transportation of things.....			
23.2 Communications, utilities and other rent.....	25		25
24.0 Printing and reproduction.....	20		20
25.0 Other services.....	115		115
26.0-- Supplies and materials.....			
31.0-- Equipment.....			
32.0-- Lands and structures.....			
33.0-- Investments and loans.....			
41.0-- Grants, subsidies, and contributions.....			
42.0-- Insurance claims and indemnities.....			
43.0-- Interest and dividends.....			
44.0-- Refunds.....			
99.0 Subtotal, reimbursable obligations.....	160	--	160
99.9 Total obligations.....	47,026	- 790	46,236

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES
PERSONNEL SUMMARY

Identification code: 47-0533-0-1-999	19 81	19 81	19 81
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
DIRECT:			
Total number of full-time permanent positions.....	997	-14	983
Total compensable workyears:			
Full-time equivalent employment...	910	-14	896
Full-time equivalent of overtime and holiday hours.....	(0)	-	(0)
Average ES salary.....	\$49,960	-	\$49,960
Average GS grade.....	9.03	-	9.03
Average GS salary.....	\$23,438	-	\$23,438
Average salary of ungraded positions.....	\$18,764	-	\$18,764

FEDERAL PROPERTY RESOURCES SERVICE

DETAIL OF PERMANENT POSITIONS

	1981	1981	1981
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Direct Program:			
ES-6.....	1	.....	1
ES-5.....	1	.....	1
ES-4.....	3	.....	3
ES-2.....	1	.....	1
Subtotal.....	<u>6</u>	<u>.....</u>	<u>6</u>
GS/GM-15.....	20	.....	20
GS/GM-14.....	54	-1	53
GS/GM-13.....	101	-2	99
GS-12.....	140	-2	138
GS-11.....	129	-2	127
GS-9.....	96	-1	95
GS-8.....	5	.....	5
GS-7.....	65	-1	64
GS-6.....	52	-1	51
GS-5.....	134	-2	132
GS-4.....	79	-1	78
GS-3.....	31	-1	30
GS-2.....	4	.....	4
GS-1.....	1	.....	1
Subtotal.....	<u>911</u>	<u>-14</u>	<u>897</u>
Ungraded.....	<u>80</u>	<u>.....</u>	<u>80</u>
Total (Direct).....	<u>997</u>	<u>-14</u>	<u>983</u>
Reimbursable Program:			
GS/GM-13.....	.....	.....	.....
GS-9.....	.....	.....	.....
GS-7.....	.....	.....	.....
Total (Reimbursable).....	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total Permanent Positions.....	997	-14	983
Unfilled positions, end-of-year.....	-109	-31	-140
Total permanent employment, end-of-year	888	-45	843

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

PROGRAM AND FINANCING (In Thousands of Dollars)

Identification code	19 82	19 82	19 82
47-0533-0-1-999	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
<u>PROGRAM BY ACTIVITIES:</u>			
Direct Program:			
1. Stockpile Management.....	20,948	-251	20,697
2. Stockpile Transactions.....	3,504	-322	3,182
3. Real Property.....	7,383	-456	6,927
4. Personal Property.....	17,741	-1,209	16,532
Total Direct Program.....	49,576	-2,238	47,338
Reimbursable Program:			
2. Stockpile Transactions.....	40	--	40
3. Real Property.....	120	--	120
Total Reimbursable Program....	160	--	160
Total program costs, funded...	49,736	-2,238	47,498
Changes in selected resources (unde- livered orders).....	--	--	--
10.00 Total obligations.....	49,736	-2,238	47,498
<u>FINANCING:</u>			
11.00 Offsetting collections from: Federal Funds.....	-160	--	-160
25.00 Unobligated balance lapsing.....	--	--	--
39.00 Budget Authority.....	49,576	-2,238	47,338
<u>BUDGET AUTHORITY:</u>			
40.00 Appropriation.....	49,576	-2,238	47,338
43.00 Appropriation (adjusted).....	49,576	-2,238	47,338

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

PROGRAM AND FINANCING (In thousands of dollars)

Identification code 47-0533-0-1-999	19 82	19 82	19 82
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
<u>RELATION OF OBLIGATIONS TO OUTLAYS:</u>			
71.00 Obligations incurred, net.....	49,576	-2,238	47,338
72.40 Obligated balance, start of year.....	9,924	461	10,385
74.40 Obligated balance, end of year.	-9,924	-934	-10,858
77.00 Adjustments in expired accounts	--	--	--
90.00 Outlays, excluding pay raise supplemental.....	49,516	-2,687	46,829
91.10 Outlays from wage-board pay raise supplemental.....	2	-1	1
91.20 Outlays from civilian pay raise supplemental.....	58	-23	35

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)			
Identification code	1982	1982	1982
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
47-0533-0-1-999			
Direct Obligations:			
Personnel compensation:			
11.1 Permanent positions.....	23,562	-1,947	21,615
11.3 Positions other than permanent.....	300	--	300
11.5 Other personnel compensation.....	--	--	--
11.8 Special personal services payments.....			
11.9 Total personnel compensation.....	23,862	-1,947	21,915
Personnel benefits:			
12.1 Civilian.....	2,356	-195	2,161
13.0 Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	808	-72	736
21.0 Motor Pool Travel.....	258	-24	234
22.0 Transportation of things.....	119	--	119
23.1 Standard level user charges.....	9,377	--	9,377
23.2 Communications, utilities and other rent.....	2,593	--	2,593
24.0 Printing and reproduction.....	703	--	703
25.0 Other services.....	7,310	--	7,310
26.0 Supplies and materials.....	2,004	--	2,004
31.0 Equipment.....	184	--	184
32.0 Lands and structures.....			
33.0 Investments and loans.....			
41.0 Grants, subsidies, and contributions.....	2	--	2
42.0 Insurance claims and indemnities.....			
43.0 Interest and dividends.....			
44.0 Refunds.....			
99.0 Subtotal, direct obligations.....	49,576	-2,238	47,338
99.0 Total obligations.....			

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1982		1982
	REQUEST PENDING	PROPOSED AMENDMENTS	1982 REVISED REQUEST
47-0533-0-1-999			
Reimbursable Obligations:			
Personnel compensation:			
11.1 Permanent positions.....	--	--	--
11.3--Positions other than permanent.....			
11.5--Other personnel compensation.....			
11.8--Special personal services payments.....			
Total personnel compensation.....			
Personnel benefits:			
12.1 Civilian.....	--	--	--
13.0--Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	--	--	--
22.0--Transportation of things.....			
23.2 Communications, utilities and other rent.....	25	--	25
24.0 Printing and reproduction.....	20	--	20
25.0 Other services.....	115	--	115
26.0--Supplies and materials.....			
31.0--Equipment.....			
32.0--Lands and structures.....			
33.0--Investments and loans.....			
41.0--Grants, subsidies, and contributions.....			
42.0--Insurance claims and indemnities.....			
43.0--Interest and dividends.....			
44.0--Refunds.....			
99.0 Subtotal, reimbursable obligations.....	160	--	160
99.9 Total obligations.....	49,736	-2,238	47,498

FEDERAL PROPERTY RESOURCES SERVICE
 OPERATING EXPENSES
 PERSONNEL SUMMARY

Identification code	19 82	19 82	19 82
47-0533-0-1-999	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
DIRECT:			
Total number of full-time permanent positions.....	997	-63	934
Total compensable workyears:			
Full-time equivalent employment...	914	-63	851
Full-time equivalent of overtime and holiday hours.....	(0)	---	(0)
Average ES salary.....	\$49,960	---	\$49,960
Average GS grade.....	9.04	---	9.04
Average GS salary.....	\$23,432	---	\$23,432
Average salary of ungraded positions.....	\$18,764	---	\$18,764

FEDERAL PROPERTY RESOURCES SERVICE

DETAIL OF PERMANENT POSITIONS

	19 82	19 82	19 82
	REQUEST PENDING	PROPOSED AMENDMENTS	REVISED REQUEST
Direct Program:			
ES-6.....	1	.....	1
ES-5.....	1	.....	1
ES-4.....	3	.....	3
ES-2.....	1	.....	1
Subtotal.....	<u>6</u>	<u>.....</u>	<u>6</u>
GS/GM-15.....	20	-1	19
GS/GM-14.....	54	-4	50
GS/GM-13.....	101	-7	94
GS-12.....	140	-8	132
GS-11.....	129	-9	120
GS-9.....	96	-6	90
GS-8.....	5	...	5
GS-7.....	65	-4	61
GS-6.....	52	-3	49
GS-5.....	134	-9	125
GS-4.....	79	-5	74
GS-3.....	31	-4	27
GS-2.....	4	...	4
GS-1.....	1	...	1
Subtotal.....	<u>911</u>	<u>-60</u>	<u>851</u>
Ungraded.....	<u>80</u>	<u>-3</u>	<u>77</u>
Total (Direct).....	<u>997</u>	<u>-63</u>	<u>934</u>
Reimbursable Program:			
GS/GM-13.....	...	.....	...
GS-9.....	...	.....	...
GS-7.....	...	.....	...
Total (Reimbursable).....	<u>...</u>	<u>.....</u>	<u>...</u>
Total Permanent Positions.....	<u>997</u>	<u>-63</u>	<u>934</u>
Unfilled positions, end-of-year.....	<u>-109</u>	<u>-9</u>	<u>-118</u>
Total permanent employment, end-of-year	888	-72	816

WEDNESDAY, MARCH 25, 1981.

FEDERAL SUPPLY SERVICE

WITNESSES

AGENCYWIDE MATTERS

RAY KLINE, ACTING ADMINISTRATOR

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

**WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET FEDERAL SUPPLY
SERVICE**

HERBERT W. McCARTHY, COMMISSIONER

**RICHARD H. JEANNERET, ASSOCIATE COMMISSIONER FOR MANAGE-
MENT**

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear the budgetary request of the Federal Supply Service of the General Services Administration.

Will you please proceed.

Mr. KLINE. Mr. McCarthy is the Commissioner of the Federal Supply Service and he has a brief prepared statement.

**OPENING STATEMENT OF HERBERT W. McCARTHY, COMMISSIONER,
FEDERAL SUPPLY SERVICE**

Mr. Chairman, I am pleased to appear before you to report on Federal Supply Service activities and to present our annual appropriation request.

I am accompanied today by Mr. Richard Jeanneret, Associate Commissioner for Management, who will assist me in responding to any questions you may have concerning the budget or related matters.

OPERATING EXPENSES, FSS

The Federal Supply Service operating expense budget for fiscal year 1982 totals \$135,142,000 and 3,603 work-years. This represents a net increase of \$1,239,000 and a decrease of 183 work-years as compared to the anticipated fiscal year 1981 level.

The net increase in funding is broken down as follows:

A plus \$2,672,000 for SLUC. While space usage for fiscal year 1982 is less than fiscal year 1981, cost per square foot for the remaining space is up.

An increase of \$1,435,000 for stock catalog printing which was deferred in fiscal year 1981.

An additional \$789,000 for nondiscretionary, common distributable expense increases for communications, postage, et cetera.

\$950,000 additional for increased costs for contractual services, supplies, transportation of things, motor pool, travel, and so forth. These increases are largely offset by a 183 decrease in staff years equating to \$4,607,000.

Two major efforts are necessary to remain within the requested budget level of \$135.1 million and 3,603 work-years while providing the necessary emphasis on mission-essential functions.

First, achieve personnel reductions of 183 and expenditure cuts of \$4.6 million by considering among other options discontinuing selected supply distribution functions as well as closing some if not all self-service stores with the operations consolidated in the remaining activities or terminated as appropriate.

Second, continue high-priority programs and enhance them where possible. These initiatives include:

Implementing the personal property management officer concept throughout the Federal Government to improve professionalism and accountability in all Federal agencies;

Improving processes of FSS's leading functions, contracting, contract management, and the receipt, storage, and issuing of material emphasizing the use of the commercial distribution network and practices;

Increasing current efforts to achieve the most beneficial and effective strategies for product line acquisition;

Continuing review of multiple award schedules to identify those that should move to the more cost-effective single-award schedule program; and

Improving logistics support operations of the Federal Government through participation in the Federal Supply Management Council.

Mr. Chairman, this is a brief summary of the request by the Federal Supply Service for fiscal year 1982. We are prepared to answer any questions you may have.

BUDGET REQUEST

Mr. ROYBAL. Mr. McCarthy, will you please elaborate and explain your statement in the second paragraph, "The Federal Supply Service operating expense budget for fiscal year 1982 totals \$135,142,000 and 3,603 work-years."

You go on to say, "This represents a net increase of \$1,239,000 and a decrease of 183 work years as compared to the anticipated fiscal year 1981 level."

Mr. McCARTHY. Yes, sir.

Mr. ROYBAL. Elaborate on that just for my benefit.

Mr. McCARTHY. Essentially what I am saying is that given the fiscal year 1981 level of funding and employment, we expect to increase it \$1.2 million in 1982 and decrease 183 in terms of workers. In other words, 183 positions will be eliminated.

EMPLOYMENT REDUCTIONS

Mr. ROYBAL. Will attrition be taken advantage of in the elimination of the positions, or will these people just be fired?

Mr. McCARTHY. It will be a combination of both. We cannot at this point in time give the exact numbers, because the Regional

Administrators have not responded to how they will be impacted in terms of the numbers they have gotten, but we anticipate that there will be some attrition and also quite possibly some reduction in force required.

Mr. KLINE. For example, Mr. Chairman, in a general reduction of effort across the service, attrition can be used, but as Mr. McCarthy said, he is looking at things such as closing a depot or two or self-service stores.

Mr. ROYBAL. The closings of these facilities are based on no doubt on a study that has shown that it is no longer feasible to have them.

Mr. MCCARTHY. If I might elaborate on that a little bit, sir. The thrust of our budget approach for the coming year not only looks at 1982, but it also recognizes the fact that the Director of the Office of Management and Budget in his allowance letter has emphasized the President's pursuing additional reductions in 1983 and subsequent years. Thus, our planning today is taking a two-level approach. One is the short term, what we can do to solve the problem in 1982. That is where we are taking a hard look at the self-service store option. In terms of the depot consolidations, we will be studying those this fiscal year, and those kinds of closures probably would not have a positive effect in terms of reducing the budget until we begin to get into the fiscal year 1983 time frame; but if we do not do that today, we would not be in a position in 1982 to make decisions for fiscal year 1983.

Mr. ROYBAL. The bottom line is 183 positions will be eliminated?

Mr. MCCARTHY. Yes, sir.

Mr. ROYBAL. Well, that disturbs me, because I do not like to see the elimination of positions, particularly if attrition is not taken advantage of in the process.

In other words, to fire 183 people just does not hit me right.

Mr. KLINE. There is a strong relationship between the people and the dollars in these accounts; how quickly management must move to separate people must be based on that kind of analysis as well.

Mr. ROYBAL. When you have a full complement including the 183, you must have had some justification for having that total number.

Now we are changing the procedure and looking around for justification for the firing of 183 people.

Mr. KLINE. As Mr. McCarthy has said, these is going to be a reduced level of service. Customers may not have self-service stores. There may be a way of providing the items from other depots.

Mr. ROYBAL. The end result will be, of course, 183 less positions, but less service.

Mr. KLINE. That is correct, sir.

Mr. MCCARTHY. Right.

Mr. EARLY. At the same time we are trying to focus on the way the services are provided to our customers. If we have some less efficient operations, then those would be the first candidates that we would be looking at for reductions.

INTERRELATION OF FSS AND GSF

Mr. ROYBAL. All right, will you please explain to the committee how the Federal Supply Service and the General Supply Fund interrelate?

Mr. MCCARTHY. The General Supply Fund for supply operations is used for two purposes. Number one is to cover the cost of the inventory we have on hand, and the second is to cover the cost of the material that we have on order that we have not brought into the inventory as of any point in time.

Mr. ROYBAL. What is the current financial condition in terms of the General Supply Fund, assuming the supplemental is approved?

Mr. FONTAINE. On the supplemental, unless there is some relief we have a critical cash position, a potential anti-deficiency situation. We cannot return retained earnings to Treasury or advances to other agencies. The operating expenses appropriation pays the salaries, the overhead and related expenses. The GSF is a revolving fund which pays for goods and transportation costs. The GSF is also the fund through which the motor pool operations are conducted.

Mr. ROYBAL. If there is no approval, will it result in an additional number of positions being eliminated?

Mr. FONTAINE. The people for the supply operations are paid out of this appropriation and not the fund itself.

Mr. ROYBAL. Okay. People are not actually paid out of it.

Mr. KLINE. That is true as far as the Federal Supply Service is concerned. Only a few, twenty to thirty, are paid from the GSF. In the Transportation and Public Utilities Services, however, the motor pool people are covered by this Fund.

PROCUREMENT

Mr. ROYBAL. Now, how much per year do you estimate that you save the Government by procuring through the Federal Supply Service rather than having each agency do it?

Mr. MCCARTHY. That would depend on the type of program. Now, the latest price economies information which was generated on our last relatively normal fiscal year of buying was fiscal year 1979. At that particular point in time it was determined where we do non-stock direct buying, this is where we buy for an agency on order, but not through our stock program, they save about 5 percent. Where customers buy off of our Federal Supply Schedules, which are negotiated contracts, their savings ran about 15 percent. For purchases from our stock program where we bought under term or definite quantity contracts and brought items into stock, the savings approached 33 percent.

Overall, the net savings to the Federal agency is approximately 18 percent if you net the three sources of supply.

FRAUD AND CORRUPTION

Mr. ROYBAL. Now, would eliminating FSS solve the fraud and corruption problems in government, or are these problems just as likely in a decentralized system?

Mr. McCARTHY. Sir, I think, the fraud and other problems that have been attributed to FSS have been pretty well discovered, exposed, and disposed of.

As testified to by the Assistant District Attorney of Baltimore County at the last hearings before Senator Chiles, I think that the Federal Supply Service as an entity is in control of those kinds of things, and any other change would not be necessary.

Mr. ROYBAL. Well, what has the Inspector General found in the way of fraud in the Federal Supply Service?

We got some indication of that from previous testimony. Would you elaborate on that?

Mr. McCARTHY. The biggest findings that have been attributed to the FSS in recent years were, of course in the self-service store area, and that led to a total of 26 or so indictments in the Baltimore County courts.

Subsequent to that time, and outside of the self-service store area, there have been no major findings of fraud.

Mr. KLINE. Perhaps the Chairman would like to hear in the contract audit area.

Mr. McCARTHY. In the contract audit area, there has been a debate going on, if you will, between the Inspector General and the contracting officers regarding some of the recoveries that have been made. And these have been the subject of hearings where we have had audits denoting that there should be certain dollar value of recovery made as a suggested level by the Inspector General. In response to those, the contracting people who are negotiating the contracts and pursue the actual return to the Government have been returning about 24 cents on the dollar, and the Inspector General and others have said that they felt that that was not enough. However, there is a matter of interpretation in the contractual clauses under which the auditors are doing their study, and the contracting officials are doing their negotiation, which has to be resolved, and that has not been resolved as of yet. We are working to revise that clause so it is clearly understood by all parties and so that we all have the same basic framework for dealing with the issue.

Mr. KLINE. As far as the self-service stores are concerned, there are a number of procedures and policies that Mr. McCarthy has implemented there relating not only to the performance of our own employees, but also the customer agency people. We had to be examined to make sure that the people coming in to pick up supplies were not doing it for themselves, but were doing it for their agencies. Mr. McCarthy has had quite a program of changes that have been made to the process to tighten this up.

Mr. ROYBAL. It is in the service store area that you anticipate some cutbacks, is that not correct?

Mr. KLINE. Correct.

Mr. ROYBAL. Is that due to some fraud that was discovered?

Mr. KLINE. No, sir, the cutback is not due to fraud.

It is due to a relative prioritization. If we are providing service at a certain level, then what can we afford to do first, what is toward the bottom of the list, and what judgments are being made looking at the total responsibility of the Federal Supply Service to provide

supply support? The judgment has been made that this program at the lower end and may be one of the things that has to go.

Mr. ROYBAL. Still, it is service?

Mr. KLINE. It is service that will be impacted; yes, sir.

INTERNAL CONTROLS

Mr. ROYBAL. What internal controls have you instituted and to what degree do you think they will be successful with regard to fraud and these things we are talking about?

Mr. McCARTHY. Let me take, number 1, the most critical area, the self-service store area, which was really the key issue that brought this whole thing to public attention in recent years. A few years ago, going back to 1975, the annual sales volume of those self-service stores was in excess of \$70 million a year.

In 1980, the sales volume was \$44 million a year, a major drop.

The inventory in those stores, formerly at \$15 million or better, is down to about \$10 million now.

The number of items carried in the stores ranged up to a high of over 4,000 items per store in their peak years. There are now an average of 1,100 items per store.

The number of stores has also shrunk. It has gone from over 77 down to 69, and as I mentioned earlier, we anticipate that there will be some more closures.

Some of the other things that we have done to prevent fraud or waste is that vendors are no longer allowed in the stores. They used to be able to come in the stores and do business directly with the store manager. That is not allowed. They must go to the regional office and deal with the regional purchasing and supply people.

Secondly, the credit cards that people were using, and you may have heard about how they had been misused, particularly in this geographical area, are controlled now, and the blanks from which those cards are made are controlled. An agency must officially request those cards be made and sign for them. We keep running inventories of all the blanks that are kept, and those blanks are no longer kept in the self-service stores, but at the regional office.

Another measure that we have required is mandatory inventories, wall-to-wall inventories of all stock. As part of the enhancement of that capability, and to preclude one of the problems we had in the past, we expect to install in every store, by the end of this fiscal year, an automated line item accountability system. Then, when a person checks out of the store and the cashier rings up their sale, it will automatically do the inventory changes and reflect the current inventory posture. At any point in time we can then do a spot inventory check and compare what the inventory is versus what it should be.

In the past people could come into the store, circulate, buy what they want, and check out, and leave. Now, when customers come into the store, they must present an invoice signed by an authorized official of the agency they represent. They can then purchase the items which must match that preapproved invoice. They cannot buy anything that is not on that invoice. After a sale is made, a copy of that invoice is forwarded directly back to the

approving officer of the agency, a copy is given to the individual leaving the store, and a copy retained for our files.

INVENTORY AND SALES

Mr. ROYBAL. You told the committee that the inventory has dropped, income has dropped, and then you also tell us that a procedure has been instituted that takes time, effort, personnel, and it is almost impossible to cope with. Could that be the reason for this drop that you described?

Mr. McCARTHY. No, the reason for the drop in the inventory and sales was that we have eliminated the items that had no place in the self-service store to begin with; they were not normal Government usage items. They were luxury items that were highly sensitive to going home with people instead of being used on the job, which is what some of the investigations showed.

Still other items were greatly restricted. Film, which was a common item in the store at one time, is now very limited and very closely held and kept in a secure area, and only in those stores where an agency there, such as the FBI, has demonstrated a requirement to get that kind of material. So the number of items shrunk, namely by getting rid of the luxury or the sensitive items. As a result, the inventory shrunk along with it.

Mr. ROYBAL. I am trying to relate the logic behind decreased personnel, 183, to the condition that you have described.

There seems to be some justification on the surface. Am I correct in that assumption?

Mr. McCARTHY. One of the main reasons, from a management point of view, of why I would pursue the self-service store program is the opportunity to achieve savings that the budget requires. In looking at the stores themselves, the number of transactions some of them do per day and the number of people involved, the conditions are such that if you were operating some of them as a private enterprise, you might not be in business. Every store must have a manager and at least a clerk. In most stores there is a manager plus one or two other people. Yet if you have a store that is doing 24 transactions a day, as several do, that is just a handful of work for three people to be doing. So the overhead affiliated with a store is significant. So if you can close a store and consolidate, you can still provide a degree of service that is satisfactory and reduce the cost of the operation, particularly in an area like this where you have stores almost across the street from each other.

Mr. ROYBAL. Well, with the 24 transactions a day, whether it be in two stores close together or not, means 24 purchase orders that have to go through the regular routine, and eliminates then the ability to go directly into the store and make that necessary purchase.

Mr. McCARTHY. Yes, sir.

Mr. ROYBAL. Does that not mean then that there is more work involved, more cost?

Mr. McCARTHY. What usually will happen in a case like that is that the affected agencies will do one of three things. First of all, they may reduce some of their buying that they really did not need. The other two things do impact in terms of cost to the Government. The agency may instead requisition from one of our

depots and let it pass through our supply system; this increases the depot workload versus selling it out of the store.

The third thing the agency may do is to decide to local purchase the item, just going out and buying it themselves. If they do that there may be an added cost in the work that they have to do and thus in the price of the item they buy.

DIRECT PURCHASING

Mr. ROYBAL. Which is most expensive, going through the requisition, job order route, or the direct purchase?

Mr. MCCARTHY. I would say, based on the data that I have been able to see, that it is probably more expensive to go through the direct local purchase route than it would be to come into our supply system. However, our supply system has an overhead attributed to the depot operation which is built basically for bulk, large shipments. That has a high cost when customers come in with a small, low-dollar requisition. So if someone comes in to us with a small dollar requisition, the cost of buying it exceeds the cost of the item itself.

Mr. ROYBAL. It is less expensive to do it than the way it is being done now?

I probably misunderstand or misinterpreted what you said. I thought you were being critical of the present system, going through this long process of getting the requisition before a purchase is made.

Mr. MCCARTHY. I am not being critical of it.

Mr. ROYBAL. Do you recommend it be continued as a saving mechanism?

Mr. MCCARTHY. To the degree that we continue to have cost-effective stores.

I would continue the system that is currently in effect, the preapproved invoice, line item accountability, and all of that.

I do not believe that we need 69 stores and the necessary overhead and all that goes with it,

Mr. ROYBAL. All right, how many will be closed, 69 stores at the present?

Mr. MCCARTHY. Yes, sir.

Mr. ROYBAL. What will remain, in your opinion?

Mr. MCCARTHY. I cannot give you a specific answer at this time because we have not studied each store to see what its total value is. We also need to coordinate with the Regional Administrators as to how they would approach this situation. My guess is that anywhere from a third to a half of the stores may eventually close.

Mr. ROYBAL. If half of the stores close, that will be in the neighborhood of 35 stores closing?

Mr. MCCARTHY. Yes, sir.

Mr. ROYBAL. If each store has—

Mr. MCCARTHY. An average of three people.

Mr. ROYBAL. Then the 183 that is anticipated will be fired or laid off or whatever the situation is falls right in line with the proposed reduction of service stores continuing in operation?

Mr. MCCARTHY. Well, let me point out something.

Mr. ROYBAL. The one point I am trying to get to, is there justification for decreasing the personnel by 183 positions? In examining

your testimony, and your support of the program as it is now, telling me we may even reduce this to 35 stores, I find that reduction of 183 may in the long run be justified; am I correct in that assumption?

Mr. McCARTHY. It may prove to be justified; yes, sir.

Mr. ROYBAL. Because I still do not like to see the reduction of personnel to any extent. I think that attrition should be taken advantage of, and as this takes place, individuals, of course, that is, the personnel, will be reduced.

Mr. McCARTHY. Yes.

Mr. ROYBAL. Anyway, it is an interesting concept, as I can see it, in that you do go through all of this process, and it is more economical to do that than to go directly to the source.

The cost accountant I think would disagree with you; but nevertheless, I am not the cost accountant that is examining this, and I do not know all the facts.

Mr. McCARTHY. I think a good study of the self-service stores, which is what we are starting into, will probably come down to those numbers of stores that a cost accountant would say are cost-effective.

FEDERAL PROCUREMENT POLICY

Mr. ROYBAL. Now, has the Office of Federal Procurement Policy promulgated any information that is helpful to you.

Mr. McCARTHY. Yes, sir, in our particular case, the Office of the Federal Procurement Policy has been pursuing what they call the ADCOP program. It is the commercial item program. I believe that their pursuit of that program has significantly helped not only us, but also the Federal Government as a whole, to realize the opportunities for using commercial distribution systems and for buying things off the shelf that perhaps the agencies had not done before. I would say that that is the primary area in terms of supply, where they have given us some help.

In terms of procurement policy, et cetera, they do not deal directly with my organization. They deal with our Assistant Administrator for Acquisition Policy.

Mr. ROYBAL. Overall, how would you rate your service to the Federal establishment?

Mr. McCARTHY. I would have to say that today it is not very good.

Mr. ROYBAL. Now, will it improve as you reduce stores? Will the inventory be greater? How will you make those remaining stores not only self-service, but maybe even produce some profit?

Mr. McCARTHY. What I am proposing to do is, not only to streamline those self-service stores as we have discussed, but also to determine some alternate means of providing what I call retail support to our customers through other methods. This may mean doing things from the depot such as packaging up requirements for people and delivering them to the agencies instead of them coming to the selfservice store. We may have a person at our depots collecting their requirements and delivering the products to them, as opposed to a number of people coming into our stores. There are other things we need to do in terms of improving our general support, and if I may, this goes back to the earlier reference to the General Supply Fund.

Our inventory position over the years has been shrinking in terms of the number of items we carry because of the monetary constraints of the Fund. Last year, when we had significant disruptions in the system due to the furniture rescission, and the furniture moratorium that took place, our furniture inventories increased from about \$30 million, which is a normal average, up to a level of \$65 million at one point in time, and in an environment where our normal inventory level in total, is around \$215 million. That kind of dysfunction in the inventory levels really hurts our support to our customers because when that much furniture is being held, we reduce the buying of other items coming into the inventory.

As a result, even through the winter of this year up to today, our performance in terms of filling requisitions has fallen dramatically. Our normal target is that every requisition will be filled when it hits us 9 out of 10 times, and that is a pretty well-accepted target of performance across the Government. Our performance this year has not approached the 80-percent level yet. We have been under 80 percent this fiscal year to date, and while it is improving, it still is not a satisfactory level. If an agency comes to us and only can get what they want 7 out of 10 times, they are not getting the kind of service they need.

COORDINATION OF REQUIREMENTS

Mr. ROYBAL. How can you better coordinate requirements for procurement cycles, stock levels, so forth?

Mr. MCCARTHY. Number one, getting the requirements from the agencies themselves. There are two ways of doing that. One is if you have a normal business cycle, you can take the annual demand history that has been piled up because agencies repeatedly buy the same thing over and over again, and that usually will account, it has been my experience, for about 85 percent of your requirements for a year. The remaining 15 percent of the requirements usually are due to what we call program changes, where an agency is either going to increase dramatically in some given area, or it is going to decline dramatically in some area. If we take the annual demand based on past history and modify it by this program data, we can significantly improve our requirements planning.

COMMERICAL ITEM DESCRIPTIONS

Mr. ROYBAL. With regard to normal business items do you accept regular commercial items, or do you provide Government specifications for those items?

Mr. MCCARTHY. We are into a program of converting our Federal specifications into what we call commercial item descriptions. We have completed a number of these.

We are trying to work this program in combination with getting away from those multiple award schedules which are not necessary. We are starting with the highest-dollar-value schedule on down and as we go through those schedules, we are looking, not only at converting the method of procurement, but also whether the item is truly a specification item

or is instead a commercial item. Where it is a commercial item, we are converting that to the commercial item description.

YEAR-END BUYING

Mr. ROYBAL. One last question, and this is with regard to criticism one hears, and that is that a large percentage of these purchases are made in the last 2 months of the fiscal year. What is the truth with regard to that? Are we hearing a lot of rumor, or is it general practice?

Mr. McCARTHY. I would have to research some statistics to present you hard numbers; but I would say, by and large, as a general practice in the past, agencies would at the end of the year buy certain items that can be used year after year: tabulating paper, furniture, things like that.

Mr. ROYBAL. Well, does this not mean that if everything is purchased let us say in the last 2 months that you have to have a place to store it, and if you do that, your landlord may charge you too much rent, it will be more cost? All of these things enter into the cost of those items, so maybe the criticism is justified, that it should not be done. What do you think?

Mr. McCARTHY. In talking about my experience prior to coming to Federal Supply, as well as my experience being here, it is not unusual to have agencies do that year-end buying. As for added costs of warehousing and storing them, I do not believe I have ever seen that, because these things are bought and brought into whatever facilities those agencies have already.

FURNITURE EXCESS

Mr. ROYBAL. What about this criticism that one reads about in the newspapers that there are warehouses full of furniture, and that in many instances they are dumped out and burned?

Is that rumor again, or is it fact?

Mr. McCARTHY. Sir, if I may, I think that an isolated instance or two were taken to be a universal conclusion. What I am particularly talking about is the kind of thing where we had the furniture excess as shown in the warehouses, particularly in one building at the Navy Yard here in town. Through our Regional Administrators, a nationwide "clean sweep" operation was conducted which involved Public Buildings Service people, our regional supply people, et cetera, looking into every facility that the Government operated all over the country.

As a result, we identified a number of places where furniture was in excess to regular needs, this amounted to several thousand pieces of furniture, most of which was found right here in Washington. There was very little found out in any of the regions. The problem really became magnified, I think, by the fact that we had a Washington picture. That is where this problem really was concentrated.

It was not a governmentwide abnormality to the extreme that it was here in this area.

Mr. ROYBAL. Again, going to the discussion we had yesterday with regard to publicity, many times we get a distorted viewpoint of what the actual fact is, and the people in question—in this

instance, the employees of GSA—are the ones that in the eyes of the public get a bad reputation—really, and that concerns me, because in the long run not only the agency stands to suffer as an agency, but individuals within the agency.

Mr. McCARTHY. One thing that never was pointed out in all that publicity, was that the warehouse containing all this material was not GSA-owned material, but we did take the rap because we owned the building.

Mr. ROYBAL. Why would you say that a situation like that will not take place again?

Mr. McCARTHY. I would say two things. The attention that it got brought it home to many people, even at the highest levels of government, that they need to improve their accountability of material. The other thing is that last year we started a program which created Property Management Officers in each agency. We now have 140 people designated as the property managers for all personal property in those agencies. That network of people is used to keep after this type of material to make sure it is being identified as excess and is being utilized.

Mr. KLINE. In terms of the way the bureaucracy operates, this is a significant new departure. In a lot of the independent agencies and departments, what they are spending on supply is relatively small when you look at their total program budgets. Therefore it may not have received all that much attention in the past. Our challenge is to excite the agencies and departments to the point that they are willing to give this subject more professional attention, and more recognition by top management. Then we will work together with them on keeping this problem under control. It is going to be an area where we are going to have to nudge the bureaucracy from time to time to make sure it gets the proper attention and that we are all working together on it. We are very interested in renewing this emphasis so that people really understand where we come from.

Mr. ROYBAL. Mr. Gunnels.

INVENTORY

Mr. GUNNELS. Mr. McCarthy, I am sure you are aware that we have not only some new members on this subcommittee, but many new Members in Congress, and many of them are not familiar with the details of this particular operation, and this is one of the areas where GSA received a major proportion of its criticism in the media.

How many items do you provide the Government through the Federal supply system?

Mr. McCARTHY. We manage approximately 80,000 items for the Federal Government. We stock a little over 18,000 in our 16 depots.

Mr. GUNNELS. You buy them, physically stock them, and the other Government agencies come in and buy them?

Mr. McCARTHY. Yes.

Mr. GUNNELS. For those remaining items, you use, I presume, what you call "call contracts" or open contracts? You go to company X for what you think you are going to need, say 50 million widgets, and you do not want to be able to pay it right now, but call them when you need it?

Mr. McCARTHY. That is part of it.

We go to companies and contract for indefinite amounts of items, and put those on Federal supply schedule, where the agency can go direct to the schedule and buy what that agency wants. Another way that we buy is through definite-quantity contracts, in which case an agency comes to us with a demand for an item that we do not normally stock. In that case we will take that item and give the definite-quantity contract to a bidder to get the agency the material. It will be delivered directly to the agency in that case.

Mr. GUNNELS. Approximately what is the value of the material that you would have in inventory under your physical control?

Mr. JEANNERET. \$210 million to \$240 million a year.

STOCK LEVELS

Mr. GUNNELS. How do you establish the stock level of each of these items? I presume you have everything on computer, so you will know what you have. How do you determine the stock level?

Mr. McCARTHY. There are different formulae that are used to determine the demand on an item versus the current stock position. We establish what are known as reorder points, times at which material you should be reordered. We have also formulae which determine what the economic order quantity is for an item. This tells us how much to buy at a particular point in time.

Mr. GUNNELS. I remember a famous old story about the Navy a number of years ago finding itself with 3,000 years' worth of oyster forks. You are not in that position?

Mr. McCARTHY. No, sir.

Mr. GUNNELS. The question is, you have a system now through computerization, you know when to cut off and when to buy with some reasonable accuracy?

Mr. McCARTHY. Yes, sir. I might qualify that by saying in any supply system, you have, at some point in time what we call nonmovers. These are items for which demand has fallen off. While you are constantly working on attriting those down, we do have them in stock.

Mr. GUNNELS. What is your percentage of back orders, when you are unable to fill an order? I do not know what you call it.

Mr. McCARTHY. Fill rate. What we call fill rate is the percent of the time we can fill a requisition that comes in. Right now our fill rate is about 79 percent, which is not satisfactory.

Mr. GUNNELS. Is that improving, or do you anticipate it will improve?

Mr. McCARTHY. I anticipate it will improve gradually throughout the remainder of the year.

Mr. ROYBAL. Mr. Rudd.

GENERIC PROCUREMENT

Mr. RUDD. Mr. Chairman, prior scheduling prevented my being here at the outset of this. I hope I do not touch on some things that you have testified to. I appreciate your being here. With regard to supplies such as typewriter ribbons, are you restricted to the people from whom you buy? For example, if you have an IBM typewriter supply on hand, do you have to go back to IBM to

obtain typewriter ribbons, or can you go to independent companies and buy in such a volume that it would be cheaper than going to IBM?

Mr. McCARTHY. I think that question is very timely, because we have a lot of equipment that people think requires—

Mr. RUDD. You run into patent problems, also?

Mr. McCARTHY. Not really. I can talk about the IBM typewriter situation, or the Xerox copy machine situation for example, people historically have decided that they must use Xerox paper.

We proved within the last year that that does not have to be the case. We did several use tests, and determined that we could go out on the open market with competitive procurement for xerographic paper for all kinds of copying machines. A number of companies did not believe we could do it. Xerox was one of those, and they declined to bid on that particular competitive contract.

We got a competitive low bid which was about 10 percent below the normal price that we pay. We bought that material, and it has been very successfully used. We have just gone out with another competitive solicitation for the same item. This time Xerox was a bidder because they saw the success of the first procurement when they lost some of the market. So they are now in the procurement game with us, if you will, at a different price. We are doing the same thing with respect to typewriters. We just went through a significant buy for the Air Force and civil agencies where we tested a number of typewriters, and we found out that, in terms of life cycle costs, certain typewriters would do the job satisfactorily. We were able in another definite quantity buy for those agencies to save 30 percent of the price.

Mr. RUDD. With comparable quality?

Mr. McCARTHY. Yes, sir.

Mr. RUDD. Does this mean that you go abroad for any of this, or can we do this at home?

Mr. McCARTHY. This is done at home using United States electric typewriters.

INVENTORY CONTROLS

Mr. RUDD. At least you should be commended for that.

What kind of inventory controls do you have to reduce theft and loss of supply items to insure that contractors provide the same quantity and quality of supplies that you ordered in the first place?

Mr. McCARTHY. With respect to the first part on inventories, we have mandatory requirements for periodic inventories. Everything in our supply system gets inventoried at least on an annual basis, and according to the degree of the sensitivity of the item, more frequently. We physically separate our inventories in our warehouses. If you walked into one of our depots today, you would find even though the area is under security, and even though the building is secure, you will find within the building itself fenced-off areas where high-potential-for-theft items would be kept. And therefore, they are controlled very closely. Those things will be inventoried more frequently, either on a monthly or quarterly basis.

To make sure the contractors give us the quantity and quality that we ask for, we have a number of quality assurance personnel

in the field at our depots who receive the material and inspect it to make sure that we are getting what we asked for and that we are getting the quantities that we have asked for. This creates a lot of problems for the contractors as well as for ourselves in many cases, because we frequently end up with material on hold, because we are not satisfied. When we do this, we go back to the contractor and require that contractor to either pick up the material and take it back if it is rejected out of hand, or we require him to reduce the price we have paid for the item if it is within acceptable tolerance but not specifically what we asked for.

INSPECTION PROCEDURES

Mr. RUDD. With regard to numbers, so that you do not have long holdups, what do you do? Do you have a program of spot-checking?

Mr. McCARTHY. Yes, sir.

Mr. RUDD. How often do you do it and what quantities do you use for large supplies?

Mr. McCARTHY. We have what we call a lot sample inspection procedure where upon receipt of items we will inspect a certain quantity of each lot of material that is received.

Mr. RUDD. What is that certain quantity?

Mr. McCARTHY. It would vary. There are different formulae.

Mr. RUDD. For example, how is lot sampling accomplished by FSS on merchandise requiring inspection upon arrival at FSS depots?

Mr. McCARTHY. I would have to give you an answer to that for the record.

Mr. RUDD. Let us have one for the record.

Mr. McCARTHY. We will do that.

Mr. RUDD. Thank you.

[The information follows:]

INSPECTION PROCEDURES

While the vast majority of material requiring FSS inspection as part of the acceptance process is in the category of origin shipments, certain materials are inspected at the point of receipt. Included are items involving health and safety considerations as well as material with short shelf life times such as paints, sealants and adhesives. Also, shipments valued at \$1,000 or less are subject to destination inspections. A program of statistical sampling is employed by Quality Inspectors to determine acceptability whether inspection is conducted at suppliers' plants or at the FSS distribution facilities. Sampling processes involve the examination of a certain percentage of the products offered using random sampling techniques to determine the number of items to be inspected and sampling tables to determine what percentage of items within the sample must meet the preestablished quality levels before all items within the total quantity offered may be accepted. After acceptance, a follow-on procedure is utilized by depot inventory statistical sampling specialists to assure that the quantity accepted and paid for was actually received and placed into stock, as well as to determine that material was adequately accounted for from that time forward including the storage, selection and shipment processes.

An example would be the inspection of stenographer's notebooks at the supplier's plant which must meet quality control checks for visual and dimensional requirements, sufficiency of page count, useability characteristics, and packing/package specifications. Upon arrival at the depot, receiving personnel check for quantity count and this process is subsequently verified by depot sampling staff on a periodic basis by performing a follow-on item count audit. The frequency of such checks is intensified if these checks indicate the need for such action.

INVENTORY LOSS

Mr. RUDD. Theft has to be a problem. It is a problem everywhere. And can you tell me what the dollar loss of theft or misappropriation of supplies, and misappropriation of supplies, are according to your inventories?

Mr. McCARTHY. Right now, first of all, let me qualify this by saying to the best of my knowledge we have no loss of inventory due to theft or misappropriation.

Mr. RUDD. No loss at all?

Mr. McCARTHY. No, sir. We do have inventory shrinkage, that is within the tolerances at about a 1-percent level. Again, I would have to verify that.

Mr. RUDD. That is amazing. You never lose a typewriter through theft?

Mr. McCARTHY. Inventory shrinkage, sir, is attributable to a lot of things, and theft certainly can be one of them, but I am saying I cannot tell you right now that I am losing anything because of theft.

Mr. RUDD. Why do you not ask that question, Tex?

Mr. GUNNELS. If I may, Mr. Chairman. That was really a shocker. How do you compare with say, Sears, or Wards, or other national retailers? They tell us all the time they lose money not only from people coming into the stores, but from their own employees.

Mr. McCARTHY. Let me clarify what I said, and that is, I cannot say that any percentage of any inventory loss is due to theft, because in order for me to say that, I would have to be able to establish somebody did steal something. I can tell you we are the same as any private industry. I believe the companies you are talking about have something in the nature of a 3-percent allowance for that kind of loss, and to the degree that the normal civilian sector would be experiencing theft or just plain disappearance, we are experiencing the same things.

Mr. RUDD. I cannot believe that theft does not occur, because human beings being human beings, and materials being available, it is going to occur.

Mr. McCARTHY. I am saying I cannot prove it.

Mr. RUDD. You are saying you are ignoring it. You call it shrinkage, and there should be some kind of plan on line to identify thievery. But if it is such a low item that you can ignore it completely, wouldn't that eventually encourage losses?

Mr. McCARTHY. Our constant inventory and the other things that we do constantly look at that. Right now we are looking at whether or not it is feasible to use devices to screen people going in and out of depots, which would include our employees.

Mr. RUDD. For the record, for the purposes of whether it is theft or whatever it is, tell me what the dollar amount of your shrinkage is. We will call it shrinkage for the moment. But I would hope you would look a little more closely into it than that. With regard to the dollar amounts, do you have an idea what it is?

Mr. McCARTHY. It is under the 3-percent level.

Mr. RUDD. Get the exact dollar amount and the percentage with it, if you would, please.

Mr. McCARTHY. I will, sir.

Mr. RUDD. Include in that, if you will, please, what this shrinkage amount has amounted to over a period of the last 5 years, whether it has increased, decreased, and if so, how much.

Mr. McCARTHY. We will.

Mr. RUDD. I thank you.

Mr. Chairman, I thank you.

[The information follows:]

DEPOT INVENTORY LOSSES/SHRINKAGE

As noted in the data below, inventory write-offs measured against depot sales ranged from a low of 0.1 percent in fiscal year 1977 to a high of 0.4 percent in fiscal year 1980, with an average write-off per year (fiscal year 1977-fiscal year 1980) of 0.2 percent. This compares very favorably with industrial activities engaged in wholesale supply distribution operations which in general consider a 3 percent write-off level to be an acceptable cost of doing business.

[Dollars in thousands]

Type of inventory adjustment	Fiscal year				
	Oct-Jan. 1981	1980	1979	1978	1977
Physical counts.....	-\$388	-\$2,514	-\$1,011	-\$739	-\$338
Damaged, broken, leaking.....	-\$24	-\$175	-\$174	-\$341	-\$643
Expired shelf life.....	-\$30	-\$311	-\$334	-\$292	-\$278
Shipment loss damage.....	+\$39	-\$64	+\$104	-\$38	+\$153
Net adjustments.....	-\$403	-\$3,064	-\$1,415	-\$1,410	-\$1,106
Total depot sales.....	\$224,426	\$740,384	\$751,640	\$731,186	\$873,148
Percent adjustment to depot sales.....	-0.2	-0.4	-0.2	-0.2	-0.1

Mr. ROYBAL. Any other questions?

Thank you, Mr. McCarthy, for your testimony. We will include Congressman Miller's questions and the justifications in the record at this point.

[The material follows:]

QUESTIONS FOR THE RECORD FROM CONGRESSMAN CLARENCE MILLER

Question. A recent GAO report (PSAD 80-64) on GSA's Self-Service Stores pointed out "needless duplications and potential for fraud." Will you comment on the GAO conclusion and what GSA is doing to correct this?

Answer. The GAO conclusion was that GSA's Self-Service Stores' Program fails to fulfill the intent of the Federal Property and Administrative Services Act, as amended, to (1) provide Federal agencies with an efficient and economical supply system, and (2) consolidate unnecessary agency stockrooms. In addition, it claimed that GSA lacked control over self-service store inventories, operations, and shopping plates. This lack of control provides the potential for further fraud in this program.

GSA has embarked on an all out effort to correct deficiencies brought out by this report. A program of improvements to self-service store operations has initiated significant actions to restore integrity to the stores program by minimizing opportunities for fraud and abuse. This program calls for upgrading the operating efficiency, economy, and service effectiveness of the self-service stores. This program includes the implementation of an automated system of line item accountability; stocking in stores only those items which are confirmed requirements of customer agencies and approved by the Regional Administrator; a shopping list of needed items, approved by an authorized agency official and must be presented at the time of purchase; verification of validity of the shopping plates at the time of purchase; prohibition of vendors from store premises; store stock replenishment orders have been assigned to the regional headquarters; annual wall-to-wall physical inventories; an annual audit of the stores' bookkeeping; and announced and unannounced visits to the self-service stores by GSA management.

Finally, the subject report made fifteen recommendations for improvements of the Self-Service Stores Program, with which GSA agreed.

Question. Please explain the personal property management officer concept and how you are to utilize this to improve professionalism and accountability.

Answer. In order to ensure Federal departments and agencies have established programs for the management of personal property and that these programs are receiving the necessary management support and direction, GSA initiated the Property Management Officer Program. Property Management includes the entire life cycle of personal property including requirements determinations, acquisition, receiving, issue control and surveillance, economic utilization, inventory management and disposal. Goals of the program are: to pinpoint within agencies responsibility for the management of high value, high demand personal property; to develop a cadre of agency professionals with the knowledge, stature, authority and accountability to effectively control the acquisition, utilization and disposition of personal property; to establish a network of responsible officials to aid in the development and dissemination of policies and procedures in personal property management by GSA; and to assist GSA in the description and resolution of problems related to the management of personal property. The implementation of an aggressive Property Management Officer Program throughout all levels of all Federal departments and agencies will help ensure that no unnecessary expenditures are made for personal property and that appropriate use is made of property already in use.

Question. What are you doing to achieve "beneficial and effective strategies for product line acquisition?"

Answer. A process called Product Line and Acquisition Strategy Review (PLASR) has been instituted to systematically effect the optimal supply and procurement decisions for all product lines or commodities managed by the Federal Supply Service (FSS).

FSS will complete 56 PLASR's during both fiscal year 1981 and fiscal year 1982. It is anticipated that these reviews will produce Government-wide cost savings of several million dollars per year through commodity management through the commodity centers, and support rendered by GSA/FSS.

The first edition of the PLASR Operating Guide and the first quarterly PLASR Plan were issued on November 3, 1980. The first PLASR Plan scheduled eleven regional projects and seven Central Office (C.O.) projects for the first quarter, fiscal year 1981. One C.O. and one regional team are currently writing reports, and the remaining six C.O. and five other regional first quarter PLASR's are well underway.

Improved commodity management through commodity center implementation and full-scale application of PLASR is the cornerstone of FSS for the future and will enable FSS to perform its statutory mandate of providing responsive service to customer agencies at the least total cost to the Government.

Question. Will you explain the operation of the Federal Supply Management Council (FSMC)? How does this help the Federal Supply Service (FSS)?

Answer. FSMC is an interagency body, under the leadership of the Administrator of General Services through the FSS, established by formal agreement to assist the Administrator in executing his responsibilities as prescribed in the Federal Property and Administrative Services Act of 1949. FSMC initiatives are aimed at improved economy and responsive support, and include development of policies and procedures for central item management decisions; timely cataloging of those centrally managed items; use of standard requisitioning and reporting systems to manage the items; and development of appropriate regulatory tools to implement Government-wide improvements. The FSMC will integrate the operations of the three major Federal Government Supply activities (FSS, DoD, VA) in support of the supply requirements of Federal Executive Agencies.

Question. We are advised that Senator Hatch's Labor and Human Resources Committee is investigating the agency "8a" program which reserves a certain portion of Federal contracts for minority-owned firms without competitive bidding procedures. Reports indicate that the goods were shoddy, cost more, and in some cases had been provided by white-owned subcontracting companies. Will you comment on this, please?

Answer. We are aware of the reports indicated, however it is GSA's policy that any product acquired must meet the specifications set forth in the contract whether the contract is 8(a) or competitive. Further, our policy requires that 8(a) contracts be made within a fair market price. Regarding white-owned subcontracting companies providing goods for 8(a) contractors, this allegation is inconsistent with the SBA 8(a) contract clause inserted in GSA's 8(a) contracts. This clause states in part * * * "that he (the 8(a) contractor) will not subcontract the performance of any of the requirements of this subcontract without the prior written approval of the SBA and the designated contracting officer of the GSA." Clearly, we feel that subcontracting to a white-owned company would not be in concert with the intent of the 8(a) program to afford minority and disadvantaged persons the fullest opportunity to

become viable firms in the economy. Therefore, a GSA contracting officer would not be likely to afford an 8(a) firm the written approval to subcontract with a white-owned firm.

FEDERAL SUPPLY SERVICE
OPERATING EXPENSES
COMPARISON OF BUDGET ADJUSTMENTS TO FY 1981 FUNDING
(000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Supply	\$ 83,664	\$ 83,052	-\$ 612
2. Contracts	20,650	20,442	-208
3. Programs & Requirements	13,828	13,677	-151
4. Contract Management	<u>16,901</u>	<u>16,732</u>	<u>-169</u>
TOTAL - Direct	\$135,043	\$133,903	-\$1,140
Appropriation (House level under Continuing Resolution)	\$131,000	\$131,000	
Transfers to other accounts	<u>-3,045</u>	<u>-3,045</u>	
Total Availability	127,955	127,955	
Proposed pay increase supplemental	<u>7,088</u>	<u>5,948</u>	-\$1,140
Revised Amount	<u>\$135,043</u>	<u>\$133,903</u>	<u>-\$1,140</u>

Explanation of Reduction

The budget reductions in employment, travel, and consultants applicable to this appropriation are as follows:

Employment	-\$977
Travel	-148
Consultants	-15
TOTAL	<u>-\$1,140</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

FEDERAL SUPPLY SERVICE
OPERATING EXPENSES
COMPARISON OF FY 1982 INITIAL BUDGET WITH REVISED FY 1982 BUDGET
(000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Supply	\$88,970	\$82,212	-\$6,758
2. Contracts	21,229	21,021	-208
3. Programs & Requirements	16,077	14,799	-1,278
4. Contract Management	<u>17,279</u>	<u>17,110</u>	<u>-169</u>
TOTAL - Direct	\$143,555	\$135,142	-\$8,413

Explanation of Reduction

Program reduction:	
Improved Commodity Management	-\$1,127
Other:	
Additional Employment Reduction	-\$5,873
Standard Level Users Charge (SLUC)	-1,250
Travel	-148
Consultants	<u>-15</u>
TOTAL	<u>-\$8,413</u>

FEDERAL SUPPLY SERVICE
 OPERATING EXPENSES
 REVISED BUDGET
 COMPARISON OF FY 1982 REVISED BUDGET
 (000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Supply	\$83,052	\$82,212	-\$840
2. Contracts	20,442	21,021	579
3. Programs & Requirements	13,677	14,799	1,122
4. Contract Management	<u>16,732</u>	<u>17,110</u>	<u>378</u>
TOTAL - Direct	\$133,903	\$135,142	\$1,239

Explanation of Change

Employment reduction (Full year cost of FY 1981 reductions plus additional employment reductions in FY 1982)			-\$4,607
Standard Level Users Charge (actual space reduction more than offset by rate increase for remaining space)			2,672
Increased catalog printing costs			1,435
Non-discretionary, common distributable cost increases (communications, postage, etc.)			789
Other miscellaneous program costs			<u>950</u>
TOTAL			\$1,239

FEDERAL SUPPLY SERVICE
WORKYEARS
FY 1981 INITIAL BUDGET AND REVISED BUDGET

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Supply	2,252	2,221	-31
2. Contracts	666	666	-
3. Programs & Requirements	402	402	-
4. Contract Management	497	497	-
TOTAL - Direct	3,817	3,786	-31
Advances & Reimbursements, FSS	459	455	-4

FEDERAL SUPPLY SERVICE
WORKYEARS
FY 1982 INITIAL BUDGET AND REVISED BUDGET

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Supply	2,252	2,038	-214
2. Contracts	666	666	-
3. Programs & Requirements	438	402	-36
4. Contract Management	497	497	-
TOTAL - Direct	3,853	3,603	-250
Advances & Reimbursements, FSS	469	439	-30

FEDERAL SUPPLY SERVICE
 FY 1982
 WORKYEARS
 COMPARISON WITH FY 1981 REVISED BUDGET

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Supply	2,221	2,038	-183
2. Contracts	666	666	-
3. Programs & Requirements	402	402	-
4. Contract Management	<u>497</u>	<u>497</u>	<u>-</u>
TOTAL - Direct	3,786	3,603	-183
Advances & Reimbursements, FSS	455	439	-16

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
------------------------------------	---------	--------------------------------------	-------------------------------	----------------------------

I-V52	Federal Supply Service, operating expenses	\$143,555,000	-\$8,413,000	\$135,142,000
-------	--	---------------	--------------	---------------

This amendment reduces the request for the Federal Supply Service, operating expenses and reduces the 1982 outlays by \$8.4 million.

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	19 81 Presently Avail.	19 81 Revised Est.	19 81 Change
47-0500-0-1-804			
Program by activities:			
Direct program:			
1. Supply.....	83,664	83,052	- 612
2. Contracts.....	20,650	20,442	- 208
3. Programs and requirements...	13,828	13,677	- 151
4. Contract management.....	16,901	16,732	- 169
Total direct program.....	135,043	133,903	- 1,140
Reimbursable program:			
1. Supply.....	14,878	14,765	- 113
3. Programs and requirements...	1,250	1,250	-
Total reimbursable program..	16,128	16,015	- 113
Total program costs, funded.	151,171	149,918	- 1,253
10.00 Total obligations	151,171	149,918	- 1,253
Financing:			
11.0 Offsetting collections from: Federal funds.....	- 16,128	- 16,015	113
39.00 Budget authority.....	135,043	133,903	- 1,140
Budget authority:			
40.00 Appropriation.....	131,000	131,000	-
41.00 Transferred to other accounts	- 3,045	- 3,045	-
43.00 Appropriation (adjusted)....	127,955	127,955	-
44.10 Supplemental for wage-board raises.....	1,397	1,173	- 224
44.20 Supplemental for civilian pay raises.....	5,691	4,775	- 916
Relation of obligations to outlays:			
71.00 Obligations incurred, net...	135,043	133,903	- 1,140
72.40 Obligated balance, start of year.....	4,947	4,947	-
74.40 Obligated balance, end of year.....	- 4,947	- 6,286	- 1,339
90.00 Outlays, excluding pay raise supplemental.....	128,173	126,800	- 1,373
91.10 Outlays from wage-board pay raise supplemental	1,354	1,137	- 217
91.20 Outlays from civilian pay raise supplemental	5,516	4,627	- 889

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE
OPERATING EXPENSES

Object Classification (in thousands of dollars)

Identification code	1981 Presently Avail.	1981 Revised Est.	1981 Change
47-0500-0-1-804			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent positions.	77,392	76,742	- 650
11.3 Positions other than full-time permanent.....	3,277	3,152	- 125
11.5 Other personnel compensation..	1,505	1,378	- 127
11.9 Total personnel compensation	82,174	81,272	- 902
12.1 Personnel benefits: Civilian	8,550	8,475	- 75
21.0 Travel and transportation of persons.....	956	860	- 96
21.0 Motor pool travel.....	522	470	- 52
22.0 Transportation of things.....	180	180	-
23.1 Standard level user charges....	29,300	29,300	-
23.2 Communications, utilities, and other rent.....	7,891	7,891	-
24.0 Printing and reproduction.....	1,222	1,222	-
25.0 Other services.....	2,688	2,673	- 15
26.0 Supplies and materials.....	1,560	1,560	-
99.0 Subtotal direct obligations	135,043	133,903	- 1,140
Reimbursable obligations:			
Personnel compensation:			
11.1 Full-time permanent positions	7,900	7,812	- 88
11.3 Positions other than full-time permanent.....	600	600	-
11.5 Other personnel compensation.	550	550	-
11.0 Total personnel compensation	9,050	8,962	- 88
12.1 Personnel benefits: Civilian...	1,000	992	- 8
21.0 Travel and transportation of persons.....	150	133	- 17
21.0 Motor pool travel.....	18	18	-
22.0 Transportation of things.....	40	40	-
23.1 Standard level user charges....	2,135	2,135	-
23.2 Communications, utilities, and other rent.....	1,150	1,150	-
24.0 Printing and reproduction.....	45	45	-
25.0 Other services.....	400	400	-
26.0 Supplies and materials.....	2,140	2,140	-
99.0 Subtotal reimbursable obligations.....	16,128	16,015	- 113
99.9 Total obligations.....	151,171	149,918	- 1,253

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE
OPERATING EXPENSES
Personnel Summary

Identification code	1981	1981	1981
	Presently Avail.	Revised Est.	Change
47-0500-0-1-804			
Direct program:			
Total number of full-time permanent positions.....	3,695	3,695	-
Total compensable workyears:			
Full-time equivalent employment..	3,817	3,786	- 31
Full-time equivalent overtime and holiday hours.....	41	34	- 7
Average ES salary.....	\$50,112	\$50,112	-
Average GS grade.....	8.47	8.47	-
Average GS salary.....	\$22,314	\$22,314	-
Average salary of ungraded positions	\$18,896	.18,896	-
Reimbursable program:			
Total number of full-time permanent positions.....	398	398	-
Total compensable workyears.....			
Full-time equivalent employment..	459	455	- 4
Full-time equivalent of overtime and holiday hours.....	17	17	-
Average GS grade.....	5.87	5.87	-
Average GS salary.....	\$15,167	\$15,167	-
Average salary of ungraded positions	\$18,896	\$18,896	-

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE

Operating Expenses

DETAIL OF PERMANENT POSITIONS

47-0500-0-1-804	1981	1981	1981
	Pres. Avail.	Revised Est.	Change
Direct program:			
ES-6.....	1	1	-
ES-5.....	4	4	-
ES-4.....	2	2	-
ES-3.....	2	2	-
ES-2.....	2	2	-
ES-1.....	2	2	-
Subtotal.....	13	13	-
GS/GM-15.....	46	46	-
GS/GM-14.....	96	96	-
GS/GM-13.....	201	201	-
GS-12.....	372	372	-
GS-11.....	465	465	-
GS-10.....	1	1	-
GS-9.....	293	293	-
GS-8.....	39	39	-
GS-7.....	275	275	-
GS-6.....	143	143	-
GS-5.....	452	452	-
GS-4.....	226	226	-
GS-3.....	77	77	-
GS-2.....	6	6	-
GS-1.....	1	1	-
Subtotal.....	2,693	2,693	-
Ungraded.....	989	989	-
Total (direct).....	3,695	3,695	-

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE

Operating Expenses
DETAIL OF PERMANENT POSITIONS

47-0500-0-1-804	1981	1981	1981
	Pres. Avail	Revised Est.	Change
Reimbursable program:			
Grades established by the Administrator, Agency for International Development:			
FC-12, \$44,547 to \$50,112.50.....	1	1	-
FC-11, \$38,163 to \$49,967.....	3	3	-
Subtotal.....	4	4	-
GS/GM-14.....	1	1	-
GS/GM-13.....	4	4	-
GS-12.....	2	2	-
GS-11.....	12	12	-
GS-9.....	10	10	-
GS-8.....	2	2	-
GS-7.....	18	18	-
GS-6.....	18	18	-
GS-5.....	53	53	-
GS-4.....	30	30	-
GS-3.....	16	16	-
GS-2.....	2	2	-
Subtotal.....	168	168	-
Ungraded.....	226	226	-
Total (reimbursable).....	398	398	-
Total permanent positions.....	4,093	4,093	-
Unfilled positions, end of year.....	- 42	- 243	- 201
Total permanent employment, end of year..	4,051	3,850	- 201

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	1982 Presently Avail.	1982 Revised Est.	1982 Change
47-0500-0-1-804			
Program by activities:			
Direct program:			
1. Supply.....	88,970	82,212	- 6,758
2. Contracts.....	21,229	21,021	- 208
3. Programs and requirements	16,077	14,799	- 1,278
4. Contract management.....	17,279	17,110	- 169
Total direct program.....	143,555	135,142	- 8,413
Reimbursable program:			
1. Supply.....	15,558	14,701	- 857
3. Programs and requirements	1,600	1,600	-
Total reimbursable program....	17,158	16,301	- 857
Total program costs, funded...	160,713	151,443	- 9,270
10.00 Total obligations.....	160,713	151,443	- 9,270
Financing:			
11.00 Offsetting collections from:			
Federal funds.....	- 17,158	- 16,301	857
39.00 Budget authority.....	143,555	135,142	- 8,413
Budget authority:			
40.00 Appropriation.....	143,555	135,142	- 8,413
43.00 Appropriation (adjusted).....	143,555	135,142	- 8,413
44.10 Supplemental for wage-board raises.....	--	--	--
44.20 Supplemental for civilian pay raises.....	--	--	--
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	143,555	135,142	- 8,413
72.40 Obligated balance, start of year	4,947	6,286	+ 1,339
74.40 Obligated balance, end of year.	- 4,947	- 7,637	- 2,690
90.00 Outlays, excluding pay raise supplemental.....	143,337	133,607	- 9,730
91.10 Outlays from wage-board pay raise supplemental.....	43	36	-7
91.20 Outlays from civilian pay raise supplemental.....	175	148	-27

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE
OPERATING EXPENSES
Object Classification (in thousands of dollars)

Identification code	19 82	19 82	19 82
47-0500-0-1-804	Presently Avail.	Revised Est.	Change
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent positions..	78,650	73,375	- 5,275
11.2 Positions other than full-time permanent.....	3,300	2,325	- 975
11.5 Other personnel compensation..	1,510	1,431	- 79
11.9 Total personnel compensation.	83,460	77,131	- 6,329
12.1 Personnel benefits: Civilian.....	8,680	8,009	- 671
21.0 Travel and transportation of persons.....	1,226	1,130	- 96
21.0 Motor pool travel.....	545	493	- 52
22.0 Transportation of things.....	200	200	-
23.1 Standard level user charges.....	33,222	31,972	- 1,250
23.2 Communications, utilities, and other rent.....	8,680	8,680	-
24.0 Printing and reproduction.....	2,657	2,657	-
25.0 Other services.....	3,056	3,041	- 15
26.0 Supplies and materials.....	1,829	1,829	-
99.0 Subtotal direct obligations..	143,555	135,142	- 8,413
Reimbursable obligations:			
Personnel compensation:			
11.1 Full-time permanent positions..	8,290	8,040	250
11.3 Positions other than full-time permanent.....	605	95	510
11.5 Other personnel compensation...	550	550	-
11.0 Total personnel compensation.	9,445	8,685	- 760
12.1 Personnel benefits: Civilian.....	1,100	1,020	- 80
21.0 Travel and transportation of persons.....	165	148	- 17
21.0 Motor pool travel.....	25	25	-
22.0 Transportation of things.....	44	44	-
23.1 Standard level user charges.....	2,289	2,289	-
23.2 Communications, utilities, and other rent.....	1,250	1,250	-
24.0 Printing and reproduction.....	50	50	-
25.0 Other services.....	440	440	-
26.0 Supplies and materials.....	2,350	2,350	-
99.0 Subtotal reimbursable..... obligations.....	17,158	16,301	- 857
99.9 Total obligations.....	160,713	151,443	- 9,270

GENERAL SERVICES ADMINISTRATION
 FEDERAL SUPPLY SERVICE
 OPERATING EXPENSES
 Personnel Summary

Identification code	1982	1982	1982
47-0500-0-1-804	Presently Avail	Revised Est.	Change
Direct program:			
Total number of full-time permanent positions.....	3,731	3,731	-
Total compensable workyears:			
Full-time equivalent employment..	3,853	3,603	- 250
Full-time equivalent of overtime and holiday hours.....	41	36	- 5
Average ES salary.....	\$50,112	\$50,112	-
Average GS grade.....	8.45	8.45	-
Average GS salary.....	\$22,400	\$22,400	-
Average salary of ungraded positions	\$18,896	\$18,896	-
Reimbursable program:			
Total number of full-time permanent positions.....	417	417	-
Total compensable workyears:			
Full-time equivalent employment..	469	439	- 30
Full-time equivalent of overtime and holiday hours.....	17	17	-
Average GS grade.....	6.10	6.10	-
Average GS salary.....	\$15,205	\$15,205	-
Average salary of ungraded positions	\$18,896	\$18,896	-

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE

Operating Expenses
DETAIL OF PERMANENT POSITIONS

47-0500-0-1-804	1982 Pres. Avail.	1982 Revised Est.	1982 Change
Direct program:			
ES-6.....	1	1	-
ES-5.....	4	4	-
ES-4.....	2	2	-
ES-3.....	2	2	-
ES-2.....	2	2	-
ES-1.....	2	2	-
Subtotal.....	13	13	-
GS/GM-15.....	46	46	-
GS/GM-14.....	96	96	-
GS/GM-13.....	214	214	-
GS-12.....	395	395	-
GS-11.....	465	465	-
GS-10.....	1	1	-
GS-9.....	293	293	-
GS-8.....	39	39	-
GS-7.....	275	275	-
GS-6.....	143	143	-
GS-5.....	452	452	-
GS-4.....	226	226	-
GS-3.....	77	77	-
GS-2.....	6	6	-
GS-1.....	1	1	-
Subtotal.....	2,729	2,729	-
Ungraded.....	989	989	-
Total (direct)	3,731	3,731	-

GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY SERVICE

Operating Expenses
DETAIL OF PERMANENT POSITIONS

47-0500-0-1-804	1982	1982	1982
	Pres. Avail.	Revised Est.	Change
Reimbursable program:			
Grades established by the Administrator. Agency for International Development:			
FC-12, \$44,547 to \$50,112.50.....	1	1	-
FC-11, \$38,163 to \$49,967.....	14	14	-
Subtotal.....	15	15	-
GS/GM-14.....	1	1	-
GS/GM-13.....	4	4	-
GS-12.....	2	2	-
GS-11.....	20	20	-
GS-9.....	10	10	-
GS-8.....	2	2	-
GS-7.....	18	18	-
GS-6.....	18	18	-
GS-5.....	53	53	-
GS-4.....	30	30	-
GS-3.....	16	16	-
GS-2.....	2	2	-
Subtotal.....	176	176	-
Ungraded.....	226	226	-
Total (reimbursable).....	417	417	-
Total permanent positions.....	4,148	4,148	-
Unfilled positions, end of year.....	- 51	- 379	- 328
Total permanent employment, end of year.....	4,097	3,769	- 328

General Supply Fund
Workyears
FY 1981 Initial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Supply Operations	22	22	-
2. Motor Pools	1,305	1,290	- 15
3. Personal Property	<u>18</u>	<u>18</u>	<u>-</u>
Total	1,345	1,330	- 15

General Supply Fund
Workyears
FY 1982 Initial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Supply Operations	31	31	-
2. Motor Pools	1,305	1,260	- 45
3. Personal Property	<u>18</u>	<u>18</u>	<u>-</u>
Total	1,354	1,309	- 45

General Supply Fund
Workyears
FY 1982
Comparison with FY 1981 Revised Budget

	1981 Revised Budget	1982 Revised Budget	<u>Change</u>
<u>Activities</u>			
1. Supply Operations	22	31	+ 9
2. Motor Pools	1,290	1,260	- 30
3. Personal Property	<u>18</u>	<u>18</u>	<u>-</u>
Total	1,330	1,309	- 21

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Program and Financing (in thousands of dollars)

Identification code 47-4530-0-4-804	1981 Presently Avail	1981 Revised Est.	1981 Change
Program by activities:			
Operating costs:			
1. Supply operations:			
a. Stores, regular	848,000	848,000	-
b. Stores, direct delivery . .	53,000	53,000	-
c. Nonstores items	73,000	73,000	-
d. Export operations	23,000	23,000	-
2. Property management and disposal operations	900	900	-
3. Motor Pools	240,624	240,221	-403
4. Administrative equipment . . .	3,000	3,000	-
Unfunded adjustments to total operating costs - depreciation . .	-65,200	-65,200	-
Total operating costs, funded.	1,176,324	1,175,921	-403
Capital investment funded:			
1. Supply operations:			
a. Stores items: Purchase of materials handling and lab equipment	5,000	5,000	-
3. Motor pools: Purchase of equipment	73,500	73,500	-
4. Administrative equipment . . .	5,500	4,055	- 1,445
Total capital investment, funded	84,000	82,555	- 1,445
Total program costs, funded . .	1,260,324	1,258,476	- 1,848
Changes in selected resources (unde- livered orders)	-90,453	-90,453	-
10.00 Total obligations	1,169,871	1,168,023	- 1,848
Financing:			
Offsetting collections from:			
Federal funds:			
Supply operations:			
11.00 Stores, regular: Revenue . .	-848,000	-848,000	-
11.00 Stores, direct delivery:			
Revenue	-52,500	-52,500	-
11.00 Nonstores: Revenue	-72,600	-72,600	-
11.00 Export operations: Revenue . .	-23,000	-23,000	-
11.00 Property management and disposal operations:			
Revenue	-558	-558	-
11.00 Motor pools: Revenue	-238,000	-237,597	+403
11.00 Administrative equipment:			
Revenue	-3,000	-3,000	-

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Program and Financing (in thousands of dollars)

Identification code	1981 Presently Avail	1981 Revised-Est.	1981 Change
47-4530-0-4-804			
11.00 Change in unfilled customers' orders	-75,000	-75,000	-
Trust funds:			
Supply operations:			
13.00 Stores, regular: Revenue . . .	-10,000	-10,000	-
Stores, direct delivery:			
Revenue	-500	-500	-
Nonstores, Revenue	-400	-400	-
Property management and disposal operations: Revenue	-342	-342	-
13.00 Motor Pools: Revenue	-2,624	-2,624	-
14.00 Non-Federal sources (5 U.S.C. 630 g): Undistributed receipts:			
Proceeds from sale of equipment	-13,700	-13,700	-
21.10 Deficiency, start of year	163,508	163,508	-
21.98 Unobligated balance available:			
start of year: Fund balance	-	-	-
24.10 Deficiency, end of year	-	-	-
24.98 Unobligated balance available, end of year:			
Fund balance	6,845	8,290	+ 1,445
39.00 Budget authority	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	-170,353	- 171,798	- 1,445
72.98 Obligated balance, start of year: Fund balance	260,499	260,499	-
74.98 Obligated balance, end of year: Fund balance	-85,046	-85,046	-
90.00 Outlays	5,100	3,655	- 1,445

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Object Classification (in thousands of dollars)

Identification code 47-4530-0-4-804	1981 Presently Avail	1981 Revised Est.	1981 Change
Personnel compensation:			
11.1 Full-time permanent positions .	24,875	24,655	-220
11.3 Positions other than full-time permanent	2,875	2,770	-105
11.5 Other personnel compensation .	550	550	-
11.9 Total personnel compensation	28,300	27,975	-325
12.1 Personnel benefits: Civilian .	3,110	3,080	-30
21.0 Travel and transportation of persons	441	497	+56
22.0 Transportation of things . . .	58,085	58,085	-
23.1 Standard level user charges . .	5,947	5,947	-
23.2 Communications, utilities, and other rent	2,041	1,942	-99
24.0 Printing and reproduction . . .	306	306	-
25.0 Other services	64,925	64,925	-
26.0 Supplies and materials	1,013,169	1,013,164	-5
31.0 Equipment	84,000	82,555	- 1,445
42.0 Insurance claims and indemnities	-	-	-
93.9 Total program costs, funded .	1,260,324	1,258,476	- 1,848
94.0 Change in selected resources .	-90,453	-90,453	-
99.9 Total obligations	1,169,871	1,168,023	- 1,848

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Personnel Summary

Identification code 47-4530-0-4-804	¹⁹ 81 Presently Avail	¹⁹ 81 Revised Est.	¹⁹ 81 Change
Total number of full-time permanent positions	1,247	1,247	-
Total compensable workyears:			
Full-time equivalent employment . .	1,345	1,330	-15
Full-time equivalent of overtime and holiday hours	7	7	-
Average GS grade	7.67	7.67	-
Average GS salary	\$19,970	\$19,970	-
Average salary of ungraded positions	\$20,946	\$20,946	-

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

DETAIL OF PERMANENT POSITIONS

Identification code	19 81 Presently Avail	19 81 Revised Est.	19 81 Change
47-4530-0-4-804			
GS/GM-15	1	1	-
GS/GM-14	15	15	-
GS/GM-13	28	28	-
GS-12	64	64	-
GS-11	71	71	-
GS-10	11	11	-
GS-9	32	32	-
GS-8	1	1	-
GS-7	28	28	-
GS-6	39	39	-
GS-5	98	98	-
GS-4	84	84	-
GS-3	34	34	-
GS-2	4	4	-
Subtotal	510	510	-
Ungraded	737	737	-
Total permanent position . . .	1,247	1,247	-
Unfilled position, end of year . . .	-49	-109	-60
Total personnel employment, end of year	1,198	1,138	-60

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Program and Financing (in thousands of dollars)

Identification code	19 82	19 82	19 82
47-4530-0-4-804	Presently Avail	Revised Est.	Change
Program by activities:			
Operating costs:			
1. Supply operations:			
(a) Stores, regular	850,000	850,000	-
(b) Stores, direct delivery . .	79,000	79,000	-
(c) Nonstores items	49,000	49,000	-
(d) Export operations	24,000	24,000	-
2. Property management and disposal operations	1,000	1,000	-
3. Motor pools	268,846	267,642	-1,204
4. Administrative equipment . . .	3,300	3,300	-
Unfunded adjustments to total operating costs - depreciation . .	-74,100	-74,100	-
Total operating costs, funded	1,201,046	1,199,842	-1,204
Capital investment funded:			
1. Supply operations:			
(a) Stores items: Purchase of materials handling and lab equipment	4,600	4,600	-
3. Motor pools: Purchase of equipment	79,000	79,000	-
4. Administrative equipment	4,500	4,500	-
Total capital investment, funded	88,100	88,100	-
Total program costs, funded . .	1,289,146	1,287,942	-1,204
Change in selected resources (undelivered orders)	-	-	-
10.00 Total obligations	1,289,146	1,287,942	-1,204
Financing:			
Offsetting collections from:			
Federal funds:			
Supply operations:			
11.00 Stores, regular: Revenue	-840,000	-840,000	-
11.00 Stores, direct delivery: Revenue	-78,250	-78,250	-
11.00 Nonstores: Revenue	-48,700	-48,700	-
11.00 Export operations: Revenue	-24,000	-24,000	-
11.00 Property management and disposal operations: Revenue	-620	-620	-
11.00 Motor pools: Revenue	-266,000	-264,796	+1,204
11.00 Administrative equipment: Revenue	-3,300	-3,300	-

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

(CONTINUED) Program and Financing (in thousands of dollars)

Identification code	1982 Presently Avail	1982 Revised Est.	1982 Change
47-4530-0-4-804			
11.00 Change in unfilled customers' orders	-	-	-
Trust funds:			
Supply operations:			
13.00 Stores, regular: Revenue . . .	-10,000	-10,000	-
Stores, direct delivery:			
Revenue	-750	-750	-
Nonstores, Revenue	-300	-300	-
Property management and disposal operations: Revenue	-380	-380	-
13.00 Motor pools: Revenue	-2,846	-2,846	-
14.00 Non-Federal sources (5 U.S.C. 630g):			
Undistributed receipts:			
Proceeds from sale of equipment	-10,000	-10,000	-
21.10 Deficiency, start of year . . .	-	-	-
21.98 Unobligated balance available, start of year: Fund balance	-6,845	-8,290	- 1,445
24.10 Deficiency, end of year	-	-	-
24.98 Unobligated balance available, end of year			
Fund balance	2,845	4,290	+1,445
39.00 Budget authority	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net . . .	4,000	4,000	-
72.98 Obligated balance, start of year: Fund balance	85,046	85,046	-
74.98 Obligated balance, end of year: Fund balance	-86,246	-86,246	-
90.00 Outlays	2,800	2,800	-

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Object Classification (in thousands in dollars)

Identification code 47-4530-0-4-804	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
Personnel compensation:			
11.1 Full-time permanent positions	25,094	24,146	-948
11.3 Positions other than full-time permanent	2,890	2,890	-
11.5 Other personnel compensation	550	550	-
11.9 Total personnel compensation	28,534	27,586	-948
12.1 Personnel benefits: Civilian	3,130	3,047	-83
21.0 Travel and transportation of persons	443	499	+56
22.0 Transportation of things	58,325	58,325	-
23.1 Standard level user charges	6,427	6,213	-214
23.2 Communications, utilities, and other rent	2,246	2,246	-
24.0 Printing and reproduction	337	337	-
25.0 Other services	69,546	69,546	-
26.0 Supplies and materials	1,032,058	1,032,043	-15
31.0 Equipment	88,100	88,100	-
42.0 Insurance claims and indemnities	-	-	-
93.9 Total program costs, funded	1,289,146	1,287,942	-1,204
94.0 Change in selected resources	-	-	-
99.9 Total obligations	1,289,146	1,287,942	-1,204

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

Personnel Summary

Identification code 47-4530-0-4-804	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
Total number of full-time permanent positions	1,256	1,256	-
Total compensable workyears:			
Full-time equivalent employment . .	1,354	1,309	-45
Full-time equivalent of overtime and holiday hours	7	7	-
Average GS grade	7.66	7.66	-
Average GS salary	\$19,995	\$19,995	-
Average salary of ungraded positions	\$20,946	\$20,946	-

GENERAL SERVICES ADMINISTRATION
GENERAL SUPPLY FUND

DETAIL OF PERMANENT POSITIONS

Identification code 47-4530-0-4-804	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
GS/GM-15	1	1	-
GS/GM-14	15	15	-
GS/GM-13	28	28	-
GS-12	64	64	-
GS-11	71	71	-
GS-10	11	11	-
GS-9	32	32	-
GS-8	1	1	-
GS-7	28	28	-
GS-6	39	39	-
GS-5	99	99	-
GS-4	84	84	-
GS-3	34	34	-
GS-2	4	4	-
Subtotal	511	511	-
Ungraded	745	745	-
Total permanent positions	1,256	1,256	-
Unfilled positions, end of year	-44	-142	-98
Total permanent employment, end of year	1,212	1,114	-98

WEDNESDAY, MARCH 25, 1981.

TRANSPORTATION AND PUBLIC UTILITIES SERVICE

WITNESSES

AGENCYWIDE MATTERS

RAY KLINE, ACTING ADMINISTRATOR
 RAYMOND A. FONTAINE, ASSISTANT ADMINISTRATOR FOR PLANS,
 PROGRAMS, AND FINANCIAL MANAGEMENT
 WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

TRANSPORTATION AND PUBLIC UTILITIES SERVICE

ALLAN W. BERES, COMMISSIONER
 IRA JEKOWSKY, EXECUTIVE DIRECTOR
 PETER GLADING, ASSISTANT COMMISSIONER, OFFICE OF MOTOR
 EQUIPMENT

Mr. ROYBAL. We will now take up the Transportation and Public Utilities Service and their request for 1982 budget.

Mr. KLINE. This is Mr. Allan Beres, the Commissioner of the Transportation and Public Utilities Service. He will present a statement to you.

STATEMENT OF ALLAN BERES

Mr. BERES. Thank you, Mr. Chairman, 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, and Peter Glading, Assistant Commissioner, Office of Motor Equipment.

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; providing motor vehicle support to Federal activities; and providing procurement support to all civilian and military executive agencies for motor vehicles, trailers, and related equipment.

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

The Office of Transportation and Travel Management provides management assistance to civil executive agencies in the implementation of Governmentwide 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.

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 Governmentwide policy guidance and technical assistance on a variety of public utilities management and acquisition problems.

The Office of Motor Equipment develops plans and regulations governing the management, operation, maintenance, identification, and safety of the Federal motor vehicle fleet; develops and administers the U.S. national credit card program, the fuel-efficient motor vehicle program, and the Federal facility ridesharing program; and conducts fleet management studies in Federal activities to improve the efficiency and energy conservation of their motor equipment activities. In addition, this office operates over 93,000 vehicles in the Interagency Motor Pool System which consists of 99 motor pools located throughout the country.

The Office of Automotive Management was transferred to TPUS on October 1, 1980, from the Federal Supply Service. This program provides procurement support to all civilian and military executive agencies for motor vehicles, trailers, and related equipment; develops Federal specifications and standards for motor vehicles and associated components, and coordinates with other organizations to establish uniform Government requirements. In addition, this office represents GSA on various boards, committees, and interagency meetings concerning automotive engineering issues.

Our fiscal year 1982 appropriation request is \$17,234,000, a net decrease of \$566,000 from fiscal year 1981. This net decrease includes: A decrease of \$785,000 due to employment reductions; a program increase of \$100,000 for printing, for the use of Federal agencies, a directory of the schedules and routes of airlines under a new cost-cutting TPUS contract; an increase of \$105,000 for common distributable and other recurring charges; and an increase of \$14,000 for full-year cost of the October 1980 pay increase.

We are also requesting a change in the GSA appropriation language to provide funds from the collection of carrier overcharges to pay commercial firms to audit paid transportation vouchers in order to determine whether such an audit is economically advantageous. The General Accounting Office (GAO) has recently approved this concept.

One of the principal TPUS operations, the Interagency Motor Pool System, is financed on a reimbursable basis. Over 93,000 vehicles are furnished through 99 motor pools for indefinite assignment or short-term trip rentals on a cost-reimbursable basis through the General Supply Fund. The fiscal year 1980 cost per mile for the GSA fleet, including the expenditures for petroleum,

was 19.8 cents. In fiscal year 1982, motor pool sales are estimated to be \$268.8 million.

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

Mr. ROYBAL. Well, we thank you for your testimony. I would like to get into the motor vehicles first, and that is, that you operate over 93,000 vehicles.

You have 99 motor pools located throughout the country.

Now, what is the current condition of the vehicle fleet, as far as age and mileage of the vehicle?

Is this an average that you can strike, or is that asking something that cannot be determined at this time?

Mr. BERES. We can provide a full breakout of that for the record, sir.

[The information follows:]

REPORTS CONTROL SYMBOL FS-273

GENERAL SERVICES ADMINISTRATION
INTERAGENCY MOTOR POOLS - LESS
CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
AS OF MARCH 31, 1980
CONSOLIDATED
NATIONWIDE

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED										OVER 72,000	
		0 12,000	12,000 24,000	24,001 36,000	36,001 48,000	48,001 60,000	60,001 72,000	72,000 84,000	84,001 96,000	96,001 108,000	108,001 120,000		
80 02	14	14	0	0	0	0	0	0	0	0	0	0	0
SUB-TOTAL	14 *	14 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
79 01	1,209	983	237	9	0	0	0	0	0	0	0	0	0
79 02	9,086	7,183	1,848	54	1	0	0	0	0	0	0	0	0
79 03	65	38	27	0	0	0	0	0	0	0	0	0	0
79 04	2,750	2,025	694	31	0	0	0	0	0	0	0	0	0
79 06	5	3	2	0	0	0	0	0	0	0	0	0	0
79 07	2	2	0	0	0	0	0	0	0	0	0	0	0
79 08	1	1	0	0	0	0	0	0	0	0	0	0	0
79 09	1	1	0	0	0	0	0	0	0	0	0	0	0
79 10	4	3	1	0	0	0	0	0	0	0	0	0	0
79 11	49	14	30	3	2	0	0	0	0	0	0	0	0
79 12	1	1	1	0	0	0	0	0	0	0	0	0	0
79 13	1	1	1	0	0	0	0	0	0	0	0	0	0
79 14	1	1	1	0	0	0	0	0	0	0	0	0	0
79 15	1	1	1	0	0	0	0	0	0	0	0	0	0
79 16	1	1	1	0	0	0	0	0	0	0	0	0	0
79 17	1	1	1	0	0	0	0	0	0	0	0	0	0
79 18	1	1	1	0	0	0	0	0	0	0	0	0	0
79 19	1	1	1	0	0	0	0	0	0	0	0	0	0
79 20	1	1	1	0	0	0	0	0	0	0	0	0	0
SUB-TOTAL	13,175 *	10,235 *	2,840 *	97 *	3 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78 01	4	1	2	1	0	0	0	0	0	0	0	0	0
78 02	3,271	290	1,561	1,133	232	44	11	0	0	0	0	0	0
78 03	199	2	38	81	60	18	0	0	0	0	0	0	0
78 04	6,330	549	2,625	2,313	699	129	13	2	2	0	0	0	0
78 06	4	0	1	2	1	0	0	0	0	0	0	0	0
78 10	4	1	0	1	1	1	0	0	0	0	0	0	0
SUB-TOTAL	9,812 *	843 *	4,227 *	3,531 *	993 *	192 *	24 *	2 *	2 *	0	0	0	0
77 01	8	0	3	1	1	3	0	0	0	0	0	0	0
77 02	2,588	48	478	921	694	346	84	13	0	0	0	0	0
77 03	1,454	9	6	25	51	102	135	82	0	0	0	0	0
77 04	8,964	102	1,020	2,475	2,770	1,789	675	122	0	0	0	0	0
77 06	1	0	1	0	0	0	0	0	0	0	0	0	0
77 07	1	0	1	1	0	0	0	0	0	0	0	0	0
77 09	2	0	0	0	0	0	0	0	0	0	0	0	0
77 10	1	0	0	0	0	0	0	0	0	0	0	0	0
77 74	1	0	0	1	0	0	0	0	0	0	0	0	0
SUB-TOTAL	11,977 *	153 *	1,518 *	3,424 *	3,526 *	2,241 *	898 *	217 *	0	0	0	0	0
76 01	3	0	0	1	0	1	1	0	0	0	0	0	0

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

CLASS - SEDANS

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED							OVER 72,000
		0 12,000 24,000 36,000 48,000 60,000 72,000	12,000	24,001 36,001 48,001 60,001 72,001	24,001 36,001 48,001 60,001 72,001	36,001 48,001 60,001 72,001	48,001 60,001 72,001	60,001 72,001	
76 02	279	1	28	72	89	66	20	3	
76 03	10	0	0	2	5	1	2	2	
76 04	7,442	22	331	1,304	2,144	2,166	1,266	215	
76 04	1	0	0	1	0	0	0	0	
SUB-TOTAL	7,735 *	23 *	359 *	1,378 *	2,235 *	2,232 *	1,268 *	220 *	
75 02	2	0	0	0	1	1	0	0	
75 03	5	0	0	2	0	1	0	0	
75 04	1	0	0	0	0	1	1	0	
75 08	1	0	0	0	0	1	0	0	
SUB-TOTAL	9 *	0 *	0 *	2 *	2 *	4 *	1 *	0 *	
74 01	280	0	4	40	64	88	61	23	
74 02	478	1	8	22	66	182	146	53	
74 03	2,524	1	17	161	460	978	726	181	
74 04	3	0	0	1	2	0	0	0	
SUB-TOTAL	3,285 *	2 *	29 *	224 *	592 *	1,248 *	933 *	257 *	
73 01	7	0	0	0	0	0	0	0	
73 02	119	0	0	2	6	39	45	7	
73 03	419	0	0	15	64	189	135	27	
73 04	247	1	2	14	41	87	54	20	
73 07	1	0	0	0	0	1	0	0	
SUB-TOTAL	793 *	1 *	3 *	32 *	111 *	276 *	262 *	108 *	
72 01	1	0	0	0	0	0	0	1	
72 02	111	0	0	2	13	32	33	31	
72 03	12	0	0	0	0	1	6	5	
72 04	86	0	1	3	8	24	36	14	
72 09	5	0	0	0	0	1	0	4	
SUB-TOTAL	215 *	0 *	1 *	5 *	21 *	58 *	75 *	55 *	
00 01	2	0	0	0	0	0	2	0	
00 02	73	3	1	1	3	17	22	0	
00 04	64	1	0	0	15	21	25	2	
SUB-TOTAL	139 *	4 *	1 *	1 *	18 *	38 *	49 *	28 *	
CLASS TOTAL	47,154 **	11,275 **	8,978 **	8,694 **	7,501 **	6,289 **	3,530 **	887 **	

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS, FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1969
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED							OVER 72,000
		0 12,000	12,000 24,000	24,000 36,001	36,001 48,000	48,000 60,001	60,001 72,000	72,000 OVER	
79 01	151	117	32	2	0	0	0	0	0
79 02	1,331	1,080	224	21	4	1	0	0	1
79 03	15	8	7	0	0	0	0	0	0
79 04	1	1	0	0	0	0	0	0	0
79 13	1	1	0	0	0	0	0	0	0
SUB-TOTAL	1,499 *	1,207 *	263 *	23 *	4 *	1 *	0 *	0 *	1 *
78 02	904	114	387	290	87	26	0	0	0
78 03	134	15	56	43	13	6	1	0	0
78 04	5	0	3	1	0	0	0	0	0
78 06	1	1	0	0	0	0	0	0	0
SUB-TOTAL	1,044 *	130 *	446 *	334 *	101 *	32 *	1 *	0 *	0 *
77 01	2	0	1	1	0	0	0	0	0
77 02	109	7	19	41	21	18	3	0	0
77 03	3	1	0	0	1	1	0	0	0
77 04	1,794	52	306	553	473	280	104	26	0
77 07	1	0	0	0	1	0	0	0	0
SUB-TOTAL	1,909 *	60 *	326 *	595 *	496 *	299 *	107 *	26 *	0 *
76 01	151	1	13	24	34	28	38	13	0
76 02	534	1	25	95	153	140	74	46	0
76 03	6	0	0	1	2	2	1	0	0
76 04	185	0	1	20	51	64	35	14	0
SUB-TOTAL	876 *	2 *	39 *	140 *	240 *	234 *	148 *	73 *	0
75 02	11	0	0	2	1	3	3	2	0
SUB-TOTAL	11 *	0 *	0 *	2 *	1 *	3 *	3 *	2 *	0
74 01	2	1	0	0	0	0	1	0	0
74 02	317	2	4	28	54	106	89	34	0
SUB-TOTAL	319 *	3 *	4 *	28 *	54 *	106 *	90 *	34 *	0
73 01	1	0	0	0	0	0	1	0	0
73 03	69	0	1	5	16	18	21	8	0

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

CLASS - STATION WAGONS

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	0	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED						OVER 72,000
			12,001 24,000	24,001 36,000	36,001 48,000	48,001 60,000	60,001 72,000	72,000	
73 04	54	0	0	2	11	22	15	4	
SUB-TOTAL	124 *	0 *	1 *	7 *	27 *	40 *	37 *	12 *	
72 02	7	0	0	0	0	4	3	0	
72 04	8	0	0	1	0	3	2	0	
SUB-TOTAL	15 *	0 *	0 *	1 *	0 *	7 *	5 *	2 *	
00 02	33	0	0	1	6	8	10	8	
00 03	1	0	0	0	0	1	0	0	
00 04	9	0	0	2	1	1	4	1	
SUB-TOTAL	43 *	0 *	0 *	3 *	7 *	9 *	15 *	9 *	
CLASS TOTAL	5,840 **	1,402 **	1,079 **	1,133 **	930 **	731 **	406 **	159 **	

REPORTS CONTROL SYMBOL FS-273

 GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED NATIONWIDE

CLASS - AMBULANCES

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED							OVER 72,000
		0 12,000	12,000 24,000	24,000 36,000	36,000 48,000	48,000 60,000	60,000 72,000	72,000 OVER	
80 02	1	0	0	0	0	0	0	0	0
80 11	1	1	0	0	0	0	0	0	0
SUB-TOTAL	2 *	2 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
79 01	15	0	0	0	0	0	0	0	0
79 02	38	3	0	0	0	0	0	0	0
79 06	8	0	0	0	0	0	0	0	0
SUB-TOTAL	57 *	3 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78 01	4	2	1	1	0	0	0	0	0
78 02	19	11	7	0	0	0	0	0	0
78 03	1	0	1	0	0	0	0	0	0
78 04	1	0	0	0	0	0	0	0	0
78 06	1	1	0	0	0	0	0	0	0
SUB-TOTAL	26 *	15 *	3 *	8 *	0 *	0 *	0 *	0 *	0 *
77 01	2	1	0	1	0	0	0	0	0
77 06	9	3	2	0	1	2	1	0	0
SUB-TOTAL	11 *	4 *	2 *	1 *	2 *	1 *	1 *	0 *	0 *
76 01	4	0	0	1	1	0	1	1	1
76 04	5	0	0	0	2	2	0	1	1
76 06	2	1	0	0	0	0	0	0	0
76 23	2	0	2	0	0	0	0	0	0
SUB-TOTAL	13 *	1 *	2 *	1 *	3 *	3 *	1 *	2 *	2 *
75 06	49	4	2	7	10	10	6	10	10
75 23	3	0	0	1	2	0	0	0	0
SUB-TOTAL	52 *	4 *	2 *	8 *	12 *	10 *	6 *	10 *	10 *
74 01	8	1	1	0	1	1	1	2	2
74 02	6	0	0	1	1	3	1	0	0
74 06	1	0	0	1	0	0	0	0	0
SUB-TOTAL	15 *	1 *	1 *	2 *	2 *	4 *	3 *	2 *	2 *

REPORTS CONTROL SYMBOL FS-273
 GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED
 NATIONWIDE

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	CLASS - AMBULANCES										OVER 72,000
		NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED										
		0 12,000	12,000 24,000	24,000 36,000	36,000 48,000	48,000 60,000	60,000 72,000	72,000 84,000	84,000 96,000	96,000 108,000	108,000 120,000	
73 01	8	1	2	2	1	1	0	0	0	0	0	0
73 03	1	0	0	0	0	0	1	1	0	0	0	0
73 04	2	0	0	0	0	0	1	1	0	0	0	0
73 06	8	2	2	0	1	2	0	0	0	0	1	0
73 08	4	0	1	0	0	0	0	0	0	0	3	0
73 23	3	0	0	0	1	2	0	0	0	0	0	0
SUB-TOTAL	26 *	3 *	5 *	2 *	3 *	7 *	2 *	2 *	1 *	2 *	4 *	0
72 01	1	0	0	1	0	0	0	0	0	0	0	0
72 06	5	1	0	2	0	0	0	0	0	0	0	0
72 08	2	0	0	0	0	0	1	0	0	0	0	0
72 23	1	0	0	0	0	0	1	0	0	0	0	0
SUB-TOTAL	9 *	1 *	0 *	3 *	1 *	2 *	1 *	1 *	1 *	1 *	0	0
00 01	6	0	5	0	0	0	0	0	0	0	0	0
00 02	8	1	1	2	1	1	1	2	0	0	0	0
00 06	4	0	2	1	1	0	0	0	0	0	0	0
00 08	3	0	1	1	0	0	0	0	0	0	1	0
00 23	2	0	0	0	0	0	0	0	0	0	0	0
00 24	2	0	0	1	1	0	0	0	0	0	0	0
SUB-TOTAL	25 *	1 *	9 *	5 *	3 *	1 *	3 *	1 *	3 *	3 *	3 *	0
CLASS TOTAL	236 **	86 **	27 **	30 **	25 **	29 **	17 **	22 **	22 **	22 **	22 **	0

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

YEAR	MFR. MODEL CODE	TOTAL NO OF VEHICLES	CLASS - BUSES											
			NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED											
			0	12,000	24,000	24,001	36,000	36,001	48,000	48,001	60,000	60,001	72,000	OVER 72,000
80	01	22												
80	06	132												
80	09	1												
80	11	4												
	SUB-TOTAL	159 *	154 *	5 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
79	01	3	1			2								
79	02	13	7			0								
79	03	1	1			0								
79	06	44	38			1								
79	10	1	1			0								
79	11	2	2			0								
79	23	9	8			1								
79	24	4	4			0								
	SUB-TOTAL	77 *	62 *	11 *	4 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78	01	107	31			46								
78	02	1,428	413			617		20		3		5		2
78	06	16	1			3		252		71		25		7
78	10	16	3			10		3		1		0		0
	SUB-TOTAL	1,559 *	448 *	676 *	318 *	75 *	30 *	75 *	30 *	30 *	9 *	9 *	3 *	3 *
77	02	6	2			0		1		1		1		2
77	03	2	0			0		0		1		1		0
77	06	348	13			46		60		96		76		37
	SUB-TOTAL	356 *	15 *	46 *	61 *	97 *	78 *	97 *	78 *	78 *	39 *	39 *	20 *	20 *
76	01	3	1			0		0		2		0		0
76	02	4	1			0		0		0		1		0
76	23	54	0			3		15		12		15		5
76	38	2	1			1		0		0		0		3
	SUB-TOTAL	102 *	3 *	13 *	21 *	21 *	21 *	21 *	21 *	26 *	10 *	26 *	8 *	8 *
75	06	23	0			2		0		6		6		7
75	23	32	2			6		7		5		5		7

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1964
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

CLASS - BUSES

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED										OVER 72,000
		0 12,000	12,000 24,000	24,000 36,000	36,000 48,000	48,000 60,000	60,000 72,000	72,000 84,000	84,000 96,000	96,000 108,000	108,000 120,000	
SUB-TOTAL	55 *	2 *	8 *	7 *	11 *	11 *	14 *					2 *
74 01	28	0	3	5	2	13	4					1
74 02	13	0	2	2	4	3	0					0
74 06	36	0	1	3	10	5	10					7
74 24	1	0	1	0	0	0	0					0
SUB-TOTAL	80 *	0 *	7 *	10 *	17 *	22 *	15 *					9 *
73 01	7	0	0	2	1	3	1					0
73 02	13	0	1	1	4	4	2					1
73 06	28	0	0	0	5	8	6					9
73 07	2	0	0	0	2	0	0					0
73 23	146	0	4	19	24	33	26					40
SUB-TOTAL	196 *	0 *	5 *	22 *	36 *	48 *	35 *					50 *
72 01	3	0	0	0	1	0	0					2
72 06	18	0	0	1	3	7	3					4
72 23	160	2	6	9	21	28	35					59
72 38	3	0	0	0	2	0	0					1
SUB-TOTAL	184 *	2 *	6 *	10 *	27 *	35 *	38 *					66 *
00 01	6	0	3	0	0	0	1					2
00 02	8	0	2	0	0	1	1					4
00 06	8	0	0	1	2	1	4					0
00 15	1	0	0	0	0	0	1					0
00 23	101	3	5	8	12	16	20					37
00 24	11	0	6	1	1	0	0					3
SUB-TOTAL	135 *	3 *	16 *	10 *	15 *	18 *	27 *					46 *
CLASS TOTAL	2,903 **	689 **	793 **	463 **	299 **	288 **	187 **					204 **

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

CLASS - TRUCKS@ 1-TON UNDER, 4X2

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED					OVER 72,000
		0 12,001	24,001	36,001	48,001	60,001	
		0	24,000	36,000	48,000	60,000	72,000
SUB-TOTAL	2,371 *	229 *	681 *	444 *	175 *	89 *	56 *
76 01	111	1	13	22	26	23	17
76 02	280	16	37	60	69	21	21
76 04	31	0	6	5	10	6	2
76 06	1,194	50	240	304	195	99	40
SUB-TOTAL	1,616 *	67 *	288 *	385 *	280 *	163 *	80 *
75 01	254	3	36	56	37	40	23
75 02	7	1	1	2	0	1	1
75 03	3	0	1	0	0	1	1
75 04	1	0	1	0	0	0	0
75 06	1,519	21	124	272	378	224	128
75 23	8	0	1	1	4	2	0
SUB-TOTAL	1,792 *	25 *	162 *	331 *	413 *	268 *	153 *
74 01	772	2	34	92	153	155	128
74 02	942	9	32	174	265	237	109
74 04	1	0	0	0	0	0	0
74 06	1,117	11	63	124	223	260	147
74 10	1	0	0	1	0	0	0
74 23	6	0	2	2	0	0	0
74 24	5	0	0	0	1	3	1
SUB-TOTAL	2,844 *	22 *	131 *	334 *	561 *	655 *	385 *
73 01	254	0	7	22	49	66	34
73 02	3	0	0	0	0	0	0
73 04	93	0	0	7	19	31	19
73 06	1,85	4	12	45	71	20	19
73 23	1,040	35	136	220	315	35	13
73 24	95	2	14	33	23	229	101
73 24	2	0	0	0	0	1	1
SUB-TOTAL	1,672 *	6 *	62 *	210 *	356 *	511 *	169 *
72 01	359	1	15	34	64	85	56
72 02	5	0	0	2	1	1	0

REPORTS CONTROL SYMBOL FS-273

GENERAL SERVICES ADMINISTRATION
INTERAGENCY MOTOR POOLS - FSS
CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
AS OF MARCH 31, 1980
CONSOLIDATED
NATIONWIDE

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED										OVER 72,000	
		0	12,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	108,000		
72 03	56	0	2	2	2	14	11						8
72 04	23	0	2	2	5	10	8						1
72 16	527	4	23	56	133	183	98						30
72 17	1	0	1	0	0	1	0						0
72 23	35	0	1	6	13	11	3						1
SUB-TOTAL	1,006 *	5 *	43 *	102 *	225 *	328 *	207 *						96 *
00 01	289	1	8	27	54	105	57						37
00 02	100	0	9	11	22	32	14						12
00 03	49	0	1	1	10	20	14						3
00 04	7	0	0	1	1	1	3						1
00 06	745	6	25	73	208	240	141						52
00 10	2	0	0	0	0	0	0						0
00 23	100	1	8	19	25	31	13						3
SUB-TOTAL	1,292 *	10 *	51 *	132 *	320 *	429 *	242 *						108 *
CLASS TOTAL	23,520 **	5,417 **	4,832 **	3,743 **	3,354 **	3,075 **	2,040 **						1,059 **

REPORTS CONTROL SYMBOL FS-273
 GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED
 NATIONWIDE

CLASS - TRUCKS 1-TON UNDER, 4X4

NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES							SUB-TOTAL	CLASS - TRUCKS 1-TON UNDER, 4X4					OVER 72,000
		0 12,000	12,000 24,000	24,000 36,000	36,000 48,000	48,000 60,000	60,000 72,000	72,000		0 36,001	36,001 48,001	48,001 60,001	60,001 72,001	72,001	
72 25	20	3	2	3	0	2	0	7	0	0	0	0	0	2	
72 99	2	0	0	0	0	2	0	0	0	0	0	0	0	0	
SUB-TOTAL	179 *	10 *	14 *	26 *	37 *	47 *	32 *	13 *							
00 01	9	0	1	4	0	2	2	0							
00 02	5	0	0	0	2	1	2	0							
00 04	2	0	2	16	0	0	0	0							
00 06	69	2	2	16	24	16	3	3							
00 23	54	3	6	16	24	13	8	1							
00 25	17	2	1	8	2	3	1	0							
00 99	1	1	0	0	0	0	0	0							
SUB-TOTAL	158 *	8 *	15 *	34 *	47 *	35 *	14 *	5 *							

CLASS TOTAL 7,423 ** 1,918 ** 1,622 ** 1,451 ** 1,069 ** 820 ** 401 ** 144 **

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED
 NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	CLASS - TRUCKS 3 TONS & OVER									
		NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED									
		0	12,001	24,001	36,001	48,001	60,001	72,001	84,001	96,001	OVER
		12,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	72,000	72,000
80 23	1	1	0	0	0	0	0	0	0	0	0
80 24	3	3	0	0	0	0	0	0	0	0	0
80 26	19	19	0	0	0	0	0	0	0	0	0
80 34	3	3	0	0	0	0	0	0	0	0	0
SUB-TOTAL	26 *	26 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78 01	1	1	0	0	0	0	0	0	0	0	0
78 02	2	2	0	0	0	0	0	0	0	0	0
78 23	5	5	0	0	0	0	0	0	0	0	0
79 24	125	117	5	3	0	0	0	0	0	0	0
79 25	2	2	0	0	0	0	0	0	0	0	0
79 26	9	9	0	0	0	0	0	0	0	0	0
79 34	1	1	0	0	0	0	0	0	0	0	0
SUB-TOTAL	145 *	137 *	5 *	3 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78 02	17	7	7	0	3	0	0	0	0	0	0
78 23	1	3	3	1	0	0	0	0	0	1	0
78 24	77	30	25	9	4	3	2	4	3	2	4
78 26	34	13	7	2	4	3	3	2	3	2	2
SUB-TOTAL	134 *	51 *	42 *	12 *	11 *	6 *	5 *	7 *	7 *	7 *	7 *
77 02	3	0	3	0	0	0	0	0	0	0	0
77 23	2	0	2	1	0	0	0	0	0	0	0
77 24	7	2	2	1	0	0	0	0	0	0	0
77 26	5	0	0	0	0	0	0	0	0	0	0
SUB-TOTAL	17 *	2 *	7 *	1 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
76 02	2	2	0	0	0	0	0	0	0	0	0
76 23	1	1	0	0	0	0	0	0	0	0	0
76 24	1	0	1	0	0	0	0	0	0	0	0
SUB-TOTAL	4 *	3 *	1 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
75 01	1	0	0	0	0	0	0	0	0	0	1
75 02	9	0	0	1	1	0	0	0	0	0	3
75 06	2	0	1	1	0	0	0	0	0	0	0
75 23	1	0	1	0	0	0	0	0	0	0	0

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR VEHICLE LOGS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1960
 CONSOLIDATED
 NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED							OVER 72,000
		0 12,000	12,001 24,000	24,001 36,000	36,001 48,000	48,001 60,000	60,001 72,000	72,000	
75 24	61	9	18	20	4	6	2	2	6
75 26	13	0	0	3	1	1	2	0	4
75 27	7	0	0	0	2	1	0	0	4
SUB-TOTAL	94 *	9 *	21 *	25 *	8 *	8 *	7 *	16 *	
74 01	1	0	1	0	0	0	0	0	0
74 02	12	0	0	2	4	5	0	0	1
74 06	1	0	1	0	0	0	0	0	0
74 23	1	0	0	0	1	0	0	0	0
74 24	20	0	7	3	2	0	2	6	6
74 26	4	0	0	0	0	0	0	0	4
74 27	5	0	0	0	1	1	1	2	2
74 29	3	0	0	0	0	0	0	3	0
SUB-TOTAL	47 *	0 *	9 *	5 *	8 *	6 *	3 *	16 *	
73 01	1	0	1	0	0	0	0	0	0
73 02	5	0	0	1	2	1	0	0	0
73 06	3	0	0	1	1	0	1	0	0
73 18	3	0	3	2	4	3	1	2	0
73 23	72	2	9	15	25	0	2	10	0
73 24	2	0	0	0	0	0	0	0	0
73 28	1	1	0	0	0	0	0	0	0
SUB-TOTAL	100 *	6 *	13 *	19 *	32 *	13 *	4 *	13 *	
72 02	6	0	0	0	1	2	2	1	1
72 06	9	0	0	0	4	2	2	2	2
72 23	37	6	7	4	4	6	2	8	0
72 24	21	1	6	1	5	3	4	4	0
72 32	1	0	0	0	0	0	0	0	0
SUB-TOTAL	74 *	7 *	13 *	6 *	14 *	13 *	6 *	15 *	
00 01	3	0	0	2	0	0	0	1	0
00 02	89	2	3	12	12	16	21	23	5
00 06	20	3	6	2	1	3	0	5	0
00 23	101	4	10	11	17	12	15	32	0
00 24	29	0	0	1	2	3	3	20	0
00 27	1	0	0	0	0	0	0	1	0
00 28	2	0	1	0	1	0	0	0	0

GENERAL SERVICES ADMINISTRATION
 INTERAGENCY MOTOR POOLS - FSS
 CONSOLIDATED AGE AND MILEAGE ANALYSIS REPORT
 AS OF MARCH 31, 1980
 CONSOLIDATED
 NATIONWIDE

REPORTS CONTROL SYMBOL FS-273

CLASS - SPECIAL PURPOSE VEHICLES

YEAR MFR. MODEL CODE	TOTAL NO OF VEHICLES	NUMBER OF VEHICLES - BY CUMULATIVE MILES OPERATED							OVER 72,000
		0 12,000	24,000	36,000	48,000	60,000	72,000	84,000	
98 06	1	0	0	0	0	0	0	0	0
SUB-TOTAL	1 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
79 06	8	0	0	0	0	0	0	0	0
79 10	1	0	0	0	0	0	0	0	0
79 23	3	0	0	0	0	0	0	0	0
79 24	1	0	0	0	0	0	0	0	0
79 50	11	0	0	0	0	0	0	0	0
79 99	1	0	0	0	0	0	0	0	0
SUB-TOTAL	25 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
78 01	6	1	2	1	0	0	0	0	0
78 06	50	12	7	0	0	0	0	0	0
78 24	6	2	1	0	0	0	0	0	0
78 25	1	0	0	0	1	0	0	0	0
SUB-TOTAL	63 *	15 *	10 *	1 *	1 *	0 *	0 *	0 *	0 *
77 02	4	0	0	1	1	0	0	0	0
77 23	1	0	0	0	0	0	0	0	0
77 50	2	0	0	0	0	0	0	0	0
77 82	1	0	0	0	0	0	0	0	0
77 87	4	0	0	0	0	0	0	0	0
77 91	1	0	0	0	0	0	0	0	0
77 99	3	0	0	0	0	0	0	0	0
SUB-TOTAL	16 *	13 *	1 *	0 *	1 *	0 *	0 *	0 *	0 *
76 99	2	1	1	0	0	0	0	0	0
SUB-TOTAL	2 *	1 *	0 *	0 *	0 *	0 *	0 *	0 *	0 *
75 02	1	0	0	0	0	0	0	0	0
75 06	8	2	5	0	0	1	0	0	0
75 23	3	0	3	0	0	0	0	0	0
75 24	1	0	0	0	0	1	0	0	0
75 50	1	1	0	0	0	0	0	0	0
75 54	1	1	0	0	0	0	0	0	0
75 99	2	2	0	0	0	0	0	0	0

VEHICLE FLEET

Mr. BERES. In general our fleet is perhaps in somewhat better shape than it has been in the past. We currently have a backlog of 6,500 light trucks which are in the overage, overmileage category that should have been replaced. We are unfortunately from my perspective, carrying 18,000 to 19,000 leased vehicles in the passenger-carrying category. It would have been more advantageous to the Government, had funds been available, to purchase those rather than lease them.

Other than that, we are pretty close to where we should be in terms of meeting the established replacement standards.

Mr. ROYBAL. What about the overage, overmileage vehicles that you have in excess of 6,500 trucks alone? What about the passenger vehicles?

Mr. BERES. The passenger vehicles have been maintained within the limitation of the replacement cycles by going to the leasing route.

We found that to be more advantageous than maintaining the overage, overmileage vehicles and more advantageous than the other, more costly alternatives available to the customer agencies.

Mr. ROYBAL. In your replacement procedure, when do you anticipate that these 6,500 vehicles or in excess of 6,500 vehicles, when do you anticipate that they will be replaced?

Mr. BERES. Well, sir—

Mr. ROYBAL. These are the vehicles that are overage, overmileage, and that could not be classified as a group of vehicles that are efficient?

Mr. BERES. In testimony before this subcommittee several weeks ago we addressed our need for a supplemental which was geared at clearing up this backlog of overage/overmileage vehicles and at the same time providing a stimulus to the domestic automotive industry. We had also requested funds to advance some of the procurement schedules for other vehicles, as well as replacement of some leased vehicles on which the lease expires during this current fiscal year with Government-owned.

Mr. ROYBAL. Now, this is with regard to the vehicles that you are leasing?

Mr. BERES. Yes, sir.

Mr. ROYBAL. Of the 93,000 vehicles, how many are leased?

Mr. BERES. Eighteen to nineteen thousand. It becomes more significant when you consider that this is about 35 percent of the passenger-carrying fleet.

LEASE VERSUS PURCHASE

Mr. ROYBAL. Have you made a study to determine which would be better for the Government, to lease or to buy?

Mr. BERES. All of our studies indicate it would be more advantageous to the Government to buy those vehicles.

Mr. ROYBAL. If that is the case, why do you lease over 19,000 vehicles?

Mr. BERES. The situation is that there are not sufficient funds within the General Supply Fund capital account to meet our replacement needs.

Over the years, the moneys available to us were strictly generated through the depreciation of the original cost of the vehicle, and as inflation hit us in the auto industry, the cost for replacement of a vehicle 5 or 6 years later was considerably higher than the original cost of that vehicle. Replacement-cost funding authority provided by Public Law 95-506 will get us over this hurdle; but in the meantime, we still have this backlog and deficiency of funds within the General Supply Fund.

Mr. ROYBAL. If your supplemental is approved, will that decrease the number of leased vehicles?

Mr. BERES. Yes, sir, if the supplemental is approved in total we would be in a position to replace some leased vehicles with Government-owned. We would anticipate that with the full implementation of the replacement-cost-funding concept that we will be able to generate sufficient funds in the future to replace Government-owned vehicles with Government-owned vehicles.

Mr. ROYBAL. I assume that the leased vehicle is more economical than the counterpart in the fleet as a whole. Is the lease vehicle newer than the average vehicle of your fleet?

Mr. BERES. The leased vehicles, when we do lease, are new vehicles, current production models, and our lease arrangements are generally 3 to 4 years.

Taking a look at the alternatives available to the Federal agencies, they can lease on their own, if they have a requirement and do not have capital to purchase. This type of arrangement is much more expensive than our consolidated leasing, maybe as much as 75 percent more.

The other alternatives, of course, are to more extensively use privately owned vehicles. At 22½ cents per mile, that is also a costly proposal.

COST PER MILE

Mr. ROYBAL. My next question has been anticipated, what I was going to ask, and I will ask it anyway, what is your cost per mile of the 93,000 vehicles that you have under your jurisdiction?

Mr. BERES. The composite cost per mile is running between 19 and 20 cents per mile.

Mr. ROYBAL. You do a lot better than Hertz.

Mr. BERES. Yes, that cost per mile in our passenger fleet is running somewhere around 16 cents per mile, the sedans and station wagons.

Mr. RUDD. That is for the lease fleet?

Mr. FONTAINE. Total.

Mr. BERES. These are the total costs, sir.

Mr. RUDD. You are running 19.8-cents-per-mile cost?

Mr. BERES. Total.

Mr. RUDD. The leased drops to 16 cents.

Mr. FONTAINE. No, passenger cars.

Mr. BERES. Total costs, roughly 93,000 vehicles, is 20 cents per mile. For just the passenger-carrying fleet, the cost is somewhere around 16 cents per mile.

GAO REPORT

Mr. ROYBAL. It is my understanding that a GAO report indicated that savings could be achieved by a different acquisition policy.

Now, what are your feelings about this report, and is it necessary to adopt a different acquisition policy?

Mr. BERES. Yes, sir, I am assuming that the report you are referring to has to deal with shortening the replacement cycles for sedans.

Mr. ROYBAL. That is part of it.

Mr. BERES. We and others, GAO included, have studied this situation for a number of years and if OMB has completed another study of replacement cycles. This latest study completed by OMB, with input from ourselves and review of the GAO data, indicated it was not in all circumstances beneficial to shorten this replacement cycle, but to leave it where it is, 6 years or 60,000 miles, whichever comes first, for the sedans and station wagons.

Mr. ROYBAL. Your replacement cycle is 6 years?

Mr. BERES. Six years or 60,000 miles, whichever occurs first.

Mr. ROYBAL. In spite of the fact that this 6-year period you still operated at an average of 20 cents per mile?

Mr. BERES. That is the overall average for the entire fleet.

Mr. ROYBAL. That is operating costs or the entire cost including the price of the vehicle?

Mr. BERES. That is the total cost, sir, including operating cost, fuel, depreciation, personnel, facilities, the entire cost of maintaining and operating the fleet.

Mr. ROYBAL. I would say that you do rather well in that field.

Mr. BERES. Thank you, sir. We have some very dedicated individuals around the country who take a great deal of pride in keeping their costs as low as possible.

Mr. ROYBAL. I read a report of the cost to Hertz, Avis, and others, and they are way in excess of 20 cents.

Mr. KLINE. If you are ever on the road near one of our motor pools, you ought to drop by there. They are very professionally run.

Mr. ROYBAL. I know that. The motor pool in Los Angeles is very well run.

Mr. Rudd.

GOVERNMENT EMPLOYEES USE OF VEHICLES

Mr. RUDD. Thank you. I will take your advice.

What are the general rules for Government employees and their access to these automobiles for short-term, long-term use and for all other purposes, just a broad, general categorization?

Mr. BERES. Addressing the short-term use, which would generally be for less than 30 days, the guidelines cover the occasions where a traveler on official Government business has authorization to use a Government-owned vehicle. When he gets to his destination, he is going to be needing to go from the particular city where he lands to perhaps an Army base or some installations around the area and would have a need for a vehicle.

At the same time, if it is indicated that he requires use of a vehicle, the most advantageous way of doing it would be through

assignment of an interagency motor pool vehicle. They phone ahead to reserve a vehicle for the purposes and times.

The long-term assignments most frequently involve the participating agencies. These agencies operated separate fleets when the interagency motor pool fleet was authorized in 1954, where we took their vehicles in and consolidated them into the interagency motor pool fleet. They had continuing needs for vehicles.

These are, for example, light trucks where they have work missions, vehicles for the Park Service—for the rangers.

Mr. RUDD. Are these assigned to one employee?

Mr. BERES. They are assigned to a particular office and a particular supervisor who is responsible for that vehicle. Other employees within that office can use that vehicle.

Mr. RUDD. All right.

Mr. BERES. Those vehicles are on long-term assignment. We see them in some cases more often than others. If they are located near a motor pool, we see them very frequently. If not, we may not see them that frequently. We tell them when they are due for their maintenance, and when they should rotate them, and in that way maintain a constant monitoring of the fleet and of utilization of the vehicle.

Mr. RUDD. When you have automobiles that somebody needs to borrow for an hour or two, those are assigned by the supervisor and are under that last category?

Mr. BERES. Those are assigned to an individual. He comes to the motor pool, he is assigned a vehicle, and he signs his name.

Mr. RUDD. It does not mean he gets the same vehicle every time?

Mr. BERES. No, sir.

Mr. RUDD. Do you have vehicles that are assigned permanently to the supervisor, or the supervisor or some other official that is under his control permanently, more or less permanently?

Mr. BERES. It is on a long-term basis.

Mr. RUDD. What about private transportation to and from home?

Mr. BERES. This is generally prohibited. The use of vehicles between home and work requires approval within an individual agency. The rationale for allowing that at all would be the situation where perhaps you have a doctor whose home office is near a hospital somewhere, but yet his duties require regular travel to two or three other hospitals within the area.

Mr. RUDD. For private practice?

Mr. BERES. No, no.

Mr. RUDD. You mean doctors on contract?

Mr. BERES. I am talking about a Federal employee on official Government business, perhaps a VA doctor, where it would be more advantageous if he were allowed to take that vehicle home and use it to commute to those other points than if he had to go down to his office, pick up the vehicle, and perhaps put on significantly more mileage than he otherwise would have to.

In other words, the rationale is, first, one of emergency nature of the individual having to be on call immediately, and, second, utilization of less mileage on that vehicle if he were allowed to take that vehicle home.

Mr. RUDD. What kind of control do you have over that to assure that it is not used for private purposes? Do you check the mileage?

Mr. BERES. Mileage would not be a good way of checking it, because it would not be a real clue into whether that vehicle was being misused or not.

ABUSE OF VEHICLES

Mr. RUDD. What kind of criteria do you use to determine abuse which is going to exist?

Mr. BERES. We continually remain in touch and work with the agencies at the national level here, with the motor pools, and with the interagency motor equipment committees regarding problems of misuse of a serious nature, such as converting a Government vehicle to private use. We get letters constantly from private citizens.

Mr. RUDD. Is that the only way you find out about it, if you see a son or daughter who does not belong there?

Mr. BERES. It certainly is an effective way.

Mr. RUDD. It is, but you might get 1-percent return on abuse.

Mr. BERES. There is no way of monitoring it, of having people out patrolling to see if vehicles are abused. We keep reinforcing at the management levels their responsibility for that vehicle when it is assigned to them, that they are responsible to see that it is not misused. We do this continuously. This is almost a daily, weekly, constant liaison with the agencies at the national level, the regional office level, and at the motor pool level itself. Like any other situation where you have that number of vehicles and that number of employees who have access to them there will be instances where they are misused. We try to act on those as promptly and effectively as we can.

Mr. RUDD. If that supervisor, doctor or whatever he is, has a choice, can he use his own personal car and charge mileage, and if he can, is that more cost-effective?

Mr. BERES. The most cost-effective way is through a Government-owned vehicle. As I stated before, if you are talking about a sedan, the cost per mile is about 16 cents per mile. A privately owned vehicle, is reimbursed at 22-1/2 cents per mile.

Mr. RUDD. Okay. Now, in larger urban areas, many times it is more feasible to use public transportation. Do you have any rules or regulations on how that can be done rather than an automobile?

Mr. BERES. Again, there is another area that we try to reinforce through the management levels. We strongly encourage the use of mass transit when it is more effective. Last year we went out in a rather massive effort with all of the agencies to take a look within the large metro areas to see whether they needed the assigned vehicles there. We in GSA turned in 16 percent of those that we had because we determined that we did not need them on long-term assignments. The other agencies responded with a little over 2 percent reduction in their assigned need.

Mr. RUDD. In a city like downtown New York, I cannot see how it would be feasible at all to have a motor pool in operation for an employee.

Mr. BERES. The vehicles that are assigned in New York or Chicago or any of the large metro areas, are assigned to employees whose needs are such that they cannot hop on the bus or subway and get to where they are going. We are talking about vehicles

assigned to components of Agriculture, whose employees have to go from their offices out to inspect, or vehicles assigned to Army, Navy, Marine Corps, Air Force recruiters who have to get to high schools, et cetera, to meet commitments.

MASS TRANSIT ENCOURAGEMENT

Mr. RUDD. What are your rules with regard to mass transit?

Mr. BERES. Our general rule is that we encourage it. It is the first alternative to consider when you have to get from one point to another.

Mr. RUDD. You make that determination in the area where this is in effect?

Mr. BERES. Yes, sir, another example is when a traveler comes into town, we advise him of what ground transportation is available to get him from the airport to the hotel.

CHAUFFEUR-DRIVEN VEHICLES

Mr. RUDD. Do you maintain chauffeur-driven vehicles, or is that left to the agency that is using the motor vehicle?

Mr. BERES. We do not have chauffeur-driven vehicles. It is not part of our commitment under our system to provide drivers. These are vehicles that we provide.

Mr. RUDD. A vehicle is assigned to an agency and that agency can determine whether it should be a chauffeur-driven vehicle or not?

Mr. BERES. Yes.

VEHICLE UTILIZATION

Mr. RUDD. Do you have a particular system or an inventory system or a survey system to determine how particular agencies that are using these vehicles operate them and whether there are any abuses in that way or not? A comparison between the needs of one agency and another, do you look at that aspect?

Mr. BERES. We have within the system the ability to see how well the vehicle is being utilized. We also monitor at the local level whether the vehicle is being misused, or being subjected to inordinately rough treatment.

Mr. RUDD. Would you list the agencies involved, and those that are to be, that you discovered may be on the verge of abuse or more abuse than other agencies? Can you do it that way?

Mr. BERES. We have run a couple of tracks. We have taken a look at it from two angles. Those that we get misuse letters in on, breaking them out by percentages of vehicles as to how many complaints we get. At the local level, it varies. For example, you may have in one location a recruiting group that may be misusing vehicles or giving them inordinately hard treatment. In another area, that same component of people is treating their vehicles very nicely, and that is where the supervisors are so important on a daily basis. Those instances where we do not get the cooperation, then the threat of removal of vehicles is one that we will carry through with.

Mr. RUDD. Everything depends on management, but on a curve we have the best-managed with the worst-managed.

We can call it up here superb use of the vehicle, or we can call it abuse or negligence or nonfeasance or malfeasance or whatever it is on a curve such as this, you are bound to have this sort of thing take place.

You have to look at it and see who is the offender and who is not. Could you grade that over a period of the past year as to what you have done in that area to assure that when somebody is down at the bottom of that curve to inspire them to bring it up?

Mr. BERES. We inspire them not only through curves, but also by billing them for getting the vehicle back into condition as when it was given to them. It is sort of the budget club, if you will. They are responsible for getting the vehicle back to us in good condition. Things like dented fenders, torn upholstery, they are billed back. In some cases, the terrain itself or the environment is the cause of unusual wear and tear, and in some of those instances we have a severe use charge that they agree to before the vehicle is assigned.

Mr. RUDD. I notice you have to take all of these things into consideration, and these are the steps you try to assure that there is no abuse. But would you grade the agencies that are outstanding in performance, and those that need a little gig once in a while?

Mr. KLINE. Mr. Chairman, for the record?

Mr. BERES. We can give you a summary report of where we see these different pieces of abuse.

Mr. RUDD. Call it the way it is.

Mr. BERES. Sure, we will identify for you.

Mr. RUDD. Thank you.

Thank you, Mr. Chairman.

[The information follows:]

*General Services Administration, Transportation and Public Utilities Service—
1980*

[Number of possible misuses reported, by agency]

Fiscal year 1981 (Oct. 1, through Mar. 30)

Army.....	65
Navy.....	42
Interior.....	26
Transportation.....	21
Air Force.....	21
Labor.....	16
Agriculture.....	12
Veterans.....	10
Commerce.....	9
Department of Education.....	9
HUD.....	8
FEMA.....	7
Treasury.....	6
Defense.....	6
Energy.....	5
SBA.....	5
ACTION.....	5
Justice.....	5
GSA.....	4
NLRB.....	3
State.....	3
U.S. Postal Service.....	2
OPM.....	2
NTSB.....	2
Civil Rights.....	1
GAO.....	1

NASA	1
U.S. Nuclear Regulatory Commission.....	1
ICC.....	1
Railroad Retirement Board.....	1
INT Boundary Water.....	1
EEOC.....	1
Total.....	302
Army.....	23
Navy.....	15
Labor.....	13
Air Force.....	11
HHS.....	7
HUD.....	6
Justice.....	6
Interior.....	5
Agriculture.....	4
Transportation.....	4
Energy.....	3
Commerce.....	3
OPM.....	3
Treasury.....	3
NLRB.....	2
U.S. Postal Service.....	2
SBA.....	2
Defense.....	1
EPA.....	1
FAA.....	1
Department of Education.....	1
ACTION.....	1
Total.....	117

VEHICLE PURCHASE VERSUS LEASE

Mr. ROYBAL. Mr. Akaka.

Mr. AKAKA. Yesterday we heard testimony from the Office of Federal Properties, and it was stated that it is more economical to purchase space than to lease space.

My question is does this hold true for vehicles?

Mr. BERES. Yes, sir, it does. Giving a rough comparison, if you are taking a look at a sedan, and we are leasing it, our current experience is \$150 a month for lease costs, whereas if we bought that vehicle and depreciated it, the cost may be somewhere in the \$70 or \$80 range, a significant difference just to have the vehicle available for use.

Mr. AKAKA. Do you have any vehicles that you are leasing?

Mr. BERES. Yes, sir, around 18,000 sedans and station wagons that we are currently leasing.

Mr. AKAKA. In what situation would you lease a vehicle, and under what situation would you purchase a vehicle?

Mr. BERES. Sir, when we are filling our needs for vehicles, our first alternative is always to purchase the vehicle. We enter into the lease arrangement when we do not have enough funds available to purchase, and we look at the next-best alternative. Rather than to tell the other agencies to lease on their own, we can get much more advantageous rates through a centralized leasing arrangement.

Mr. AKAKA. Do you maintain a percentage of leased vehicles in the fleets when you do lease?

Mr. BERES. We do not have any——

Mr. AKAKA. Is there a kind of a policy?

Mr. BERES. No, sir, there is not a target that we are looking at. Our current policy is to minimize, if you will, our leasing arrangements and to get more and more into the Government-owned vehicle.

GASOHOL

Mr. AKAKA. In recent years, Congress, the executive has been encouraging the use of alternate energy—in this case, gasohol—and I understand that GSA fleets were encouraged to use gasohol in the past. What is the situation now?

Mr. BERES. We have done a number of things in the gasohol area. First of all, through the issuance of a property management bulletin we have encouraged the use of gasohol wherever it is available. For our own fleet, we have converted some of our bulk fueling facilities at motor pools to dispense gasohol.

Mr. AKAKA. Would you say that you are encouraging the use of alcohol for the GSA fleets?

Mr. BERES. It is our current posture to use the gasohol where possible.

Mr. AKAKA. Am I correct the Reagan administration is de-emphasizing the use of gasohol?

Mr. BERES. I am not sure what the administration stand is. I think perhaps the position would be of not paying inordinately high prices for gasohol. Everything else being equal, gasohol may be the fuel of choice.

Mr. AKAKA. I see.

AIR TRANSPORTATION

This may not be within your jurisdiction, but some of us travel quite extensively to get home to our districts, in my case to Hawaii, and the way airline prices are increasing, it will mean that we are going to have to cut back on the number of trips that we take back to our districts.

Are you doing anything in this area of air transportation?

Mr. BERES. Very definitely, sir. We have taken the initiative during this past year to initiate a program of contracting with the airlines. Our first set of contracts expired the end of last December. We had limited success, but still good success. We had 4 airlines in 11 cities covered.

We have indications postaudit that there were \$5.5 million saved by the Federal Government through the use of those contracts. For this current contract period, starting January 1, we now have 11 airlines involved covering 57 city pairs. Estimated savings for are around \$12 million for the first 6 months of this period.

Mr. AKAKA. What is the estimated savings on this kind of contracting?

Mr. BERES. That was the savings estimate that I gave you; yes, sir.

Mr. AKAKA. I see.

Mr. BERES. Hawaii is covered from points in California.

Mr. AKAKA. I do not know whether the Congress can participate in anything like that.

Mr. BERES. At the request of the House of Representatives, we have gone back to those contracted airlines and asked if they could include the House of Representatives as a participant.

We are finally negotiating the end results of that and 7 out of the 11 are willing to do so, and that information will be transmitted back to the House of Representatives, and we anticipate by April 1 that will be on line with that type of participation.

Mr. AKAKA. I am glad to hear that. Mr. Chairman, we travel quite far.

Mr. FONTAINE. The problem with the airline acceptance is that you do not have a document authorizing travel as most employees do. When you travel you pay with your credit card, consequently how would they know that you are a Federal employee. It is a problem of identification and proof to get the airlines to accept.

Mr. AKAKA. Thank you very much, Mr. Chairman.

Thank you.

Mr. ROYBAL. Mr. Miller.

BUDGET INCREASES

Mr. MILLER. Mr. Beres, I see in the overall picture that you have a budget of \$17,234,000, but it is an increase of about \$2 million. I do not know whether you have discussed the increase, but could you tell us why you need it?

Mr. BERES. Sir, out of that increase, we had approximately \$2½ million transferred to us from the Federal Supply Service, October 1 of this year with the automotive center function. There is approximately \$2½ million of resources, sir, that were not identified in last year's budget, our budget.

Mr. MILLER. We would anticipate there would be \$2½ million reduction on the other end?

Mr. KLINE. Yes, sir.

Mr. MILLER. I see. I think that is good for the record.

GOVERNMENT VEHICLE FLEET

You have mentioned about automobiles, and in your statement you say that you are responsible for 93,000 vehicles.

What do we have overall in the Federal Government? Would you have some numbers as to the vehicles that are owned or operated by the Federal Government.

Mr. BERES. Yes, sir; there are it is roughly 450,000 nontactical vehicles that are owned by the Federal Government.

Mr. MILLER. Nontactical?

Mr. BERES. Nontactical; yes, sir. GSA represents roughly 20 percent of the total fleet.

Mr. MILLER. Who owns the others? Are they leased? And is it something we as an oversight committee should look into, so that you could efficiently operate? You would have higher numbers, you would be able to purchase more, or do you also purchase all of those 450,000 automobiles?

Mr. BERES. Yes, sir, let me address that.

When we are talking about civilian agencies, excluding the Postal Service, we have roughly half of the vehicles for the civilian agencies. There are maybe 93,000 that are owned and operated by

all the other civilian agencies. Postal Service has about 120,000 now, and the remainder then belong to the Department of Defense.

Department of Defense, as are all the civilian agencies, do participate to one extent or another with our interagency motor pools as well. They lease on a long-term basis or use the short-term arrangements.

Our Office of Automotive Management is the contracting center for all of the requirements, purchasing of vehicles. The agencies prepare and submit requisitions to us, and we then take those requisitions, and go out on the street, take solicitations, and we act as the contracting officer on behalf of the other executive agencies.

Mr. MILLER. You have a finger in the pot?

Mr. BERES. We do have a finger in the pot, and now that we have combined under my jurisdiction the procurement with the management, we hope to take a much more aggressive posture with all of the other agencies in terms of management of this Federal fleet. There seems to be quite a big question as to the degree of authority that we currently have within our legislation. We will start talking with each of the agencies, particularly the ones that own large segments of the fleet, reflecting a much more aggressive posture in terms of finding out just what their fleet is composed of, where the vehicles are located, and the economies that could be achieved by consolidating with GSA.

Those issues would, of course, be brought before this subcommittee, because it would involve expenditures of funds to capitalize us to enable us to bring those vehicles into the fleet and be able to replace them.

I can give you a rough breakout of the procurements in fiscal year 1980 by each of the agencies: Air Force, \$15.8 million; Army, \$8.4 million; Navy, \$26.1 million. Other DOD components, \$9.4 million. GSA, \$72 million. Postal Service, \$20 million. Other civilian, \$89 million.

Mr. MILLER. On the basis of the numbers the Postal Service would be leasing them, because they did not have the expenditure. They were not purchasing, at least in the numbers you gave. Would the volume of dollars that they spent be lease dollars also, or purchase dollars?

Mr. BERES. No, these are all purchase dollars.

Mr. MILLER. The Postal Service would have quite a few vehicles that they are leasing.

Mr. BERES. I do not think they have an extensive leasing program right now.

Mr. MILLER. You mentioned something of interest when you were talking about purchasing. It was just a couple of years ago that we discussed your hitting the street with a request for bid, and then the automobile industry would bid. We still have four manufacturers, I guess, that you are hanging on to. Chrysler is in the mill yet, and Ford is having their problems, but nevertheless it came out that once Ford, Chrysler, or General Motors would bid, then American Motors could then reach in and take 50 percent of that bid, because they were considered small business. It is hard for me to believe that an automobile manufacturer is classified as small business, and another branch of the Government is considering

them such, and making it legally possible for them to reach in and take 50 percent of that purchase. Can they still do that?

Mr. BERES. Yes, sir, essentially nothing has changed since that time. It is something that is in the system now and it is on the books that American Motors, as far as passenger vehicles, is considered a small business.

Mr. MILLER. It is good for the record to show how far the Federal Government gets into private business and that they consider one of the large automotive manufacturers to be small business.

GENERAL SUPPLY FUND

You spoke in your statement of motor pool sales, and they are estimated to be \$268.8 million.

Do you have a fund? Is that a revolving fund, or does that revert back to the Treasury?

Mr. BERES. No, sir, our operations of the interagency motor pool fleet are funded out of the General Supply Fund. This is a revolving fund.

Our costs are costs of operation billed out to the other agencies based on their usage of the vehicles.

Mr. MILLER. So it means that money would be coming into the fund. Is it invested? You would have a revolving fund of \$100 million or so.

Mr. BERES. We bill agencies on a monthly basis for long-term assignments. For a short-term assignment, agencies are billed as the assignment is terminated. We bill the agencies to cover operating expenses. Out of the total amounts that are identified as expenses there are depreciation costs. We can use proceeds from recovery of depreciation costs plus those from resale of vehicles to acquire new vehicles. That is the only portion of the charges billed to agencies that we can use and apply to the purchase of new vehicles.

Mr. MILLER. You have a trust fund, so therefore you have a bank account, and surely it is not just sitting there. It is invested in something, and you should have interest on that bank account?

Mr. EARLY. The financial condition of the fund is such that the capital that is available is invested in the vehicles and supply inventories. What is left is for working cash and it is adequate only to pay for current bills.

The amount of cash, the available cash in the fund, fluctuates from \$20 million to \$70 million, and it is only enough to pay the current bills, and some days not quite enough for that.

Mr. MILLER. You are not able to purchase part of our national debt then.

Mr. EARLY. No, sir.

Mr. MILLER. We find many other areas where there are trust funds, and they do use them. We have also found where there are trust funds that are not invested, and funds have been invested in interest-bearing Treasury bills, something that would increase the trust fund.

ACHIEVEMENT OF ECONOMIES

You mentioned also a few minutes ago that cost per mile of a sedan was 16 cents, and a private vehicle is 22 cents. You have 6 cents under a private vehicle, and how do you figure this. Can you purchase the fuel cheaper?

Mr. BERES. There are a number of ways in which we achieve economies in the operation of the fleet. In terms of the purchase price that we pay for the vehicle, we are the only ones authorized to deal directly with the manufacturers. On the other hand, when we are computing the reimbursement rate for privately owned vehicles, we take into consideration such items as insurance costs, which are not attendant to the operation of the fleet.

The cost to operate a privately owned vehicle is a cost that we are required to compute and report back to Congress on an annual basis. There is a set list of cost components which we must consider when we compute that cost.

Mr. MILLER. So the fact that you do not carry insurance is quite a saving, and that is what you are saying, you do not have a premium to pay?

Mr. BERES. That would be a part of it, as well as the actual acquisition costs and the lower depreciation rates that we have to pay.

Mr. FONTAINE. Plus, they are dealing mostly with compacts. He has no Oldsmobiles or Lincolns.

Mr. BERES. That rate is based on the average mix of large size, intermediate size, subcompact, and compact vehicles. Our passenger fleet is made up of subcompact and compact vehicles. Fuel economy plays a large role in those total costs.

Mr. MILLER. Also, when you are operating 93,000 vehicles, you are going to have some accidents and some lawsuits.

In a lawsuit against the Government where the court would award \$1 million, it could be paid from some of the premium costs that you would have saved on insurance. Does that money come out of the U.S. Treasury, and should that be added in as a cost per mile?

Mr. BERES. I hope I am not wrong in this statement, but if there is a lawsuit, and the Federal Government gets involved, it would not necessarily be our agency, unless one of our drivers were to be involved.

For example, if it were an Army driver, it would be the Army involved in this litigation, and we do not have that information available to us in terms of what the outcome was.

Mr. EARLY. There is a special account in the Department of Treasury from which Treasury would pay directly when a Government employee is sued and ends up paying. It would not come out of this fund.

Mr. MILLER. I wondered whether we had all the cost factors involved in the formula, apparently not. There is a possibility there that lack of insurance and premiums would be pretty high on 93,000 automobiles.

PUBLIC UTILITIES

One other thing in the public utility area. You represent the consumer interest. How far can you go on that?

We talked about it once before, about whether you get involved with the public utility commissions in the various States, because you would be purchasing energy from a public utility that operated only within that State. Are you constantly negotiating with these people, or are they negotiating with you for a higher rate?

Mr. BERES. They can negotiate with us for contracts. However, when they want a general rate increase, they go to the public utility commission that has jurisdiction over their company in their operating territories. There is notice put out when a utility company is going to request a rate increase. At that time we make a decision based on the total cost impact to the Federal Government as to whether we want to intervene and represent the Federal Government as a consumer before the commission.

Mr. MILLER. Do you find other consumer groups leaning on you hoping that you will represent the Federal Government? If you would win the case, or you would lower your rate, then their rate could be lower as well, and that might be a municipality that would purchase wholesale, as an example, from the utility company?

Mr. BERES. It is a mixed reaction, depending on who the interest group is. For example, a particular interest group, and it may represent household consumers, may have a particular angle that they are shooting at. We may come in with our testimony and present a rate of return which is lower or higher than that consumer interest group thinks it should be. We stick with a definite principle in terms of how we are going to provide expert testimony. Particular other interest groups may have a different way of approaching it. One way we maintain our credibility and stature among commissions is by being consistent and very sound on a technical basis when we intervene, and the types of testimony that we provide. They find it is a great deal of benefit to them in making rules on rate increases.

Mr. MILLER. When you are speaking of the Public Utilities Service, you state you "provide governmentwide policy guidance and technical assistance on a variety of public utilities management and acquisition problems."

Are you saying, with acquisition problems, merely the purchase of electricity, as an example?

Mr. BERES. Yes, sir, we have two roles that we play there. We also contract on behalf of all the Federal agencies with the public utility companies.

These are generally areawide contracts that cover all of the Federal installations within a particular utility company's jurisdiction. These areawide contracts have a term of 10 years.

Other things that we do are contract for a particular point, a service, one-time type of contract, the installation of new lines and new types of service. We assist agencies in those negotiations, provide technical assistance in terms of what type of capacity and what type of equipment they need.

Mr. MILLER. Very good.

Thank you, Mr. Chairman.

Mr. ROYBAL. Thank you, Mr. Miller.

GENERAL SUPPLY FUND

Now, is that a special contract for the general supply fund?

Mr. BERES. Yes, sir.

Mr. ROYBAL. How much is currently available?

Mr. BERES. We have for 1982 roughly \$79 million for equipment acquisitions. Operating expenses are \$267,642,000.

Mr. ROYBAL. Mr. Miller asked whether or not these moneys were invested anywhere, and I do not think we got an answer.

Mr. FONTAINE. No, they have barely enough cash to pay the bills.

Mr. ROYBAL. It is actually a revolving fund used to pay current expenses?

Mr. FONTAINE. Correct.

Mr. ROYBAL. Not something that is there that you can invest?

Mr. EARLY. Mr. Chairman, the annual operating costs of the fund is approximately \$1,200,000,000. The appropriated capital is \$292.8 million, and so that money revolves very quickly.

The assets of the fund are all invested into vehicles and inventory. The dollar value of the inventory of both supplies and vehicles equals the total dollar value of appropriations and donated assets.

Mr. ROYBAL. The actual value decreases due to depreciation?

Mr. EARLY. Yes, sir, but those vehicles do have to be replaced, as does the inventory and supplies, and in many cases they have to be replaced at a higher cost, and the fee that we are charging our customers lags a bit, and so we are constantly catching up gradually rather than in front and having it in anticipation of that increase.

VEHICLE REPAIRS

Mr. ROYBAL. What about repairs? Do you do your own repairs, or farm it out?

Mr. BERES. We do both, sir. Some of our installations are better equipped to handle repairs.

They have both the facility and the employees there to cover a larger percentage of in-house repairs than other locations.

Mr. ROYBAL. Is it more economical to farm out repairs or do your own?

Mr. BERES. Our preliminary indications and continual monitoring of that role indicates it is more economical to do it in-house, both in terms of cost and our satisfaction with the job done.

TRANSPORTATION AUDIT

Mr. ROYBAL. In your transportation audit activity, do you ever uncover improper use of travel, that is, travel by Government employees?

Mr. BERES. Not in our transportation audit activities. Mostly what they would see there would be a Government transportation request which would indicate that the Government bought a ticket on such and such an airline from this point to that point. It is very difficult in auditing that type of bill to uncover any unauthorized use, mismanagement, et cetera. We are checking against whether

the appropriate charge was made to the Government for that ticket.

We are looking at other ways of promoting better management for travel through our liaison visits with the agencies themselves, telling them, pointing out what is in the Federal travel regulations, how they can better monitor the use of travel and take advantage of low-cost contract fares, and now we are putting out a travel guide. The first issue will be out April 1, which will indicate in there all of the contract airlines, ground transportation availability, motor pool availability, and motels and hotels with which we have negotiated discount rates for Federal travelers.

VEHICLE ASSIGNMENTS

Mr. ROYBAL. What about the charges that have been made that every Department head has a car assigned to them on a full-time basis?

Mr. BERES. I think most Department heads do have a vehicle available to them on a full-time basis.

Mr. ROYBAL. Does that mean they are assigned that car, and that they use it on a daily basis?

Mr. BERES. Yes, sir, I would make that assumption, that they generally have requirements to use it on a daily basis.

Mr. ROYBAL. Why is that necessary?

Ms. LATIMER. They have authority to, heads of departments have authority under 31 U.S.C., under the statute, to have chauffeur-driven vehicles provided to them.

Mr. ROYBAL. That means to drive them to and from their home?

Ms. LATIMER. Yes, sir.

Mr. ROYBAL. Be available during the weekend?

Ms. LATIMER. They can use it from portal to portal, only heads of Departments. That does not extend to heads of other activities.

Mr. ROYBAL. What about subheads of Departments or assistants to the head?

Ms. LATIMER. The statute does not cover that. It covers certain field activities, and certain other areas, but it does not cover anything below that. The Agency head usually makes a determination whether it is required for official use or not.

Mr. ROYBAL. I heard an interesting discussion on this thing at one of our local universities in my district. A young man made a study of this and made a speech that I attended where he brought out the fact that it was true that all these Department heads had transportation available to them to drive them back and forth to work, and in most instances someone drove for them, and his contention was that that was not necessary. He also went into the matter of the use of public utilities, a very interesting discussion. Whether it made any sense or not with regard to actual operations, that is another thing I did not determine at that time, nor do I at this time determine that his arguments were correct. But what is the justification for a chauffeur-driven car to and from work every day, also that same vehicle being made available over weekends and holidays?

Mr. BERES. Sir, those vehicles that are available to the Department heads, those that are authorized under the statute are not our vehicles. I think the statute probably pretty much enumerates

what the authorities are, and that is portal-to-portal-type service, work-related.

I would be remiss in trying to speculate as to what the policy is about weekend availability.

Mr. KLINE. At another place I worked I attended a hearing where this question came up and the rationale very often got around to the fact that at this level of job, there should be instantaneous communication with other people, like the President, who may want to be in touch, so all vehicles are equipped with communication and telephones. In addition to that, it is regarded by many Secretaries as a work period in terms of being able to review papers by the light in the back of the car, and is considered to be a work period, both going home and coming in.

As for the use of the car on weekends, I never heard that talked about at all.

Mr. ROYBAL. In other words, the GSA employees that have a car assigned to them use that car during the working hours of the day?

Mr. KLINE. Yes, sir, we do not have any at all where there is a portal-to-portal arrangement for executives, people using it to go home and come to work.

Mr. ROYBAL. There is a provision where it provides certain executives do get that service?

Mr. KLINE. Right, but not GSA.

GENERAL PROVISION VEHICLE PRICE LIMITATION

Mr. ROYBAL. That is the point I wanted to get to. Now, what impact does the general provision limit on purchase price have on your ability to buy?

Mr. BERES. Under the continuing resolution that statutory limitation now is \$6,000 for sedans and \$6,400 for station wagons. It was \$3,400, for sedans and \$3,800 for station wagons which would have put us in a very difficult position for this current year.

Mr. ROYBAL. Now, you are actually able to get the best you can for this \$6,000?

Mr. BERES. Yes, sir, our average prices have been right around the \$5,000 mark.

Mr. ROYBAL. What can you get for \$5,000?

Mr. BERES. Subcompact and compact vehicles.

Mr. ROYBAL. Like what, for example?

Mr. BERES. The Chrysler Horizon subcompact category.

Mr. ROYBAL. Some of those subcompacts at least based on one that I rode in the other day they are not worth \$6,000 or \$5,000.

I am sure you are looking at the best you can possibly get for your money, and that way you make a wise purchase that would last, and that the driver can drive with some means.

Mr. KLINE. And that people over 5 feet 5 inches tall can sit in.

Mr. EARLY. The economy and the automobile situation are such that the prices are fluctuating and escalating so rapidly, we were having difficulty doing procurements without a raise in our statutory limitation. We still do not know whether or not this will be adequate.

Mr. ROYBAL. When a vehicle is purchased for general administrative use by the Government, does it include radios and other equipment?

Mr. BERES. Our current policy is to include AM radios when we purchase them. The situation on air conditioning is based on geographical area where these vehicles are going to be assigned. Generally, you will find that there is a map of the United States that will have a temperature line across it. For those areas that are above a certain degree temperature we have a procedure where we would approve air-conditioned vehicles.

Both on the radio and the air conditioning, it is a good investment in terms of our resale value when we go on the market to recoup our moneys.

Mr. ROYBAL. The equipment such as air conditioning, power steering, and so forth would add to the trade value of the car. But you can still buy it under the \$6,000 limit; is that correct?

Mr. BERES. Yes, sir, as of right now.

Mr. ROYBAL. Gentlemen, we would like to thank you.

USE OF FOREIGN MANUFACTURERS

Mr. MILLER. Before you close, I have one other question I wonder if we could get an answer to, Allan. What do you do when you hit the street requesting bids? You have the four American automobile manufacturers that we spoke of a little while ago that would possibly respond. Do you have foreign or Japanese automobile manufacturers that bid? What is the policy when it comes to issuing a contract for automobiles, do you have a policy for foreign automobiles? What is your Buy American policy?

Mr. BERES. The situation on sedans and station wagons has been we go out on the street. There have not been any offers from any foreign manufacturers for sedans or station wagons, so we have not confronted the issue of domestic versus foreign in the passenger vehicle area.

Buy American is still on the books, but there is also the Trade Agreement Act of 1979 that is on the books now. For all intents and purposes, Buy American cannot apply to the purchase of vehicles for the Government anymore. We could get some foreign manufacturers competing in the sedan, station wagon area, and under those circumstances there could be no preference given to the domestic manufacturer.

Mr. MILLER. What you are saying apparently is that you have had to or did purchase foreign trucks?

Mr. BERES. Yes, sir, that was a different situation, where in part the fuel economy requirements under the executive order required us to reach a certain average, and in this instance, the Agency saw one way of being able to meet that average and that was by buying compact light trucks. Unfortunately, compact light trucks were only manufactured by foreign countries, primarily Japan, and so in those instances when we went out on the street, there was not a domestic competitor at all.

Mr. MILLER. Maybe we can encourage a domestic manufacturer?

Mr. BERES. The domestic manufacturers are responding, sir. General Motors will be out late this fall.

Mr. MILLER. We could give them a little encouragement. That business is there, and put it in the record.

Mr. BERES. Yes, sir. In fact, I will be talking with all of the domestic manufacturers very soon and making them aware of what

historically have been our requirements, and they are aware of them, because they have been bidding their captive Japanese product, the Chevrolet Luv, et cetera.

FOREIGN VEHICLES

Mr. MILLER. Could we still have for the record the volume of dollars that you had to spend for foreign vehicles, and the number of foreign vehicles? Could you furnish it for the record?

Mr. BERES. We will furnish that for the record, sir.

[The information follows:]

VOLUME AND AWARD VALUE OF LIGHT TRUCKS PURCHASED THAT ARE FOREIGN MADE—FISCAL YEAR 1980

Volume in numbers: 5,831¹

Award value: \$30 million.

These vehicles were purchased on behalf of the Departments of Agriculture, Army, Defense, Energy, Interior, and a number of independent agencies. These purchases reflected what the agencies identified as their vehicle requirements and what they submitted to GSA for purchase. Decisions as to the type and number of vehicles that are required are made by the agency/ordering activity and not by GSA.

Mr. ROYBAL. We thank you then for your testimony.

The committee will recess until 2 o'clock. We will insert the justifications in the record at this point.

[The justifications follow:]

¹ These trucks, manufactured in Japan, are marketed and distributed in the United States by Chrysler, Ford, and General Motors.

OPERATING EXPENSES, TRANSPORTATION AND PUBLIC UTILITIES SERVICE

Fiscal Year 1981

Comparison of Budget Adjustments to FY 1981 Funding

(\$000)

Activities	Initial Budget	Revised Budget	Reduction
1. Transportation and Travel Management	5,724	5,625	-99
2. Motor Equipment	1,963	1,913	-50
3. Transportation Audits	6,984	6,858	-126
4. Public Utilities	900	883	-17
5. Automotive Management	<u>2,568</u>	<u>2,521</u>	<u>-47</u>
Total	<u>18,139</u>	<u>17,800</u>	<u>-339</u>
Appropriation (House level under Continuing Resolution)	14,500	14,500	-
Transfer to other accounts	-126	-126	-
Transfer from other accounts	<u>2,596</u>	<u>2,596</u>	<u>-</u>
Total Availability	16,970	16,970	-
Proposed pay increase supplemental	<u>1,169</u>	<u>830</u>	<u>-339</u>
Revised amount	<u>18,139</u>	<u>17,800</u>	<u>-339</u>

Explanation of Reductions:

The budget reductions in employment, travel, consultants, and equipment applicable to this appropriation are as follows:

Employment	-320
Travel	- 14
Consultants	- -
Equipment	- 5
Total	<u>-339</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

OPERATING EXPENSES - TRANSPORTATION AND PUBLIC UTILITIES SERVICE
FISCAL YEAR 1982
Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
(\$000)

Activities	Initial Budget	Revised Budget	Reduction
1. Transportation and Travel Management	5,871	5,528	-343
2. Motor Equipment	1,976	1,838	-138
3. Transportation Audits	7,028	6,597	-431
4. Public Utilities	913	861	-52
5. Automotive Management	<u>2,570</u>	<u>2,410</u>	<u>-160</u>
Total	<u>18,358</u>	<u>17,234</u>	<u>-1,124</u>

Explanation of reductions:

The budget reductions in employment, travel, and consultants applicable to this appropriation are as follows:

Employment	-1,110
Travel	-14
Consultants	<u>-</u>
Total	-1,124

OPERATING EXPENSES - TRANSPORTATION AND PUBLIC UTILITIES SERVICE

FY 1982

Comparison with FY 1981 Revised Budget

(\$000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Transportation and Travel Management	5,625	5,528	-97
2. Motor Equipment	1,913	1,838	-75
3. Transportation Audits	6,858	6,597	-261
4. Public Utilities	883	861	-22
5. Automotive Management	<u>2,521</u>	<u>2,410</u>	<u>-111</u>
Total	<u>17,800</u>	<u>17,234</u>	<u>-566</u>
<u>Explanation of changes:</u>			
Full year cost of FY 81 employment reductions			-485
FY 82 employment reductions			-300
Program increase for printing of airline guide			100
Common distributable charges			105
Full cost of pay increase			<u>14</u>
Total			<u>-566</u>

TRANSPORTATION AND PUBLIC UTILITIES SERVICE

FY 1981

WORKYEARSInitial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
A. <u>Operating Expenses, Direct</u>			
1. Transportation and Travel Management	168	165	-3
2. Motor Equipment	52	51	-1
3. Transportation Audits	244	240	-4
4. Public Utilities	20	20	-
5. Automotive Management	<u>76</u>	<u>75</u>	<u>-1</u>
Subtotal	560	551	-9
B. <u>Advances and Reimbursements, Transportation and Public Utilities Service</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total Transportation and Public Utilities Service	<u>564</u>	<u>555</u>	<u>-9</u>

TRANSPORTATION AND PUBLIC UTILITIES SERVICEFY 1982WORKYEARSFY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
A. <u>Operating Expenses, Direct</u>			
1. Transportation and Travel Management	168	157	-11
2. Motor Equipment	52	48	-4
3. Transportation Audits	244	229	-15
4. Public Utilities	20	18	-2
5. Automotive Management	<u>76</u>	<u>71</u>	<u>-5</u>
Subtotal	560	523	-37
B. <u>Advances and Reimbursements, Transportation and Public Utilities Service</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total Transportation and Public Utilities Service	<u>564</u>	<u>527</u>	<u>-37</u>

TRANSPORTATION AND PUBLIC UTILITIES SERVICEFY 1982REVISED BUDGETWORKYEARSComparison with 1981 Revised Budget

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
A. <u>Operating Expenses, Direct</u>			
1. <u>Transportation and Travel Management</u>	165	157	-8
2. <u>Motor Equipment</u>	51	48	-3
3. <u>Transportation Audits</u>	240	229	-11
4. <u>Public Utilities</u>	20	18	-2
5. <u>Automotive Management</u>	<u>75</u>	<u>71</u>	<u>-4</u>
<u>Subtotal</u>	551	523	-28
B. <u>Advances and Reimbursements, Transportation and Public Utilities Service</u>	<u>4</u>	<u>4</u>	<u>-</u>
<u>Total Transportation and Public Utilities Service</u>	<u>555</u>	<u>527</u>	<u>-28</u>

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
I-V55	Transportation and Public Utilities Service, operating expenses	18,358,000	-1,124,000	17,234,000

(In the appropriation language under the above heading delete "\$18,358,000" and insert in lieu thereof \$17,234,000, and insert the following immediately thereafter:)

Not to exceed \$100,000 from any proceeds received by the General Services Administration, during the current fiscal year, as a result of the collection of carrier overcharges pursuant to 31 U.S.C. 244 (a), shall be deposited to this appropriation, and shall be available for the purpose of testing the feasibility of using commercial firms to audit paid transportation vouchers below those dollar amounts which are economical to audit by Federal employees.

This amendment reduces the request for salaries and related expenses and reduces the 1982 outlays by \$1.1 million. This amendment also proposes language that would permit commercial firms to perform contract audits of documents that fall below the current GSA minimum in exchange for a 50 percent share of the recovered funds.

Justification for Change in the GSA Appropriation Language For FY 1982

Recent initiatives have been introduced concerning the feasibility of having commercial firms perform contract audits of documents that fall below the current GSA minimum in exchange for a 50 percent share of the recovered funds. The General Accounting Office (GAO) has recently approved this concept and plans are presently being made to test its feasibility. For example, if \$100,000 is expended on the test, then the contractor would identify \$200,000 for collection by GSA. This would result in the Government receiving \$1 for every \$2 the contractor identifies. In no event could there be an actual cash outlay by the Government, since payment to the contractor is dependent on the identification of collectible overcharges.

The GAO approval is included in Decision B-198137 dated April 29, 1980. It advises that GAO has no legal objection to GSA's proposed use of commercial firms solely for identification of overcharges on paid transportation bills that are passed over by a statistical sampling process where GSA represents that it will retain all statutory responsibilities for the transportation rate audit transferred to GSA by the General Accounting Act of 1974, 49 U.S.C. 66 (1976).

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	1981 Presently Avail.	1981 Revised Est.	1981 Change
47-0200-0-1-804			
Program by activities:			
Direct program:			
1. Transportation and travel management	5,724	5,625	-99
2. Motor equipment	1,963	1,913	-50
3. Transportation audits	6,984	6,858	-126
4. Public utilities	900	883	-17
5. Automotive management	2,568	2,521	-47
Total direct program	18,139	17,800	-339
Reimbursable program:			
3. Transportation audits	87	87	-
Total program costs, funded . .	18,226	17,887	-339
Change in selected resources (undelivered orders)	-	-	-
10.00 Total obligations	18,226	17,887	-339
Financing:			
11.00 Offsetting collections from:			
Federal funds	-87	-87	-
25.00 Unobligated balance lapsing . .	-	-	-
39.00 Budget authority	18,139	17,800	-339
Budget authority:			
40.00 Appropriation	14,500	14,500	-
40.01 Appropriation rescinded (Public Law 96-304)	-	-	-
41.00 Transferred to other accounts . .	-126	-126	-
42.00 Transferred from other accounts .	2,596	2,596	-
43.00 Appropriation (adjusted)	16,970	16,970	-
44.20 Supplemental for civilian pay raises	1,169	830	-339
Relation of obligations to outlays:			
71.00 Obligations incurred, net. . . .	18,139	17,800	-339
72.40 Obligated balance, start of year .	1,587	1,587	-
74.40 Obligated balance, end of year .	-1,587	-1,765	-178
77.00 Adjustments in expired accounts . .	-	-	-
90.00 Outlays, excluding pay raise supplemental	17,006	16,818	-188
91.20 Outlays from pay raise supplemental	1,133	804	-329

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1981 Current	1981 Revised	1981 Change
47-0200-0-1-804			
Direct obligations:			
Personnel compensation:			
11.1	13,691	13,400	-291
11.3			
11.3	110	110	-
11.5	184	184	-
11.9	13,985	13,694	-291
12.1	1,200	1,175	- 25
21.0			
21.0	139	125	- 14
21.0	4	4	-
22.0	-	-	-
23.1	1,407	1,407	-
23.2			
23.2	521	516	-5
24.0	229	229	-
25.0	518	518	-
26.0	136	132	-4
99.0	18,139	17,800	-339
Reimbursable obligations:			
11.1	79	79	-
12.1	8	8	-
99.0	87	87	-
99.9	18,226	17,887	-339

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE

Personnel Summary

Identification code	19 81 Current	19 81 Revised	1981 Change
47-0200-0-1-804			
Direct:			
Total number of full-time permanent positions	568	568	-
Total compensable workyears:			
Full-time equivalent employment . .	560	551	-9
Full-time equivalent of overtime and holiday hours	1	1	-
Average ES salary	\$50,012	\$50,012	-
Average GS grade	9.56	9.56	-
Average GS salary	\$24,870	\$24,870	-
Average salary of ungraded positions	\$15,953	\$15,953	-
Reimbursable:			
Total number of full-time permanent positions	4	4	-
Total compensable workyears:			
Full-time equivalent employment . .	4	4	-
Full-time equivalent of overtime and holiday hours	(0)	(0)	-
Average GS grade	9.00	9.00	-
Average GS salary	\$18,743	\$18,743	-

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE
Operating Expenses

DETAIL OF PERMANENT POSITIONS

Identification code 47-0200-0-1-804	1981 Current	1981 Revised	1981 Change
Direct program:			
ES-6	1	1	-
ES-4	4	4	-
ES-3	1	1	-
Subtotal	6	6	-
GS/GM-15	25	25	-
GS/GM-14	32	32	-
GS/GM-13	49	49	-
GS-12	78	78	-
GS-11	95	95	-
GS-9	86	86	-
GS-8	10	10	-
GS-7	36	36	-
GS-6	43	43	-
GS-5	61	61	-
GS-4	33	33	-
GS-3	13	13	-
Subtotal	561	561	-
Ungraded	1	1	-
Total (direct)	568	568	-
Reimbursable program:			
GS-9	4	4	-
Total (reimbursable)	4	4	-
Total permanent positions	572	572	-
Unfilled positions, end of year	-19	-47	+28
Total permanent employment, end of year	553	525	-28

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	1982 Presently Avail	1982 Revised Est.	1982 Change
47-0200-0-1-804			
Program by activities:			
Direct program:			
1. Transportation and travel management	5,871	5,528	-343
2. Motor equipment	1,976	1,838	-138
3. Transportation audits	7,028	6,597	-431
4. Public utilities	913	861	- 52
5. Automotive management	2,570	2,410	-160
Total direct program	18,358	17,234	-1,124
Reimbursable program:			
3. Transportation audits	87	87	-
Total program costs, funded	18,445	17,321	-1,124
Change in selected resources (undelivered orders)	-	-	-
10.00 Total obligations	18,445	17,321	-1,124
Financing:			
11.00 Offsetting collections from Federal funds	-87	-87	-
25.00 Unobligated balance lapsing	-	-	-
39.00 Budget authority	18,358	17,234	-1,124
Budget authority:			
40.00 Appropriation	18,358	17,234	-1,124
40.01 Appropriation rescinded (Public Law 96-304)	-	-	-
41.00 Transferred to other accounts	-	-	-
42.00 Transferred from other accounts	-	-	-
43.00 Appropriation (adjusted)	18,358	17,234	-1,124
44.20 Supplemental for civilian pay raises	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	18,358	17,234	-1,124
72.40 Obligated balance, start of year	1,587	1,765	178
74.40 Obligated balance, end of year	-1,587	-1,937	-350
77.00 Adjustments in expired accounts	-	-	-
90.00 Outlays, excluding pay raise supplemental	18,322	17,036	-1,286
91.20 Outlays, from pay raise supplemental	36	26	-10

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 47-0200-0-1-804	19 82 Current	19 82 Revised	19 82 Change
Direct obligation:			
Personnel compensation:			
11.1 Full-time permanent positions .	13,700	12,775	-925
11.3 Positions other than full-time permanent	110	110	-
11.5 Other personnel compensation .	184	184	-
11.9 Total personnel compensation	13,994	13,069	-925
12.1 Personnel benefits: Civilian .	1,205	1,124	- 81
21.0 Travel and transportation of persons	139	125	- 14
21.0 Motor Pool travel	4	4	-
22.0 Transportation of things . . .	-	-	-
23.1 Standard level user charges . .	1,407	1,312	- 95
23.2 Communications, utilities, and other rent	569	569	-
24.0 Printing and reproduction . . .	351	351	-
25.0 Other services	539	539	-
26.0 Supplies and materials	150	141	-9
99.0 Subtotal, direct obligations	18,358	17,234	-1,124
Reimbursable obligations:			
11.1 Personnel compensation: perma- nent positions	79	79	-
12.1 Personnel benefits: Civilian .	8	8	-
Subtotal, reimbursable obligations	87	87	-
99.9 Total obligations	18,445	17,321	-1,124

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE

Personnel Summary

Identification code	19 82 Current	19 82 Revised	19 82 Change
Direct:			
Total number of full-time permanent positions	568	568	-
Total compensable workyears:			
Full-time equivalent employment . .	560	523	-37
Full-time equivalent of overtime and holiday hours	1	1	-
Average ES salary	\$50,012	\$50,012	-
Average GS grade	9.56	9.56	-
Average GS salary	\$24,888	\$24,888	-
Average salary of ungraded positions	\$15,953	\$15,953	-
Reimbursable:			
Total number of full-time permanent positions	4	4	-
Total compensable workyears:			
Full-time equivalent employment . .	4	4	-
Full-time equivalent of overtime and holiday hours	(0)	(0)	-
Average GS grade	9.00	9.00	-
Average GS salary	\$18,838	\$18,838	-

GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND PUBLIC UTILITIES SERVICE
Operating Expenses

DETAIL OF PERMANENT POSITIONS

Identification code	19 82 Current	19 82 Revised	19 82 Change
Direct program:			
ES-6	1	1	-
ES-4	4	4	-
ES-3	1	1	-
Subtotal	6	6	-
GS/GM-15	25	25	-
GS/GM-14	32	32	-
GS/GM-13	49	49	-
GS-12	78	78	-
GS-11	95	95	-
GS-9	86	86	-
GS-8	10	10	-
GS-7	36	36	-
GS-6	43	43	-
GS-5	61	61	-
GS-4	33	33	-
GS-3	13	13	-
Subtotal	561	561	-
Ungraded	1	1	-
Total (direct)	568	568	-
Reimbursable program:			
GS-9	4	4	-
Total (reimbursable)	4	4	-
Total permanent positions	572	572	-
Unfilled positions, end of year	-19	-65	+46
Total permanent employment, end of year	553	507	-46

WEDNESDAY, MARCH 25, 1981.

NATIONAL ARCHIVES AND RECORDS SERVICE

WITNESSES

ROBERT M. WARNER, ARCHIVIST OF THE UNITED STATES
RICHARD A. JACOBS, ASSISTANT ARCHIVIST FOR PROGRAM SUPPORT
CLAUDINE WEIHER, DEPUTY ASSISTANT ARCHIVIST FOR PROGRAM SUPPORT

Mr. ROYBAL. The committee will come to order.

The committee will now hear from the National Archives and Records Service.

Mr. KLINE. Mr. Chairman, I would like to introduce Dr. Robert Warner, Archivist of the United States, who has a brief statement and will answer your questions.

Mr. WARNER. Thank you, Mr. Chairman.

I will submit my statement for the record, but I would like to summarize it very briefly at this point.

Our fiscal year 1982 request for Direct Operating Expenses represents a net increase of \$2,100,000 over the revised fiscal year 1981 budget, excluding the proposed supplemental for the Carter archival program.

This net increase includes only one program increase, \$507,000 to continue in fiscal year 1982 the archival program to store and process the presidential materials of former President Jimmy Carter.

The fiscal year 1982 request also includes increases totalling \$8,002,000 for standard level user charges, recurring reimbursable services, common distributable costs, annualization of the 1981 pay increase, and economic adjustments for increased costs of goods and services.

The increases are offset by decreases in our 1982 request totalling \$6,409,000, the most sizable of which results from the discontinuation of the National Historical Publications and Records Commission's grant program; decreases also came from reduced overall employment, our educational programs, and in funds for record center shelving.

The request includes \$4,039,000 for the preservation of some 7.9 million items.

Approximately 40 percent of our fiscal year 1982 request, \$35.9 million, is for payment to the Federal Building Fund for space and recurring reimbursable costs.

The remainder of the request reflects only minimum program requirements.

Thank you for this opportunity to make this brief introductory statement.

I will be prepared to answer your questions, sir.

[The statement and biographical sketch of Mr. Warner follows:]

OPENING STATEMENT OF THE ARCHIVIST OF THE UNITED STATES

Mr. Chairman and members of the committee, this is my first opportunity to present to you the proposed budget of the National Archives and Records Service (NARS). As you know our primary function at NARS is to preserve the nation's cultural heritage by keeping safe and making available the documentary record of our national government. That this activity is appropriate and essential for a great people is beyond question. But at NARS we also perform a variety of other functions relating to the creation, preservation, use and disposition of Federal records. In the National Archives Building and regional branches, NARS preserves and makes available for research by scholars and the public, and for further Government use the Nation's records of enduring value. In the National Archives and Presidential Libraries we also review for declassification those permanently valuable records and historical materials which are security classified and provide for a Information Security oversight program. 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 and made available for research, and historical materials are displayed in exhibits for the public. We administer the Nixon Materials in accordance with the Presidential Recordings and Materials Preservation Act of 1974, and have established an archival depository for the Carter materials pending establishment of a library. NARS activities also encompass the National Historical Publications and Records Commission. Authorization for Federal funding of grants administered by the Commission expires at the end of fiscal year 1981. The Commission, however, will continue to act in an Advisory capacity co-ordinating and making recommendations on high priority historical publications and records projects. NARS manages a system of 15 Federal Records Centers where non-current Federal Records are economically stored and serviced until they can be disposed of, and we operate a Government-wide records management program to assist agencies to keep the cost of current records and information systems a low as possible. Finally, we publish administrative regulations, the laws, and presidential documents in the Federal Register and related publications.

Our fiscal year 1982 request of \$90,107,000 for direct Operating Expenses is an increase of \$2,100,000 over the revised fiscal year 1981 budget. This increase reflects only one program increase, \$507,000 for the establishment of an archival program for the Presidential papers and other historical materials of former President Jimmy Carter. Our 1982 request includes decreases of \$6,409,000, most of which result from the discontinuation of the National Historical Publications and Grants program, for a decrease of \$4,335,000. Employment reductions associated with the grants program amount to \$461,000 and other employment reductions amount to \$1,248,000. Included in these reductions is a decrease of \$261,000 from fiscal year 1981 for the declassification program. Our request for fiscal year 1982 for this program is \$2,739,000 including \$2,152,000 for the declassification program and \$587,000 for the Information Security Oversight Office. The balance of the decreases, \$365,000, are for educational programs and records center shelving. These decreases are offset by increases of \$8,002,000 for increases in Standard Level User Charges of \$6,619,000, \$29,000 for recurring reimbursable services, \$796,000 for common distributable costs, \$22,000 for annualization of the 1981 pay increase and \$536,000 for economic adjustments for increased costs of goods and services.

PRESERVATION

The preservation workload is determined by the quantity and condition of archival records. Most of the archival records some treatment if they are to be preserved for future use. In the National Archives, in fiscal year 1980 \$3,894,000 was spent to preserve 6.7 million items; in fiscal year 1981 \$3,389,000 will be expended to preserve 6.3 million items and in fiscal year 1982 \$4,039,000 will be expended to preserve 7.9 million units. Failure to maintain an adequate preservation 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.

OTHER

Approximately forty percent of fiscal year 1982 request, \$35,884,000 is for payments to the Federal Buildings Fund for space and recurring reimbursable costs, e.g. temperature controls and security services to protect our permanently valuable records.

The remainder of the request reflects only minimum program requirements. Thank you for the opportunity to make this brief statement, Mr. Chairman. I will be pleased to respond to your questions.

BIOGRAPHICAL DATA, DR. ROBERT M. WARNER

Education:

A.B. (1949) Cum Laude in history, Muskingum College.
M.A. (1953) University of Michigan.
Ph. D. (1958) University of Michigan.

Employment:

Teacher, Montrose High School, Colorado 1949-50.
U.S. Army, Service in United States and Germany 1950-52.
Michigan Historical Collection, University of Michigan: Assistant in Research, 1953-57; Assistant Curator, 1957-61; Assistant Director, 1961-66; Director, 1955-80.
University of Michigan Faculty: Lecturer in History, 1961-66; Associate Professor of History, 1966-71; Professor of History, 1971-80; Professor of Library Science, 1974-80.
Archivist of the United States, 1980 to present.

Professional activities:

The author of articles and reviews in a number of journals, including the "Colorado Magazine," "Michigan History," "Detroit Historical Society Bulletin," The "Ohio Historical Quarterly," "The Mississippi Valley Historical Review," The "American Archivist," "Journal of Social History," and "Prologue: The Journal of the National Archives."

Co-author of "Guide to Manuscripts in the Michigan Historical Collections (1963); "The Modern Manuscripts Library" (1966); "College and University Archives in the United States and Canada" (1966); "A Michigan Reader, 1865 to the Present" (1974); "Pictorial History of Ann Arbor 1824-1974" (1974); and "Sources for the Study of Migration and Ethnicity" (1979).

Named a Fellow of the Society of American Archivists in 1968 and served as President of the Society 1976-1977.

BUDGET REQUEST

Mr. ROYBAL. Mr. Warner, the budget for 1982 over that of 1981 showed an increase of \$2,100,000. Why cannot that be absorbed?

Mr. WARNER. The increase, as discussed in my statement actually translates into a reduction in every NARS program with the exception of the Carter papers project where we have one modest program increase.

To explain, our request for fiscal year 1982 includes necessary increases amounting to \$8,002,000 for expenses over which we have no programmatic control such as increased payments to the Federal Building Fund in the amount of \$6.8 million, common distributable costs, and annualization of the fiscal year 1981 Congressional pay increase. This increase is offset by \$6,409,000 in program reductions that we have had to impose in response to the reduced fiscal year 1982 request level. The net increase of \$2.1 million is simply the difference between those required increases and program reductions. If we are required to absorb the \$2.1 million difference, we will actually be increasing our program reductions from \$6.409 to \$8.509 making it difficult, if not impossible, to carry out these programs.

Mr. ROYBAL. Your contention then is that this added amount cannot be absorbed?

Mr. WARNER. I think with the program reductions that have already occurred and our program requirements, it would be extremely difficult.

Mr. ROYBAL. But not impossible?

Mr. WARNER. Very difficult.

Mr. ROYBAL. I would suppose that nothing is really impossible; isn't that so?

NATIONAL ARCHIVES TRUST FUND

A GAO report dated October 26, 1979, is very critical of the way you have handled the relationship between the appropriation and the Trust Fund that you administer.

Please explain how your Trust Fund works and what you are doing to correct the problems that were pointed out in the GAO report.

Mr. WARNER. The criticisms of the Trust Fund were a major concern for the National Archives, and we have made some significant changes to improve its administration. Two items are of particular importance. We are developing a new accounting system which, I think will bring great improvements.

We are also requesting conversion of a number of Trust Fund employees from excepted to competitive appointments. We have also worked out an agreement with the Administrator of General Services to provide for receiving his views on the operation of the Fund and to have the IG perform periodic audits of the fund.

These are, I think, significant steps. I will ask my colleague to tell you a little bit about the history of that Fund.

Ms. WEIHER. The Fund began in 1941 as a gift fund. In 1948 it was made into a revolving fund for the purpose of financing reproductions of our materials and the preparation and publication of special works and collections of sources from our holdings. It primarily has been used to finance a system of microfilm and other publications and to provide reproductions of records of the Archives and Libraries.

As Dr. Warner said, we have requested from OPM the conversion of 176 Trust Fund employees to competitive appointments, and the new accounting system will become effective on April 1. The accounting provides a mechanism of ensuring appropriate reimbursement for work done on behalf of both O.E. and Trust Fund accounts.

GAO RECOMMENDATIONS

Mr. ROYBAL. Would you say the problem that has been reported in the GAO report has been corrected?

Ms. WEIHER. I would say all of them have been or will be once the accounting system and employment conversion become effective.

Mr. WARNER. The transfer of personnel is in process and the accounting system will be implemented April 1. When these particular major steps are taken, that will correct the problem.

Mr. ROYBAL. The GAO report also pointed out that there were unauthorized charges to Federal agencies for materials and services that were furnished for official use.

What have you done to correct this problem?

Ms. WEIHER. We and GSA's legal counsel disagree with GAO's interpretation. We had several conversations with them on the subject and, basically, we agreed to disagree.

The language is permissive but states that we may accept reimbursement from an agency, once we feel that our appropriations are not sufficient to provide them for free, and the total amount of these charges in fiscal year 1978 was \$1.7 million, and either the agencies pay the cost piecemeal or we absorb the \$1.7 million or so. As I say, we agreed to have a disagreement on the legal interpretation of some permissive language in the Act.

Mr. ROYBAL. All right; in the disagreement we find then that the problem alluded to in the report still continues insofar as the report is concerned.

Ms. WEIHER. That is correct.

Mr. ROYBAL. Can you elaborate briefly as to what the problem really was and why the disagreement?

Ms. WEIHER. The statute says basically, and I am paraphrasing, that reproductions for official use shall not be charged for except to the extent that appropriated funds are not available in a sufficient amount to provide the reproductions—in which case, reimbursement can be accepted. In years past when the demand for reproductions was small we did provide them free. Then we went through an era where we gave each agency \$30 or \$40 worth for free before charging, and then we began charging agencies for all reproductions. The amount now exceeds \$2 million annually so we can add it to the appropriated side for NARS, and furnish the reproductions for free or, as our legislation allows us, we can charge each agency. I might add that we charge only costs. There is no profit involved.

Mr. ROYBAL. Is this disagreement based on legal language?

Ms. WEIHER. Yes, sir, interpretation of the language.

Mr. JACOBS. Interpretation.

Mr. ROYBAL. Of your counsel versus that of someone else?

Ms. WEIHER. Yes, sir.

Mr. ROYBAL. Is there any provision whereby this matter can be arbitrated so that a determination can be made as to which of the two counsel is correct?

Ms. WEIHER. I would guess so but GAO seemed, after the last discussions, to be persuaded. Although the issue is still discussed in the report. Now our attorney can talk to theirs but they have not addressed that since issuing the report and no specific recommendations were directed to the issue.

Mr. ROYBAL. I would like to hear from the attorney to see what it is that he said that persuaded GAO to back away from their report.

Ms. WEIHER. They have not changed their report, sir.

Mr. ROYBAL. I understand that, but the report is already made and therefore there cannot be any change, but apparently some accommodation has been made.

Mr. WARNER. Mr. Garfinckel.

Ms. LATIMER. Who talked with GAO on that?

Ms. WEIHER. I believe it may have been Mr. Garfinckel who talked with them.

Mr. GARFINCKEL. I never had contact with GAO directly on this particular issue. I did have contact with them on other issues raised in that audit report.

From our perspective, however, it seemed clear to us that they had misread the law. There didn't seem to be any good reason for

their interpretation of what the statute says. It seemed to be very clear to us and our assumption was that, if they wished, after our responding that they had misread the law, they would in turn follow the issue through.

Mr. ROYBAL. Well, I suppose that their contention is that you have misread the law?

Ms. LATIMER. Yes.

Mr. ROYBAL. Yours is that they have, and my question is, where can it be adjudicated? Who will make the final decision?

Ms. LATIMER. We could ask the Office of Legal Counsel for a decision in that case through the Justice Department.

Usually that is what we do when we have a problem.

Mr. ROYBAL. Would that amount to a third position?

Ms. LATIMER. It could amount to a third position, yes.

Mr. ROYBAL. In that respect, it could very well become a third position, if there is not a mechanism that can be used to finally arbitrate this difference of opinion. If that mechanism is not present this disagreement will continue, and they will continue to put in their report that you have not followed the letter of the law and therefore you are guilty.

Mr. KLINE. It sounds as if we are at a point here where something else needs to be done, and maybe Mrs. Latimer can talk to this.

Ms. LATIMER. Yes; we could submit the whole thing to the Office of Legal Counsel in the Department of Justice. When two executive agencies disagree legally, although GAO is part of the Legislative Branch, we have in the past gone to the Office of Legal Counsel for an opinion.

Mr. ROYBAL. What concerns me is that you have not taken this matter up directly with GAO. Apparently, you have been working at a distance and you did not confront GAO with this difference of opinion to try to work it out yourself without going to a third party?

Ms. LATIMER. Okay; we will do that first.

Mr. WARNER. That is important and we will take that route.

Mr. ROYBAL. I don't like to see any accusations of any kind that are not justified.

PRESERVATION PROGRAM

The next question is what is the status of the Records Preservation Program and backlog of items with regard to paper records, motion pictures and photographs?

Mr. WARNER. The preservation program, of course, is an ongoing one at the National Archives and Records Service. From the time it was created until the present time preservation has been a very substantial problem. We have made very significant progress and have a commitment of funds totalling a little over \$4 million to attack the problem next year.

This amount will be divided between film and other non-textual preservation, and paper preservation. We will spend approximately one-half of that appropriation for paper preservation—an ongoing and continuing problem, with some 3 billion documents in our holdings.

As far as backlog is concerned, it is very difficult to quantify, at least for the paper records. The backlog continues to grow as materials get older and need additional repairs. One way to preserve records it is to improve the environmental controls where the papers are housed. We are making some steps in that direction.

This year we are installing a system costing around \$800,000 to monitor the temperature and humidity controls in the stack areas. We are also repairing paper records and converting paper and non-textual records to other media. As far as specific figures, would you like to give some?

Ms. WEIHER. We have a \$37 million backlog in 1980 dollars for non-textual records. They are a small portion of our holdings, but they are the only types of records that can be counted precisely to know exactly how many and what processes are required.

The backlog in paper records is enormous but as Dr. Warner mentioned, we don't know yet how we plan to preserve those, which ones we are going to copy, and which will be repaired, or both.

Mr. WARNER. There are 3 billion paper documents that we are talking about.

MICROFILM

Mr. ROYBAL. What about microfilm?

Ms. WEIHER. We have greatly accelerated our microfilming program from about \$50,000 in fiscal year 1979 to \$500,000 in fiscal year 1980 to about \$750,000 in fiscal year 1981. That amount buys you about 3.8 million frames. The problem with microfilming is that it is expensive and there are very serious storage and retrieval problems associated with the microfilm.

Mr. WARNER. There are two points there to think about. Microfilm is a component of the preservation situation. It is not ideal. It does not solve all the problems. There are also a large number of materials which you want to preserve in their original form, for a variety of reasons.

Mr. ROYBAL. Is it expensive?

Mr. WARNER. Yes; indeed it is an expensive proposition. The microfilm is expensive because it is not only the actual filming, that is only part of the expense; it has to be readied, arranged, and described to be properly controlled once the film is made. The filming itself is also expensive, and then you have to provide proper storage.

If you want to go the other way of actually preserving the document—laminating it, encapsulating it, that is labor intensive and quite expensive.

RECORDS MANAGEMENT PRACTICES

Mr. ROYBAL. A GAO report dated June 23, 1980 indicated a problem in Federal records management practices.

Can you summarize that report and, in your opinion, is it justified and have you done anything to implement it?

Mr. WARNER. As far as Federal records there is, of course, considering the enormous increasing inflow of paper created by the Fed-

eral Government, the resources to program and analyze it, it is a problem, and an ongoing one.

We have had a new act passed, and we don't know its implications, the Paper Work Reduction Act, which will affect that particular area. We have a task force and asked one of our persons who is head of the Office of Records and Information Management to look into that problem, and he is due to give us a report on April 1.

Perhaps you could comment on the report.

Ms. WEIHER. It asked us to examine our priorities, speed up our production of handbooks and guidelines, take another look at our training program, and to take more initiatives in records and information management leadership. We have done a series of symposia for records managers and set up a mechanism for periodic meetings of Assistant Secretaries who are responsible for these areas. We also sponsor an annual conference. We have also accelerated the production of guidelines and standards.

GAO also suggested that the reimbursable program be converted to direct funds, and we are working in that direction, too.

Mr. WARNER. There is new leadership in that program in very recent months which also will provide for additional improvements.

Mr. KLINE. Mr. Chairman, they have also kicked off a more vigorous effort in working with other agencies by bringing people together to discuss these problems.

RECORDS DECLASSIFICATION

Mr. ROYBAL. What is meant by records declassification?

Mr. WARNER. As you know, various records are classified and from the standpoint of the outside scholarly community and other user communities, there is interest in having those materials available for research. The process is to see that they are brought into the public domain by declassification in a systematic way, either in looking at each item and making a determination whether it should continue to be classified, or if the materials can be declassified. Many of the older materials can be declassified in large numbers.

Mr. JACOBS. Until the Executive Order of 1972, we had inherited great quantities of Federal records and presidential papers that included classified materials, and until 1972 we had no method for systematically declassifying those.

The Executive Order of 1972 began or introduced the concept of systematic declassification, and we have been working at that ever since.

Mr. ROYBAL. Give me an example of anything that can be declassified.

Mr. WARNER. Probably a World War II battle plan that was originally classified as highly secret and now, with the passage of time, is an interesting historical item. There is surely no longer any reason why there would be any need for confidentiality about that particular engagement.

Mr. ROYBAL. Couldn't it also be a technique that was useful at that time but is now obsolete?

Mr. WARNER. I think that is true.

Mr. ROYBAL. Who determines whether or not anything can be declassified like in this instance?

Mr. JACOBS. We follow guidelines issued by the agencies that originally classified the material. The agencies are required by the Executive Order, as amended, to issue guidelines for that purpose.

Mr. ROYBAL. The declassification then takes place in concurrence with the department that originated it?

Mr. JACOBS. We have no independent authority to declassify any materials without going back to the originating agency or an agency of primary subject interest.

Mr. WARNER. That is true.

Mr. ROYBAL. So you would say the status of the records declassification activity is proceeding in good order, and that it is done with the full cooperation of the various agencies that are involved?

Mr. WARNER. It is proceeding; as to its pace, fastness, slowness, that is a matter that could be commented upon.

Ms. WEIHER. There was a recent GAO report on the declassification program and the effect of the changes in the 1978 Executive Order which provided that records 20 years and older would be systematically declassified as distinct from 30 years and older under the previous Executive Order. By changing this time line, if you will, it brought us into an era of many records dealing with intelligence methods and sources, and these are very difficult to review and declassify. Also foreign originated materials are still subject to the 30 year rule.

The guidelines are very difficult to work with, so our productivity has declined because rather than bulk declassification which we can do on a sample basis, we have to do a page-by-page review and remove many of the items that relate to anything having to do with intelligence sources and methods and other sensitive areas. This involves a costly record keeping system—to remove and account for the documents. The review must also be coordinated with the agency, so we are falling behind in the deadline established for catching up to 20 year old records.

The GAO suggested that the time line be changed back to 30 years, and I think that some suggestions along these lines are being proposed to the National Security Council. Many agencies feel that this would be a more appropriate time line, and would provide for a more cost-effective declassification program.

Mr. WARNER. There is a general rule that the older the material is, the less sensitive it is.

Mr. ROYBAL. When an item is declassified, is notification given to scholars and others who may use that?

How would they know that that item has been declassified and it is now something they can look into?

Mr. JACOBS. We don't notify on an item by item basis, but as we proceed to declassify groups of materials, we give notice to scholars through various publications, professional journals, and our own journal, *Prologue*.

Mr. WARNER. This is an important area to get that information out, and we do that.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS

Mr. ROYBAL. Now, the funds for the National Historical Publications and Records Commission have been eliminated from this budget request.

What impact will the elimination of this program have?

Mr. WARNER. Well, this is an ongoing program. The NHPRC has been a part of the National Archives since 1934, and has had a very fine history of promoting the publication of historical documents, and many of these documents were in the National Archives itself.

It was one of the ways to share these documents with the outside world and also to promote publications and records programs throughout the United States. This program will continue.

As far as the effect of the elimination of the grant portion of the program is concerned, several important long-term publication programs including documentary editions of the "Founding Fathers" and others important to an understanding of our Government and traditions may have to be abandoned if private funding cannot be provided. In addition, there are several records projects recently begun in states, and co-sponsored by the states that may also have to be abandoned, negating the investment made thus far. The advisory role and other work of the Commission, however, will continue, and we see it as providing a very useful and continuing role.

There is also an option of attracting private funds which the Commission has done in the past. We hope that it can do so in the future. I myself have also addressed that problem, trying to find some private funding to keep some of the projects going.

Mr. ROYBAL. To review what you have said, the National Historic Records and Publications Commission will continue without funding?

Mr. WARNER. Yes; that is correct.

Mr. JACOBS. That is to say, without the grants program.

Mr. ROYBAL. I understand, but still without funding; it is not requested in this budget?

Ms. WEIHER. The grant portion is separately funded. A small staff to the Commission will continue in the role that they had prior to the time that the Commission had a grant function.

Mr. ROYBAL. They are paid from another fund?

Ms. WEIHER. Yes, sir.

Mr. WARNER. The grant portion of the program came in 1964 for publications and five years ago it was increased to add a records program. As part of the records program the Commission embarked on a program of giving modest grants to State and local archives and historical societies to preserve the records and make them available in their own localities.

COMMISSION MEMBERSHIP

Mr. ROYBAL. How many people serve on that Commission?

Mr. WARNER. The Commission is composed of 17 members. At one time it had a smaller number. When the records program was added on five years ago, the Commission was expanded and now has representatives from several professional organizations such as the American Historical Association, and representatives of government, the Executive, Judicial and Legislative Branches. It has been an ongoing and will continue to be an ongoing body.

Mr. ROYBAL. Thank you.

Mr. Rudd?

DOCUMENT FEE

Mr. RUDD. Let me ask you, if I may, if there is a charge made to people who are researchers and scholars, who are pursuing their own projects and need to obtain documents from the Archives?

Mr. JACOBS. There is no charge made for furnishing materials that researchers request, but there is a charge made for any reproductions that they order.

Mr. RUDD. They can come in and give you a list of the documents they want, so there is no employee charge, for that percent reproduction?

Mr. JACOBS. That is correct; the basic legislation for the National Archives requires that we preserve, arrange, and process and make available materials.

Mr. WARNER. One of its major roles is the service role that it plays to the citizens of the country.

Mr. RUDD. In that case what is the cost to the government annually to provide access to documents and other materials under your control to private researchers, scholars, authors and anyone who is associated with colleges and universities?

Mr. WARNER. That would be very difficult to ascertain precisely, and at this stage the response would be a rough estimate. The whole cost of service, the time spent by employees in processing, describing, and making records available would be sizeable.

Mr. RUDD. I would like to request that we get something for the record to satisfy my question.

Mr. WARNER. Yes; we will provide that.

Ms. WEIHER. On reference and associated services, roughly, the figure would be about 60 percent of the budget for the National Archives and presidential libraries, that total is \$40 million, so a little over half of that total would support access, that is making the records available, either by mail, telephone, servicing researchers as they come in, and so on.

Mr. WARNER. That is the whole total archivable process, getting the records ready, getting intellectual control of the records, so they can be used and making them available to be used either in person or by written request.

Mr. RUDD. Thank you for your good estimate.

I wonder if we couldn't get some figures for the record, and I appreciate that very much.

Mr. WARNER. We will be happy to provide some data for the record.

[The information follows:]

COSTS ASSOCIATED WITH ACCESS TO ARCHIVAL RECORDS AND PRESIDENTIAL MATERIALS

The National Archives is responsible for preserving, arranging, describing, and making available the records and presidential historical materials in its custody. Following are the costs associated with providing access to these records and materials. The costs are segregated into direct program costs for providing reference service, supporting program costs associated with the arrangement and description of the records and materials necessary for providing the reference service, and the indirect costs of space and services associated with these functions.

FY 1980

[In thousands of dollars]

National Archives and related:	
Direct: Reference service ¹	\$6,535
Support:	
Arrangement.....	1,251
Description	1,620
Subtotal.....	9,406
Indirect costs: (proportional amount of payments to Federal building fund).....	6,803
Total, National Archives	16,209
Presidential libraries: ²	
Direct: Reference service.....	754
Support:	
Materials processing.....	1,396
Subtotal.....	2,150
Indirect costs: (proportional amount of payments to Federal building fund).....	1,798
Total, Presidential libraries.....	3,948
Grand total.....	20,157

¹ Includes costs for responding to inquiries by mail or telephone, servicing researchers at archival research centers, screening records for restrictions, and the loan of microfilm.

² Costs include costs associated with the Nixon Presidential materials project in accordance with Public Law 93-526, The Presidential Recordings and Materials Preservation Act.

DOCUMENT STORAGE FOR CONGRESSIONAL MEMBERS

What is the annual cost to our government to store the official documents of members of Congress; and there is a second part to that, and how long do you continue to store the congressional records for members of Congress after they have left Congress?

Mr. WARNER. We do continue this service to the members of Congress, and I can provide a rundown of the number of Congressmen and former Congressmen who are taking advantage of this particular service. I think the storage not only serves the Congress; but it also serves the historical professional, to have those records safely stored to prevent dispersal or destruction.

They can and do continue keeping their papers in our storage facilities after they have left Congress. We make every effort, however, and with real success, to see that the materials are moved out relatively promptly, and most of them are.

Every year letters are written to Congressmen who will not be returning and these records are usually moved out promptly.

Ms. WEIHER. We have roughly 55,000 cubic feet, and it costs us 86 cents a cubic foot a year, so it costs approximately \$47,000 a year, sir, to store Congressional records.

Mr. RUDD. That is for currently seated members of Congress

Ms. WEIHER. Primarily; it also includes about 4,000 cubic feet for former members. The remainder are currently seated.

Mr. RUDD. What is the criteria for continuing the service for former members of Congress, time?

Ms. WEIHER. Persuasion; we have about 4,000 cubic feet remaining.

Mr. WARNER. It is not from our standpoint a major problem, and it is not occupying a lot of space or taking a lot of administrative time, and generally most of the members of Congress respond very well. We remind them gently but firmly that their papers are still there and they may want to deposit them in their State Archive or what have you. The fact that it is a very small expense is one of the reasons we have never taken a rigid position on that.

Mr. RUDD. Also, there might be instances where it would be a worthy cause to retain them.

Mr. WARNER. That is true.

Mr. RUDD. Not just the request of the member but the request of others. What if a member decided it was a worthy cause, would you continue to do it or gently nudge them off?

Mr. WARNER. We have never thrown anyone out, sir.

Mr. RUDD. I thank you very much.

Mr. ROYBAL. Gentlemen, we thank you for your testimony.

We have some questions for the record from Congressman Miller and then we will insert the justifications in the record at this point.

[The questions for the record and the justifications follow:]

Mr. MILLER. Do you anticipate that budget reductions will impair the record keeping functions of your service?

ANSWER. As discussed in the opening statement, NARS program reductions amount to \$6,409,000. Most of this reduction results from discontinuing the National Historical Publications and Records Commission grant program and associated salaries. The remaining reductions are primarily salary costs associated with record-keeping and declassification programs. We hope to minimize the adverse impact of

these reductions through increased productivity and cost savings, but services to agencies and the public may have to be curtailed.

Mr. MILLER. Last year, you provided us with a report on the holding of papers for Members of Congress. Will you provide us with an update on this?

ANSWER.

Holdings of papers of Members of Congress in Federal records centers

	<i>Cubic feet</i>
Holdings as of January 31, 1980.....	54,148
Between February 1, 1980 and March 1, 1981:	
Accessioned	6,035
Transferred out	8,102
Disposed of	16
Total Holdings as of March 1, 1981	52,065
Includes papers of former members.....	4,028
Holdings in other FRC's.....	2,591
Total holdings.....	54,656

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
Fiscal Year 1981
Comparison of Budget Adjustments to FY 1981 Funding
(\$ 000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Records Management and Centers	41,737	41,000	-737
2. Archives and Related Services	39,810	39,012	-798
3. National Historical Publications and Records Commission	5,023	4,995	-28
4. Records Declassification	2,579	2,419	-160
5. Information Security Oversight Office	615	581	-34
Total	<u>89,764</u>	<u>88,007</u>	<u>-1,757</u>
Appropriation (House level under Continuing Resolution)	86,000	86,000	-
Unobligated balance (Grants program)	335	335	-
Transfers to other accounts	<u>-227</u>	<u>-227</u>	-
Total Availability	86,108	86,108	
Proposed pay increase supplemental	<u>3,656</u>	<u>1,899</u>	<u>-1,757</u>
Revised Amount	<u>89,764</u>	<u>88,007</u>	<u>-1,757</u>

Proposed program supplemental of \$1,100 approved in revised budget shown separately.

Explanation of Reduction

The budget reductions in employment, travel, consultants and equipment applicable to this appropriation are as follows:

Employment	-1,686
Travel	-40
Consultants	-15
Equipment	-16
Total	<u>-1,757</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
 Fiscal Year 1982
 Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget
 (\$ 000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Records Management and Centers	44,962	43,189	-1,773
2. Archives and Related Services	45,888	43,945	-1,943
3. National Historical Publications and Records Commission	3,542	234	-3,308
4. Records Declassification	2,733	2,152	-581
5. Information Security Oversight Office	621	587	-34
Total	<u>97,746</u>	<u>90,107</u>	<u>-7,639</u>

Explanation of Reduction

Program Reductions

National Historical Publications Grant Program	-3,000
---	--------

Employment and Related Costs Reductions

1. Records Management and Centers	-1,756
2. Archives and Related Services	-1,911
3. National Historical Publications and Records Commission	-307
4. Records Declassification	-577
5. Information Security Oversight Office	-33
	<u>-4,584</u>

Travel and Consultants Reduction

Travel	-40
Consultants	-15

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
Fiscal Year 1982
Revised Budget
Comparison with FY 1981 Revised Budget
(\$ 000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Records Management and Centers	41,000	43,189	+2,189
2. Archives and Related Services	39,012	43,945	+4,933
3. National Historical Publications and Records Commission	4,995	234	-4,761
4. Records Declassification	2,419	2,152	-267
5. Information Security Oversight Office	581	587	+6
Total	88,007	90,107	+2,100

Explanation for Change

Increases

Carter Presidential Materials	+507
Standard Level User Charges	+6,619
Recurring Reimbursable Payments to Federal Buildings Fund	+29
Common Distributable Costs	+796
Annualization of the FY 1981 pay increase	+22
Economic adjustments for increased costs of goods and services	+536
Subtotal	+8,509

Decreases

Educational programs	-65
Employment and related costs associated with Grant program	-461
National Historical Publications Grants Carry forward of unobligated balance for grants	-4,000
Other employment reductions	-335
Shelving	-1,248
Subtotal	-300
Total	-6,409
Total	+2,100

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
Fiscal Year 1981
Workyears
Initial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Records Management and Centers	1,491	1,449	-42
2. Archives and Related Services	856	809	-47
3. National Historical Publications and Records Commission	22	19	-3
4. Records Declassification	92	84	-8
5. Information Security Oversight Office	12	11	-1
Total	<u>2,473</u>	<u>2,372</u>	<u>-101</u>

Excludes 11 workyears for \$1.1 million proposed program supplemental approved in revised budget, reflected elsewhere.

Advances and Reimbursements, NARS	215	206	-9
National Archives Trust Fund	206	203	-3

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
 Fiscal Year 1982
 Workyears
 FY 1982 Initial Budget and FY 1982 Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Records Management and Centers	1,491	1,433	-58
2. Archives and Related Services	877	821	-56
3. National Historical Publications and Records Commission	22	12	-10
4. Records Declassification	92	74	-18
5. Information Security Oversight Office	12	11	-1
Total	<u>2,494</u>	<u>2,351</u>	<u>-143</u>
Advances and Reimbursements, NARS	215	205	-12
National Archives Trust Fund	206	200	-6

OPERATING EXPENSES, NATIONAL ARCHIVES AND RECORDS SERVICE
 Fiscal Year 1982
 Workyears
 Comparison with FY 1981 Revised Budget

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Records Management and Centers	1,449	1,433	-16
2. Archives and Related Services	809	821	+12
3. National Historical Publications and Records Commission	19	12	-7
4. Records Declassification	84	74	-10
5. Information Security Oversight Office	11	11	0
Total	<u>2,372</u>	<u>2,357</u>	<u>-21</u>

Explanation of Change

Archives and Related Services - an increase of 21 workyears requested in the initial budget and approved in the revised budget for Carter Presidential materials is offset by a reduction of 9 workyears.

Advances and Reimbursements, NARS	206	203	-3
National Archives Trust Fund	203	200	-3

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
I-V56	National Archives and Records Service, operating expenses	97,746,000	-7,639,000	90,107,000
	(In the appropriation language under the above heading delete everything after "\$97,746,000," and insert in lieu thereof \$90,107,000.)			

This amendment reduces the request for operating expenses including \$3 million for grants and would reduce 1982 outlays by \$7.6 million.

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	19 81	19 81	19 81
47-0300-0-1-804	Request pending	Proposed amend.	Revised request
Program by activities:			
Direct program:			
1. Records management and centers.....	41,737	-737	41,000
2. Archives and related services.....	39,810	-798	39,012
3. National Historical Publications and Records Commission.....	5,023	-28	4,995
4. Records declassification.....	2,579	-160	2,419
5. Information security oversight office.....	615	-34	581
Total direct program.....	89,764	-1,757	88,007
Reimbursable program:			
1. Records management and centers.....	5,412	.....	5,412
2. Archives and related services.....	588	.....	588
Total reimbursable program.....	6,000	.....	6,000
Total program costs, funded.....	95,764	-1,757	94,007
10.00 Total obligations.....	95,764	-1,757	94,007
Financing:			
11.00 Offsetting collections from:			
Federal funds.....	-6,000	.....	-6,000
21.40 Unobligated balance available, start of year.....	-335	.....	-335
39.00 Budget authority.....	89,429	-1,757	87,672
Budget authority:			
40.00 Appropriation.....	86,000	.....	86,000
41.00 Transferred to other accounts.....	-227	.....	-227
43.00 Appropriation (adjusted).....	85,773	.....	85,773
44.10 Supplemental for wage-board pay raise supplemental.....	73	-35	38
44.20 Supplemental for civilian pay raises.....	3,583	-1,722	1,861
Distribution of budget authority by account:			
Records activities, National Archives and Records Service, operating expenses.....	86,235	-1,563	84,672
Records declassification.....	3,194	-194	3,000

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

Program and Financing (in thousand of dollars) - Continued

Identification code	1981	1981	1981
47-0300-0-1-804	Request pending	Proposed amend.	Revised request
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	89,764	-1,757	88,007
72.40 Obligated balance, start of year..	7,721	.....	7,721
74.40 Obligated balance, end of year....	-7,721	-891	-8,612
90.00 Outlays, excluding pay raise supplemental.....	86,220	-946	85,274
91.10 Outlays from wage-board pay raise supplemental.....	71	-34	37
91.20 Outlays from civilian pay raise supplemental.....	3,473	-1,668	1,805
Distribution of outlays by account:			
Records activities, National Archives and Records Service, operating expenses.....	86,570	-2,424	84,146
Records declassification.....	3,194	-224	2,970

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1981		1981
	Request	amend.	Revised request
47-0300-0-1-804			
Direct obligations:			
Personnel compensation:			
11.1 Permanent positions.....	36,735	-1,432	35,303
11.3 Positions other than permanent.....	5,974	-107	5,867
11.5 Other personnel compensation.....	577	.....	577
11.8 Special personnel services payments.....			
11.9 Total personnel compensation.....	43,286	-1,539	41,747
Personnel benefits:			
12.1 Civilian.....	4,102	-147	3,955
12.2 Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	323	-32	291
21.0 Motor pool.....	83	-8	75
22.0 Transportation of things.....	312	.....	312
23.1 Standard level user charge.....	23,925	.....	23,925
23.2 Personal communications and services.....			
23.2 Communications, utilities.....	7,660	-16	7,644
24.0 Printing and reproduction.....	427	.....	427
25.0 Other services.....	3,686	-15	3,671
26.0 Supplies and materials.....	1,325	.....	1,325
26.0 Equipment.....			
32.0 Lands and structures.....	300	.....	300
32.0 Lease charges and fees.....			
41.0 Grants, subsidies, and contributions.....	4,335	.....	4,335
42.0 Insurance, claims and indemnities.....			
43.0 Losses on sales of depreciable assets.....			
44.0 Refunds.....			
99.0 Subtotal, direct obligations	89,764	-1,757	88,007
99.0 Subtotal, reimbursable obligations	6,000	.....	6,000
99.9 Total Obligations.....	95,764	-1,757	94,007

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

PERSONNEL SUMMARY

Identification code	19 81	19 81	19 81
47-0300-0-1-804	Request pending	Proposed amend.	Revised request
Direct:			
Total number of full-time permanent positions.....-	2,250	-86	2,164
Total compensable workyears:			
Full-time equivalent employment.....	2,473	-101	2,372
Full-time equivalent of over-time and holiday hours.....	17	.....	17
Average ES salary.....	\$50,112	.....	\$50,112
Average GS grade.....	7.20	.....	7.20
Average GS salary.....	\$16,721	.....	\$16,721
Average salary of ungraded positions.....	\$17,639	.....	\$17,639
Reimbursable:			
Total number of full-time permanent positions.....	159	-9	150
Total compensable workyears:			
Full-time equivalent employment.....	215	-9	206
Full-time equivalent of over-time and holiday hours.....	0	.....	0
Average GS grade.....	8.71	.....	8.71
Average GS salary.....	\$22,673	.....	\$22,673

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES
DETAIL OF PERMANENT POSITIONS

Identification code	19 81	19 81	19 81
47-0300-0-1-804	Request pending	Proposed amend.	Revised request
Direct program:			
ES-6.....	3	--	3
ES-5.....	3	--	3
ES-4.....	3	--	3
ES-1.....	1	--	1
Subtotal	10	--	10
GS-17.....	1	--	1
GS-16.....	3	--	3
GS/GM-15.....	31	--	31
GS/GM-14.....	70	--	70
GS/GM-13.....	118	--	118
GS-12.....	164	--	164
GS-11.....	196	-14	182
GS-10.....	2	--	2
GS-9.....	141	-10	131
GS-8.....	49	--	49
GS-7.....	247	-23	224
GS-6.....	193	-19	174
GS-5.....	413	-20	393
GS-4.....	315	--	315
GS-3.....	190	--	190
GS-2.....	47	--	47
GS-1.....	7	--	7
Subtotal	2,187	-86	2,101
Ungraded.....	53	--	53
Total (direct).....	2,250	-86	2,164
Reimbursable program:			
GS/GM-15.....	1	--	1
GS/GM-14.....	7	--	7
GS/GM-13.....	27	--	27
GS-12.....	16	--	16
GS-11.....	20	-3	17
GS-9.....	17	-3	14
GS-7.....	16	-1	15
GS-6.....	10	-1	9
GS-5.....	20	-1	19
GS-4.....	13	--	13
GS-3.....	9	--	9
GS-2.....	2	--	2
GS-1.....	1	--	1
Total (reimbursable)	159	-9	150
Total permanent positions.....	2,409	-95	2,314
Unfilled positions, end of year..	-464	-13	-477
Total permanent employment, end of year.....	1,945	-108	1837

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

Program and Financing (in thousand of dollars)

Identification code	1982	1982	1982
47-0300-0-1-804	Request pending	Proposed amend.	Revised request
<u>Program by activities:</u>			
Direct program:			
1. Records management and centers.....	44,962	-1,773	43,189
2. Archives and related services.....	45,888	-1,943	43,945
3. National Historical Publications and Records Commission	3,542	-3,308	234
4. Records declassification...	2,733	-581	2,152
5. Information security oversight office.....	621	-34	587
Total direct program.....	97,746	-7,639	90,107
Reimbursable program:			
1. Records management and centers.....	5,412	.....	5,412
2. Archives and related services.....	588	.....	588
Total reimbursable program.....	6,000	.....	6,000
Total program costs, funded.	103,746	-7,639	96,107
10.00 Total obligations.....	103,746	-7,639	96,107
<u>Financing:</u>			
11.00 Offsetting collections from:			
Federal funds.....	-6,000	.....	-6,000
39.00 Budget authority.....	97,746	-7,639	90,107
<u>Budget authority:</u>			
40.00 Appropriation.....	97,746	-7,639	90,107
43.00 Appropriation (adjusted).....	97,746	-7,639	90,107
<u>Distribution of budget authority by account:</u>			
Records activities, National Archives and Records Service, operating expenses.....	97,746	-7,639	90,107
<u>Relation of obligations to outlays:</u>			
71.00 Obligations incurred, net.....	97,746	-7,639	90,107
72.40 Obligated balance, start of year.....	7,721	891	8,612
74.40 Obligated balance, end of year.....	-7,721	-1,792	-9,513
90.00 Outlays, excluding pay raise supplemental.....	97,634	-8,485	89,149
91.10 Outlays from wage-board pay raise supplemental.....	2	-1	1
91.20 Outlays from civilian pay raise supplemental.....	110	-54	56

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

Program and Financing (in thousand of dollars) - Continued

Identification code	1982 Request pending	1982 Proposed amend.	1982 Revised request
47-0300-0-1-804			
Distribution of outlays by account:			
Records activities, National Archives and Records Service, operating expenses.....	97,746	- 8,540	89,206

GENERAL SERVICES ADMINISTRATION
 NATIONAL ARCHIVES AND RECORDS SERVICE
 OPERATING EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	19 82	19 82	19 82
47-0300-0-1-804	Request pend.	Proposed amend.	Revised request
Direct obligations:			
Personnel compensation:			
11.1 Permanent positions.....	37,000	-2,606	34,394
11.3 Positions other than permanent.....	6,298	-346	5,952
11.5 Other personnel compensation.....	600	.....	600
11.8 Special personnel services payments.....			
11.9 Total personnel compensation.....	43,898	-2,952	40,946
Personnel benefits:			
12.1 Civilian.....	4,295	-282	4,013
12.2 Benefits for former personnel.....			
21.0 Travel and transportation of persons.....	356	-32	324
21.0 Motor pool travel.....	87	-8	79
22.0 Transportation of things.....	235	.....	235
23.1 Standard level user charges.....	30,619	-75	30,544
23.2 Communications, utilities.....			
23.2 Communications, utilities.....	9,127	-880	8,247
24.0 Printing and reproduction.....	440	.....	440
25.0 Other services.....	3,942	-50	3,892
26.0 Supplies and materials.....	1,427	-40	1,387
26.0 Equipment.....			
32.0 Lands and structures.....	320	-320	.....
32.0 Investments and loans.....			
41.0 Grants, subsidies, and contributions.....	3,000	-3,000	.....
43.0 Insurance claims and indemnities.....			
43.0 Insurance and dividends.....			
43.0 Refouls.....			
99.0 Subtotal, direct obligations.....	97,746	-7,639	90,107
99.0 Subtotal, reimbursable obligations.....	6,000	.....	6,000
99.9 Total obligations.....	103,746	-7,639	96,107

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

PERSONNEL SUMMARY

Identification code	19 82		19 82
	Request pending	Proposed amend.	Revised request
47-0300-0-1-804			
Direct:			
Total number of full-time permanent positions.....	2,266	-110	2,156
Total compensable workyears:			
Full-time equivalent employment..	2,494	-143	2,351
Full-time equivalent of overtime and holiday hours.....	17	.....	17
Average ES salary.....	\$50,112	.....	\$50,112
Average GS grade.....	7.21	.....	7.21
Average GS salary.....	\$16,880	.....	\$16,880
Average salary of ungraded positions	\$17,639	.....	\$17,639
Reimbursable:			
Total number of full-time permanent positions.....	159	-12	147
Total compensable workyears:			
Full-time equivalent employment..	215	-12	203
Full-time equivalent of overtime and holiday hours.....	0	.....	0
Average GS grade.....	8.71	.....	8.71
Average GS salary.....	\$22,673	.....	\$22,673

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
OPERATING EXPENSES

DETAIL OF PERMANENT POSITIONS

Identification code	1982 Request pending	1982 Proposed amend.	1982 Revised request
47-0300-0-1-804			
Direct program:			
ES-6.....	3	--	3
ES-5.....	3	--	3
ES-4.....	3	--	3
ES-1.....	1	--	1
Subtotal.....	10	--	10
GS-17.....	1	--	1
GS-16.....	3	--	3
GS/GM-15.....	31	--	31
GS/GM-14.....	71	--	71
GS/GM-13.....	120	--	120
GS-12.....	165	--	165
GS-11.....	198	-17	181
GS-10.....	2	--	2
GS-9.....	144	-16	128
GS-8.....	49	--	49
GS-7.....	249	-28	221
GS-6.....	193	-21	172
GS-5.....	417	-28	389
GS-4.....	315	--	315
GS-3.....	191	--	191
GS-2.....	47	--	47
GS-1.....	7	--	7
Subtotal.....	2,203	-110	2,093
Ungraded.....	53	--	53
Total (direct).....	2,266	-110	2,156
Reimbursable program:			
GS/GM-15.....	1	--	1
GS/GM-14.....	7	--	7
GS/GM-13.....	27	--	27
GS-12.....	16	--	16
GS-11.....	20	-4	16
GS-9.....	17	-4	13
GS-7.....	16	-2	14
GS-6.....	10	-1	9
GS-5.....	20	-1	19
GS-4.....	13	--	13
GS-3.....	9	--	9
GS-2.....	2	--	2
GS-1.....	1	--	1
Total (reimbursable).....	159	-12	147
Total permanent positions.....	2,425	-122	2,303
Unfilled positions, end of year...	-459	-35	-494
Total permanent employment, end of year.....	1,966	-157	1,809

GENERAL SERVICES ADMINISTRATION
 NATIONAL ARCHIVES AND RECORDS SERVICE
 NATIONAL ARCHIVES TRUST FUND

PERSONNEL SUMMARY

Identification code	19 81		
	Request pending	Proposed amend.	Revised request
47-8431-0-8-804			
Total number of full-time permanent positions.....	195	-15	180
Total compensable workyears:			
Full-time equivalent employment	206	-3	203
Full-time equivalent of overtime and holiday hours.....	5	-	5
Average GS grade.....	6.19	-	6.19
Average GS salary.....	16,019	-	16,019
Average salary of ungraded positions.	15,857	-	15,857

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
TRUST FUND

DETAIL OF PERMANENT POSITIONS

Identification code	1981	1981	1981
	Request pending	Proposed amend.	Revised request
47-8431-0-8-804			
GS/GM-15.....	1	--	1
GS/GM-14.....	2	--	2
GS/GM-13.....	7	--	7
GS-12.....	8	--	8
GS-11.....	13	--	13
GS-10.....	2	--	2
GS-9.....	14	--	14
GS-8.....	5	--	5
GS-7.....	18	-1	17
GS-6.....	12	-2	10
GS-5.....	39	--	39
GS-4.....	28	--	28
GS-3.....	23	--	23
GS-2.....	13	--	13
GS-1.....	2	--	2
Subtotal.....	187	-3	184
Ungraded.....	8	--	8
Total permanent positions.....	195	-3	192
Unfilled positions, end of year.....	-5	-7	-12
Total permanent employment, end of year.....	190	-10	180

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
NATIONAL ARCHIVES TRUST FUND

PERSONNEL SUMMARY

Identification code	19 82	19 82	19 82
47-8431-0-8-804	Request pending	Proposed amend.	Revised request
Total Number of Full-time permanent positions.....	195	-6	189
Total compensable workyears:			
Full-time equivalent employment	206	-6	200
Full-time equivalent of overtime and holiday hours.....	5	-	5
Average GS grade.	6.19	-	6.19
Average GS salary	16,019	-	16,019
Average salary of ungraded positions.	15,857	-	15,857

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE
TRUST FUND

DETAIL OF PERMANENT POSITIONS

Identification code	1982	1982	1982
47-8431-0-8-804	Request pending	Proposed amend.	Revised request
GS/GM-15.....	1	--	1
GS/GM-14.....	2	--	2
GS/GM-13.....	7	--	7
GS-12.....	8	--	8
GS-11.....	13	--	13
GS-10.....	2	--	2
GS-9.....	14	--	14
GS-8.....	5	--	5
GS-7.....	18	-2	16
GS-6.....	12	-3	9
GS-5.....	39	-1	38
GS-4.....	28	--	28
GS-3.....	23	--	23
GS-2.....	13	--	13
GS-1.....	2	--	2
Subtotal.....	187	-5	191
Ungraded.....	8	--	8
Total permanent positions.....	195	-6	189
Unfilled positions, end of year.....	-5	-5	-14
Total permanent employment, end of year.....	190	-15	175

As of January 31, 1981

SENATORS

STATE	NAME	EARLIEST FY	LATEST FY	VOLUME	
				WNRC	OTHER
AK	Stevens, T.	1973	1979	428	
CA	Cranston, A.	1971	1981	1711	227
CT	Armstrong, W.L.	1980	1980	48	
CT	* Ribicoff, A.	1973	1977	276	
CT	Weicker, L.	1972	1980	377	
FL	Chiles, L.	1976	1981	893	
FL	* Gurney, E.	1969	1969	5	
FL	* Stone, R.	1977	1979	86	
GA	Nunn, S.	1975	1980	394	
GA	* Talmadge, H.	1972	1980	1536	
HI	Inouye, D.	1970	1980	469	
HI	Matsunaga, S.	1977	1980	336	
IA	Culver, J.	1979	1979	295	
IA	Grassley, C.E.	1978	1980	101	
ID	* Church, F.	1968	1980	762	
ID	McClure, J.	1977	1981	159	
ID	Symms, S.D.	1976	1978	87	
IL	Percy, C.	1969	1981	1062	
IN	* Bayh, B.	1964	1980	1027	
KS	Dole, R.	1963	1977	169	
KY	Ford, W. H.	1981	1981	83	
KY	Huddleston, W.	1976	1979	124	
LA	Long, R.	1979	1979	124	
MA	Kennedy, E.	1976	1979		134
MD	Mathias, C.	1969	1980	1219	
ME	Cohen, W.S.	1975	1979	114	
ME	* Muskie, E.	1975	1980	199	
MI	Riegle, D.W.	1971	1979	214	
MN	* Mondale, W.	1967	1980	1092	
MO	Danforth, J.	1978	1980		15
MO	Eagleton, T.	1973	1981	682	86
MS	Stennis, J.	1968	1972	159	
MT	Baucus, M.	1979	1981	161	
MT	Melcher, J.	1977	1980	291	
NB	Exon, J.	1979	1980	28	
NC	Helms, J.	1974	1981	155	
NJ	Bradley, B.	1980	1980	14	
NJ	Williams, H.	1965	1981	1733	
NM	Domenici, P.	1979	1979	145	
NV	Cannon, H.	1967	1967	74	
NY	* Javits, J.	1965	1980	1415	560
NY	Moynihan, D.	1978	1980	63	
OH	Metzenbaum, H.	1978	1980	49	
OR	Packwood, B.	1976	1980	212	
PA	* Heinz, H.	1977	1979	182	
PA	Schweiker, R.	1979	1979	19	
SC	Hollings, E.	1972	1980	430	
SD	Abnor, J.	1977	1980	110	

* Former Members

** Presently a Senator

SENATORS

SD	* McGovern, G.	1965	1979	926	
TN	Baker, H.	1975	1981	966	
TX	Bentsen, L.	1973	1980	390	79
TX	Tower, J.	1970	1980	15	605
UT	Garn, J.	1978	1979	19	
WA	Jackson, H.	1962	1979	755	
WA	* Magnuson, W.	1960	1980	1092	
WI	* Nelson, G.	1975	1980	207	
WI	Proxmire, W.	1963	1975	362	
WV	Randolph, J.	1973	1980	451	

* Former Member

** Presently a Senator

REPRESENTATIVES

As of January 31, 1981

STATE	NAME	EARLIEST	LATEST	VOLUME	
		FY	FY	WNRC	OTHER
AK	Young, D.	1977	1979	43	
AL	Bevill, T.	1970	1980	273	
AL	* Buchanan, J.H.	1971	1980	331	
AL	Dickinson, W.L.	1977	1981	159	
AL	Edwards, J.	1974	1976	77	
AL	Nichols, B.	1974	1975	33	
AR	Alexander, B.	1972	1980	186	
AR	Hammerschmidt, J.P.	1968	1981	458	
AZ	Rhodes, J.J.	1969	1980	324	
AZ	Udall, M.K.	1969	1981	524	
CA	Burton, J.L.	1978	1980	37	
CA	Clausen, D.H.	1972	1981	561	
CA	* Cohelan, J.	1966	1971	199	
CA	* Corman, J.	1974	1978	111	
CA	Dellums, R.V.	1980	1980		22
CA	Goldwater, B.M.	1973	1980	104	26
CA	* Johnson, H.T.	1964	1980	660	
CA	* Lloyd, J.	1979	1979	18	
CA	McCloskey, P.N.	1973	1980	398	65
CA	Miller, G.	1971	1977	80	
CA	Patterson, J.	1979	1980	21	34
CA	Rousselot, J.H.	1976	1981	109	39
CA	Roybal, E.	1972	1981	141	
CA	Stark, F.	1978	1980		44
CA	* Wilson, B.	1973	1980	278	
CO	* Johnson, J.	1973	1979	63	
CO	Wirth, T.	1978	1980	29	
CT	Cotter, W.	1973	1980	98	
CT	Gaiamo, R.	1976	1980	157	
CT	Grasso, E.	1974	1975	62	
CT	McKinney, S.	1973	1980	132	
FL	Fauntroy, W.	1980	1980	43	
FL	Bafalis, L.	1978	1980	33	
FL	* Burke, J.	1975	1979	357	
FL	Chappell, B.	1972	1981	263	
FL	Fascell, D.	1964	1980	1006	
FL	Fuqua, D.	1968	1980	296	
FL	Gibbons, S.	1967	1980	481	
FL	* Kelly, R.	1977	1979	40	
FL	Lehman, W.	1976	1980	29	
FL	Pepper, C.	1966	1980	731	
FL	Young, C.	1976	1980	241	
GA	Brinkley, J.	1975	1978	85	
GA	Ginn, B.	1977	1980	131	
GA	McDonald, L.	1978	1980	61	
GA	* Young, A.	1975	1977	33	

* Former Member

** Presently a Senator

REPRESENTATIVES

IA		Bedell, B.	1979	1979	13	
IA	**	Grassley, C.	1978	1979	35	
IA		Tauke, T.J.	1980	1980	56	
ID	*	Harding, R.	1965	1965	115	
IL	*	Anderson, J.	1975	1980	278	
IL		Crane, P.	1972	1981	369	
IL		Derwinski, E.	1972	1979	225	86
IL		Madigan, E.	1976	1981	100	
IL		McClory, R.	1971	1979	201	
IL		Mikva, A.	1976	1980	59	47
IL		Price, M.	1967	1978	412	
IL		Rostenkowski, D.	1970	1980	217	
IL		Yates, S.	1973	1980	94	83
IN	*	Brademas, J.	1969	1980	192	
IN		Fithian, F.	1977	1980	91	
IN		Hamilton, L.	1969	1980	301	
IN		Hillis, E.	1976	1978	103	
IN		Meyers, J.	1972	1978	143	
IN		Sharp, P.	1977	1980	59	
KS		Glickman, D.	1981	1981	50	
KS		Sebelius, K.	1976	1979	94	
KS		Winn, L.	1972	1980	400	
KY	*	Carter, T.	1972	1980	18	
KY		Mazzoli, R.	1978	1979	180	
LA	*	Boggs, H.	1969	1974	430	
LA		Boggs, L.	1977	1980	132	
LA		Breaux, J.	1976	1978	103	
LA		Long, G.	1975	1980	159	
LA		Moore, W.	1979	1980	94	
MA		Conte, S.	1967	1980	597	
MA	*	Drinan, R.F.	1976	1980	173	44
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.S.	1977	1981	164	
MD		Long, C.	1967	1980	565	
MI	*	Brown, G.	1973	1978	88	
MI	*	Chamberlain, C.	1975	1975	96	
MI		Conyers, J.	1979	1979	113	
MI	*	Esch, M.	1972	1977	196	
MI		Ford, W.	1969	1981	520	
MI	*	Nedzi, L.	1972	1977	61	
MI		Vander Jagt, G.	1976	1981	142	
MN		Oberstar, J.	1977	1979	20	

* Former Member

** Presently a Senator

REPRESENTATIVES

MO	* Burlison, B.	1977	1979	118	
MO	Clay, W.	1975	1980	235	
MS	Bowen, D.	1976	1980	94	
MS	Lott, T.	1977	1980	146	
NB	Smith, V.	1979	1979	56	
NC	Broyhill, J.	1968	1981	611	
NC	Martin, J.	1978	1980	102	
NH	* Cleveland, J.	1973	1980	468	
NH	D'Amours, N.	1979	1979	8	
NJ	Fenwick, M.	1978	1980	71	
NJ	Florio, J.	1976	1979	34	
NJ	Forsythe, E.	1975	1981	136	
NJ	* Gallagher, C.	1968	1973	153	
NJ	Hollenbeck, H.C.	1980	1980	43	
NJ	Howard, J.	1977	1977	16	
NJ	Hughes, W.	1978	1980	64	
NJ	Minish, J.G.	1980	1980	60	
NJ	* Patten, E.	1976	1979	21	
NJ	Rinaldo, M.	1975	1975	52	
NJ	Rodino, P.	1970	1980	182	
NM	Lujan, M.	1974	1980	127	
NV	Santini, J.	1980	1980	38	
NY	Addabbo, J.	1970	1980	241	
NY	* Ambro, J.	1979	1979	25	
NY	Bingham, J.	1973	1980	110	
NY	Chisholm, S.	1974	1975	66	
NY	Conable, B.	1981	1981	200	
NY	Fish, H.	1975	1980	71	
NY	Gilman, B.	1977	1981	287	38
NY	* Hanley, J.	1974	1980	225	
NY	Horton, F.	1968	1968	10	
NY	Kemp, J.	1975	1981	199	
NY	Lent, N.	1981	1981		128
NY	*McEwen, R.	1980	1980	35	
NY	McHugh, M.	1978	1980	27	
NY	*Murphy, J.	1977	1980	81	25
NY	Rangel, C.	1974	1979	103	
NY	Richmond, F.	1977	1981	87	49
NY	Rosenthal, Ben	1980	1980	3	8
NY	Scheuer, J.	1970	1973	68	55
NY	Solarz, S.	1979	1980	24	
NY	Stratton, S.	1967	1981	285	
NY	*Wolf, L.	1978	1979	164	
NY	*Wydler, J.	1975	1979	27	
OH	Applegate, D.	1980	1980	15	
OH	Ashbrook, J.	1976	1980	113	
OH	Brown, C.	1970	1979	322	

* Former Member

** Presently a Senator

REPRESENTATIVES

OH	Kindness, T.N.	1981	1981	44
OH	Luken, T.A.	1980	1980	17
OH	Miller, C.	1979	1980	195
OH	Seiberling, J.	1975	1981	221
OH	Stanton, J.	1976	1979	40
OH	* Vanik, C.A.	1967	1979	207
OH	Wylie, C.	1973	1973	67
OK	Jones, J.	1977	1980	122
OK	Watkins, W.	1979	1979	14
OR	* Ullman, A.	1966	1980	316
OR	Weaver, J.	1978	1978	21
PA	Coughlin, L.	1973	1980	43
PA	Gaydos, J.	1979	1979	48
PA	Goodling, W.F.	1980	1980	66
PA	McDade, J.	1967	1981	195
PA	* Moorhead, W.	1979	1979	160
PA	Murtha, J.	1975	1980	121
PA	* Rooney, F.	1973	1973	66
PA	Shuster, B.	1976	1981	169
PA	* Ware, J.	1974	1975	44
PA	Yatron, G.	1979	1980	118
RI	St. Germain, F.	1971	1971	62
SC	* Davis, M.	1975	1980	162
SC	Derrick, B.	1977	1981	71
SC	Holland, K.	1978	1980	34
SD	** Abdnor, J.	1977	1980	28
TN	Ford, H.	179	1979	41
TN	Jones, E.	1979	1979	33
TN	Quillen, J.	1969	1980	712
TX	Brooks, J.	1967	1980	361
TX	De La Garza, E.	1968	1979	203
TX	Gonzalez, H.	1968	1973	35
TX	* Roberts, R.	1977	1979	59
TX	White, R.	1972	1981	317
TX	Wilson, C.	1976	1979	18
TX	Wright, J.	1974	1980	401
UT	* McKay, G.	1973	1979	13
UT	* Owens, W.	1975	1975	1
VA	Butler, M.	1976	1981	232
VA	Daniel, R.	1977	1978	67
VA	* Fisher, J.	1978	1979	28
VA	Robinson, J.	1975	1980	273
VA	* Satterfield, D.	1973	1980	250
VA	Trible, P.	1981	1981	24
VA	Wampler, W.	1972	1981	184
WA	* Adams, B.	1971	1977	232
WA	Bonker, D.	1978	1980	12

* Former Member

** Presently a Senator

69

11

REPRESENTATIVES

WA	Foley, T.	1970	1980	110
WA	* McCormack, M.	1974	1980	255
WA	Pritchard, J.	1975	1981	173
WI	Kastenmeier, R.	1969	1979	229
WI	Obey, D.	1975	1976	57
WI	Reuss, H.	1968	1968	564
WI	Zablocki, C.J.	1965	1980	482
WV	Slack, J.	1972	1979	27

* Former Member

** Presently a Senator

WEDNESDAY, MARCH 25, 1981.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

WITNESSES

FRANK J. CARR, COMMISSIONER

FRANCIS A. McDONOUGH, DEPUTY COMMISSIONER, GOVERNMENT-WIDE MANAGEMENT

BERNARD J. BENNINGTON, ASSISTANT COMMISSIONER, OFFICE OF SOFTWARE DEVELOPMENT

LEONARD YONKLER, EXECUTIVE DIRECTOR

Mr. ROYBAL. We will now take the Automated Data and Telecommunications Service.

Mr. KLINE. I would like to introduce Frank Carr, the Commissioner of ADTS, and members of his staff.

Frank has a brief statement he would like to present to you and answer your questions.

Mr. ROYBAL. Mr. Carr, you may proceed in any manner you desire.

Mr. CARR. I would like to start by giving you some information about ADTS to help provide some background.

[The information follows:]

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

ADTS is a relatively small organization of 2500 people, 500 in the Central Office in Washington, and the remaining 2000 are in our 11 regional offices. Of these, 1200 are telephone operators and supervisors.

ADTS has a technical orientation which includes not only the information technology of ADP and telecommunications, but also the highly specialized field of government contracting and, underlying both, the complexities of economic analysis.

ADTS has numerous programs with high returns on investment. Cost avoidances, as one measure of the benefits of these programs, are now at a level of \$796 million annually, or more than 59 times our 1982 requested appropriations. Resources have never been plentiful for ADTS -- the size of the organization has remained constant over the past nine years although the dollar volume of programs managed by ADTS has tripled over the same period -- so the mix and emphasis of our programs change from year to year as we seek to operate for the maximum economic advantage for the government. Our overall service direction costs today are one-third of 1% of our direct program costs, another indication I think of putting our resources where they will get results.

I would like to point out that our 1982 requested appropriation of \$13,399,000 is approximately the same as our 1981 revised budget, which is \$263,000 below the 1981 budget approved by the Senate/House Conference.

We are, again, shifting some of our resources from one program area to another. We have greatly simplified and relaxed our supervision of agency procurements of ADP services to make investments instead in the Office of Software Development, our highest priority area. Furthermore, these shifts will also compensate for the expected effects of inflation, so I feel the total package is lean and results oriented.

Our efforts fall into two broad categories: (1) the Government-wide management of ADP and telecommunications and (2) providing services and programs for Federal agencies. I'd like to describe each of these broad categories in terms of their major subdivisions.

First, in the area of Government-wide management, we have a function of providing policy guidance, planning, and economic analysis and another function of management assistance, with special emphasis today on software development and conversion. In both sub-areas our recent progress has been substantial:

- o We have revised the Federal Procurement Regulations and the Federal Property Management Regulations to clarify and describe changes in policies including:
 - (1) distinguishing true conversion costs from technology updating costs in evaluating proposals.
 - (2) use of total life cycle costs including equipment, personnel, space and energy costs.
 - (3) increasing dollar threshold levels for the blanket delegation of procurement authority to agencies.

The Survey and Investigations Staff of the House Appropriations Committee remarked last year, after reviewing the then-draft regulations, that "The changes are so significant that if the policy is reasonably applied on a case-by-case basis, it will help immeasurably toward curing the ills of the present acquisition process."

- o We have initiated a one-year trial period of a simplified delegations process to be used at the choice of the agency. Those agencies which demonstrate responsible exercise of these authorities will be permitted to continue the use of this process.
- o We have been able to place into one office all of the delegations and approvals of ADP and telecommunications equipment and services requests which once went to over a dozen Central Office and regional offices of GSA.
- o Earlier this year, we forwarded to OMB the final version of our management regulation prescribing policies which restrict the practice of listening-in and recording telephone conversations. [If OMB has no objections, and we expect none, this regulation will be codified by late April. This regulation, which has been in force as a temporary regulation for over a year, severely limits the circumstances under which listening-in and recording telephone conversations is permitted. Nonconsensual (neither party has agreed) listening-in or recording is authorized only in accordance with the provisions of the Omnibus Crime Control and Safe

Streets Act of 1968 or the Foreign Intelligence Surveillance Act of 1978. Consensual (one party has agreed) listening-in or recording is prohibited except under specified conditions. Examples are: for public safety purposes, secretarial recording, and when an agency determines monitoring is required to effectively perform their mission.] Agencies are required to establish tight controls including a written determination by the agency head or his designee, a written listing of personnel authorized to monitor (who must be provided written policies) and a program to reevaluate the need at least bi-annually.

Congressmen Pryor, Burton, and Kildee wrote to GSA commending the diligence with which we pursued the implementation of this regulation. They stated there has been "a dramatic reversal of Federal agency policy" in this area and "this change benefits the stature of the Federal Government as well as protects the rights of American citizens."

- o Recent Congressional and public interest in Federal toll-free telephone usage revealed that no uniform policy for justification or review of continuing need was being followed. Accordingly, this year we have codified our management regulation regarding toll-free (dial 800 type) telephone service. Agencies can only install toll-free service when it is required by statute, executive order or regulations, or when they determine it is mission essential. GSA will review agency requests for this service to insure the basic requirements are economically satisfied. Agencies are required to annually review their toll-free service to insure there is a continuing need, and that program objectives are being achieved cost effectively.

- o Together with OMB, we developed a Bulletin prescribing Government-wide procedures for the procurement, management, and utilization of voice telecommunications equipment and services by executive agencies. OMB has indicated that the data reported by the agencies in accordance with the provisions of this Bulletin (number of telephones in relation to the number of employees, cost by component, management plans to more effectively and efficiently use voice telecommunications) would be the forerunner of what OMB will use as reporting requirements to satisfy some provisions of the Paperwork Reduction Act of 1980.

- o We have created the Office of Software Development that is now solving problems identified in past studies of the GAO and the President's Reorganization Project. The software costs and problems of the Federal Government are substantial-- 1980 expenditures for software conversion, maintenance, and new development were almost \$1 Billion more than for equipment, yet the latter category historically has been given almost exclusive attention.

The Office today includes the Federal Conversion Support Center, providing a variety of reimbursable services for conversion planning and acquisition. Clients so far include: the Army, Bonneville Power Administration, Corps of Engineers, Customs, Defense Intelligence Agency, Defense Logistics Agency, Department of Energy, FAA, IRS, Navy, Pension Benefit Guarantee Corporation, and the Social Security Administration.

The Office also includes the Federal Compiler Testing Center which assures that the FIPS language standards are satisfied. These Federal standards, established for high level computer languages, when followed by agencies makes the maintenance and eventual conversion of massive software libraries much less formidable. Manufacturers whose languages have been periodically certified as meeting the standards include: the Burroughs Corporation, Control Data, Data General, Digital Equipment, Honeywell, IBM, and Sperry Univac.

The Office also publishes the Federal Software Exchange Catalog in conjunction with the National Technical Information Service to promote the sharing of common use computer programs between Government operations and also to make these programs available to the public.

- o ADTS has assumed technology leadership responsibility in establishing a service-wide basic goal to encourage the application of information technology to improve operating effectiveness, achieve cost reductions and increase the productivity of Government personnel. The recently established Agency Liaison Officer (ALO) Program is a key element toward accomplishing this ADTS goal.

The ALO Program provides sustained liaison between ADTS and selected agencies. Liaison is provided by assigning an individual from ADTS as an ALO to a selected agency for a specified period. The ALO acts in an advisory and coordination role to the agency for management, policy, regulatory, procedural, and technical aspects of information technology acquisition and application. In this manner the ALO enhances agency understanding of technological alternatives and regulatory requirements, facilitates planning and coordination between GSA and the selected agencies during the initial planning phases, and promotes more efficient and effective acquisition and application of information technology.

Second, in the area of our service programs and operating systems, two major roles we play are (1) establishing sources of supply for equipment and services and (2) operating the Federal Telecommunications System.

We negotiate contracts with vendors directly for agencies either for specific requirements or in advance of known needs. In 1980, 73% of all ADP equipment and services which amounted to 1.5 billion dollars were procured against GSA negotiated contracts. Incidentally, at present, we have only 22 warranted contracting officers in our procurement operations. This is an excellent illustration of how our resources are leveraged.

In the ADP and telecommunications procurement area, we have accomplished the following:

- o We have negotiated with IBM, the purchase of all key punch equipment which had been leased by Federal agencies at an annual cost of \$5.3 million. The purchase price was \$5.3 million. In other words, the bulk of the purchase cost will be recovered by the end of fiscal year 1981.

- o We are now in the second year of our three-year effort to reform our multiple award schedule program for the acquisition of ADP (including word processing equipment) and telecommunications equipment. While resources limitations, particularly, a shortage of contracting officers is hampering our efforts, progress is being made particularly in working off a large contracting backlog, familiarizing new contractors in dealing with ADTS, obtaining better prices and more advantageous terms and conditions, and avoiding legal deficiencies in the contract awards.

- o Our program for contracting with small and disadvantaged suppliers has had notable success. Our small business and 8A program was 348 contracts and \$90 million in our schedule program. In our largest regional contract for system and programming services, we will, for the first time, not simply ask for sub-contracting plans as required by P. L. 95-507, but include those plans as a significant factor in the evaluation of competing proposals.

The largest and best known of our telecommunications services is the Federal Telecommunications System. The FTS intercity network links 1.3 million Federal telephones with each other and with the public direct distance dialing network. Other large private organizations such as General Motors or General Electric operate such networks; however, FTS is over six times the size of the largest of these. Size, however, is not as important as the fact that the average cost of an FTS call has averaged one half of what the call would have cost using commercial services. -- a total saving of \$1.9 billion over the 18 year life of the Federal Telecommunications System.

Some of the specific accomplishments during the past year in the telecommunications area include:

- o The Federal Secure Telephone Service (FSTS) was successfully implemented in 1980 to protect sensitive telephone communications. The new service uses telephones incorporating microprocessors to transmit sensitive information over the standard telephone system in a protected mode. Computer generated and distributed cryptologic keys provide the security protection. The success of this new service has resulted in an increased demand from the civil and military community for expanded service. Presently, there are 250 terminals serving the President, Members of Congress, and high level government officials throughout the world. This service is the foundation of a new and significant phase of national communications security for the Federal Government.

- o In addition to continuing to improve management controls over unnecessary and improper use of the FTS intercity service, we have increased our efforts to reduce other forms of telephone service abuse including unnecessary toll calls, weather, time and other telephone message services.

- o Since its inception, FTS has billed agencies for intercity calls on a per call basis. This charge was made irrespective of the length of the call, a minute or an hour made no difference. In the interest of greater equity in the distribution of charges and improved control over the use of the service, we are moving to a time sensitive billing method, which should become effective in FY 1982.

- o With increased competition in the telecommunications industry, we have moved to take advantage of the economies that are being offered by the market-place. This month, we announced that we would competitively place 8000 circuits, out of 40,000 leased today at a cost of \$126 million annually. This initiative is particularly timely because AT&T will soon withdraw its TELPAK tariff, increasing our total circuit costs roughly \$43 million per year. This procurement of 8000 circuits (which would cost \$60 million per year without TELPAK) is a major step toward securing competitive economies.

- o For the first time in many years, we have in place a significant long range telecommunications planning effort. With the participation of OMB and NTIA, our Advanced Planning Division is studying the intercity voice and data service requirements of the Federal government. We have also established a Washington Telecommunications Interagency Committee to address the local service needs of the agencies in the Washington Metropolitan area which accounts for almost 300,000 or approximately one fourth of the 1.3 million telephones on FTS.

In summary, this description of our efforts and recent accomplishments is a story I'm proud to tell. I opened my remarks pointing to our 59-to-1 return on investment. In truth, those cost avoidances represent only a portion of those actually achieved by ADTS operations. Some of our services have no alternative for comparison purposes, yet the benefit of these services is real. Such services include: the Advanced Record System, communication centers, and Federal Data Processing Centers. Additionally, the benefits claimed for our common user contractual vehicles do not include the manpower or time saved by agencies using these contracts rather than initiating their own.

The level of tangible cost avoidances has increased, although ADTS resources have not grown. This has been accomplished by directing our resources to opportunities for the highest returns on investment. We have not yet reached the point of diminishing returns -- increased investment in ADTS programs would achieve further cost avoidances of the same magnitude.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICEOPENING STATEMENTFRANK J. CARRFY 1982

The Automated Data and Telecommunications Service is responsible for improving government operations by providing support to agencies for the procurement and management of modern data processing and communications technology. We encourage the application of current 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. During FY 1980 ADTS has achieved cost avoidances of \$796.6 million through its various ADP and Communications activities.

As part of our overall effort to be more effective we have redirected our resources applicable to the ADP delegation of procurement authority process. Under traditional operating procedures all ADP Agency Procurement Requests undergo a comprehensive review by an ADTS staff analyst before ADTS delegates procurement authority. These analyses indicate whether or not an agency will be adhering to applicable regulations and following sound procurement practices. The volume, complexity, and urgency of these procurement requests when matched with the ADTS resources available to conduct these analyses too often leads to a negative impression of this total process by the ADP community.

On December 1, 1980, GSA established on an experimental basis, with participating Federal agencies, an alternate information submission method that Federal agencies may use when requesting GSA review. The intent of this alternate method is to:

- (a) expedite the ADTS review process and thus, the granting of procurement authority to agencies,
- (b) emphasize agency responsibilities in conducting their procurement actions in accordance with appropriate regulations and good management practices, and
- (c) admonish agencies to carefully document their individual procurement files.

At our discretion, we will conduct periodic reviews of past agency procurement actions authorized under this method to:

- (a) verify compliance with the procurement authorization conditions,
- (b) assess ADTS' procurement policies and directions given to agencies, and,
- (c) identify agencies to whom greater procurement authority may be granted.

This process will not reduce the total number of procurement requests processed by ADTS but will expedite the ADTS review process and the granting of procurement authority to agencies.

Included in our FY 1982 OE, ADTS Budget Request is an increase of \$301,000 to provide resources for the enhanced support of the new Office of Software Development (OSD). This office is tasked with several programs in response to GAO Reports and the interests of the Government Operations Committee. The \$301,000 requested will allow:

1. selecting and developing tools to help agencies improve the quality and performance of their computer programs and,
2. the development of guidelines for conversion and development of computer programs.

OSD will be able to develop aids and technology that help ADP organizations help themselves in solving conversion problems and in improving their software. It is estimated that more than \$2.2 billion is spent annually for computer programs as opposed to \$1.3 billion for computer equipment. Productivity gains have been a thousandfold for equipment but programming still remains a labor intensive activity. Most programmers today (perhaps as many as 70 percent) are spending their time maintaining or patching current software as opposed to new development.

Many Federal computer programs today are out of date, much more so than ADP equipment. Adapting or converting current programs to take advantage of new hardware is a serious problem. Developing new programs to replace old programs is risky and expensive.

In recognition of this problem in May 1980, GSA formed the Office of Software Development. This is the only central entity in the Government concerned with reducing conversion problems and improving service levels for the dollars spent.

The potential benefits in these programs are significant. The amount of money spent on software and its ineffectiveness is a relatively new issue. Savings on the more than \$2.2 billion spent annually are hard to project but GAO estimates that \$100 million can be saved on conversion alone. Additionally, GAO estimates that of the over \$700 million spent on new software each year, only two percent of the products contracted for could be used efficiently as delivered and 25% is usable only after modification. Therefore a figure of \$500 million potential savings is in the right order of magnitude for new development.

Both the House Committee on Government Operations and GAO have highlighted the need to focus on tools and techniques as the way to reduce costs. This request will allow for the development of these techniques and tools to begin to realize some of these potential savings.

ADTS has assumed technology leadership responsibility in establishing a service-wide basic goal to encourage the application of information technology to improve operating effectiveness, achieve cost reductions and increase the productivity of Government personnel. The recently established Agency Liaison Officer (ALO) Program is a key element toward accomplishing this ADTS goal.

The ALO Program provides sustained liaison between ADTS and selected agencies. Liaison is provided by assigning an individual from ADTS as an ALO to a selected agency for a specified period. The ALO acts in an advisory and coordination role to the agency for management, policy, regulatory, procedural, and technical aspects of information technology acquisition and application. In this manner the ALO enhances agency understanding of technological alternatives and regulatory requirements, facilitates planning and coordination between GSA and the selected agencies during the initial planning phases, and promotes more efficient and effective acquisition and application of information technology.

In order to support our efforts to effect technological advances we are again requesting that the limitation language be removed from our appropriations bill. Section 3 of the General Provisions prohibits GSA from providing new common-user shared facilities or services. This limitation was a result of reaction to the New Equipment Project, called FEDNET, a joint GSA-USDA computer procurement. This was prior to the enactment of the Privacy Act of 1974 which eliminated the need for specific language in the GSA Appropriation Act.

GSA believes the language of Section 3 unnecessarily hampers GSA's Government-wide ADP telecommunications programs. Currently GSA would be prohibited from establishing new common-user facilities or services that provide Government-wide economies. This restriction conflicts with both the Brooks' Act, PL 89-306, and other provisions of the Federal Property and Administrative Services Act of 1949.

In summary, our current FY 82 operating expense budget request represents a net \$1,000 decrease from our FY 1981 budget. It provides the additional funding for the Office of Software Development and for a offsetting decrease resulting from the regulatory changes previously mentioned. The increase in flow-through in the ADP and FT Revolving Funds requires no new appropriation, and is to meet anticipated requirements of the Federal Community.

Mr. Chairman, I appreciate this opportunity to present the ADTS budget request before this subcommittee. I will be happy to respond to any questions you may have regarding this request or ADTS program areas.

APPROPRIATION REQUEST

I might also mention that I hope that the House does not choose to round off to the million dollar mark the way it did last year, because that would eliminate \$400,000 of our request at the stroke of a pen.

Mr. ROYBAL. By rounding off what do you mean exactly?

Mr. CARR. Our request is \$13.4 million. If someone decides to round off that request at \$13 million, we will have lost \$400,000 not by any deliberation of the subcommittee but by someone making the decision to round off.

That happened last year and in prior years. I can understand why it is done, when you look at the Federal budget as a whole, but when it gets down to ADTS and the small number of people we have, the small number of dollars for our total activity, that round-off is fairly significant.

Mr. ROYBAL. To proceed on this one subject, supposing that it were rounded off and then you would have a budget decrease of over \$400,000, what would be the impact of that procedure?

Mr. CARR. We can answer that from experience. Over the past several years we have continually had exactly that kind of a process.

I can't tell you specifically what we would do, but I can give you a very good example by explaining how we are increasing our Office of Software Development without increasing the budget request. The way we have accomplished it is by taking a look at all of our activities, and we have a large number of different programs that we are engaged in and applying a priority to each of them.

For example, we had in our regional offices a program which essentially reviewed agency requests for the acquisition of ADP services. We took a look at how productive that was, what it was really accomplishing, as far as the Federal Government was concerned, and concluded that instead of having GSA review 4,000 requests per year, that we would change the Federal procurement regulations so that no request would have to come to us for review that was for less than \$300,000 a year.

That eliminated 90 percent of the total requests coming in.

What that then did was free up positions and dollars that we could redirect into the Office of Software Development which is a better payoff area for the Federal Government.

At the same time, it also reduced the amount of paperwork that the agencies were feeding into GSA. It was an area that simply did not have a high payoff compared to other uses of those resources.

EFFECT OF DECREASE IN APPROPRIATION REQUEST

Mr. ROYBAL. I am giving you an opportunity to present arguments as to why you should not round off this figure so that when the time comes and we take a look at this thing and say why it might be a good idea to round off, we are hoping to go back to the record and review some of your arguments.

Mr. CARR. Let me do it the other way around then, explaining to you what our activities are and some of the things that we have done during the past year.

Mr. ROYBAL. Also, if there is going to be a reduction in staff in the event that this will be rounded off.

Mr. CARR. I can answer that immediately. Yes, there would have to be a reduction in staff.

Mr. ROYBAL. And how many?

Mr. YONKLER. That would be \$400,000, and I would say that would represent 12 people.

Mr. CARR. First of all, ADTS really has two kinds of activities. One group of activities concerns Government-wide management of ADP and telecommunications. The other activities are essentially services that we provide to agencies in the Federal Government.

In the Government-wide management area, we first of all have the responsibility for the administering of the Federal Procurement Regulations and the Federal Property Management Regulations as they apply to ADP and telecommunications.

We in effect have a responsibility for interpreting the broad government policies in the area of procurement, privacy, and other areas, as they apply to ADP and telecommunications that the agencies manage.

In 1980 we revised those FPRs that related to ADP to eliminate certain problems that we were having.

I might mention the Survey and Investigations Staff of the House Appropriations Committee in reviewing those changes stated:

The changes were so significant that if the policy is reasonably applied on a case-by-case basis it will help immeasurably toward curing the ills of the present acquisition process.

We have management regulations that deal with the practice of using listening-in devices, recording telephone conversations. Again, this is a problem area that we dealt with and, former Congressman Preyer and Congressmen Burton and Kildee in a letter that they wrote to GAO said that as a result—

There has been a dramatic reversal of Federal agency policy in this area, and this change benefits the stature of the Federal Government as well as protects the rights of American citizens.

Again, that is an illustration of the Government-wide management activity that we engage in.

I mentioned the Office of Software Development.

If you think about the kinds of things I mentioned before, being a watchdog over what the agencies do, there are also activities like the Office of Software Development set up to assist agencies in solving some of these problems.

The Office of Software Development is intended to provide management assistance. The reason it has such a high priority is that in 1980 where the Federal Government spent \$1.3 billion for hardware, for computers which we give a great deal of attention to, it also spent \$2.2 billion for software which is a significantly larger sum. GAO, in a study that they made, identified the fact that probably less than one-quarter of what we spent is actually productively used.

In the services area, our service program, again, we have two kinds of things we do. One is to establish sources of supply for ADP and telecommunications equipment and services and the other is the operation of the Federal Telecommunications System.

In 1980, 73 percent of all ADP equipment and services which amounted to \$1.5 billion were procured against GSA negotiated contracts. I might point out that we only have 22 warranted contracting officers in our operation, so the efforts of those people are very significant, as far as total procurement of ADP and telecommunications equipment and services is concerned.

Among the specific things that are done in the purchase area, we have negotiated with IBM the purchase of all key punch equipment which had been leased by Federal agencies. The annual lease cost of that equipment which is very old was \$5.3 million. The purchase price of all that equipment turns out to also be \$5.3 million.

In other words, with that one purchase we will recover the total cost of our purchase from the savings in the first year.

We are presently engaged in the second year of a three-year program to reform our ADP and telecommunications schedules. We have a program for contracting with small and disadvantaged suppliers since we do have such a large impact on the dollars being spent.

The efforts in this area are fairly significant. Our Small Business Program accounts for \$90 million in the Schedules Program. We also contract in our regions for systems and programming services. The largest contract of that sort that we have is in Region 4 in Atlanta, and one of the things we are doing there is requiring not only the subcontracting plan as required by Public Law 95-507, but we are going to make the subcontracting plans of the vendors an important part of the evaluation.

In the Federal Telecommunications System, we operate a system that links together 1.3 million telephones for the Federal Government. To try to give you some idea of the size of that, there are other systems that large organizations run, General Motors, General Electric, and other private corporations that are similar kinds of systems.

The Federal Telecommunications System is about six to seven times as large as the largest of those. It is an extremely important activity and a very large activity, but the real importance is that the average cost of an FTS call, an intercity call, is half that of what it would cost to place that call commercially. Over the 18-year life of the Federal Telecommunications System, the FTS has saved the Federal Government \$1.9 billion.

We are continually trying to improve agency management controls and the control of toll calls. You may have read some of the articles about making calls for weather and time and other things.

SCOPE OF ADP ACQUISITIONS

Mr. ROYBAL. How do you relate to other government agencies in the acquisition of ADP equipment?

Mr. CARR. In ADP equipment really in two ways: One, GSA is the only agency that has authority to procure ADP equipment in the Federal Government. If an agency wants to procure ADP equipment, they have to get a delegation of procurement authority from GSA.

We delegate procurement authority in two ways; one, in the Federal Property Regulations where we establish thresholds. If the acquisition is to be a competitive acquisition and less than

\$300,000, the FPR automatically gives the agency blanket procurement authority.

If it is going to be above that, then the agency comes in with a procurement request which we review to satisfy ourselves that the acquisition is being carried out properly and we give them a delegation.

Mr. ROYBAL. You told the committee there are 1.3 million telephones. Have you an estimate of how many calls are made?

Mr. YONKLER. About 250 million intercity calls.

Mr. ROYBAL. That is 250 million calls per year?

Does that include long-distance?

Mr. YONKLER. They are long distance over the FTS intercity network.

Mr. ROYBAL. Actually long distance telephone calls, that produces a savings that you save 50 percent?

Mr. CARR. Roughly speaking, the cost of intercity calls have averaged half the cost of the commercial toll calls. We save 50 percent. We estimate the cost of an equivalent commercial toll call to be about \$1.80 or \$1.85. Our cost is around 90 cents.

AFFIRMATIVE ACTION IMPACT

Mr. ROYBAL. How many employees are involved in this process?

Mr. CARR. In the long distance itself?

Mr. YONKLER. It is very hard to tell the difference between the people who are involved in long distance and local service. It is the same telephone operators and we have a telephone operator staff and supervisory staff of 1,200.

Mr. ROYBAL. Then the next question would be, of the staff that you have how many are women?

Mr. CARR. As far as the operators are concerned, all of the operators are women. As a matter of fact, in our affirmative action program, we don't allow the regions to count the telephone operators. We don't measure them against the overall objective. We completely separate them because otherwise we would have to go out and hire men in order to get to whatever the overall agency goals are.

Mr. ROYBAL. Anything wrong with hiring men as operators?

Mr. CARR. No. Our problem in the telephone operators is holding them because of the grade levels that we have. We are constantly hiring and training, only to lose those telephone operators to the private sector.

Mr. ROYBAL. How many operators are there?

Mr. CARR. There are 1,200 operators.

Mr. ROYBAL. Those 1,200 in fact produce a net savings of 50 percent.

Mr. CARR. You can't attribute it all to the operators.

Mr. ROYBAL. They do the work.

Mr. CARR. Yes, but then it is a little bit like the problem of taking a factory and attributing all of the productivity to the workers alone, and not to the hardware and the technology used.

Part of the reason we have been able to continually keep the costs down is by taking advantage of anything that comes up in the way of new technology. For example, one of the techniques that we are looking at now is called a voice compression technique, a way

of taking a lot of messages and squeezing them down to get them over a single piece of wire.

Since the individual circuit is the thing that generates the cost, the application of that technique will keep our costs down. So you can't attribute all of the savings to the 1,200 operators.

Also, the 1,200 operators are not only handling intercity calls but also the local calls. They do deserve a certain amount of credit for what they are doing.

Mr. ROYBAL. I would think they deserve most of the credit, but that is not for me to say.

Taking it the other way around, 100 percent of the operators are women?

Mr. CARR. Yes.

Mr. ROYBAL. What percentage of women hold executive or top-notch positions in your agency?

Mr. CARR. If you exclude the telephone operators, you will find 50.2 percent of ADTS employees are women; 26.1 percent are minority. The figure with telephone operators is 67.21 percent are women.

If you look at the classifications of GS-13 and above, you will find again in the central office, over the past three and a half years we have increased the number of women by 77 percent and minorities by almost 100 percent.

I think we doubled the number of minorities, increased the number of women by 77 percent, and during a period of time when the actual central office staff increased only slightly.

Mr. ROYBAL. Provide for the record a breakdown of the minority groups that you have in that employment.

Mr. CARR. Yes, sir.

[The information follows:]

COMPARATIVE STATISTICAL ANALYSIS
ADTS Workforce (Nationwide 9-30-80)*

LOCATION	TOTAL EMPLOYEES		TOTAL WOMEN		TOTAL MINORITIES			BLACK		HISPANIC		AMER. IND.		ASIAN		WHITE	
	#	%	#	%	#	%	%	#	%	#	%	#	%	#	%	#	%
CENTRAL OFFICE	502	38.4	110	21.9	99	19.7	8	1.6	1	.2	2	0.4	392	78.1			
REGIONS	327	68.8	202	61.7	200	61.2	2	.6					125	38.2			
1	77	56	72.7	8	10.4	8	10.4	-	-	-	-	-	69	89.6			
2	105	82	78.1	49	46.7	38	36.2	11	10.5	-	-	-	56	53.3			
3	104	82	78.8	39	37.5	39	37.5	-	-	-	-	-	65	62.5			
4	185	154	83.2	41	22.2	36	19.5	3	1.6	2	1.1	-	144	77.8			
5	201	171	85.1	45	22.4	42	20.9	1	.5	-	-	2	1.0	156	77.6		
6	108	68	63.0	16	14.8	13	12.0	-	-	3	2.8	-	92	85.2			
7	196	155	79.1	44	22.4	23	11.7	15	7.6	6	3.1	-	152	77.6			
8	102	85	83.3	10	9.8	-	-	8	7.8	1	1.9	1	1.0	92	90.2		
9	251	177	70.5	86	34.3	49	19.5	16	6.4	2	.8	19	7.6	165	65.7		
10	107	78	72.9	8	7.5	3	2.8	2	1.9	3	2.8	-	99	92.5			
TOTAL	2,265	1,526	658	550	66	18	24	1,607									
PERCENT	67.4	29.0	24.3	2.9	8	1.1	70.9										

*Includes telephone operators.

COMPARATIVE STATISTICAL ANALYSIS
ADTS Workforce (Nationwide 9/30/80)

WITHOUT OPERATORS

<u>LOCATION</u>	<u>TOTAL EMPLOYEES</u>	<u>TOTAL WOMEN %</u>	<u>TOTAL MINORITIES %</u>	<u>BLACK %</u>	<u>HISPANIC %</u>	<u>AMER. IND. %</u>	<u>ASIAN %</u>	<u>WHITE %</u>
CENTRAL OFFICE	502	193 38.4	109 21.7	99 19.7	8 1.6	1 0.2	2 .4	392 78.1
<u>REGIONS</u> NCR	223	125 56.0	103 46.2	101 45.3	2 .9	-	-	120 53.8
1	45	23 51.1	6 13.3	8 17.8	0	-	-	37 82.2
2	52	31 59.6	26 50.0	19 36.5	7 13.5	-	-	26 50.0
3	39	12 30.8	20 51.3	20 51.3	0	-	-	19 48.7
4	83	54 65.1	16 19.3	13 15.7	1 1.2	2 2.4	-	67 80.7
5	81	58 71.6	24 29.6	21 25.9	1 1.2	-	2 2.5	57 70.4
6	80	41 51.2	11 13.7	8 10.0	0	3 3.7	-	69 86.2
7	92	58 63.0	13 14.1	5 5.4	5 5.4	3 3.3	-	79 85.9
8	47	30 63.8	7 14.9	-	5 10.6	1 2.1	1 2.1	40 85.1
9	135	65 48.1	35 25.9	18 13.3	3 2.2	1 .7	13 9.6	100 74.1
10	56	31 55.3	4 7.1	1 1.8	1 1.8	2 3.6	-	52 92.8
<u>TOTAL</u>	1,435	721 50.2	374 26.1	313 21.8	33 2.3	13 .9	18 1.3	1,058 73.7

COMPARATIVE ANALYSIS OF ADTS/CO. WORKFORCE - GS-13 AND ABOVE
(12/31/76-9/30/80)

	12/31/76 #	%	8/31/77 #	%	9/30/78 #	%	6/30/79 #	%	9/30/80 #	%
BLACK MALE	7	4.6	7	4.6	13	7.7	14	7.7	16	8.0
BLACK FEMALE	1	.6	0	0	0	0	1	.6	2	1.0
TOTAL	8	5.2	7	4.6	13	7.7	15	8.3	18	9.0
HISPANIC MALE	2	1.3	2	1.3	2	1.2	1	.6	3	1.5
HISPANIC FEMALE	1	.6	1	.6	0	0	0	0	0	0
TOTAL	3	1.9	3	1.9	2	1.2	1	.6	3	1.5
AMER. IND. MALE	0	0	0	0	0	0	0	0	0	0
AMER. IND. FEMALE	0	0	0	0	0	0	0	0	1	.5
TOTAL	0	0	0	0	0	0	0	0	1	.5
ASIAN MALE	1	.6	1	.6	1	.6	1	.6	2	1.0
ASIAN FEMALE	0	0	0	0	0	0	0	0	0	0
TOTAL	1	.6	1	.6	1	.6	1	.6	2	1.0
WHITE MALE	124	81.5	124	82.1	134	79.8	144	79.6	147	73.5
WHITE FEMALE	16	10.5	16	10.6	18	10.7	20	11.0	29	14.5
TOTAL	140	92.0	140	92.7	152	90.3	164	90.6	176	88.0
TOTAL WOMEN	18	11.8	17	11.2	18	10.7	21	11.6	32	16.0
TOTAL EMPLOYEES	152		151		168		181		200	

TELEPHONE OPERATORS

Mr. ROYBAL. What I was looking at was the possibility that women can only be operators.

Mr. CARR. No; that is not the case. When I joined GSA, I had a great deal of trouble with our affirmative action program. The reason I did is that we had names for programs like CADA, TADA, and all kinds of names, and we analyzed the statistics in so many different ways, and you ended with such small classifications, we were unable to tell anything from the numbers.

So what we have tried to do is focus on areas where we think there are some real opportunities. I have, for example, a young lady from my immediate office who is now attending the Industrial College of the Armed Forces.

One of our contracting supervisors is a candidate for the Presidential Management Intern Program.

We have tried to forget some of the statistics as such, and deal with the individual situations. Our new Assistant Commissioner for Procurement is a Japanese American who has just joined us. He is an outstanding performer and doing an absolutely great job, so I think we have really worked at trying to make the positions available to people and trying to make certain that there are not any roadblocks, and I think that is the reason we have had the success we have had.

PROCUREMENT POLICY FOR ADP

Mr. ROYBAL. What functions do you provide in overall government procurement policy for computer acquisitions?

Mr. CARR. The Federal Procurement Regulations, and I should mention when the Brooks Act was passed, there were no Federal procurement regulations dealing specifically with ADP. All the current FPR's that are related to ADP have been developed by ADTS.

The same thing is true in Federal Property Management Regulations. There has been a constant change in the property management regulation area. For example, the delegations process that I mentioned earlier. All of those are really directed at providing general guidelines for agencies to follow.

What we have been trying to do more recently is to put more of the responsibility on the agencies without in effect giving up our responsibility for ensuring that a proper process is being followed.

We have in the past been criticized for the amount of attention or control that we have exercised over government procurements, but I think a lot of that criticism which had to do with delays in the acquisition process are pretty much behind us.

We have been able to streamline the process without abdicating our responsibility for the proper control of the acquisition.

AGENCY LIAISON IN ADP APPLICATION

Mr. ROYBAL. How do you work with other agencies in the use of the computers?

Mr. CARR. In their actual application of ADP?

Mr. ROYBAL. Yes.

Mr. CARR. The Office of Software Development really is our first major effort at trying to work with agencies in trying to help them solve some of the problems.

Let me cite what the problems are currently.

At one time, and this is true of any organization, the initial problem was, I am going to get a computer, how do I make use of it? How do I develop systems, programs to use that computer? Today we don't have that problem.

The problem we have is we have a lot of programs, a lot of systems that are in place. We have hardware that those systems are running on, but we find that the total amount of work we are trying to do is too great for the piece of hardware we have, so what we then try to do is get a bigger piece of hardware to run that same work.

In that process what happens is that we build up a backlog of new applications. We can't get to those new applications because our people are busy trying to convert the software to the new hardware.

That is one of the biggest problems because you find that the documentation of those programs is missing. People don't remember what that program was supposed to do.

The conversion process is an extremely expensive one.

Another problem that is directly related to this is that we are not always taking advantage of the new technology. Let me give you an illustration.

We had one government installation that roughly seven to nine years ago had a very large punch card installation, strictly tabulating equipment. They acquired two very large, what are known as, real time computers, computers that are supposed to have terminals on them, you enter your data and the information is processed as it comes in.

However, when they got the new equipment they didn't change any of the logic of the processing that they were doing. They were using a modern piece of technology but running it exactly the way they were running the old equipment.

Those two computers were doubled because it turned out they couldn't handle the workload. They then upgraded it from, say, a level A to a level B, increased the total throughput and they added a different computer to it.

Eventually it came to the point where they wanted to replace all of those five computers with a single computer that had teleprocessing capability, with large mass storage, and yet they were still going to run all of their work in exactly the same fashion as the tab equipment.

In other words, it was a very, very inefficient use of the hardware. If they would reprogram they could do the same work with less cost. What I am reminded of are two lines from a poem that says something to the effect, the largest problem in the world could have been solved when it was small, and this is the thing that that agency failed to do.

They should have recognized back at the start that they had a problem, solved it at that point. The reason I mentioned this particular one, Mr. Chairman, is that this is not unique. This exists in agency after agency in the Federal Government. Every large orga-

nization that I know of in the private sector has the same problem. That is the problem that our Office of Software Development is set up to deal with.

COMPUTER USAGE

Mr. ROYBAL. Now, in the use of computers where you make those changes you have to go back to a source to secure those computers? What is the usual source?

Mr. CARR. Well, if an agency wants to acquire a computer one possibility is to acquire a computer that another agency is giving up. The first source is simply to have the work done by another agency if there is excess capacity.

We have had a program for years referred to as the Sharing Program. In 1979 the cost avoidance was \$240 million. That is the difference between what each agency was charged by the host agency as compared with commercial prices.

The next priority is to see if there is any excess equipment. If not, then go out into the market to acquire the replacement equipment competitively first and then backing off to less desirable methods.

COST AVOIDANCE

Mr. ROYBAL. You said during fiscal year 1980 ADTS has achieved a cost avoidance of \$796.6 million.

Mr. CARR. Total of all the programs that we have, not just sharing. In our multiple award schedule program where we are negotiating contracts with vendors, we will take a look at the vendor's commercial prices, their terms and conditions.

We will then convert those into reductions; that is, savings to the government for any purchases that are placed against those contracts.

We have some of the savings that I mentioned before in the FTS area, the reduced cost of telephone calls; there are a whole series of programs, and we will be glad to provide the details on that. [The information follows:]

Automated Data and Telecommunications Service
Cost Avoidances of AIP Programs
(Dollars in Millions)

	FY 66	FY 67	FY 68	FY 69	FY 70	FY 71	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
1. Assistance to Federal Agencies in Procurement of AIP Equipment	-	-	36.0 ^{1/}	29.7	20.7	68.4	209.7	48.2	10.6	15.9	9.5	117.9	85.0	35.6	101.4
2. Awards of AIP Requirements Contract	-	-	-	.5	-	3.9	76.9	17.4	4.1	93.4	79.5	292.7	60.9	20.6	21.0
3. Improved Terms and Conditions of Federal Supply Schedule Contracts Negotiated by GSA	35.8 ^{2/}	18.0	20.4	18.2	40.7	39.3	36.5	27.4	22.6	28.3	23.7	27.9	30.3	32.0	77.3
4. Agencies Use of the AIP Fund to Purchase AIP Equipment	-	-	6.5	9.3	8.2	15.8	16.0	9.6	-	4.5	11.3	13.2	30.9	12.6	.3
5. Teleprocessing Services Program (Includes INTRNET)	-	-	-	-	-	-	-	-	-	-	22.4	37.2	26.6	43.2	53.0
6. Sharing of AIP Resources	26.0 ^{3/}	28.0 ^{3/}	49.5 ^{4/}	61.5 ^{5/}	86.0	68.6	128.4	141.4	223.3	278.3	258.0	275.6	349.0	239.8 ^{6/}	469.1
7. Redistribution of Government-owned Excess AIP Equipment	-	-	-	-	-	-	-	-	NC	4.7	2.8	4.8	11.3	2.7	9.0
Sub-Total AIP	61.8	46.0	112.4	119.0	155.10	196.0	467.5	244.0	260.6	425.1	407.2	769.3	594.0	384.5	531.7
8. FIS Intercity Service	45.0	64.0	79.4	86.3	93.1	106.0	97.6	103.0	130.6	131.7	130.2	175.6	189.4	199.9	224.1
9. Circuit Procurement Program for Other Agencies	13.3	16.8	19.1	22.3	20.9	20.1	19.1	21.7	23.2	21.8	26.4	13.7	15.7	19.4	21.3
10. Intervention in State Communication Rate Cases	-	-	-	3.6	1.9	2.2	14.5	10.5	10.1	16.2	11.6	19.1	8.4	17.7	19.1
11. Procurement of Communications	-	-	-	-	-	-	-	-	-	-	-	2.7	3.3	3.8	.4
Sub-Total Communications	58.3	80.8	98.5	112.2	115.9	128.3	131.2	135.2	163.9	169.7	168.2	211.1	215.8	240.8	264.9
TOTAL AIPS	120.1	126.8	210.9	231.2	271.0	324.3	598.7	379.2	424.5	594.8	575.4	980.4	810.8	635.3	796.6
Acquisition value of Government-owned Excess AIP Equipment ^{7/}	56.0	57.4	52.8	68.3	113.1	134.2	130.0	145.0	178.7	152.1	161.5	164.5	123.0	130.8	133.6

^{1/} Excludes \$7.1 million in amendments to Federal Supply Schedule contracts included in "Improved Terms and Conditions."

^{2/} As included in the Office of Procurement "Price Economy Studies."

^{3/} These dollars reflect the amount of reimbursable work performed by agencies and reported in accordance with OMB Circular A-55 and non-reimbursable work as reported by DRI.

^{4/} These dollars represent the difference between the cost to the Government and the cost of comparable commercial services.

^{5/} These dollars represent the difference between the cost to the Government and the cost of comparable commercial services.

^{6/} The cost avoidance for FY 1979 was prepared using new procedures as suggested by an Internal GSA audit report 21, 431, 477.

^{7/} The cost avoidance in above due to fact only measure is acquisition cost and in reimbursable basis for measuring cost reduction can be determined.

ADP COST AVOIDANCE

Mr. ROYBAL. All of that included in the 796?

Mr. CARR. Yes.

Mr. ROYBAL. Now, are those computers purchased or leased?

Mr. CARR. Both purchased and lease. Generally, the purchase is the most economical. Agencies do not always have purchase funds so they do go to the lease. We require in all of our multiple award schedule contracts that vendors offer a lease to purchase conversion, so if an agency only has lease money this year but may be able to convert to purchase later, they will get purchase credits that will contribute to reductions in the purchase price.

Mr. ROYBAL. Are you limited to selection?

Mr. CARR. Through the ADP Fund we have been able to make special buys. That is, an agency may have an installation where the vendor may offer that agency a special price if it would go off lease and go to purchase. We have in the past used the ADP Fund for that purpose and achieved cost reductions.

This past year we have not had funds available for that purpose and, consequently, when you look at our cost avoidance figures, that number has dropped off in 1980.

Mr. ROYBAL. Allright; will you please describe some recent cost avoidance achievements in the Opportunity Buy Program?

Why are you indicating obligations of \$4 million for fiscal year 1982 and obligations of \$11 million for fiscal year 1983 through 1986? What have the actual obligations been for fiscal year 1976 through 1980?

Mr. CARR. The example I gave you earlier, the purchase of the punch card equipment, that is probably the best immediate example that I can think of. That is where equipment that was leased at about a \$5 million a year, by spending \$5 million to purchase it, we will have an immediate payoff after the first year.

I will ask Mr. Yonkler to answer your question, because you are getting into some of those longer range figures.

Mr. YONKLER. In fiscal year 1976 we spent \$12 million in this program and achieved cost avoidances of \$10 million. In 1977 we expended \$9 million and received cost avoidances of \$13 million. In 1978 we spent \$22 million, and that was the largest year for the program, and cost avoidances were achieved in the magnitude of \$31 million.

In 1979 we expended \$12 million, cost avoidances were \$12 million. In fiscal year 1980 the expenditures were very low, only \$900,000, and the cost avoidance was \$300,000. So far this year we had one major procurement and that was the PCAM procurement. We estimate that that procurement will be \$5.3 million and the cost avoidance will really be dependent on the number of years the equipment is continued in use.

For each subsequent year after the first year the cost avoidance will be \$5.3 million. Fiscal year 1982 obligations have been held at \$4 million as part of the Government-wide effort to limit outlays.

Mr. ROYBAL. Do you have a figure of the cost for leased computers?

Mr. YONKLER. No, sir; we don't. The computers in the Opportunity Buy Program are bought by the ADP fund when special offers are made by specific vendors to release their inventory. It is gener-

ally when they either want to get rid of specific equipment for the purpose of no longer maintaining it, or it is when a smaller vendor equipment manufacturer who is short on cash. If they make us an offer that is very attractive, time limited, not enough time to get into the budget cycle of the agency currently leasing the equipment, we will exercise the offer, make the procurement and then lease it back to that agency in order to maintain the capital in the fund.

Mr. ROYBAL. Is the offer that is made to the government any better than the offer made to anybody else?

Mr. YONKLER. Yes, sir; it has to be at least as good. In most cases we are the largest users of PCAM equipment. The offer to the government was exercising, in addition to the special price exercises all the purchase option credits that had been accrued by the government on the prior leases for that equipment. Those purchase option credits can approach 70 percent of the cost, so our purchase price is well below the list purchase price of that equipment.

Mr. ROYBAL. Mr. Gunnels, do you have any questions?

PURCHASE VERSUS LEASE OF ADP EQUIPMENT

Mr. GUNNELS. Mr. Carr, a few years ago this subcommittee, realizing that we are getting rather heavily into the field of computers, established a general rule of thumb criteria.

We didn't write in the law but we established it in the report that when an agency required computer equipment for a period of four years or longer, and I am talking about main frame acquisition, not peripheral equipment, that they should consider purchase of that main frame rather than lease. Then we encouraged the agencies, if they felt they had to lease, because of lack of funds or something of that nature, that they would convert to purchase as soon as they could if they felt they needed this equipment over a longer period of time.

Are you still following that, encouraging the agencies to follow that?

Mr. CARR. We encourage them to purchase. If you asked me to what extent do agencies actually follow that, I can't answer that question.

Mr. GUNNELS. Do you encourage them to seek first, as you mentioned a moment ago, is time-sharing still a viable term in your terminology?

Mr. CARR. Yes, sir.

Mr. GUNNELS. To try that first, and then go into acquisition?

Mr. CARR. Actually the regulations in fact deal with the issue of what is the most advantageous method of procuring and it does deal with that. It says exactly the kind of thing that you are describing; it is in the regulations.

The question of to what extent agencies are in fact able to follow the admonitions, if you will, I really can't tell you. We don't have that kind of information. We don't know what the specific kinds of choices are that agencies are faced with, whether they are going to make an investment in ADP or in some other type of capital investment.

PREPACKAGED SOFTWARE PROGRAMS

Mr. GUNNELS. In the software, in the program that you say you have a number where we meet many agency requirements on the main frame equipment, I notice now that a number of private individual organizations springing up around the country that not only advertise that they will provide you the software that you might need but presumably run it off for you.

Do you know very much about that?

Mr. CARR. There are packaged software programs.

Dr. BENNINGTON here is the Assistant Commissioner for the Office of Software Development, and he can explain to you the mix of things that we are doing.

There is not a single solution to some of these problems, but there are a mix of things. Acquiring packaged software is one, making use of software between agencies is another, and he has that responsibility. He is also concerned with how does one actually contract for software and that is probably one of the biggest problems.

Dr. BENNINGTON. There are really three sources you can look at if you are deciding on building an application, if you are an agency in that position.

You can look first of all at what you already have developed that you might build on, because if you are an average large agency you probably have a 20-year history of having invested in software.

Often the cheapest and lowest risk solution to building new software systems is to build it using your old programs as the basis. We are beginning to encourage agencies to do that.

The second source that you can get software from is to buy a system which already works for somebody else. If it has been built in such a way that it could be moved to new targets it can be a very, very attractive alternative.

It is a technique that quite frankly has been taken advantage of less in the government than in the private sector. It is relatively new, even in the private sector. It is the kind of technology we have seen grow within the last seven or eight years.

One of the reasons it has not grown so quickly within the government, first of all, is a lack of acceptance on the part of agencies that it is a viable way to create your software systems and the second reason is that the government really has institutionalized the methods of buying newly engineered software rather than buying existing products.

This is probably going to be the largest uphill battle that we have, to change that concept and turn around the institutionalizing of business services rather than products.

The third area is in my opinion the least desirable, which is to engineer software from scratch. This is the highest risk alternative producing the least accurate product, and frequently is the most expensive way to do it. We will try to discourage agencies from taking that course of action.

Mr. GUNNELS. It probably takes more highly skilled personnel to accomplish that.

Mr. BENNINGTON. It certainly takes a higher level of technology for which you often substitute people.

Mr. GUNNELS. You know, Mr. Carr, Congressman Jack Brooks has been interested in this for many years since he got the so-called Brooks bill passed, and he asks us almost every year, what are you doing in the field of computers.

I would like to be able to report to him that you are aware of it; one final question on that.

OMB AGENCY GUIDANCE

Are you getting any advice and counsel or direction from OMB, from the management side of OMB, in this area?

Mr. CARR. The management side of OMB right now is, I hate to use the word, in a state of flux, and this is not simply a matter of change of administration but it is also affected by the fact that the leading person in OMB has retired.

Then, as a result of Public Law 96-511, the Paperwork Reduction Act, a new office, is being established, and that office has not come to grips with exactly how they are going to implement that Act.

We do have continuing discussions with them, and Frank McDonough, my Deputy Commissioner for Government-wide management, formerly head of the Office of Computer Sciences at the Treasury Department, is very familiar with the work in this area. He has been working with OMB at developing how we are going to proceed to work together; they in their policy making role and we in our Government-wide management role.

Mr. GUNNELS. If you want to expand on this or feel it necessary to expand on it, when you get the transcript you may.

Mr. CARR. I would be glad to do that.

TELECOMMUNICATIONS NEGOTIATIONS

Mr. ROYBAL. I have one question with regard to telecommunications.

Do you negotiate with the telephone company for all government contracts?

What I mean by negotiation, do you actually sit down and try to get them to reduce those or what kind of negotiations are involved?

Mr. CARR. Well, there are a number of things that we do that impact what the telecommunications companies in fact provide us.

Traditionally, the telecommunications area has been a regulated industry. The tariffs have been set either by the FCC or by the State Regulatory bodies. That has continued, even with the introduction of competition into the field. We have an activity that intercedes or intervenes in rate-setting cases.

We have the authority to do this. We have economists and lawyers who regularly appear before the public utility bodies to argue against rate increases that we think are improper.

We sometimes delegate that authority to DOD in those cases where their interests are greater than on the civilian side.

We jointly will deal with some cases. For example, there is a TELPAK tariff which AT&T proposes discontinuing, and DOD and ourselves jointly have pursued this problem right up to the Supreme Court to argue against the discontinuance of TELPAK.

That is one way we impact on what the telephone companies charge us.

A second way is in our local telecommunications services. I brought up that our switchboard operators are operating PBX's or private branch exchanges. We are considering replacing some PBX boards, going to a larger system in some cases.

We have actively put out procurements so that we have competition between the local telephone company and the interconnect vendors who are providing what are known now as CBX's or computerized branch of exchanges.

We have awarded about 46 or 47 contracts of this sort, and roughly two-thirds of those have gone to the interconnect vendors.

We have a competitive procurement program in the circuit area. We have procured 400 circuits between Washington and San Francisco at a significant reduction in cost, and within the past month we have gone out with a procurement for 8,000 circuits as part of our FTS network where we are encouraging competition between communications carriers.

That represents about a \$60 million a year package, and is the largest competitive communications procurement we have ever conducted.

Mr. ROYBAL. Would they actually compete?

Mr. CARR. Yes; actually we have competition really at two levels. The special common carriers and AT&T can lower or adjust their rates in anticipation of our placing orders against their tariffs, but where we really get the competition is when we can say we want this bundle of circuits between these two cities.

Now, you can either bid your tariff, go in with a lower tariff, or bid outside our tariff, if that is appropriate. It would be appropriate in the case of the local areas, so it is really a two-tier approach.

The main factor that determines which of those methods we will use is really response time. We have a problem right now. If TELPAK is in fact discontinued, we will want to move very fast, so we are using the first approach of getting all the carriers to give us their best tariffs right now because we will be ordering those circuits very quickly.

We will initiate a parallel effort which will be the longer range type of procurement which will take a year and a half to two years to finish. We will look at requirements in 1984 and 1985.

Mr. ROYBAL. Do you have people assigned for this purpose?

Mr. CARR. Yes, we have a group that is responsible for network management. They analyze the traffic and decide where circuits are needed. Then we pick out, for example, the 8,000 circuits to be competed. We also have to concern ourselves with other matters.

For example, if we are mixing AT&T long-line circuits with MCI circuits or Southern Pacific circuits, then we have to worry about whether or not we can reconstitute the network, what happens in case of one supplier isn't able to keep the circuits going.

Mr. ROYBAL. I have a question for the record and other questions will be submitted by other members in writing, and we would appreciate if you give us your very best answers.

Thank you all very much.

[The questions follow:]

Question From Congressman Roybal

Question. In this Committee's report on last year's budget, we suggested again that you propose legislation to increase your Federal Telecommunication Fund rates to obtain the capital necessary for equipment purchases. What have you done to initiate that legislation and what is its status?

Answer. We have initiated new legislation to increase Federal Telecommunications Fund rates to obtain capital necessary for equipment purchases and necessary for the operation of the Fund. This was included as part of the GSA Legislation Program for the 97th Congress. The proposed legislation was forwarded to OMB on August 20, 1980. OMB asked the agencies for their comments on February 12, 1981 and is awaiting results of that action.

Prior to this action we had prepared and submitted the above proposed legislation to OMB on three separate occasions—July 18, 1977, May 30, 1978, and February 5, 1979. The proposed legislation was not cleared by OMB.

Mr. RUND. The GAO has also stated that computers in the Federal inventory are out of date, with only 2 percent of the large and medium-scale computers using 1975 or later technology.

The GAO report indicates that newer equipment of similar capacity could use existing software without significant changes, could provide greater capability, speed, and reliability, lower energy consumption, and could do all this at lower cost.

What has caused this deplorable situation of outmoded computer equipment—98 percent of which is not using 1975 or later technology?

What is GSA doing to replace outmoded equipment with the best possible new equipment that will meet the Government's requirements at the lowest possible cost?

Mr. CARR. We agree that the percentage of large and medium-scale computers in the Governments that use outmoded technology is too large. However, we believe that recent changes to our policies and procedures will correct this.

There are several factors that have contributed to the technological obsolescence of the Government's computer inventory. Probably the most significant factors have been the lengthy acquisition cycle and the policy of purchasing computers when this was the lowest cost method of procurement. Agencies have been reluctant to initiate a full and open competitive replacement action when they could add more boxes to their installed system and get the job done. Also, once a computer is Government-owned there was a tendency to encourage its use without fully considering the economic issue. There are other factors but I believe these are the principal ones.

In January of this year, we revised our policies to shorten the acquisition cycle and to place greater emphasis on meeting the Government's needs at the lowest overall cost. For example, we have admonished agencies to take advantage of cost-effective enhancements in computer and software technology. Also, we now require that agencies consider replacing installed computers with new ones that will run existing software programs at a lower cost to the Government. In addition, we have made ADP managers and procurement officials jointly responsible for annually selecting the most advantageous method of meeting the Government's data processing needs.

It should also be noted that new computer equipment of all sizes and types is flowing into the Government at a rate of about 12 percent per year. Including small computers, for example, 40 percent of the computers in the Government entered the system since 1976. This inflow of new equipment is true also of peripherals, storage units, terminals, and all other components of computer systems in addition to central processing units.

Questions from Congressman Miller

Congressman MILLER. You state that in fiscal year 1980 "ADTS achieved cost avoidances of \$796.6 million through its various ADP and Communications Activities". Will you explain this, please?

Mr. CARR. We have reported only those cost avoidances achieved through programs where an approved method exists for comparing the cost of utilizing a GSA contract or service to alternative sources of supply. These cost avoidances portray only the value of discounts obtained or other quantifiable considerations such as improved warranties, superior maintenance, reduced delivery charges, or deferral or commercial price increases. Detail for this cost avoidance total is presented below:

Program:

	<i>Cost avoidance millions</i>
1. ADP procurement	\$253.7
(a) Separate procurements conducted for agencies	88.5

Program:	<i>Cost avoidance millions</i>
(b) Requirements contracts	21.8
(c) Third-party contracts.....	12.8
(d) ADP schedules.....	77.3
(e) Teleprocessing schedules	53.0
(g) Opportunity buy program	0.3
2. ADP resource sharing (estimate)	269.1
3. Equipment reutilization.....	9.0
4. FTS intercity service	224.1
5. Circuit procurement program.....	21.3
6. Intervention in communication rate cases.....	19.1
7. Competitive procurement of telecommunications	0.4
Total of ADTS programs	796.7

ADTS activities also produce benefits for Federal agencies unclaimed in the cost avoidance summary. These benefits fall into two categories: First, when there is no comparable alternative source for services offered by ADTS, no cost avoidances are claimed, even though they surely exist; second, only a narrow claim is made for cost avoidances attributable to ADTS contracts, so the time and personnel savings enjoyed by agencies using these contracts (rather than initiating their own) are not claimed.

The level of tangible costs avoidances has increased, although ADTS resources have not grown. This has been accomplished by directing our resources to opportunities for the highest returns on investment. We have not yet reached the point of diminishing returns—increased investment in ADTS programs would achieve further cost avoidances of the same magnitude.

Mr. MILLER. Last year, you provide us with a report on the inward WATS lines in Government use. Do you have an update on that? Are you anticipating any tightening up of 800 number use in Government? Have guidelines been tightened up?

Mr. CARR. This year, we have condified our management regulation regarding toll-free (dial 800 type) telephone service. Agencies can only install toll-free service when it is required by statute, executive order or regulations, or when they determine it is mission essential. GSA will review agency requests for this service to insure the basic requirements are economically satisfied. Agencies are required to annually review their toll-free service to insure there is a continuing need, and that the program objectives are being achieved cost effectively. The following is a list of actions processed since last April.

TOLL - FREE SERVICE - APRIL, 1980 - MARCH 11, 1981

AGENCY	TYPE OF CIRCUITS	# OF CIRCUITS	COST PER MONTH	REASONS FOR CIRCUITS
DOL	INWATS	3	\$3,400	to handle inquiries concerning Coal Mine Workers Compensation
EPA	INWATS	2	\$6,600	inquiries concerning the Resource Conservation and Recovery Act
HUD	INWATS	3	\$ 728	to assist in solving housing and community development problems
NRC	INWATS	2	\$1,654	to keep interested members of the public informed of availability of NRC documents, commission meeting schedules and to appraise hearing participants of any schedule changes or cancellations.
SSA	EX	1	\$1,449	general-inquiry questions, claims and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs
FCC	INWATS	7	\$2,800	to permit the public to obtain answers to questions they may have and to ensure accurate completion of applications.
DOJ	INWATS	2	\$ 680	to provide the general public with information relative to crimes and other matters which the FBI has investigation responsibilities.

AGENCY	TYPE OF CIRCUITS	# OF CIRCUITS	COST PER MONTH	REASONS FOR CIRCUITS
DOJ	INWATS	1	\$ 335	to provide the public access to the U.S. Attorneys Office to report civil rights violations and related complaints
DOA	INWATS	5	\$1,750	use in support of the FMIA inquiry statis
HHS/SSA	FX	2	\$ 200	general-inquiry questions, claims and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs
HHS/SSA	FX	4	\$ 584	general-inquiry questions, claims and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs
DOJ/FBI	INWATS	1	\$ 245	to establish liaison and control during movement of household goods, necessitated by personnel transfers
HHS/SSA	FX	8	\$1,159	for general-inquiry questions and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs
HHS/SSA	FX	1	\$ 100	for general-inquiry questions and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs
HHS/SSA	INWATS	50	\$35,000	for general-inquiry questions and postentitlement actions related to the Social Security, Medicare, Black Lung and SSI programs

EFFECT OF BUDGET REDUCTION ON PERSONNEL

Mr. ROYBAL. Mr. Gunnels?

Mr. GUNNELS. Mr. Kline, the committee is aware that you did not have time to rework your entire justification material after President Reagan made his changes and before you were called to the committee, so the committee is now faced with having two sets of documents. It would be most helpful if we could get some overall information, some of which you can prepare and some that you might be able to answer directly.

For example, as compared to the 1982 Carter budget, what was the reduction below that that Mr. Reagan made in money and personnel in 1982?

The second part would be what is the impact of that? Are you going to fire people, cut back services? I think the committee has to know in specific terms what the impact will be.

Mr. FONTAINE. Excluding some individual construction projects, the reduction would be approximately \$28 million, and \$8 million in the Federal Buildings Fund, for personnel costs.

In total, the reduction equates to nearly 2,300 man years. Budgeted 1982 average employment is now almost 1,700 below fiscal year 1981.

Mr. GUNNELS. Then I understand that the Reagan budget takes those people off as of 1 October, so in order to accomplish that, you have to have them off the rolls by then, or you have to back up?

Mr. FONTAINE. In fiscal year 1982 our employment will be reduced an average of 1,700 man-years, about that many employees should be off the rolls by October 1. The longer we wait, the heavier the impact. If we wait six months, for example, 3,400 people would have to be separated to get the same average reduction. We are in the process now of looking at this situation, both here and in our regions. We have to make some decisions by this June.

Mr. KLINE. Let me talk a little about that in terms of what can happen in the program.

You asked the question yesterday, if you lose all of these people, what about the agency? What are you doing in terms of your programs?

Even though the people are still working with this problem all around the country, I think the reaction is going to flow along certain lines. On the one hand, you are going to see them cutting into specific program areas.

When the agency starts eliminating programs, this involves people in the regions who offer their expertise, APD or whatever, to different agencies.

We are now going to stop doing this and those agencies will have to pick up this obligation on their own.

We hope that these kinds of people, manpower services, etc., won't necessarily go off the payroll, but they will move into other kinds of specialized activities that the Services are still doing.

A second example, that Mr. Warner, of the Archives, talked about, is the declassification program. He is going to pare that back. He is going to reduce declassification people about 20 to 25 percent here in Washington.

In this case it becomes interesting as to what happens to them as individuals. Some of them won't leave the government payroll,

they have retention rights. They will have worked long enough that they can perhaps move into another part of the Archives and push somebody out of a job there, and so on, until you get to some low level employee who has been on the payroll for a period of months and is going to be the actual one going out the door.

Those are examples of a programmatic reduction, where a single effort is wiped out or cut substantially. The other kind of reaction will be where there is an across-the-country kind of scaling back. A good example is PBS.

The level of service won't to be as that good anymore. Cleaning is going to deteriorate another notch, and people are already unhappy with cleaning in a lot of places.

You heard Mr. McCarthy say that in his area, he does not want to go on a general paring back. He would rather close several service stores because he is already worried about the level of service in some of our depots.

There is a great deal of indecision now about what can be eliminated and what can be allowed to suffer.

In a regional city like Kansas City, they are going to make decisions about motor pools, supply, self-service stores, records centers, and the like. Then, they must decide whether to have a reduction in force, where you involuntarily terminate them, or if the problem can be resolved through attrition and reassignment within the region.

The point I tried to make yesterday is that if we just had a people problem, and had to the end of fiscal year 1982, you could allow attrition to take its course. But, as Mr. Fontaine just pointed out, there are dollars tied into this and the longer you wait with decisions, the more people have to go off the payroll.

Mr. ROYBAL. The end result is while you project 1,700 people will be, or that the staff will be reduced by 1,700 people, it may be true that those that have retention rights may remain, but ultimately the 1,700 people are going to go?

Mr. KLINE. That is correct, sir. There may also well be a strong impact in the equal opportunities program, because a lot of people have been brought in more recently as we put more vigor into that program. If they are at the bottom of those retention registers, they will feel the heat.

UNEMPLOYMENT COMPENSATION

Mr. GUNNELS. Suppose if you get to the level that somebody will have to be fired or separated or whatever. Private industry is getting pretty much the same way. These people are going to go on unemployment.

I understand that the Labor Department is not going to pay for that unemployment anymore. Who pays for it?

Mr. FONTAINE. Up until this year, the 1982 budget, Labor reimbursed the State for Federal employees' unemployment compensation. In fiscal year 1982, each agency pays their own.

There is nothing in this budget for unemployment compensation, however, there are other costs as well. Labor did not keep records by agency because they paid the whole bill for the Federal budget. We didn't even know about it.

Mr. GUNNELS. You pay their unused annual leave?

Mr. FONTAINE. Lump-sum terminal leave and severance pay.

Mr. ROYBAL. That is not in the budget?

Mr. KLINE. We don't know the amounts until we come to the point of making those decisions. Then we see how to find dollars to pay that bill.

Mr. ROYBAL. But your decision will have to be made?

Mr. KLINE. Oh, yes, sir, this summer.

Mr. ROYBAL. By July 1?

Mr. FONTAINE. Absolutely.

Mr. GUNNELS. Were you not also cut in 1981?

Mr. EARLY. Nine million in the appropriated accounts plus about \$2 million in the Federal Buildings Fund.

Mr. GUNNELS. How many people?

Mr. EARLY. About 600 work years this year. That was the reason our pay raise supplemental request was reduced from \$23 million to \$14 million.

With work year reductions of almost 600 in 1981, and another 1,700 in 1982, we must make decisions this summer affecting close to 2,000 work years.

If we don't, it is a larger cut next year.

Mr. KLINE. Yesterday I had a conference call with all the Regional Administrators and top staffs. They are all moving because of lead times involved, and the longer we wait the more damage there is downstream. so I would imagine in some cases we are going to be making program decisions earlier than the June time frame.

Mr. ROYBAL. What is the morale of the employees at the present time?

Mr. FONTAINE. Terrible. They are all worried. People are nervous.

Mr. ROYBAL. Nobody knows who is going to get the axe?

Mr. KLINE. I can give you a perspective from personal experience. I was previously at NASA, and part of my job was to reduce employment from 33,000 to 21,000. This was not an attrition problem. This was a warm body, real solid, good, young engineer kind of problem up against. It was dreadful on morale.

How you regroup and put things back together again is bad enough. Now you have reduction targets beyond 1982. This means that there is going to be some recycling of that problem as you go along, so it is not just a kind of a morale problem that is going to stay around for three months.

Mr. GUNNELS. OMB also directed you specifically to take a rather sizable cut in the Federal Protective Service.

Mr. FONTAINE. This is also an area that has been of some concern to the Courts, even at current levels.

Mr. EARLY. We will lose 400 work years of the guard force next year.

Mr. KLINE. There was a policy decision to reduce mobile patrols.

Mr. EARLY. We have 3,000 in the Federal Protective Service. The intent is to reduce in the neighborhood of 1,600 of those over the next four years, and 400 will be accomplished next year.

Mr. ROYBAL. Will this be reduced by more than one-half?

Mr. EARLY. Long term.

Mr. KLINE. It will, yes. Here is a kind of problem we did not have in NASA. Here the appropriations structure is running the pro-

gram. Over there, I had the whole national budget all together, and it gave us some flexibility in sliding things around.

Mr. FONTAINE. In this context, I would plead for transfer authority between appropriations to alleviate or soften the impact on individual appropriations.

Mr. GUNNELS. Mr. Chairman, with your permission, I would like to work with the GSA and see if we can develop as much information as we can about this for the committee and for the Congress, of course, some for the record as we can, of course, for the committee's use.

Mr. KLINE. We will be happy to insert some material in the record reflecting dollar and employment cuts. We will also provide financial reports on our revolving funds which contain comments, background, etc.

Mr. ROYBAL. Fine.

[The material follows:]

FY 1981 and FY 1982 Initial Budget vs.
FY 1981 and FY 1982 Revised Budget

	1981		1982		+ or - 1982 Revised over 1981 Rev.
	Carter Initial	Reagan Revised	Carter Initial	Reagan Revised	
Operating Expenses, FSS	\$135,043	\$133,903	\$143,555	\$135,142	+1,239
General Supply Fund (Supplemental)	425,200	425,200	-	-	-425,200
Operating Expenses, TPUS	18,139	17,800	18,358	17,234	-566
Operating Expenses, NARS	90,529	88,772	97,746	90,107	+1,335
Operating Expenses, ADTS	13,663	13,400	14,080	13,399	-1
Federal Telecommunications Fund (Capital)	2,500	2,500	-	-	-2,500
Operating Expenses, FFRS	46,866	46,076	49,576	47,338	+1,262
Stockpile Transaction Fund	100,000	100,000	120,000	120,000	+20,000
Salaries & Expenses, GHA	128,443	125,046	144,237	136,225	+11,179
Inspector General	22,225	20,806	22,582	20,131	-675
Presidential Transition	3,000	3,000	-	-	-3,000
Former Presidents	823	815	1,114	1,106	+291
Working Capital Fund (Capital)	750	750	-	-	-750
Federal Buildings Fund (Limitation)	(1,663,339)	(1,647,525)	(2,006,799)	(1,823,356)	(+\$175,831)
FBI (Borrowing Authority)	-	-	121,304	-	-
Total Budget Authority	\$987,181	\$978,068	\$732,552	\$580,682	-\$397,386
Less receipts:					
Stockpile: Enacted Legislation	-267,300	-267,300	-267,300	-267,300	-
Requiring Legislation	-209,800	-193,700	-209,800	-725,500	-
Real Property and Other	-118,964	-118,364	-103,964	-103,964	-
Net Budget Authority	\$391,117	\$398,704	\$151,488	\$-516,082	

1/ Includes all pending supplementals.

Federal Buildings Fund

FY 1981 and FY 1982 Initial Budget vs.
 FY 1981 and FY 1982 Revised Budget
 (\$ thousands)

Limitations:	1981		1982		1982 Revised vs. 1981 Revised
	Initial Budget	Revised Budget	Initial Budget	Revised Budget	
Construction	\$ 20,012	\$ 18,128	\$ 195,833	\$ 27,620	\$ + 9,492
Repairs and Alterations	189,000	180,000	197,380	197,380	+17,380
Purchase Contract Payments	108,374	108,374	161,725	161,725	+53,351
Rental of Space	680,000	677,000	728,700	721,700	+44,700
Real Property Operations	583,769	581,844	634,571	626,346	+44,502
Program Direction	82,184	82,179	88,590	88,585	+ 6,406
Total	\$1,663,339	\$1,647,525	\$2,006,799	\$1,823,356	\$+175,831

Borrowing Authority:

121,304

GENERAL SERVICES ADMINISTRATION
SUMMARY OF AVERAGE POSITIONS *
(Full Time Permanent)

	1980		1981		1982		Increase or Decrease (-) for revised FY 1981		
	Col. (1)	Col. (2)	Reagan Revised (3)	Decrease (4)	Center Initial (5)	Reagan Revised (6)	Col. (3) vs Col. (6)	Total Program Changes Other Changes	
Federal Buildings Fund (Direct)	13,296	13,846	13,686	160	13,846	12,803	1,043	-883	-883
Federal Buildings Fund (Reimbursable)	2,681	1,912	1,905	7	1,822	1,724	98	-181	-181
Construction Services Fund	810	852	852	-	852	852	-	-	-
Operating Expenses, FFS	3,727	3,627	3,601	26	3,663	3,452	211	-149	-149
Reimbursable FFS	417	416	412	4	426	416	10	44	44
General Supply Fund	1,196	1,198	1,188	10	1,212	1,167	45	-21	-21
Operating Expenses, TPUS	464	554	536	18	554	509	45	-27	-27
Reimbursable TPUS	4	4	4	-	4	4	-	-	-
Operating Expenses, NARS	1,894	1,830	1,754	76	1,851	1,741	110	-13	-13
Reimbursable NARS	163	139	130	9	139	127	12	-3	-3
National Archives Trust Fund	188	160	157	3	160	154	6	-3	-3
Operating Expenses, ADTS	269	272	266	6	272	254	18	-12	-12
Federal Telecommunications Fund	1,739	1,739	1,724	15	1,739	1,685	54	-39	-39
Automatic Data Processing Fund	222	228	224	4	239	223	16	-1	-1
Operating Expenses, FPRS	883	887	873	14	887	824	63	-49	-49
Reimbursable FPRS	3	-	-	-	-	-	-	-	-
Base Silver Dollars	3,383	3,353	3,226	127	3,429	3,171	258	-55	-55
Salaries and Expenses, GMA	103	137	132	5	94	88	6	-44	-44
Reimbursable GMA	434	565	525	40	580	509	71	-16	-16
Inspector General	399	414	407	7	414	383	31	-24	-24
Working Capital Fund									
TOTAL	32,255	32,133	31,602	531	32,183	30,086	2,097	-1,516	-1,516

* Compensable work-years or the equivalent of total hours funded. Calculated by dividing the number of hours worked or to be worked by the 2,080 work hours in this year. One person working 2,080 hours is one work year.

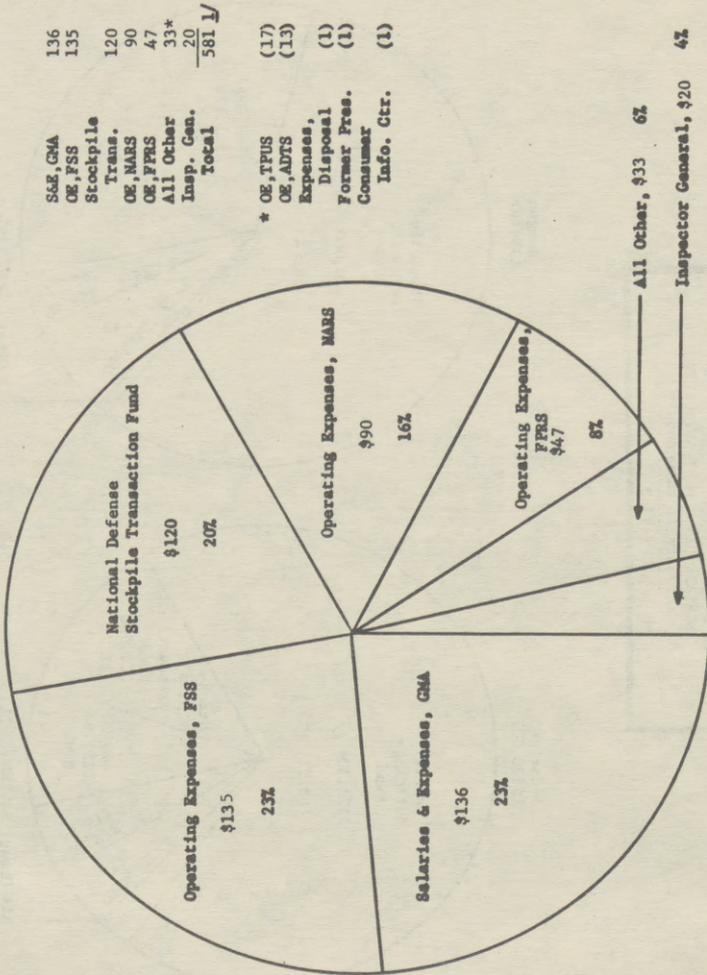
GENERAL SERVICES ADMINISTRATION
SUMMARY OF AVERAGE POSITIONS (TOTAL)
(Includes full-time permanent and
other than permanent)

	1980		1981		1982		Increase or Decrease FY 1982 from revised FY 1981	(-) for revised Program Changes	Other Changes
	(1)	(2)	(3)	(4)	(5)	(6)			
		Carter Initial	Reagan Revised	Decrease	Carter Initial	Reagan Revised	Decrease		
		(1)	(2)	(4)	(5)	(6)	(7)	Col (3) vs Col (6)	
Federal Buildings Fund (Direct)	14,078	14,073	13,910	-163	14,073	13,022	-1,051	-888	-
Federal Buildings Fund (Reimbursable)	3,148	2,915	2,888	-27	2,825	2,650	-175	-238	-
Construction Services Fund	872	872	872	-	872	872	-	-	-
Operating Expenses, FSS	3,936	3,817	3,786	-31	3,853	3,603	-250	-183	-
Reimbursable FSS	460	459	455	-4	469	439	-30	-16	-
General Supply Fund	1,355	1,345	1,330	-15	1,354	1,309	-45	-21	-
Operating Expenses, TPUS	476	560	551	-9	560	523	-37	-28	-
Reimbursable TPUS	4	4	4	-	4	4	-	-	-
Operating Expenses, MARS	2,569	2,473*	2,372*	-101	2,494	2,351	-143	-21	-
Reimbursable MARS	225	215	206	-9	215	203	-12	-3	-
National Archives Trust Fund	231	206	203	-3	206	200	-6	-3	-
Operating Expenses, ADIS	278	281	276	-5	281	263	-18	-13	-
Federal Telecommunications Fund	1,904	1,888	1,868	-20	1,888	1,828	-60	-40	-
Automatic Data Processing Fund	234	240	236	-4	241	225	-16	-11	-
Operating Expenses, FPRS	911	910	896	-14	914	851	-63	-45	-
Rare Silver Dollars	20	4	4	-	-	-	-	-4	-
Salaries and Expenses, GMA	3,611	3,562	3,437	-125	3,633	3,375	-258	-62	-
Reimbursable GMA	104	139	134	-5	95	89	-6	-45	-
Inspector General	436	567	527	-40	582	511	-71	-16	-
Working Capital Fund	420	454	447	-7	454	423	-31	-24	-
Sub-Total	35,272	34,984*	34,400*	-582	35,013	32,741	-2,272	-1,661	-
Consumer Information Center	21	22	19	-3	22	17	-5	-2	-
TOTAL	35,293	35,006	34,421	-585	35,035	32,758	-2,277	-1,663	-

*Excludes 11 workyears for MARS program supplemental approved in revised budget, reflected elsewhere.

March 26, 1981

GENERAL SERVICES ADMINISTRATION
TOTAL BUDGET AUTHORITY
APPROPRIATED FUNDS
 FY 1982 Estimate (Reagan Budget)
 (dollars in millions)



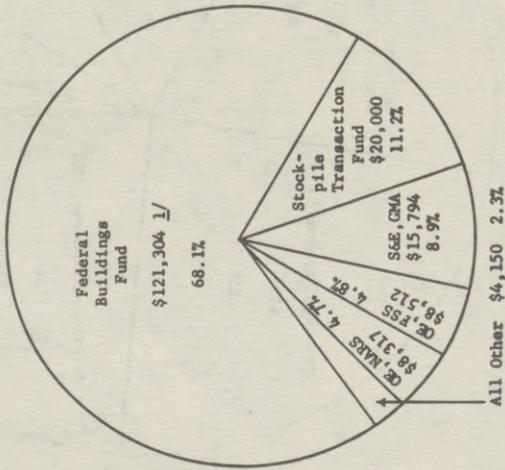
S&E, GMA 136
 OE, PSS 135
 Stockpile 120
 Trans. 90
 OE, MARS 47
 OE, FPFS 47
 All Other 33*
 Insp. Gen. 20
Total 581 1/

* OE, TPUS (17)
 OE, ADTS (13)
 Expenses, Disposal (1)
 Former Pres. (1)
 Consumer (1)
 Info. Ctr. (1)

1/ Excludes \$184 thousand permanent budget authority for National Archives Gift Fund.

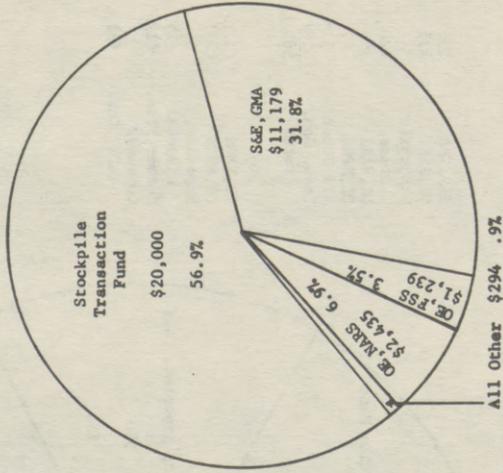
**GENERAL SERVICES ADMINISTRATION
INCREASES IN BUDGET AUTHORITY
(Dollars in thousands)
FY 1982**

Carter
\$178,077



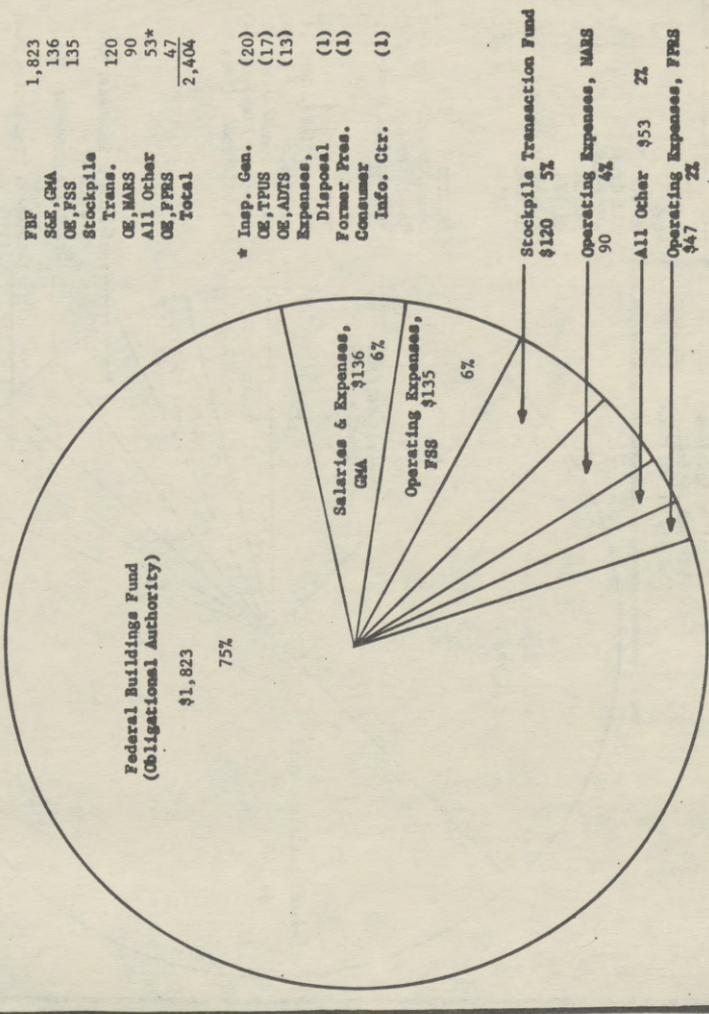
1/ Borrowing Authority

Reagan
\$35,147



March 26, 1981

GENERAL SERVICES ADMINISTRATION
Total Budget/Obligational Authority
FY 1982 Estimate (Reagan Budget)
(dollars in millions)



FFB 1,823
 SSE, GMA 136
 OE, FFS 135
 Stockpile
 Trans. 120
 OE, MARS 90
 All Other 53*
 OE, FFS 47
 Total 2,404

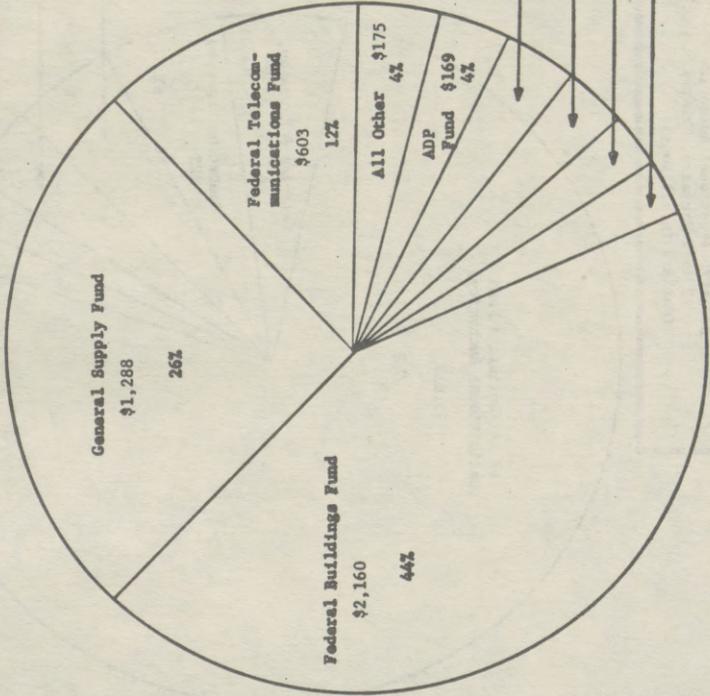
* Insp. Gen. (20)
 OE, FFS (17)
 OE, ADTS (13)
 Expenses,
 Disposal (1)
 Former Pres. (1)
 Consumer
 Info. Ctr. (1)

March 26, 1981

GENERAL SERVICES ADMINISTRATION

Total Obligations
FY 1982 Estimate (Reagan Budget)
(dollars in millions)

FBF	2,160
GSF	1,288
FT Fund	603
All Other	175*
ADP Fund	169
SEF, GMA	160
OE, FSS	151
Stockpile Trans.	120
OE, MARS	96
Total	4,922



* OE, FRES (47)
Const. Svcs. Fund (28)
Inspector Gen. (20)
Working Cap. Fund (21)
OE, TPUS (17)
OE, ADTS (14)
MA Trust Fund (13)
Consumer Info. Ctr. (9)
Wm. Langer (3)
Former Presidents Expenses, Disposal (1)
MA Gift Fund (less than 1)

Salaries & Expenses, GMA (\$160 %)
Operating Expenses, FSS (\$151 %)
Stockpile Transaction Fund (\$120 %)
Operating Expenses, MARS (\$96 %)

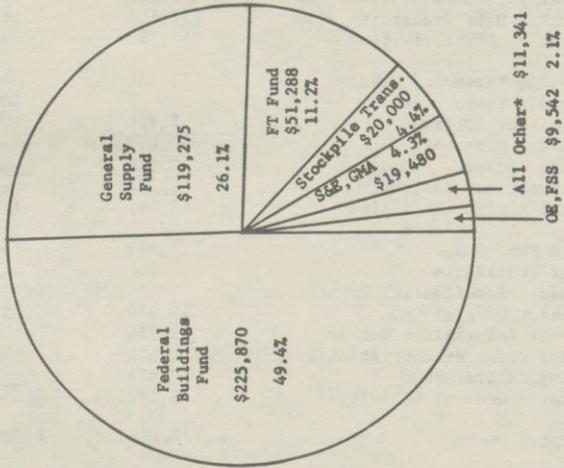
OBLIGATIONS IN REVISED PRESIDENT'S BUDGET
FY 1980, FY 1981, FY 1982
 (000)

	1980 Obligations	1981 Obligations	1982 Obligations
Federal Building Fund	1,668,158	1,954,674	2,160,379
Construction Services Fund	24,765	28,079	28,111
CWF, Real Property	<u>1,593</u>	<u>4,154</u>	-
Total - Real Property	1,694,516	1,986,907	2,188,496
Operating Expenses, FSS	145,102	149,918	151,443
GSF	<u>1,420,583</u>	<u>1,168,023</u>	<u>1,287,942</u>
Total - Personal Property	1,565,685	1,317,941	1,439,385
OE, TPUS	14,146	17,887	17,321
Operating Expenses, NARS	89,091	94,207	96,107
National Archives Trust Fund	10,985	11,964	13,160
National Archives Gift Fund	<u>368</u>	<u>257</u>	<u>257</u>
Total - Records Activities	100,444	106,228	109,524
Operating Expenses, ADTS	11,258	13,490	13,489
Federal Telecommunications Fund	452,223	552,814	603,210
Automatic Data Processing Fund	<u>121,502</u>	<u>164,545</u>	<u>168,750</u>
Total - ADTS Activities	584,983	730,849	785,455
Operating Expenses, FPRS	42,869	46,236	47,498
Stockpile Trans. Fund	-	100,000	120,000
Rare Silver Dollars	1,724	541	-
Expenses, Disposal	869	1,000	1,000
William Langer	2,328	2,525	2,775
CWF, Emergency Health	<u>1,271</u>	-	-
Total - FPRS Activities	49,061	150,302	171,273
Sal. & Exp. GMA	126,043	144,915	159,780
Former Presidents	740	815	1,106
Expenses, Presidential Transition	-	3,000	-
Inspector General	15,859	20,916	20,181
Consumer Information Center	5,956	7,501	8,559
Refunds Under Renegotiation Act	1,851	837	-
Working Capital Fund	<u>17,838</u>	<u>20,048</u>	<u>20,625</u>
Total - General Activities	168,287	198,032	210,251
GSA Total ~	4,177,122	4,508,146	4,921,699
Includes pay supplemental			
		Plus program Suppls. now requested:	
		FBF 43,920	-
		GSF 110,685	-
		NARS <u>1,100</u>	-
		155,705	-
Grand Total	<u>4,177,122</u>	<u>4,663,851</u>	<u>4,921,699</u>

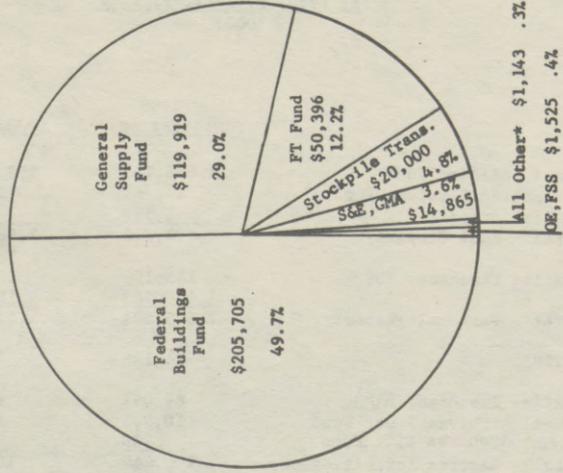
This reflects obligations not Budget Authority

GENERAL SERVICES ADMINISTRATION
INCREASES IN TOTAL OBLIGATIONS
 (Dollars in thousands)
 FY 1982

Carter
 \$456,796



Reagan
 \$413,553



* Net increase (includes some decreases)

GENERAL SERVICES ADMINISTRATION
Reconciliation of Budget Authority
Fiscal Years 1981 and 1982
(in thousands)

1981 Budget Authority	Net Savings	OSHA	ABCD	ERS Program	GSA Proc. Regulation	Customer Relations	Senio Econ.	FY82	Auto Center	Total Transfer in Budget	By Suppl.	Program Savings (Separate Sch.)	Total Budget Estimate	FY 1982 Budget Estimate
(1,592,019)	-	(-738)	(-48)	(-46)	(-200)	(-597)	-	-	-	(-1,629)	(19,470)	(33,036)	(1,647,525)	(1,823,356)
Federal Building Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses, FSS	131,000	-173	-43	-44	-	-349	-106	-4137	-2,447	-3,045	3,948	-	133,903	135,142
General Supply Fund	14,500	(-167)	-	-18	-	-8	-	-	-42,467	(-167)	830	-	425,200	17,234
Operating Expenses, TRUS	-	-	-100	-	-	-	-	-	-	-42,470	-	-	17,800	-
Operating Expenses, NBS	86,000	-128	-51	-35	-	-13	-	-	-	-227	1,899	1,100	88,772	90,107
Operating Expenses, ADTS	13,000	-2	-	-32	-	-64	-	-	-	-98	498	-	13,400	13,399
Federal Telecommunication Fund	2,500	(-71)	-	-	-	-	-	-	-	(-71)	-	-	2,500	-
Operating Expenses, FRS	45,000	-52	-	-14	-	-47	-	-	-	-113	1,189	-	46,076	47,138
National Defense Stockpile	-	-	-	-	-	-	-	-	-	-	-	-	100,000	120,000
Transaction Fund	100,000	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Expenses, Disposal	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000	-
Inspector General	20,806 1/	-	-	-	-	-	-	-	-	-	-	-	20,806	20,131
Former Presidents	815 2/	-	-	-	-	-	-	-	-	-	-	-	815	1,106
Expenses, Pres. Transition	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000	-
Sal & Exp., GSA	120,050	356	4194	443	-	-443	+106	-137	-	1,015	3,981	-	123,046	136,225
GSA Reimbursable from FBF	-	(-978)	(-448)	(-46)	(-200)	(-597)	-	-	-	(-1,629)	-	-	(4,120)	-
Working Capital Fund	7250	-	-	-	-	-	-	-	-	-	-	-	7250	-
Total	538,421	-	-	-	-	-	-	-	-	-	14,345	426,300	979,068	581,682

NOTE: Exclude Consumer Information Center and National Archives Gift Fund.

1/ \$446,000 transferred to OE, FSS.
2/ \$8,000 transferred to GSI, NBS.

GENERAL SERVICES ADMINISTRATION Estimated Obligations for Revolving Fund Supplemental Obligations for 1962 (in thousands of dollars)		PURPOSES	
1961 OBLIGATION	1962 OBLIGATION	AUTHORITY	
		Established by P.L. 85-513, Public Building Amendments of 1972; 40 U.S.C. 490.	Finances the activities of PBS which provides space and services for Federal agencies in a relationship similar to that of landlord and tenant. The PPS provides for the purchase of space, the purchase of furniture, the purchase of property operations, and program direction. Also provides special services which are in excess of those provided under the standard level user charge.
		Originally established 8-5-52 (permanent legislation P.L. 79-413, 8-10-49, 40 U.S.C. 286).	Finances salaries and related benefits of all personnel engaged in architectural and engineering services in connection with buildings design and construction.
		Established 2-27-53 65 Stat. 1362; 41 U.S.C. 71(c)(2); Rev. 159, Federal Property Act, 1949, amended.	Finances a national supply depot system and procurement of supplies for construction of buildings, maintenance of buildings, maintenance of public buildings and repair of furniture and equipment, and maintenance of equipment to be used in connection with the purchase of administrative equipment to the activities.
		Established 7-4-52, Sec. 5, P.L. 77-181, (44 U.S.C. 3122); amended P.L. 85-281, 7-15-58, 40 U.S.C. 3122, 3123, 3124, 3125, 3126, 3127, 3128, 3129, 3130, 3131, 3132, 3133, 3134, 3135, 3136, 3137, 3138, 3139, 3140, 3141, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3152, 3153, 3154, 3155, 3156, 3157, 3158, 3159, 3160, 3161, 3162, 3163, 3164, 3165, 3166, 3167, 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175, 3176, 3177, 3178, 3179, 3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191, 3192, 3193, 3194, 3195, 3196, 3197, 3198, 3199, 3200, 3201, 3202, 3203, 3204, 3205, 3206, 3207, 3208, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3227, 3228, 3229, 3230, 3231, 3232, 3233, 3234, 3235, 3236, 3237, 3238, 3239, 3240, 3241, 3242, 3243, 3244, 3245, 3246, 3247, 3248, 3249, 3250, 3251, 3252, 3253, 3254, 3255, 3256, 3257, 3258, 3259, 3260, 3261, 3262, 3263, 3264, 3265, 3266, 3267, 3268, 3269, 3270, 3271, 3272, 3273, 3274, 3275, 3276, 3277, 3278, 3279, 3280, 3281, 3282, 3283, 3284, 3285, 3286, 3287, 3288, 3289, 3290, 3291, 3292, 3293, 3294, 3295, 3296, 3297, 3298, 3299, 3300, 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310, 3311, 3312, 3313, 3314, 3315, 3316, 3317, 3318, 3319, 3320, 3321, 3322, 3323, 3324, 3325, 3326, 3327, 3328, 3329, 3330, 3331, 3332, 3333, 3334, 3335, 3336, 3337, 3338, 3339, 3340, 3341, 3342, 3343, 3344, 3345, 3346, 3347, 3348, 3349, 3350, 3351, 3352, 3353, 3354, 3355, 3356, 3357, 3358, 3359, 3360, 3361, 3362, 3363, 3364, 3365, 3366, 3367, 3368, 3369, 3370, 3371, 3372, 3373, 3374, 3375, 3376, 3377, 3378, 3379, 3380, 3381, 3382, 3383, 3384, 3385, 3386, 3387, 3388, 3389, 3390, 3391, 3392, 3393, 3394, 3395, 3396, 3397, 3398, 3399, 3400, 3401, 3402, 3403, 3404, 3405, 3406, 3407, 3408, 3409, 3410, 3411, 3412, 3413, 3414, 3415, 3416, 3417, 3418, 3419, 3420, 3421, 3422, 3423, 3424, 3425, 3426, 3427, 3428, 3429, 3430, 3431, 3432, 3433, 3434, 3435, 3436, 3437, 3438, 3439, 3440, 3441, 3442, 3443, 3444, 3445, 3446, 3447, 3448, 3449, 3450, 3451, 3452, 3453, 3454, 3455, 3456, 3457, 3458, 3459, 3460, 3461, 3462, 3463, 3464, 3465, 3466, 3467, 3468, 3469, 3470, 3471, 3472, 3473, 3474, 3475, 3476, 3477, 3478, 3479, 3480, 3481, 3482, 3483, 3484, 3485, 3486, 3487, 3488, 3489, 3490, 3491, 3492, 3493, 3494, 3495, 3496, 3497, 3498, 3499, 3500, 3501, 3502, 3503, 3504, 3505, 3506, 3507, 3508, 3509, 3510, 3511, 3512, 3513, 3514, 3515, 3516, 3517, 3518, 3519, 3520, 3521, 3522, 3523, 3524, 3525, 3526, 3527, 3528, 3529, 3530, 3531, 3532, 3533, 3534, 3535, 3536, 3537, 3538, 3539, 3540, 3541, 3542, 3543, 3544, 3545, 3546, 3547, 3548, 3549, 3550, 3551, 3552, 3553, 3554, 3555, 3556, 3557, 3558, 3559, 3560, 3561, 3562, 3563, 3564, 3565, 3566, 3567, 3568, 3569, 3570, 3571, 3572, 3573, 3574, 3575, 3576, 3577, 3578, 3579, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 3589, 3590, 3591, 3592, 3593, 3594, 3595, 3596, 3597, 3598, 3599, 3600, 3601, 3602, 3603, 3604, 3605, 3606, 3607, 3608, 3609, 3610, 3611, 3612, 3613, 3614, 3615, 3616, 3617, 3618, 3619, 3620, 3621, 3622, 3623, 3624, 3625, 3626, 3627, 3628, 3629, 3630, 3631, 3632, 3633, 3634, 3635, 3636, 3637, 3638, 3639, 3640, 3641, 3642, 3643, 3644, 3645, 3646, 3647, 3648, 3649, 3650, 3651, 3652, 3653, 3654, 3655, 3656, 3657, 3658, 3659, 3660, 3661, 3662, 3663, 3664, 3665, 3666, 3667, 3668, 3669, 3670, 3671, 3672, 3673, 3674, 3675, 3676, 3677, 3678, 3679, 3680, 3681, 3682, 3683, 3684, 3685, 3686, 3687, 3688, 3689, 3690, 3691, 3692, 3693, 3694, 3695, 3696, 3697, 3698, 3699, 3700, 3701, 3702, 3703, 3704, 3705, 3706, 3707, 3708, 3709, 3710, 3711, 3712, 3713, 3714, 3715, 3716, 3717, 3718, 3719, 3720, 3721, 3722, 3723, 3724, 3725, 3726, 3727, 3728, 3729, 3730, 3731, 3732, 3733, 3734, 3735, 3736, 3737, 3738, 3739, 3740, 3741, 3742, 3743, 3744, 3745, 3746, 3747, 3748, 3749, 3750, 3751, 3752, 3753, 3754, 3755, 3756, 3757, 3758, 3759, 3760, 3761, 3762, 3763, 3764, 3765, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779, 3780, 3781, 3782, 3783, 3784, 3785, 3786, 3787, 3788, 3789, 3790, 3791, 3792, 3793, 3794, 3795, 3796, 3797, 3798, 3799, 3800, 3801, 3802, 3803, 3804, 3805, 3806, 3807, 3808, 3809, 3810, 3811, 3812, 3813, 3814, 3815, 3816, 3817, 3818, 3819, 3820, 3821, 3822, 3823, 3824, 3825, 3826, 3827, 3828, 3829, 3830, 3831, 3832, 3833, 3834, 3835, 3836, 3837, 3838, 3839, 3840, 3841, 3842, 3843, 3844, 3845, 3846, 3847, 3848, 3849, 3850, 3851, 3852, 3853, 3854, 3855, 3856, 3857, 3858, 3859, 3860, 3861, 3862, 3863, 3864, 3865, 3866, 3867, 3868, 3869, 3870, 3871, 3872, 3873, 3874, 3875, 3876, 3877, 3878, 3879, 3880, 3881, 3882, 3883, 3884, 3885, 3886, 3887, 3888, 3889, 3890, 3891, 3892, 3893, 3894, 3895, 3896, 3897, 3898, 3899, 3900, 3901, 3902, 3903, 3904, 3905, 3906, 3907, 3908, 3909, 3910, 3911, 3912, 3913, 3914, 3915, 3916, 3917, 3918, 3919, 3920, 3921, 3922, 3923, 3924, 3925, 3926, 3927, 3928, 3929, 3930, 3931, 3932, 3933, 3934, 3935, 3936, 3937, 3938, 3939, 3940, 3941, 3942, 3943, 3944, 3945, 3946, 3947, 3948, 3949, 3950, 3951, 3952, 3953, 3954, 3955, 3956, 3957, 3958, 3959, 3960, 3961, 3962, 3963, 3964, 3965, 3966, 3967, 3968, 3969, 3970, 3971, 3972, 3973, 3974, 3975, 3976, 3977, 3978, 3979, 3980, 3981, 3982, 3983, 3984, 3985, 3986, 3987, 3988, 3989, 3990, 3991, 3992, 3993, 3994, 3995, 3996, 3997, 3998, 3999, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4021, 4022, 4023, 4024, 4025, 4026, 4027, 4028, 4029, 4030, 4031, 4032, 4033, 4034, 4035, 4036, 4037, 4038, 4039, 4040, 4041, 4042, 4043, 4044, 4045, 4046, 4047, 4048, 4049, 4050, 4051, 4052, 4053, 4054, 4055, 4056, 4057, 4058, 4059, 4060, 4061, 4062, 4063, 4064, 4065, 4066, 4067, 4068, 4069, 4070, 4071, 4072, 4073, 4074, 4075, 4076, 4077, 4078, 4079, 4080, 4081, 4082, 4083, 4084, 4085, 4086, 4087, 4088, 4089, 4090, 4091, 4092, 4093, 4094, 4095, 4096, 4097, 4098, 4099, 4100, 4101, 4102, 4103, 4104, 4105, 4106, 4107, 4108, 4109, 4110, 4111, 4112, 4113, 4114, 4115, 4116, 4117, 4118, 4119, 4120, 4121, 4122, 4123, 4124, 4125, 4126, 4127, 4128, 4129, 4130, 4131, 4132, 4133, 4134, 4135, 4136, 4137, 4138, 4139, 4140, 4141, 4142, 4143, 4144, 4145, 4146, 4147, 4148, 4149, 4150, 4151, 4152, 4153, 4154, 4155, 4156, 4157, 4158, 4159, 4160, 4161, 4162, 4163, 4164, 4165, 4166, 4167, 4168, 4169, 4170, 4171, 4172, 4173, 4174, 4175, 4176, 4177, 4178, 4179, 4180, 4181, 4182, 4183, 4184, 4185, 4186, 4187, 4188, 4189, 4190, 4191, 4192, 4193, 4194, 4195, 4196, 4197, 4198, 4199, 4200, 4201, 4202, 4203, 4204, 4205, 4206, 4207, 4208, 4209, 4210, 4211, 4212, 4213, 4214, 4215, 4216, 4217, 4218, 4219, 4220, 4221, 4222, 4223, 4224, 4225, 4226, 4227, 4228, 4229, 4230, 4231, 4232, 4233, 4234, 4235, 4236, 4237, 4238, 4239, 4240, 4241, 4242, 4243, 4244, 4245, 4246, 4247, 4248, 4249, 4250, 4251, 4252, 4253, 4254, 4255, 4256, 4257, 4258, 4259, 4260, 4261, 4262, 4263, 4264, 4265, 4266, 4267, 4268, 4269, 4270, 4271, 4272, 4273, 4274, 4275, 4276, 4277, 4278, 4279, 4280, 4281, 4282, 4283, 4284, 4285, 4286, 4287, 4288, 4289, 4290, 4291, 4292, 4293, 4294, 4295, 4296, 4297, 4298, 4299, 4300, 4301, 4302, 4303, 4304, 4305, 4306, 4307, 4308, 4309, 4310, 4311, 4312, 4313, 4314, 4315, 4316, 4317, 4318, 4319, 4320, 4321, 4322, 4323, 4324, 4325, 4326, 4327, 4328, 4329, 4330, 4331, 4332, 4333, 4334, 4335, 4336, 4337, 4338, 4339, 4340, 4341, 4342, 4343, 4344, 4345, 4346, 4347, 4348, 4349, 4350, 4351, 4352, 4353, 4354, 4355, 4356, 4357, 4358, 4359, 4360, 4361, 4362, 4363, 4364, 4365, 4366, 4367, 4368, 4369, 4370, 4371, 4372, 4373, 4374, 4375, 4376, 4377, 4378, 4379, 4380, 4381, 4382, 4383, 4384, 4385, 4386, 4387, 4388, 4389, 4390, 4391, 4392, 4393, 4394, 4395, 4396, 4397, 4398, 4399, 4400, 4401, 4402, 4403, 4404, 4405, 4406, 4407, 4408, 4409, 4410, 4411, 4412, 4413, 4414, 4415, 4416, 4417, 4418, 4419, 4420, 4421, 4422, 4423, 4424, 4425, 4426, 4427, 4428, 4429, 4430, 4431, 4432, 4433, 4434, 4435, 4436, 4437, 4438, 4439, 4440, 4441, 4442, 4443, 4444, 4445, 4446, 4447, 4448, 4449, 4450, 4451, 4452, 4453, 4454, 4455, 4456, 4457, 4458, 4459, 4460, 4461, 4462, 4463, 4464, 4465, 4466, 4467, 4468, 4469, 4470, 4471, 4472, 4473, 4474, 4475, 4476, 4477, 4478, 4479, 4480, 4481, 4482, 4483, 4484, 4485, 4486, 4487, 4488, 4489, 4490, 4491, 4492, 4493, 4494, 4495, 4496, 4497, 4498, 4499, 4500, 4501, 4502, 4503, 4504, 4505, 4506, 4507, 4508, 4509, 4510, 4511, 4512, 4513, 4514, 4515, 4516, 4517, 4518, 4519, 4520, 4521, 4522, 4523, 4524, 4525, 4526, 4527, 4528, 4529, 4530, 4531, 4532, 4533, 4534, 4535, 4536, 4537, 4538, 4539, 4540, 4541, 4542, 4543, 4544, 4545, 4546, 4547, 4548, 4549, 4550, 4551, 4552, 4553, 4554, 4555, 4556, 4557, 4558, 4559, 4560, 4561, 4562, 4563, 4564, 4565, 4566, 4567, 4568, 4569, 4570, 4571, 4572, 4573, 4574, 4575, 4576, 4577, 4578, 4579, 4580, 4581, 4582, 4583, 4584, 4585, 4586, 4587, 4588, 4589, 4590, 4591, 4592, 4593, 4594, 4595, 4596, 4597, 4598, 4599, 4600, 4601, 4602, 4603, 4604, 4605, 4606, 4607, 4608, 4609, 4610, 4611, 4612, 4613, 4614, 4615, 4616, 4617, 4618, 4619, 4620, 4621, 4622, 4623, 4624, 4625, 4626, 4627, 4628, 4629, 4630, 4631, 4632, 4633, 4634, 4635, 4636, 4637, 4638, 4639, 4640, 4641, 4642, 4643, 4644, 4645, 4646, 4647, 4648, 4649, 4650, 4651, 4652, 4653, 4654, 4655, 4656, 4657, 4658, 4659, 4660, 4661, 4662, 4663, 4664, 4665, 4666, 4667, 4668, 4669, 4670, 4671, 4672, 4673, 4674, 4675, 4676, 4677, 4678, 4679, 4680, 4681, 4682, 4683, 4684, 4685, 4686, 4687, 4688, 4689, 4690, 4691, 4692, 4693, 4694, 4695, 4696, 4697, 4698, 4699, 4700, 4701, 4702, 4703, 4704, 4705, 4706, 4707, 4708, 4709, 4710, 4711, 4712, 4713, 4714, 4715, 4716, 4717, 4718, 4719, 4720, 4721, 4722, 4723, 4724, 4725, 4726, 4727, 4728, 4729, 4730, 4731, 4732, 4733, 4734, 4735, 4736, 4737, 4738, 4739, 4740, 4741, 4742, 4743, 4744, 4745, 4746, 4747, 4748, 4749, 4750, 4751, 4752, 4753, 4754, 4755, 4756, 4757, 4758, 4759, 4760, 4761, 4762, 4763, 4764, 4765, 4766, 4767, 4768, 4769, 4770, 4771, 4772, 4773, 4774, 4775, 4776, 4777, 4778, 4779, 4780, 4781, 4782, 4783, 4784, 4785, 4786, 4787, 4788, 4789, 4790, 4791, 4792, 4793, 4794, 4795, 4796, 4797, 4798, 4799, 4800, 4801, 4802, 4803, 4804, 4805, 4806, 4807, 4808, 4809, 4810, 4811, 4812, 4813, 4814, 4815, 4816, 4817, 4818, 4819, 4820, 4821, 4822, 4823, 4824, 4825, 4826, 4827, 4828, 4829, 4830, 4831, 4832, 4833, 4834, 4835, 4836, 4837, 4838, 4839, 4840, 4841, 4842, 4843, 4844, 4845, 4846, 4847, 4848, 4849, 4850, 4851, 4852, 4853, 4854, 4855, 4856, 4857, 4858, 4859, 4860, 4861, 4862, 4863, 4864, 4865, 4866, 4867, 4868, 4869, 4870, 4871, 4872, 4873, 4874, 4875, 4876, 4877, 4878, 4879, 4880, 4881, 4882, 4883, 4884, 4885, 4886, 4887, 4888, 4889, 4890, 4891, 4892, 4893, 4894, 4895, 4896, 4897, 4898, 4899, 4900, 4901, 4902, 4903, 4904, 4905, 4906, 4907, 4908, 4909, 4910, 4911, 4912, 4913, 4914, 4915, 4916, 4917, 4918, 4919, 4920, 4921, 4922, 4923, 4924, 4925, 4926, 4927, 4928, 4929, 4930, 4931, 4932, 4933, 4934, 4935, 4936, 4937, 4938, 4939, 4940, 4941, 4942, 4943, 4944, 4945, 4946, 4947, 4948, 4949, 4950, 4951, 4952, 4953, 4954, 4955, 4956, 4957, 4958, 4959, 4960, 4961, 4962, 4963, 4964, 4965, 4966, 4967, 4968, 4969, 4970, 4971, 4972, 4973, 4974, 4975, 4976, 4977, 4978, 4979, 4980, 4981, 4982, 4983, 4984, 4985, 4986, 4987, 4988, 4989, 4990, 4991, 4992, 4993, 4994, 4995, 4996, 4997, 4998, 4999, 5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007, 5008, 5009, 5010, 5011, 5012, 5013, 5014, 5015, 5016, 5017, 5018, 5019, 5020, 5021, 5022, 5023, 5024, 5025, 5026, 5027, 5028, 5029, 5030, 5031, 5032, 5033, 5034, 5035, 5036, 5037, 5038, 5039, 5040, 5041, 5042, 5043, 5044, 5045, 5046, 5047, 5048, 5049, 5050, 5051, 5052, 5053, 5054, 5055, 5056, 5057, 5058, 5059, 5060, 5061, 5062, 5063, 5064, 5065, 5066, 5067, 5068, 5069, 5070, 5071, 5072, 5073, 5074, 5075, 5076, 5077, 5078, 5079, 5080, 5	

GENERAL MANAGEMENT AND ADMINISTRATION
(in 000)

	FY 1981 Budget			FY 1982 Reagan Budget	Net Change from 1981			Total Change
	1980 Actual Obligs.	House Passage	Tfrs. from Apprns. Pay Suppl. Revised		Reduc.	Reimb. to Direct	Other	
1. Executive Direction (Reimb. tfr. from FBF)	\$4,108	\$4,585	\$54 (46)	\$4,718	-\$113	+\$46	+\$100	+\$33
2. Plans, Programs & Financial Management	64,668	67,132	-963	75,072	-2,581	-	+9,654	+7,073
3. Human Resources & Organization (Reimb. tfr. from FBF)	27,350	26,949	1,429 (1,024)	31,008	-398	+1,025	+556	+1,183
4. Legal Services	6,559	6,726	-31	7,020	-75	-	+131	+56
5. Acquisition Policy (Reimb. tfr. from FBF)	2,659	2,918	-58 (200)	5,052	-68	+216	+1,945	+2,093
6. Board of Contract Appeals	1,454	1,690	-62	1,689	-	-	+61	+61
7. Public Services * (Reimb. from FBF)	6,513	7,250	646 (597)	8,837	-528	+597	+582	+651
8. Indian Trust Acctg. *	2,460	2,800	-	2,822	-21	-	+50	+29
Totals	115,771	120,050	1,015 (1,867)	136,225	-3,784	+1,884	+13,079	+11,179

* Separate appropriations for FY 1980 and 1981. Requested as activities under GMSA for 1982.

Financial
Report

FEDERAL
BUILDINGS
FUND

SYMBOL 47X4542

December 31, 1980



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

FEDERAL BUILDINGS FUND

Financial Report

December 31, 1980

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Report Comments and Background.		1- 5
Statement of Financial Condition.	A	6- 9
Statement of Income and Expense	B	10-11
Statement of Income and Expense - by Region - Work Authorization Activity.	B-1	12
Statement of Retained Earnings.	C	13
Statement of Changes in Financial Position	D	14
Schedule of Working Capital Changes	D-1	15
Comparative Statement of Financial Condition.	E	16-17
Comparative Statement of Income and Expense	F	18-20

The above statements are in thousands of dollars; therefore, any differences in addition are due to the rounding to the nearest thousand.

FEDERAL BUILDINGS FUND

December 31, 1980

REPORT COMMENTS

The financial statements contained herein cover the operations of the Federal Buildings Fund (FBF) for the first quarter of Fiscal Year 1981. Beginning with this quarter's report, a Statement of Changes in Financial Position (Exhibit D) has been added. This statement has been prepared in accordance with Title 2 of the General Accounting Office Policy and Procedure Manual for Guidance of Federal Agencies and Accounting Principles Board (APB) Opinion No. 19, which recommends that it be considered as a basic financial statement to complement the Statement of Financial Condition and the Statement of Income and Expense. It may be used by managers to facilitate financial decisions as it shows from where all financial resources are derived and how they were used during the accounting period. It provides information that can be obtained only partially from the other statements; such as additions to or dispositions of property and equipment.

During the first three months of Fiscal Year 1981, overall operations of the FBF resulted in a net income of \$16.2 million (see Exhibit B). This is composed of a \$14.6 million gain in Direct Operations, a \$774 thousand gain in Reimbursable Operations, and an \$847 thousand gain in Nonoperating Activities. When comparing Direct Operations for the same period last year, total Standard Level User Charge (SLUC) Income increased \$26.1 million or 6 percent, while total Direct Expenses increased \$28.3 million or 7 percent.

As of December 31, 1980, the FBF continues to reflect a Working Capital ratio (current assets/current liabilities) of nearly 2 to 1. Working Capital increased in the amount of \$34.1 million over the close of Fiscal Year 1980 (see Exhibit D). The cash in the Fund is up \$100 million over the close of Fiscal Year 1980.

The Statement of Retained Earnings (see Exhibit C) reflects an ending deficit balance of \$74.9 million. This is composed of an opening negative balance of \$90.2 million, plus net income of \$16.2 million, less Property Transfers Out of \$981 thousand.

The FBF has incurred obligations for Cuban Emergency Resettlement activities totaling \$15.2 million as of December 31, 1980. This includes \$12.0 million for Fiscal Year 1980 and \$3.2 million for the first quarter of Fiscal Year 1981. Nonrecurring Work Authorization Income and Expense will reflect this activity upon completion of the Work Authorizations.

An agreement on January 7, 1981, was executed between the U. S. Government and Citibank, N.A., regarding the Purchase Contract Indenture litigation mentioned in the FBF Financial Report of September 30, 1980. It calls for the establishment of a settlement fund and payment to the applicable indenture holders. A release on the back of each check informs the holder that, by negotiation of the check, the holder releases the Government and Citibank from any liability. The checks are to be negotiated within forty-five days from the date of mailing. Accordingly, the agreement will be reflected on the FBF report for March 31, 1981.

FEDERAL BUILDINGS FUNDBACKGROUND

The activities of the Federal Buildings Fund (FBF) were authorized by the Public Buildings Amendments of 1972, and became effective July 1, 1974, the beginning of Fiscal Year 1975, to finance the activities of the Public Buildings Service (PBS), which provides space and service for Federal agencies in a relationship similar to that of landlord and tenant. The primary source of financing of the FBF is the Standard Level User Charge (SLUC), which is initiated by PBS and billed quarterly in advance to all appropriate civilian and military agencies. The second major source of financing is derived from work authorizations which are performed on a reimbursable basis. These work authorizations are billed in advance at a fixed price.

The Public Buildings Amendments of 1972 authorized the merger into the FBF of the unexpended balances of the Buildings Management Fund (47X4531); the Construction Services Fund (47X4602); Repair and Improvement Appropriation (47X1002 and 4741002); Construction, Public Buildings Projects (47X1152); Sites and Expense, Public Buildings Projects (47X1147); Construction, Federal Office Building Numbered 7 (47X1154); and Additional Court Facilities (47X1121). In addition to assuming all assets, liabilities, obligations and commitments of the above mentioned funds, the FBF has accountability for specific real property assets. All real property recorded in the FBF was formerly maintained in the General Funds general ledger at actual cost of purchase or construction, without recognition of depreciation. At the time of transfer, the real property was capitalized in the FBF at those same values. However, in this Fund, the policy of recognizing depreciation on applicable real property has been established. Building and Land Improvements, both Government-owned and purchase contract, are being depreciated using the straight-line method of depreciation over a period of thirty years. The straight-line method recognizes equal periodic charges over the estimated life of the asset.

The FBF is an intragovernmental fund into which revenues are deposited that are collected from agencies provided space and related services by General Services Administration (GSA) in Government-owned and leased buildings. GSA assesses SLUC for space and related services which approximate commercial charges for comparable space and services. Monies deposited into the Fund are available through the appropriation process to finance real property operations of PBS, including:

1. Construction and Acquisition of Facilities - This activity provides for contractual costs related to the acquisition of space through the direct Federal construction of facilities, including the extension and conversion of existing buildings and the acquisition of buildings by

purchase. It finances all costs directly attributable to FBF construction projects for site acquisition, design, management and inspection and construction.

2. Alterations and Major Repairs - This activity provides for alterations and major repairs of both Government-owned and leased buildings under the control of GSA.

3. Purchase Contract Payments - This activity provides for the acquisition of space through purchase contracting for facilities financed from private investment capital. These purchase contracts require the Government to make periodic payments on the facilities, including principal, interest, taxes, and other required obligations, over varying periods until title is vested with the Government.

4. Rental of Space - This activity provides for the acquisition of space through leasing of either existing buildings or facilities to be built with private capital for lease to the Government. In addition, this activity includes payments which must be made to the United States Postal Service for space occupied in the U. S. Postal Service Facilities by Federal agencies to which GSA is responsible for providing space.

5. Real Property Operations - This activity provides for operation of Government-owned and leased facilities including cleaning, utilities, fuel, protection, maintenance, and other miscellaneous services such as moving as a result of space adjustments, moving of agencies into newly acquired space, evaluation of new materials and equipment, and field supervision of the foregoing services.

6. Program Direction - This activity provides for the overall general long and short-range planning, and administration of all programs which are the responsibility of PBS. In addition, this activity finances the costs of management and administration of each of the individual direct activities of the FBF, including construction, alterations and major repairs, purchase contract payments, rental of space and real property operations. It further provides for the costs of essential supportive services for these activities which are appropriately funded on a centralized basis.

When requested by Federal agencies, PBS provides building services on a reimbursable basis, which are in excess of those provided for under SLUC, as well as rent and/or operating expenses at certain locations exempt from the SLUC billing, including:

1. Alterations and Major Repairs - Installations, removal and relocation of partitions, electric and telephone outlets; installation and repair of burglar alarms and other automatic protective devices and systems; construction and space alterations as a result of installation for scientific laboratory or other specialized purposes, including installation and repair of special ventilation, temperature and humidity control equipment and other repairs which are in excess of those provided by SLUC.

2. Real Property Operations

- a. Cleaning - Janitorial services provided over and above the standard level.
- b. Protection - Protective services over and above the standard levels provided to Federal agencies such as the Energy Department, State Department, Internal Revenue Service, Department of Defense and U. S. Courts.
- c. Other Buildings Services - Elevator operations, utilities and operating personnel to furnish heat, air-conditioning, moving of agencies, and other services that are provided over and above the standard levels.

FEDERAL BUILDINGS FUND
Statement of Financial Condition
(In Thousands)

As of December 31, 1980

ASSETS

Current Assets

Cash					\$ 771,275
Accounts Receivable:					
Reimbursable	\$	61,502			
Nonreimbursable		22,946			
SLUC		102,322			
Surplus Property		1			
Health Units		<u>29</u>			
Accounts Receivable, Net					186,800
Advances:					
To Other Agencies or Funds	\$	605			
To Employees (Travel)		<u>1,372</u>			
Advances, Net					1,977
Inventories:					
Gasoline	\$	18			
Heating Plants		3,503			
Operating Supplies		<u>3,854</u>			
Inventories, Net					7,375
Work Authorization - Work in Process					277,674
Prepaid Expenses					<u>3,569</u>
Total Current Assets					\$1,248,670

FEDERAL BUILDINGS FUNDStatement of Financial Condition
(In Thousands)

As of December 31, 1980

ASSETS (Continued)

<u>Capital Assets</u>		
Equipment in Temporary Storage	\$	776
Equipment on Loan - Other Sources		24
Operating Equipment		35,280
Less: Allowance for Depreciation		<u>18,648</u>
Equipment, Net		\$ 17,433
Leasehold Improvements	\$	8,097
Less: Allowance for Amortization		<u>6,784</u>
Leasehold Improvements, Net		1,313
Construction Work in Process:		
New Construction		442,815
Building and Land Improvements:		
Government-owned	\$2,664,388	
Purchase Contract	128,127	
Less: Allowance for Depreciation	<u>554,505</u>	
Building and Land Improvements, Net		2,238,010
Future Occupancy Rights ^{1/}	\$1,126,397	
Less: Allowance for Amortization	<u>71,565</u>	
Future Occupancy Rights, Net		1,054,832
Land and Land Rights		390,359
Personal Property - Artworks		<u>1,657</u>
Total Capital Assets		\$4,146,420
<u>Other Assets</u>		
Excess and Surplus Personal Property	\$	<u>1,936</u>
Total Assets		<u>\$5,397,026</u>

FEDERAL BUILDINGS FUNDStatement of Financial Condition
(In Thousands)

As of December 31, 1980

LIABILITIESCurrent Liabilities

Accounts Payable:

Accruals	\$ 140,354
Payments In Transit	50,890
Payroll Accounts (MAPS)	(120)
Contract Holdbacks	<u>3,179</u>

Accounts Payable, Net	\$ 194,303
-----------------------	------------

Deferred Income:

Reimbursable Work Authorizations	<u>441,750</u>
----------------------------------	----------------

Total Current Liabilities	\$ 636,053
---------------------------	------------

Long-Term Liabilities

Annual Leave Liabilities	\$ 22,908
--------------------------	-----------

Purchase Contracts:

Indentures Outstanding - Dual System	\$1,126,515
Purchase Contract Liability - Package System	<u>110,971</u>

Purchase Contracts, Net	<u>1,237,486</u>
-------------------------	------------------

Total Long-Term Liabilities	<u>\$1,260,394</u>
-----------------------------	--------------------

Total Liabilities	\$1,896,447
-------------------	-------------

FEDERAL BUILDINGS FUNDStatement of Financial Condition
(In Thousands)

As of December 31, 1980

INVESTMENT OF U. S. GOVERNMENT

Capital	\$3,598,426
Provision for Unamortized Annual Leave Liability	(22,908)
Retained Earnings (Exhibit C)	<u>(74,939)</u>
Total Investment of U. S. Government	<u>\$3,500,579</u>
Total Liabilities and Investment of U. S. Government	<u>\$5,397,026</u>

1/ Future Occupancy Rights represent the rights received to occupy certain buildings constructed through the issuance of indentures under the Dual System Purchase Contract Program.

FEDERAL BUILDINGS FUNDStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

Income From Direct Operations

Standard Level User Charges (SLUC):

SIBAC 1/

\$310,230

Non-SIBAC 2/

\$84,699

Less: Non-SIBAC SLUC Allowances

3,921

Non-SIBAC, Net

80,779

Total SLUC Income

\$391,009

Direct Expenses

Expenses Funded:

Operating Expenses

\$353,712

Expenses Unfunded:

Depreciation and Amortization Expenses

22,640

Total Direct Expenses

\$376,352

Net Gain or (Loss) -

Direct Operations

\$ 14,657

Reimbursable Operations

Work Authorizations:

Income:

Recurring

\$33,093

Nonrecurring

8,396

Total Income

\$ 41,489

Expense:

Recurring

\$33,093

Nonrecurring

7,622

Total Expense

40,715

Net Gain or (Loss) -

Work Authorizations

\$ 774

Net Gain or (Loss) -

Reimbursable Operations

\$ 774

Net Gain or (Loss) -

From Operations

\$ 15,431

FEDERAL BUILDINGS FUNDStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

<u>Nonoperating Net</u>		
<u>Income and Expense</u>		
Sale of Personal Property:		
Income		\$ 249
Expense		<u>-</u>
Net Gain or (Loss) -		
Sale of Personal Property		\$ 249
Miscellaneous:		
Income		\$ 571
Expense		<u>(27)</u>
Net Gain or (Loss) -		
Miscellaneous		<u>598</u>
Nonoperating Net		
Gain or (Loss)		<u>\$ 847</u>
Net Gain or (Loss) for Period		<u>\$ 16,278</u>

1/ Agencies that are serviced by the Department of the Treasury are billed for SLUC through the Simplified Intragovernmental Billing and Collection (SIBAC) System and, hence, are referred to as SIBAC Agencies.

2/ Those agencies that are not serviced by the Department of the Treasury are not billed for SLUC charges through the SIBAC System and are referred to as NonSIBAC Agencies.

Exhibit B-1

FEDERAL BUILDINGS FUND

Statement of Income and Expense -
by RegionWork Authorization Activity
(in Thousands)

As of December 31, 1980

	Total	Central Office	Boston	New York	Philadelphia	Atlanta	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Auburn	Washington
Total Work Authorizations													
Income	941,489	\$ -	9958	94,121	96,921	91,890	91,795	91,993	92,554	91,434	92,372	9028	916,633
Expense	40,715	-	927	3,977	6,889	1,907	1,754	1,947	2,082	1,101	2,368	783	16,935
Gain or (Loss)	\$ 774	\$ -	\$ 31	\$ 144	\$ 32	\$ (117)	\$ 41	\$ 36	\$ 72	\$ 230	\$ 4	\$ 43	\$ 138
Work Authorization By Type													
Recurring:													
Income	931,093	\$ -	9609	92,240	96,548	91,748	91,424	955	91,668	9364	91,681	9270	915,376
Expense	33,093	-	609	2,240	6,548	1,748	1,824	965	1,668	364	1,681	270	15,376
Gain or (Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonrecurring:													
Income	9,396	\$ -	9349	91,081	9373	9142	9371	91,018	986	91,070	9691	9558	91,057
Expense	7,622	-	318	1,737	341	159	330	982	814	820	687	515	919
Gain or (Loss)	\$ 774	\$ -	\$ 31	\$ 144	\$ 32	\$ (117)	\$ 41	\$ 36	\$ 72	\$ 230	\$ 4	\$ 43	\$ 138

FEDERAL BUILDINGS FUNDStatement of Retained Earnings
(In Thousands)

For the Period Ended December 31, 1980

Retained Earnings - October 1, 1980	\$(90,236)
Net Income (Loss) for the Period	16,278
Property Transfers In and/or (Out) <u>1/</u>	<u>(981)</u>
Retained Earnings - December 31, 1980	<u><u>\$(74,939)</u></u>

1/ Property Transfers In and/or (Out) represent the value of real and personal property transferred to or from other GSA funds and/or other Government agencies.

FEDERAL BUILDINGS FUNDStatement of Changes in Financial Position
(In Thousands)

For the Period October 1 through December 31, 1980

Resources Provided

Operations:

Net Income (see Exhibit B)	\$16,278	
Add: Nonfund Items -		
Depreciation and Amortization	<u>22,640</u>	
Financial Resources Provided by Operations		\$38,918
Increase in Long-Term Liabilities -		
Purchase Contract Dual System		-
Decrease in Buildings		370
Decrease in Leasehold Improvements		<u>428</u>
Total		<u>\$39,716</u>

Resources Applied

Increase in Operating Equipment	\$ 111
Increase in Land	28
Increase in Future Occupancy Rights	-
Increase in Buildings - Purchase Contract	-
Increase in Artworks	5
Increase in Other Capital Assets	1,716
Increase in Construction -	
Work in Process	2,766
Decrease in Long-Term Liabilities -	
Purchase Contract Package System	-
Property Transfers Out	981
Increase in Working Capital (see Exhibit D-1)	<u>34,109</u>
Total	<u>\$39,716</u>

FEDERAL BUILDINGS FUNDSchedule of Working Capital Changes
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Working Capital Change</u>	
	<u>Increase</u>	<u>Decrease</u>
<u>Current Assets</u>		
Cash	\$ 99,900	
Accounts Receivable		\$ 3,523
Advances to Other Agencies or Funds	173	
Prepaid Expenses		233
Supply Inventories		1,992
Work Authorization - Work in Process	18,647	
<u>Current Liabilities</u>		
Accounts Payable		6,798
Deferred Income		72,065
Total	\$118,720	\$ 84,611
Increase in Working Capital		34,109
	<u>\$118,720</u>	<u>\$118,720</u>

FEDERAL BUILDINGS FUNDComparative Statement of Financial Condition
(In Thousands)

As of December 31

<u>ASSETS</u>	<u>1980</u>	<u>1979</u>	Increase (+) Decrease (-)
<u>Current Assets</u>			
Cash	\$ 771,275	\$ 663,463	\$+107,812
Accounts Receivable	186,800	165,557	+ 21,243
Advances to Other Agencies or Funds	1,977	1,211	+ 766
Supply Inventories	7,375	8,586	- 1,211
Work Authorization - Work in Process	277,674	216,900	+ 60,774
Prepaid Expenses	<u>3,569</u>	<u>3,751</u>	- 182
Total Current Assets	<u>1,248,670</u>	<u>1,059,468</u>	+189,202
<u>Capital Assets</u>			
Operating Equipment, Net	17,433	17,879	- 446
Leasehold Improvements, Net	1,313	2,606	- 1,293
Construction Work in Process	442,815	516,612	- 73,797
Building and Land Improvements, Net	2,238,010	2,239,167	- 1,157
Future Occupancy Rights, Net	1,054,832	982,815	+ 72,017
Land and Land Rights	390,359	392,713	- 2,354
Personal Property - Artwork	<u>1,657</u>	<u>1,632</u>	+ 25
Total Capital Assets	<u>4,146,420</u>	<u>4,153,424</u>	- 7,004
<u>Other Assets</u>			
Excess and Surplus Personal Property	<u>1,936</u>	<u>207</u>	+ 1,729
Total Assets	<u>\$5,397,026</u>	<u>\$5,213,099</u>	\$+183,927

FEDERAL BUILDINGS FUNDComparative Statement of Financial Condition
(In Thousands)

As of December 31

<u>LIABILITIES</u>	<u>1980</u>	<u>1979</u>	<u>Increase (+)</u> <u>Decrease (-)</u>
<u>Current Liabilities</u>			
Accounts Payable	\$ 140,354	\$ 101,155	\$+ 39,199
Payments In Transit	50,890	50,439	+ 451
Payroll Account (MAPS)	(120)	(81)	- 39
Contract Holdbacks	3,179	3,034	+ 145
Deferred Income - Work Authorizations	441,750	359,940	+ 81,810
Total Current Liabilities	<u>636,053</u>	<u>514,487</u>	<u>+121,566</u>
<u>Long-Term Liabilities</u>			
Annual Leave Liability	22,908	22,030	+ 878
Purchase Contracts	<u>1,237,486</u>	<u>1,172,058</u>	<u>+ 65,428</u>
Total Long-Term Liabilities	<u>1,260,394</u>	<u>1,194,088</u>	<u>+ 66,306</u>
Total Liabilities	1,896,447	1,708,575	+187,872
<u>INVESTMENT OF U. S. GOVERNMENT</u>			
Capital	3,598,426	3,601,509	- 3,083
Provision for Unamortized Annual Leave Liability	(22,908)	(22,030)	- 878
Retained Earnings	<u>(74,939)</u>	<u>(74,955)</u>	<u>+ 16</u>
Total Investment of U. S. Government	<u>3,500,579</u>	<u>3,504,524</u>	<u>- 3,945</u>
Total Liabilities and Investment of U. S. Government	<u>\$5,397,026</u>	<u>\$5,213,099</u>	<u>\$+183,927</u>

FEDERAL BUILDINGS FUNDComparative Statement of Income and Expense
(In Thousands)

As of December 31

	October 1 through <u>December 31, 1980</u>	October 1 through <u>December 31, 1979</u>	Increase (+) Decrease (-)
<u>Income from Direct Operations</u>			
SLUC and Related Services:			
SIBAC	\$310,230	\$287,166	\$+23,064
Non-SIBAC	<u>80,779</u>	<u>77,659</u>	<u>+ 3,120</u>
Total SLUC and Related Income	\$391,009	\$364,825	\$+26,184
<u>Direct Expenses</u>			
Expenses Funded:			
Operating Expenses	\$353,712	\$321,945	\$+31,767
Expenses Unfunded:			
Depreciation and Amortization	<u>22,640</u>	<u>26,042</u>	<u>- 3,402</u>
Total Direct Expenses	<u>\$376,352</u>	<u>\$347,987</u>	<u>\$+28,365</u>
Net Gain or (Loss) - Direct Operations	\$ 14,657	\$ 16,838	\$- 2,181

FEDERAL BUILDINGS FUNDComparative Statement of Income and Expense
(In Thousands)

As of December 31

	October 1 through December 31, 1980	October 1 through December 31, 1979	Increase (+) Decrease (-)
<u>Reimbursable Operations</u>			
Work Authorizations:			
Income:			
Recurring	\$ 33,093	\$ 27,916	\$+ 5,177
Nonrecurring	<u>8,396</u>	<u>10,295</u>	<u>- 1,899</u>
Total Income	\$ 41,489	\$ 38,211	\$+ 3,278
Expense:			
Recurring	\$ 33,093	\$ 27,916	\$+ 5,177
Nonrecurring	<u>7,622</u>	<u>9,221</u>	<u>- 1,599</u>
Total Expense	\$ 40,715	\$ 37,137	\$+ 3,578
Net Gain or (Loss) - Work Authorizations	\$ 774	\$ 1,074	\$- 300
Net Gain or (Loss) - Reimbursable Operations	\$ 774	\$ 1,074	\$- 300
Net Gain or (Loss) From Operations	\$ 15,431	\$ 17,912	\$- 2,481

FEDERAL BUILDINGS FUNDComparative Statement of Income and Expense
(In Thousands)

As of December 31

	October 1 through <u>December 31, 1980</u>	October 1 through <u>December 31, 1979</u>	Increase (+) Decrease (-)
<u>Nonoperating Net</u>			
<u>Income and Expense</u>			
Sale of Personal Property:			
Income	\$ 249	\$ 328	\$- 79
Expense	<u>-</u>	<u>-</u>	<u>-</u>
Net Gain or (Loss) - Sale of Personal Property	\$ 249	\$ 328	\$- 79
Miscellaneous:			
Income	\$ 571	\$ 2,035	\$- 1,464
Expense	<u>(27)</u>	<u>4</u>	<u>+ 31</u>
Net Gain or (Loss) - Miscellaneous	\$ 598	\$ 2,031	\$- 1,433
Net Gain or (Loss) - Nonoperating	<u>\$ 847</u>	<u>\$ 2,359</u>	<u>\$- 1,512</u>
Net Gain or (Loss) for Period	<u>\$ 16,278</u>	<u>\$ 20,271</u>	<u>\$- 3,993</u>

Financial
Report

CONSTRUCTION
SERVICES
FUND

SYMBOL 47X4602

December 31, 1980



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

CONSTRUCTION SERVICES FUND

Financial Report

As of December 31, 1980

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Report Comments and Background.		1-2
Statement of financial Condition.	A	3
Statement of Income and Expense by Region	B	4
Statement of Changes in Financial Position.	C	5

The above statements are in thousands of dollars; therefore, any differences in addition are due to the rounding to the nearest thousand.

CONSTRUCTION SERVICES FUND

December 31, 1980

REPORT COMMENTS

During the first three months of Fiscal Year 1981, operations of the Construction Services Fund (CSF) resulted in a net loss of \$1.7 million (see Exhibit B). Alteration and repair projects were the major factor contributing to this loss. The losses incurred on alteration and repair projects are the result of an increase in contracting-out wherein costs exceeded the fixed fees. After considering the \$1.7 million loss, Retained Earnings now reflects a balance of \$5.9 million.

As advance payments are used to finance the CSF, it is important that cash remain at a level to cover the expenses relative to income not yet earned. At the end of the first quarter cash exceeded unearned advances by \$8.5 million. Overall net working capital was \$5.9 million reflecting a decrease of \$1.7 million over the close of Fiscal Year 1980 (see Exhibit C). It should be noted that with this quarter's report, a change in reporting net working capital was made; therefore, for comparison purposes, the current figure will disrupt any trends.

The credit balance of \$51,000 in the deferred charges account and the debit balances reflected in the deferred credit accounts are being researched and analyzed. The regional offices involved have been notified and are assisting in the review and analysis.

The average monthly expense for the first three months of Fiscal Year 1981 was \$2.2 million or an increase of \$112 thousand over the last three month period. Full-time permanent employment decreased from 809 to 802.

CONSTRUCTION SERVICES FUND

December 31, 1980

BACKGROUND

The Construction Services Fund (CSF) finances and accounts for the activities of the Office of Design and Construction (D&C) personnel. This office provides architectural design and construction supervision services in connection with General Services Administration's (GSA's) construction, alteration, and repair projects, as well as similar projects for other agencies. These services are financed by fixed price advance payments from the benefiting appropriations of GSA and other agencies and are not adjusted to actual costs. Income may be received on a post reimbursable basis if Public Buildings Service (PBS) elects to first perform its services and base its charges on actual costs incurred.

CONSTRUCTION SERVICES FUNDStatement of Financial Condition
(In Thousands)

As of December 31, 1980

ASSETS

Cash		\$30,218	
Accounts Receivable		541	
Deferred Charges		<u>(51)</u>	
Total Assets			<u>\$30,708</u>

LIABILITIES

Accounts Payable		\$ 3,027	
Payroll Deductions Withheld		70	
Deferred Credits:			
FBF - New Construction	\$ 1,825		
FBF - A&MR Projects	21,638		
FBF - Building Operations	677		
FBF - Program Direction	(244)		
Reimbursable Construction			
Transfer Appropriations	142		
FBF - Nonrecurring Reimbursable	<u>(2,313)</u>		
Deferred Credits, Net		21,725	
Total Liabilities			\$24,822

INVESTMENT OF U. S. GOVERNMENT

Retained Earnings (Exhibit B)		\$ 5,886	
Total Investment of U. S. Government			<u>5,886</u>
Total Liabilities and Invest- ment of U. S. Government			<u>\$30,708</u>

Exhibit 9

CONSTRUCTION SERVICES 1969

Statement of Income and Expense -
 For the Period October 1 -
 Through December 31, 1969
 (In Thousands)

For the Period October 1 -
 Through December 31, 1960

	Total	Boston	New York	Philadelphia	Atlanta	Chicago	Kansas City	Fort Worth	Dallas	San Francisco	Ambler	Washington
Income from Operations												
FFP - New Construction	\$ 177	\$ 79	\$ -	\$ -	\$ 11	\$ (1)	\$ -	\$ 67	\$ -	\$ 12	\$ 10	\$ -
FFP - Building Operations	2,679	197	(302)	106	8	5	423	154	280	131	145	916
FFP - Program Direction	(417)	-	34	20	26	(194)	-	-	-	-	7	42
FFP - Nonrecruiting Reimbursable Construction Transfer Appropriations	1,200	48	33	30	36	36	314	207	162	32	89	212
	1,119	-	-	-	21	-	1	32	-	2	88	913
Total Income from Operations	4,006	324	(103)	174	237	(38)	738	661	642	168	335	2,165
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	4,006	324	(103)	174	237	(38)	738	661	642	168	335	2,165
Expenses of Operations												
Indistributed to Projects												
FFP - New Construction	541	95	45	-	191	14	-	46	6	75	43	13
FFP - BAPC Projects	3,520	268	450	144	283	547	351	286	219	208	109	913
FFP - Building Operations	132	-	13	11	1	35	1	24	-	7	3	30
FFP - Program Direction	410	14	33	19	26	36	31	24	19	31	22	154
FFP - Nonrecruiting Reimbursable Construction Transfer Appropriations	1,479	60	17	4	24	13	139	40	41	17	86	335
	479	-	47	4	24	13	-	40	11	17	86	335
Total Distributed	6,610	445	634	228	598	732	552	698	335	478	402	1,717
Undistributed to Projects Under (Over)	17	-	-	14	1	-	-	1	-	-	1	-
Total Expense	6,627	445	634	238	599	732	552	699	335	478	403	1,717
Gain or (Loss) on Operations												
FFP - New Construction	(363)	(18)	(46)	-	(180)	(23)	-	20	(6)	(64)	(23)	(13)
FFP - Building Projects	(1,229)	(71)	(652)	(44)	(194)	(131)	71	(131)	61	(196)	(84)	62
FFP - Building Operations	(67)	-	11	1	-	(20)	-	(28)	-	(21)	3	(10)
FFP - Program Direction	(14)	(14)	1	1	-	(30)	(31)	(29)	(19)	(13)	(13)	(103)
FFP - Nonrecruiting Reimbursable Construction Transfer Appropriations	72	(20)	(12)	(15)	(7)	(41)	175	137	(8)	(31)	(17)	(163)
FFP - Nonrecruiting Reimbursable Construction Transfer Appropriations	640	-	(40)	(3)	37	(13)	1	(13)	-	(1)	20	971
Miscellaneous Income	(17)	-	-	(1)	(1)	(1)	-	(1)	-	-	(1)	-
Total	(1,710)	(122)	(737)	(63)	(341)	(769)	216	(38)	86	(310)	(60)	427
Adjustment to Prior Year's Operations	-	-	-	-	-	-	-	-	-	-	-	-
Total Gain or (Loss)	(1,710)	-	-	(63)	-	-	-	(38)	86	(310)	(60)	427
Retained Earnings												
As of October 1, 1960	7,406	-	-	(463)	(341)	(769)	3216	(38)	86	(310)	(60)	427
As of December 31, 1960	5,696	(122)	(737)	(63)	(341)	(769)	3216	(38)	86	(310)	(60)	427

CONSTRUCTION SERVICES FUNDStatement of Changes in Financial Position
(In Thousands)

For the Period October 1 to December 31, 1980

Resources Provided

Decrease in Working Capital	<u>\$1,720</u>
Total	<u><u>\$1,720</u></u>

Resources Applied

Operations:	
Net Loss (See Exhibit B)	<u>\$1,720</u>
Total	<u><u>\$1,720</u></u>

Schedule of Working Capital Changes

	<u>Working Capital Change</u>	
	<u>Increase</u>	<u>Decrease</u>
<u>Current Assets</u>		
Cash		\$2,924
Accounts Receivable		916
Deferred Charges		32
<u>Current Liabilities</u>		
Accounts Payable		641
Deferred Income	<u>\$2,793</u>	<u> </u>
	\$2,793	\$4,513
Decrease in Working Capital	<u>1,720</u>	<u> </u>
	<u><u>\$4,513</u></u>	<u><u>\$4,513</u></u>

Financial
Report

FS-315-OAD

General
Supply
Fund

Symbol 47X4530

December 31, 1980



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

GENERAL SUPPLY FUND

Financial Report

December 31, 1980

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Report Comments and Background.		1- 2
Comparative Statement of Financial Condition.	A	3
Comparative Statement of Income and Expense	B	4
Consolidated Statement of Financial Condition	C	5
Schedule of Advances from Other Agencies or Funds	C-1	6
Consolidated Statement of Income and Expense.	D	7
Consolidated Schedule of Capital Assets - By Region	E	8
Schedule of Inventories - Supply Operations - By Region	F	9
Analysis of Balances in Reserve for Donated Assets - Supply Operations - By Center.	G	10
Analysis of Changes in Reserve for Donated Assets - Supply Operations - By Center.	G-1	11
Statement of Income and Expense - Supply Operations - By Region	H	12-14
Comparative Statement of Income and Expense - Supply Operations	I	15
Statement of Income and Expense - Property Management - By Region	J	16
Statement of Income and Expense - Administrative Equipment - By Region.	K	17
Analysis of Other Income and Expense - Administrative Equipment - By Region.	K-1	18

GENERAL SUPPLY FUND

December 31, 1980

REPORT COMMENTS

The General Supply Fund (GSF) completed the first quarter of Fiscal Year 1981 in a favorable financial position. Current Assets increased \$2.4 million while Current Liabilities decreased \$4.8 million when compared to the same period of last year. The Fund's cash position has improved; as of December 31, 1980, the cash balance was \$123.0 million as compared to \$100.1 million at December 31, 1979, an increase of almost \$23 million. The increase in cash was offset by a reduction in inventories of \$29.2 million. The increase in cash and reduction of inventories is a clear indication that the discontinued use of the GSF as a funding mechanism for Nonstock Direct Deliveries has improved the Fund's cash flow.

Total sales of \$309.9 million during the first quarter were down \$33.1 million from the same period of last fiscal year. Although Supply Operations has the highest total sales within the GSF of \$251.7 million this represented a decrease of \$44.8 from the \$296.5 million recorded in Fiscal Year 1980. The entire decrease in Supply Operations sales was attributable to the Nonstock Direct Delivery Program and was a direct result of the decision to discontinue using the GSF to finance Nonstock Requisitions. Part of the overall reduction in GSF sales was offset by an increase in Motor Pool sales of \$12.2 million.

GSF operations for the first quarter resulted in a gain of \$13.9 million. It should be noted, however, that the gain of \$5.7 million in Motor Pools and the loss of \$.8 million in Administrative Equipment are both overstated. The gain in Motor Pools is overstated by \$3.5 million as a result of not recording Replacement Cost Pricing Expense for the first quarter. In addition, Administrative Equipment sales for the first quarter totaling \$.4 million were not recorded. Considering both these adjustments, the actual gain from operations is \$10.1 million.

GENERAL SUPPLY FUNDBACKGROUND

The General Supply Fund was transferred in 1949 from the Department of Treasury to the General Services Administration. The Fund is a revolving fund which finances, on a reimbursable basis, four programs: Supply Operations, Motor Pools, Property Management, and Administrative Equipment. Each of these programs is assigned to a different service or office in GSA.

1. Supply Operations does the buying, storing and selling of supplies and equipment to other Government agencies and the District of Columbia. Commodities for sale are categorized as follows:

a. Regular stores items are common-use items purchased in volume and stored in supply facilities. These items are distributed through a nationwide distribution system consisting of 17 major supply outlets, 71 self-service stores and 1 fuel yard.

b. Direct Delivery stores items are regular stores items that are ordered in large quantities, and placed with the commercial source of supply for delivery directly to the customer.

c. Nonstores items are commodities which do not warrant economical stocking in supply depots and are purchased for direct shipment to using agencies.

The export operations overpacks stores and nonstores items for shipment to overseas destinations, largely in conjunction with the Department of Defense and the Agency for International Development.

2. Property Management includes furniture and equipment rehabilitation services performed under commercial contractors wherever feasible and economical, as well as the disposal of foreign excess personal property.

3. Administrative Equipment Program manages the utilization and replacement of GSA-owned personal property, e.g., desks, chairs and typewriters.

4. Motor Pools provide various vehicle services to agencies through a system of Interagency Motor Pools. These services are discussed in a separate report.

GENERAL SUPPLY FUNDComparative Statement of Financial Condition
(In Thousands)

As of December 31, 1980

	<u>1980</u>	<u>1979</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$122,988	\$100,106
Accounts Receivable:		
Billed	49,118	54,489
Unbilled	51,431	38,066
Total	100,549	92,555
Advances to Others	3,921	3,928
Inventories for Sale	258,769	287,919
Operating Supplies	2,657	2,085
Deferred Charges and Prepaid Expenses	13,360	13,225
Total Current Assets	502,244	499,818
Capital Assets, Net (Exhibit E)	240,970	230,462
Total Assets	<u>\$743,214</u>	<u>\$730,280</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 95,511	\$100,071
Advances from Other Agencies or Funds (Exhibit C-1)	48,078	48,614
Advances from Contractors	618	512
Annual Leave Liability	1,941	1,793
Transfer from DOD and Other Deferred Items	2,826	10,589
Total Liabilities	148,974	161,579
<u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	292,750	292,750
Donated Assets, Net	195,554	188,849
Provision for Equipment		
Replacement Increases	6,000	1,500
Equity in Foreign Excess Personal Property	105	2,013
Provision for Unamortized Annual Leave Liability	(185)	(170)
Retained Earnings (Exhibit D)	89,573	72,693
Reserve for Donated Assets, Net - DOD	10,443	11,066
Total Investment of U. S. Government	594,240	568,701
Total Liabilities and Investment of U. S. Government	<u>\$743,214</u>	<u>\$730,280</u>

Exhibit C shows Financial Condition by Program.

GENERAL SUPPLY FUNDComparative Statement of Income and Expense
(In Thousands)

	October 1 through December 31, 1980	October 1 through December 31, 1979
<u>Sales</u>		
<u>Supply Operations</u>		
Depot	\$167,270	\$166,335
Self-Service Stores	10,764	9,268
Fuel Yard	5,184	5,913
Direct Deliveries - Stores	13,359	8,806
Direct Deliveries - Nonstores	49,435	101,232
Export and Other Special Activities	5,190	4,507
Credit Returns Program	168	121
Miscellaneous	<u>336</u>	<u>297</u>
Total Supply Operations	251,706	296,479
Motor Pools	58,036	45,796
Property Management	86	130
Administrative Equipment	<u>31</u>	<u>517</u>
Total Sales	309,859	342,922
<u>Cost of Sales</u>		
<u>Supply Operations</u>		
Depot	160,219	166,836
Self-Service Stores	10,001	8,836
Fuel Yard	5,185	5,982
Direct Deliveries - Stores	12,369	8,486
Direct Deliveries - Nonstores	49,442	101,225
Export and Other Special Activities	4,070	3,273
Credit Returns Program	173	104
Miscellaneous	<u>597</u>	<u>78</u>
Total Supply Operations	242,056	294,820
Motor Pools	52,372	47,212
Property Management	115	173
Administrative Equipment	<u>806</u>	<u>872</u>
Total Cost of Sales	295,349	343,077
<u>Gain or (Loss)</u>		
Supply Operations	9,650	1,659
Motor Pools	5,663	(1,416)
Property Management	(28)	(43)
Administrative Equipment	<u>(773)</u>	<u>(354)</u>
Total	14,510	(154)
<u>Other Income</u>	361	482
<u>Other Expense</u>	<u>850</u>	<u>537</u>
Gain or (Loss) Current Year Operations	14,021	(209)
<u>Prior Years' Adjustments - Gain or (Loss)</u>	<u>(97)</u>	<u>587</u>
Total Gain or (Loss)	<u>13,924</u>	<u>\$ 378</u>

Exhibit D shows Operations by Program.

GENERAL SUPPLY FUND
Consolidated Statement of Financial Condition
(In Thousands)

As of December 31, 1980

<u>ASSETS</u>	<u>Total</u>	<u>Supply Operations</u>	<u>Motor Pools</u>	<u>Property Management</u>	<u>Administrative Equipment</u>
Current Assets:					
Cash	\$122,988	\$ 98,354	\$ 20,973	\$1,058	\$ 2,603
Accounts Receivable:					
Billed	49,118	35,127	12,620	61	1,310
Unbilled	51,431	25,395	25,901	131	4
Total	100,549	60,522	38,521	192	1,314
Advances to Others	3,921	3,860	60	-	-
Inventories for Sale -					
Supply Operations (Exhibit F)	258,653	258,653	-	-	-
Inventories for Sale -					
Property Rehabilitation	11	-	-	11	-
Inventories for Sale -					
Foreign Excess Personal Property	105	-	-	105	-
Operating Supplies	2,657	-	2,598	59	-
Deferred Charges and Prepaid Expenses	13,359	12,733	645	(20)	-
Total Current Assets	502,244	434,123	62,798	1,406	3,917
Capital Assets	419,817	24,706	349,810	18	45,283
Less: Allowance for Depreciation	178,846	12,924	135,939	14	29,969
Capital Assets, Net	240,970	11,782	213,871	4	15,314
Total Assets	\$743,214	\$ 445,905	\$276,669	\$1,410	\$19,231
LIABILITIES					
Accounts Payable	\$ 95,511	\$ 77,846	\$ 17,454	\$ 75	\$ 135
Advances from Other Agencies or Funds (Exhibit C-1)	48,078	48,078	-	-	-
Advances from Contractors	618	618	-	-	-
Annual Leave Liability	1,941	14	1,915	12	-
Transfer from DOD and Other Deferred Items	2,826	2,296	429	-	100
Total Liabilities	148,973	128,852	19,799	88	236
INVESTMENT OF U. S. GOVERNMENT					
Appropriated Capital	292,750	292,750	-	-	-
Donated Assets, Net	195,534	195,534	-	-	-
Provision for Equipment Replacement Increases	6,000	-	6,000	-	-
Intrafund Transfers	-	(266,062)	246,209	1,262	18,592
Equity in Foreign Excess Personal Property	105	-	-	105	-
Provision for Unasserted Annual Leave Liability	(185)	(26)	(146)	(13)	-
Retained Earnings (Exhibit D)	89,373	84,394	4,806	(31)	404
Reserve for Donated Assets, Net - DOD	10,444	10,444	-	-	-
Total Investment of U. S. Government	594,240	317,053	256,870	1,322	18,995
Total Liabilities and Investment of U. S. Government	\$743,214	\$ 445,905	\$276,669	\$1,410	\$19,231

GENERAL SUPPLY FUNDSchedule of Advances
from Other Agencies or Funds
(In Thousands)

As of December 31, 1980

	Type	
	<u>Loan</u>	<u>Self-Liquidating</u>
Navy	\$ 8,113	\$ -
Army	15,000	8
Air Force	8,000	-
AID	11,000	-
Department of Defense	600	-
Post Office	-	4,097
Other	-	<u>1,260</u>
Subtotal	<u>42,713</u>	<u>5,365</u>
Total (Exhibit A)		<u>\$48,078</u>

GENERAL SUPPLY FUNDConsolidated Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Supply Operations</u>	<u>Motor Pools</u>	<u>Property Management</u>	<u>Administrative Equipment</u>
<u>Sales</u>					
Depot	\$167,269	\$167,269	\$ -	\$ -	\$ -
Self-Service Stores	10,764	10,764	-	-	-
Fuel Yard	5,183	5,183	-	-	-
Direct Deliveries - Stores	13,359	13,359	-	-	-
Direct Deliveries - Nonstores	49,435	49,435	-	-	-
Export and Other Special Activities	5,190	5,190	-	-	-
Credit Returns Program	168	168	-	-	-
Miscellaneous	336	-	-	-	-
Administrative Equipment	31	-	-	-	31
Motor Pools	58,036	-	58,036	-	-
Property Management	86	-	-	86	-
Total	<u>309,859</u>	<u>251,704</u>	<u>58,036</u>	<u>86</u>	<u>31</u>
<u>Cost of Sales</u>					
Depot	160,218	160,218	-	-	-
Self-Service Stores	10,001	10,001	-	-	-
Fuel Yard	5,185	5,185	-	-	-
Direct Deliveries - Stores	12,369	12,369	-	-	-
Direct Deliveries - Nonstores	49,442	49,442	-	-	-
Export and Other Special Activities	4,070	4,070	-	-	-
Credit Returns Program	173	173	-	-	-
Miscellaneous	597	597	-	-	-
Administrative Equipment	806	-	-	-	806
Motor Pools	52,372	-	52,372	-	-
Property Management	115	-	-	115	-
Total	<u>295,349</u>	<u>242,056</u>	<u>52,372</u>	<u>115</u>	<u>806</u>
<u>Gain or (Loss)</u>					
Depot	7,051	7,051	-	-	-
Self-Service Stores	763	763	-	-	-
Fuel Yard	(1)	(1)	-	-	-
Direct Deliveries - Stores	990	990	-	-	-
Direct Deliveries - Nonstores	(7)	(7)	-	-	-
Export and Other Special Activities	1,121	1,121	-	-	-
Credit Returns Program	(5)	(5)	-	-	-
Miscellaneous	(261)	(261)	-	-	-
Administrative Equipment	(775)	-	-	-	(775)
Motor Pools	5,663	-	5,663	-	-
Property Management	(29)	-	-	(29)	-
Total	<u>14,510</u>	<u>9,650</u>	<u>5,663</u>	<u>(29)</u>	<u>(775)</u>
<u>Other Income</u>					
	<u>361</u>	<u>312</u>	<u>29</u>	<u>-</u>	<u>20</u>
<u>Other Expense</u>					
	<u>850</u>	<u>632</u>	<u>101</u>	<u>-</u>	<u>117</u>
Gain or (Loss) - Current Year Operations	<u>14,021</u>	<u>9,330</u>	<u>5,592</u>	<u>(29)</u>	<u>(872)</u>
<u>Prior Years' Adjustments - Gain or (Loss)</u>					
	<u>(96)</u>	<u>(585)</u>	<u>(785)</u>	<u>(2)</u>	<u>1,276</u>
Total Gain or (Loss)	<u>\$ 13,924</u>	<u>\$ 8,745</u>	<u>\$ 4,806</u>	<u>\$(31)</u>	<u>\$ 404</u>
<u>Analysis of Retained Earnings</u>					
Balance - October 1, 1980	<u>\$ 75,649</u>				
Gain or (Loss) for the Period	<u>13,924</u>				
Balance - December 31, 1980	<u>\$ 89,573</u>				

Exhibit B shows Operations of the fund on a comparative basis.
 Exhibit C shows Supply Operations in detail by region.
 Exhibit D shows Supply Operations on a comparative basis.
 Exhibit E shows Property Management in detail by region.
 Exhibit F shows Administrative Equipment in detail by region.

GENERAL F
GENERAL BUDGET FUND
Supply Operations
Schedule of Investments by Agency
(U.S. Treasury Department)
As of November 30, 1969

	Total	Boston	New York	Washington Central Office	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Seattle
Available for Items										
General Service Stores	\$11,332	\$1,310	\$7,608	\$18,842	\$16,752	\$17,518	\$18,741	\$12,173	\$48,653	\$11,547
Post Office	1,111	111	882	8,487	410	410	780	216	322	1,719
Fuel Fund	868	-	-	864	-	-	-	-	-	-
Total Available for Item	211,791	1,727	77,671	36,200	17,257	18,332	25,441	13,489	41,285	16,817
Not Available for Items										
In Transit	4	-	1	-	-	-	-	-	4	-
As Held	1,046	(17)	(87)	(1,422)	(80)	(80)	12	12	(211)	(42)
Interoffice Transfers Between Regions - Out	1,731	193	362	1,600	(16)	(16)	136	31	19	111
Interoffice Transfers Between Regions - In	800	-	-	2	-	-	2	-	15	-
Reposition Stock Within Region	11	-	-	11	-	-	-	-	11	-
From Suppliers	11	-	-	11	-	-	-	-	11	-
Total In Transit	2,416	182	368	982	(86)	(86)	417	(5)	(86)	78
Other										
In Transit Between Regions	10	-	-	-	-	10	-	-	-	1,787
Expired Packaging and Distribution Program (Region 10)	300	-	-	-	-	300	-	-	-	-
Tool Cts. Assembly Program	2,078	-	-	-	-	202	-	-	-	2,022
Total Other	2,088	-	-	-	-	212	-	-	-	2,022
Total Not Available for Items	2,523	182	368	982	(86)	(86)	417	(5)	(86)	1,787
Total Report Investments	217,662	3,216	77,033	35,218	17,282	18,111	25,857	13,489	41,499	18,603
Domestic Delivery - Stores										
Domestic Delivery - Stores	2,848	-	118	-	-	2,409	-	-	321	-
Domestic Delivery - Nonstores	2,271	-	212	-	-	1,849	-	-	210	-
Domestic Delivery - Nonstores	1,403	-	482	-	-	1,079	-	-	111	-
Mailing Report - Nonstores	3,492	-	-	273	-	3,492	-	-	-	-
Vehicle Purchase Program	1,031	-	-	(79)	3	872	-	-	112	-
Vehicle Purchase Program - AMO/SIB	(21)	-	35	46	-	(19)	-	-	4	98
In Transit Expenses - Nonstores	1,714	5	316	-	-	1,493	-	-	4	-
In Transit Expenses - Stores	1,714	-	205	(1,842)	21	1,891	110	-	(14)	-
THIP Expense	2,823	-	205	1,021	812	1,024	151	21	812	13
Total Direct Delivery	20,738	17	2,498	1,379	988	13,102	441	599	1,340	109
Other Investments										
Investment - In Transit	40	(7)	48	4,461	-	-	-	-	-	-
Specialized in Other Agencies	3,859	-	-	-	-	-	-	-	-	-
Specialized in Other Agencies (CO)	109	-	-	4,461	-	-	-	-	-	-
Prosthetic Furniture (CO)	2	-	35	252	11	10	3	4	2	-
Prosthetic Furniture (CO)	882	(11)	8	688	80	70	6	28	100	63
THIP Transportation - Billings Printing	618	41	92	43	10	10	16	23	284	74
Good Failure	2,135	5	234	936	40	313	121	28	278	21
Property Supplies and Materials	1,128	217	183	415	28	33	8	211	37	-
Expenses - Nonstores	10,533	340	228	2,144	232	668	149	275	819	125
Expenses - Stores	1,239,632	12,131	217,023	812,452	418,466	412,112	458,456	212,500	453,310	117,238
Total Investments										

REPORT

Available for Items
General Service Stores
Post Office
Fuel Fund
Total Available for Item

Not Available for Items
In Transit
As Held
Interoffice Transfers Between Regions - Out
Interoffice Transfers Between Regions - In
Reposition Stock Within Region
From Suppliers
Total In Transit

Other
In Transit Between Regions
Expired Packaging and Distribution Program (Region 10)
Tool Cts. Assembly Program
Total Other
Total Not Available for Items
Total Report Investments

DIRECT DELIVERY INVESTMENTS - IN TRANSIT
Domestic Delivery - Stores
Domestic Delivery - Nonstores
Domestic Delivery - Nonstores
Mailing Report - Nonstores
Vehicle Purchase Program
Vehicle Purchase Program - AMO/SIB
In Transit Expenses - Nonstores
In Transit Expenses - Stores
THIP Expense
Total Direct Delivery
Investment - In Transit

OTHER INVESTMENTS
Specialized in Other Agencies
Specialized in Other Agencies (CO)
Prosthetic Furniture (CO)
THIP Transportation - Billings Printing
Good Failure
Property Supplies and Materials
Expenses - Nonstores
Expenses - Stores
Total Other Investments
Total Investments

GENERAL SUPPLY FUND

Supply Operations

Analysis of Balances in Reserve for Donated Assets
(In Thousands)

As of December 31, 1980

	<u>Total</u>	<u>New York</u>	<u>Washington</u>	<u>Kansas City</u>	<u>Fort Worth</u>	<u>San Francisco</u>
<u>Excess Usable</u>						
Handtools	\$ (7,929)	\$ (1,963)	\$ (982)	\$ (4,574)	\$ -	\$ (411)
DGSC Classes	(1,508)	-	(506)	(866)	-	(136)
DCSC Classes	(282)	-	(208)	(74)	-	-
DISC Classes	(95)	-	-	(95)	-	-
Military Services	(251)	(251)	-	-	-	-
<u>Excess Deteriorated or Unserviceable</u>						
Handtools	(52)	(7)	(37)	(5)	-	(3)
Military Services	(31)	-	-	-	-	(31)
<u>Stock Adjustments</u>						
DGSC Classes	(1,017)	(383)	(108)	(130)	-	(396)
DCSC Classes	194	(3)	(12)	209	-	-
DISC Classes	(273)	(68)	(76)	(129)	-	-
DESC Classes	(7)	-	-	-	-	(7)
Military Services	(1,928)	(710)	(1,757)	1,206	(3)	(663)
<u>Miscellaneous</u>						
Transportation	(1,284)	-	(1,284)	-	-	-
All Other	5,508	-	5,508	-	-	-
Reserve for Donated Assets:						
Defense Supply Agency	3,000	-	3,000	-	-	-
Paint and Handtools	16,401	-	16,401	-	-	-
Total	<u>\$10,444</u>	<u>\$(3,385)</u>	<u>\$19,939</u>	<u>\$(4,458)</u>	<u>\$(3)</u>	<u>\$(1,647)</u>

GENERAL SUPPLY FUND

Supply Operations

Analysis of Changes in Reserve for Donated Assets
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>New York</u>	<u>Washington</u>	<u>Kansas City</u>	<u>Fort Worth</u>	<u>San Francisco</u>
<u>Excess Usable</u>						
DGSC Classes	\$ (8)	\$ -	\$(8)	\$ -	\$ -	\$ -
Military Services	(3)	(3)	-	-	-	-
<u>Stock Adjustments</u>						
DISC Clsses	(2)	(2)	-	-	-	-
Military Services	(3)	-	-	-	(3)	-
<u>Excess Deteriorated Or Unserviceable</u>						
Military Services	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31)</u>
Total	<u>\$(47)</u>	<u>\$(5)</u>	<u>\$(8)</u>	<u>\$ -</u>	<u>\$(3)</u>	<u>\$(31)</u>

EXHIBIT B

GENERAL SUPPLIES 1939

Statement of Income and Expenses
for the Period October 1 -
through December 31, 1939

	Total	Interest	New Cash	Banknotes	RECEIPTS	EXPENSES	CHANGES	AMOUNTS PAID	REVENUE	EXPENSES	Net	Amounts	Amounts
Initial	100.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Expenses	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Final	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

11

GENERAL SUPPLY FUND

Supply Operations

Comparative Statement of Income and Expense
(In Thousands)

	October 1 through December 31, 1980	October 1 through December 31, 1979	Percent of Change Increase (+) Decrease (-)
<u>Sales</u>			
Depot	\$167,269	\$166,335	+ 0.6
Self-Service Stores	10,764	9,268	+ 16.1
Fuel Yard	5,183	3,913	- 12.3
Direct Deliveries - Stores	13,359	8,806	+ 51.7
Direct Deliveries - Nonstores	49,435	101,231	- 51.2
Credit Returns Program	168	121	+ 38.7
Export and Other Special Activities	5,190	4,507	+ 15.2
Miscellaneous	336	297	+ 13.2
Total	251,705	296,479	- 15.1
<u>Cost of Sales</u>			
Depot	160,218	166,834	- 4.0
Self-Service Stores	10,001	8,835	+ 13.9
Fuel	5,185	3,982	- 13.3
Direct Deliveries - Stores	12,369	8,486	+ 45.8
Direct Deliveries - Nonstores	49,442	101,225	- 51.2
Credit Returns Program	173	107	+ 62.6
Export and Other Special Activities	4,070	3,273	+ 24.3
Miscellaneous	597	78	-
Total	242,056	294,820	- 17.9
Gain or (Loss) - Sales	9,650	1,658	-
<u>Other Income</u>	311	414	- 24.6
<u>Other Expense</u>	631	488	+ 29.3
Gain or (Loss) - Current Year Operations	9,330	1,584	-
<u>Prior Years' Adjustments -</u> Gain or (Loss)	(585)	1,112	-
Total Gain or (Loss)	\$ 8,745	\$ 2,696	-

- not meaningful.

Exhibit J

GENERAL SUPPLY FUND

Property Management

Statement of Income and Expense -
Property Management
(in dollars)For the Period October 1 -
through September 30, 1960

	Total	Boston	New York	Washington	Atlanta	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Albany
<u>Property Rehabilitation</u>											
Sales	\$ 70,053	\$ -	\$ -	\$ 70,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Sales:											
Labor	36,611	-	-	36,611	-	-	-	-	-	-	-
Material and Overhead	39,272	-	-	39,272	-	-	-	-	-	-	-
Total Cost of Sales	95,884	-	-	95,884	-	-	-	-	-	-	-
Gain or (Loss) on Sales	(25,831)	-	-	(25,831)	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
Other Expense	388	-	-	388	-	-	-	-	-	-	-
Gain or (Loss) - Current Year Operations	(26,219)	-	-	(26,219)	-	-	-	-	-	-	-
Prior Years' Adjustments - Gain or (Loss) Property Rehabilitation	(5,362)	-	-	(5,362)	-	-	-	-	-	-	-
Total Gain or (Loss) - Property Rehabilitation	(30,579)	-	-	(30,579)	-	-	-	-	-	-	-
<u>Foreign Excess Personal Property</u>											
Sales	16,259	-	15,891	-	-	-	-	-	-	-	368
Cost of Sales:											
Salaries and Benefits	8,899	-	8,650	-	-	-	-	-	-	-	249
Other	10,192	-	9,202	-	-	-	-	-	-	-	990
Total Cost of Sales	18,936	-	16,230	-	-	-	-	-	-	-	1,245
Gain or (Loss) on Sales	(2,676)	-	(339)	-	-	-	-	-	-	-	2,117
Prior Years' Adjustments - Gain or (Loss)	2,045	-	-	-	-	-	-	-	-	-	2,045
Total Gain or (Loss) - Foreign Excess Personal Property	(630)	-	(339)	-	-	-	-	-	-	-	(271)
Total Gain or (Loss) - Property Management	\$ (31,209)	\$ -	\$ (339)	\$ (30,579)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (271)

Exhibit K

GENERAL SUPPLY FUND

Administrative Equipment

Statement of Income and Expense -
By Region
(In Dollars)

For the Period October 1 -
through December 31, 1980

Region	Sales	Cost of Sales	Gain or (Loss)	Other Income	Other Expense	Gain or (Loss) Operations	Prior Years' Adjustments Gain or (Loss)	Total Gain or (Loss)
Central Office	\$31,372	\$ 38,492	\$ (7,120)	\$ -	\$ (188)	\$ (6,932)	\$1,294,282	\$1,287,349
Boston	-	38,999	(38,999)	496	(1,461)	(37,042)	-	(37,042)
New York	-	57,321	(57,321)	450	(6,009)	(51,061)	-	(51,061)
Washington	-	254,616	(254,616)	8,561	(8,104)	(237,950)	-	(237,950)
Atlanta	-	78,813	(78,813)	51	5,777	(84,539)	(15,665)	(100,205)
Chicago	-	88,084	(88,084)	4,786	(1,271)	(82,025)	-	(82,025)
Kansas City	-	59,119	(59,119)	-	1,740	(60,859)	-	(60,859)
Fort Worth	-	56,951	(56,951)	2,942	2,326	(56,336)	(4,423)	(60,759)
Denver	-	31,718	(31,718)	2,749	2,305	(31,274)	-	(31,274)
San Francisco	-	73,257	(73,257)	212	121,332	(194,377)	1,265	(193,112)
Auburn	-	28,768	(28,768)	20	772	(29,520)	190	(29,330)
Total	\$31,372	\$806,345	\$ (774,972)	\$20,270	\$117,218	\$ (871,921)	\$1,275,647	\$ 403,726

EXHIBIT E-1

GENERAL SUPPLY FUND

Administrative Equipment

Analyse of Other Income
and Other Expense
(in Dollars)

For the Period October 1 -
through December 31, 1980

	Total	Central Office	Boston	New York	Washington	Atlanta	Chicago	Kansas City	Fort Morth	Denver	San Francisco	Auburn
Other Income												
Surplus Personal Property (Equipment)	\$ 3,046	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -	\$ -	\$ 197	\$2,749	\$ 50	\$ 9
Transfer of Equip- ment from Others	17,223	-	496	450	8,561	11	4,786	-	2,745	-	162	11
Total Other Income	\$ 20,270	\$ -	\$ 496	\$ 450	\$ 8,561	\$ 51	\$ 4,786	\$ -	\$2,942	\$2,749	\$ 212	\$ 20
Other Expense												
Time Discounts	\$ (527)	\$ -	\$ -	\$ (47)	\$ -	\$ (30)	\$ (3)	\$ (334)	\$ (51)	\$ (28)	\$ (5)	\$ (28)
Purchase and Freight- in Adjustments	(8,309)	114	-	(8,805)	271	97	-	-	(32)	-	(91)	21
Fixed Asset Adjustments	(1,412)	-	(1,387)	1,418	(8,727)	-	(627)	1,137	(1,508)	(1)	7,746	537
Fixed Asset Writeoffs	1,578	-	-	681	406	489	-	-	2	-	-	-
Profit or (Loss) from Disposal of Fixed Assets	(4,424)	(303)	(1,470)	(40)	(794)	-	(1,485)	-	11	-	-	-
Surplus Property	2,974	-	-	-	-	131	-	-	461	2,288	1	92
Transfer of Equip- ment to Others	123,106	-	1,395	429	340	2,053	1,154	911	3,407	-	113,268	146
Donation of Equip- ment to Others	4,044	-	-	393	\$ -	3,035	91	26	37	47	413	-
Total other Expense	\$ 17,218	\$ (188)	\$ (1,461)	\$ (6,009)	\$ (8,104)	\$ 5,777	\$ (1,271)	\$ 1,740	\$ 2,326	\$ 2,305	\$ 121,332	\$ 272

Financial
Report

ADT-16-OAD

Federal
Telecommunications
Fund

Symbol 47X4533

December 31, 1980



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

FEDERAL TELECOMMUNICATIONS FUND

As of December 31, 1980

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Report Comments and Background.		1- 2
Comparative Statement of Financial Condition.	A	3
Comparative Statement of Income and Expense	B	4- 5
Local Service - Voice Program	B-1	6
Intercity Service - Voice Program	B-2	7
Extended Service - Voice Program.	B-3	8
National Teleconferencing Network and Radio - Voice Program	B-4	9
Advanced Record System - Data Program	B-5	10
Federal Communications Centers - Data Program	B-6	11
Data Communications - Data Program.	B-7	12
Communications Management Information System - Data Program	B-8	13
Circuit Procurement Program	B-9	14
Special Programs.	B-10	15-17

FEDERAL TELECOMMUNICATIONS FUND

December 31, 1980

REPORT COMMENTS

The Federal Telecommunications (FT) Fund's operations for the first quarter of Fiscal Year 1981 resulted in a loss of \$455 thousand. The Local and Intercity Service programs which respectively comprise 34 and 53 percent of the Fund's activity have a combined profit of \$260 thousand. The remaining current year programs' combined loss of \$166 thousand and the \$549 thousand loss for adjustments to prior years activity make up the aforementioned loss of \$455 thousand. The prior year adjustments' deficit is mostly due to circuitry costs exceeding their accruals.

The Analysis of Retained Earnings as shown on Exhibit A reflects an ending deficit balance of \$4.9 million. This amount is mostly comprised of a carried forward Fiscal Year 1980 loss of \$4.498 million. Because of a \$9.5 million Intercity billing increase over the remainder of Fiscal Year 1981, we anticipate that additional Fiscal Year 1981 expenses will be offset and significantly reduce last year's ending deficit balance.

The cash position of the Fund is relatively unchanged from the \$24.4 million of one year ago. However, the accounts receivable and deferred credit totals are over \$50 million less due to the second quarter Intercity Service advance billing not being processed for inclusion in the December 1980 accounting cycle.

First quarter income for the Fund is \$119.7 million which represents a 12.6 percent increase over comparable Fiscal Year 1980 programs. The Voice Program is 89 percent of the total or \$106.3 million with the main proponents being Intercity Service \$64.1 million, Local Service \$40.6 million, Extended Service \$1.5 million, and Others \$0.1 million. Data Programs have income of \$7.3 million, Circuit Procurement \$4.4 million, and Special Programs \$1.7 million. The greatest percentage gain was the 33 percent increase over the past year by Special Programs.

Commencing with Fiscal Year 1981, the Social Security Administration Data Access and Retrieval System (SSADARS) was terminated. General Telephone and Electronics Corporation had been reimbursed through the FT Fund for services rendered and the Department of Health and Human Services - Social Security Administration was billed through the Fund for services received. Although the system's business amounted to \$7.0 million in Fiscal Year 1980, minimal General Services Administration resources were involved in its operation.

The most notable reporting changes for Fiscal Year 1981 are as follows: (1) the Record Program was redesignated the Data Program; (2) the Executive Secure Voice Network of the Special Programs was retitled the Federal Secure Telephone Service; (3) the format of the Special Programs (see Exhibit B-10) now identifies gain or loss to the subprogram level; and (4) the sequence of the various program exhibits is changed to conform with that of Exhibit B.

FEDERAL TELECOMMUNICATIONS FUNDBACKGROUND

On July 1, 1963, the Federal Telecommunications Fund (FTF) 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, and in December 1979 an additional \$5 million. The Fund finances, on a reimbursable basis, a telecommunications system for the Federal Government.

The services provided are contained in four major programs: Voice, Data, 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; Data into Advanced Record System, Federal Communications Centers, Data Communications and Communications Management Information Systems.

Local Service is provided through 286 telephone systems (switchboards). Costs for providing Local Service are recovered through billings to customer agencies generated by the Telephone Inventory and Accounting System/Simplified Intra-Governmental Billing and Collection (TIAS/SIBAC) System.

There are more than 130 agencies and commissions which have access to the Federal Telecommunications System (FTS) intercity network. These agencies are advance 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 15 percent of the remaining fund activity. Of some note are: the Advanced Record System which currently services approximately 1,900 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 FUND
 Comparative Statement of Financial Condition
 (In Thousands)
 As of December 31

<u>ASSETS</u>	<u>1980</u>	<u>1979</u>
Current Assets:		
Cash	\$23,915	\$ 24,398
Accounts Receivable:		
Billed	33,666	83,971
Unbilled	26,595	26,094
Claimed	336	80
Disputed SIBAC Charges	83	331
Total	60,680	110,476
Inventories - Operating Supplies	1,032	550
Advances to Others	6,561	6,220
Deferred Charges and Prepaid Expenses	585	671
Total Current Assets	92,773	142,315
Capital Assets, Net	5,203	4,153
Long-Term Deferred Charges	745	1,359
Total Assets	<u>\$98,721</u>	<u>\$147,827</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$67,715	\$ 59,406
Annual Leave Liability	1,570	1,317
Deferred Credits	213	51,586
Advances from Other Agencies and Funds	400	400
Long-Term Liabilities	94	134
Total Liabilities	69,992	112,843
 <u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	34,000	34,000
Donated Assets, Net	253	253
Retained Earnings (Exhibit B)	(4,909)	1,141
Provision for Unamortized		
Annual Leave Liability	(612)	(410)
General Fund Receipts	(3)	-
Total Investment of U. S. Government	<u>28,729</u>	<u>34,984</u>
Total Liabilities and Investment of U. S. Government	<u>\$98,721</u>	<u>\$147,827</u>

FEDERAL TELECOMMUNICATIONS FUND

Comparative Statement of Income and Expense
(in Thousands)

	October 1 through December 31, 1980	October 1 through December 31, 1979	Percent of Change Increase (+) Decrease (-)
INCOME - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	\$40,613	\$36,561	+ 11
Intercity Service (Exhibit B-2)	94,113	56,573	+ 13
Extended Service (Exhibit B-3)	1,457	1,305	- 03
Radio (Exhibit B-4)	7	2	*
National Teleconferencing Network (Exhibit B-4)	94	91	+ 03
Subtotal	106,286	94,712	+ 12
Data Program:			
Advanced Record System (Exhibit B-5)	4,724	4,333	+ 09
Federal Communications Centers (Exhibit B-6)	774	1,101	- 30
Data Communications (Exhibit B-7)	1,770	1,309	+ 35
Communications Management Information System (Exhibit B-8)	77	82	- 06
SSADAR System (Obsolete for FY 1981)	-	1,715	*
Subtotal	7,345	8,540	- 14
Other Programs:			
Circuit Procurement Program (Exhibit B-9)	4,344	3,454	+ 26
Special Programs (Exhibit B-10)	1,711	1,282	+ 33
Subtotal	6,057	4,736	+ 28
Total Income - Program Operations	119,686	107,988	+ 11
EXPENSE - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	40,625	36,372	+ 12
Intercity Service (Exhibit B-2)	63,841	55,475	+ 15
Extended Service (Exhibit B-3)	1,545	1,677	- 08
Radio (Exhibit B-4)	37	4	*
National Teleconferencing Network (Exhibit B-4)	76	55	+ 38
Subtotal	106,124	93,583	+ 13
Data Program:			
Advanced Record System (Exhibit B-5)	4,675	4,639	+ 01
Federal Communications Centers (Exhibit B-6)	968	790	+ 23
Data Communications (Exhibit B-7)	1,676	1,334	+ 26
Communications Management Information System (Exhibit B-8)	77	44	+ 75
SSADAR System (Obsolete for FY 1981)	-	1,715	*
Subtotal	7,396	8,522	- 13
Other Programs:			
Circuit Procurement Program (Exhibit B-9)	4,249	3,489	+ 22
Special Programs (Exhibit B-10)	1,782	1,282	+ 12
Subtotal	6,031	4,871	+ 24
Total Expense - Program Operations	119,551	106,976	+ 12

FEDERAL TELECOMMUNICATIONS FUND

Comparative Statement of Income and Expense
(In Thousands)

	October 1 through December 31, 1980	October 1 through December 31, 1979	Percent of Change Increase (+) Decrease (-)
GAIN OR (LOSS) - BY PROGRAM			
Voice Program:			
Local Service (Exhibit B-1)	(12)	169	*
Intercity Service (Exhibit B-2)	272	1,098	- 75
Extended Service (Exhibit B-3)	(88)	(172)	+ 49
Radio (Exhibit B-4)	(30)	(2)	*
National Teleconferencing Networks (Exhibit B-4)	18	36	- 50
Subtotal	160	1,129	- 86
Data Program:			
Advanced Record System (Exhibit B-5)	49	(306)	*
Federal Communications Centers (Exhibit B-6)	(194)	311	*
Data Communications (Exhibit B-7)	94	(25)	*
Communications Management	-	38	*
Information System (Exhibit B-8)	-	-	-
SSADA System (Obsolete for FY 1981)	-	-	-
Subtotal	(51)	18	*
Other Programs:			
Circuit Procurement Program (Exhibit B-9)	97	(35)	*
Special Programs (Exhibit B-10)	(71)	(100)	+ 29
Subtotal	26	(135)	*
Gain or (Loss) - Program Operations	135	1,012	- 87
OTHER INCOME			
	3	-	*
OTHER EXPENSE			
	44	(1)	*
PRIOR YEAR'S ADJUSTMENT - Gain or (Loss)			
	(549)	(300)	*
Total Gain or (Loss)	\$ (455)	\$ 713	*
Less: Transfer to the Provision for Unamortized Annual Leave Liability	44	-	*
Change in Retained Earnings for the Period	\$ (411)	\$ 713	*
ANALYSIS OF RETAINED EARNINGS OR (DEFICIT)			
Balance at Beginning of Period	\$ (4,698)	\$ 628	*
Change in Retained Earnings for the Period	(411)	713	*
Payment to U. S. Treasury	-	-	-
Balance at End of Period	\$ (4,909)	\$ 1,161	*

* not meaningful.

EXHIBIT B-2
FEDERAL TELECOMMUNICATIONS FUND
 Intercity Service - Voice Program
 Statement of Income and Expense -
 By Region
 (in Thousands)
 For the Period October 1 -
 through December 31, 1980

	General Office	Washington	Boston	New York	Philadelphia	Atlanta	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Albany
INCOME												
Customer Agencies - General Use	\$57,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Customer Agencies - Special Use	176	59	9	9	10	15	19	8	11	9	18	9
Reimbursement for First Year Commercial Toll	288	7	201	683	228	402	419	115	72	126	1,004	608
Commercial Toll	3,722	1,379	201	683	228	402	419	115	72	126	1,004	608
Total Income	64,113	1,465	210	692	250	431	443	127	410	185	1,211	820
EXPENSES												
Personnel Services	2,893	188	151	186	237	287	460	179	401	206	294	157
Facilities - 100 Percent Intercity	4,209	692	228	31	30	43	51	18	21	19	16	24
Facilities - Unattended Switchboards	303	-	28	31	-	-	-	-	-	-	-	-
Other Direct	23	10	-	-	7	1	-	-	-	2	-	1
Regional Administration - other indirects	579	61	23	53	57	63	67	28	92	34	53	53
Increase WATS	4,184	6	33	4	5	6	8	5	10	4	3	4
Interstate WATS	61	116	93	114	427	904	790	182	405	319	372	234
Interstate FTS	128	2	18	33	2	17	22	3	15	11	11	8
Commercial Toll - Reimbursable	5,793	1,596	200	680	234	394	413	111	328	181	1,052	622
Commercial Toll - Nonreimbursable	2	2	-	-	-	-	-	-	-	-	-	7
Appreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,705	2,674	771	1,612	1,487	2,544	3,325	807	2,168	989	2,404	1,286
System:												
Charged for English Circuitry	16,880	-	-	-	-	-	-	-	-	-	-	-
Charge Terminals and Foreign Exchange Terminals	20,143	-	-	-	-	-	-	-	-	-	-	-
Other Terminals	6,644	-	-	-	-	-	-	-	-	-	-	-
Other Agencies - Facilities	96	-	-	-	-	-	-	-	-	-	-	-
Indirect	93	-	-	-	-	-	-	-	-	-	-	-
Charge to FS Revolving Fund	28	-	-	-	-	-	-	-	-	-	-	-
AMP Cost	28	-	-	-	-	-	-	-	-	-	-	-
Personal Services	323	-	-	-	-	-	-	-	-	-	-	-
Total	44,643	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy:												
Personal Services - Central Office and Region V	54	-	4	5	7	8	3	3	11	3	-	1
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Direct AMP Expense - Central Office	64	-	-	-	-	-	-	-	-	-	-	-
Total	168	5	4	5	7	8	3	3	11	3	-	1
Depreciation - Intercity Circuitry and Equipment - Government Owned												
Central Office	14	-	-	2	-	-	-	-	11	-	-	-
Subtotal	38	-	-	-	-	-	-	-	-	-	-	-
Less: Intercity Expense Allocated to Data Communications	64,368	45,140	2,679	1,615	1,494	2,540	3,338	810	2,190	992	2,404	1,288
For: Other Subscriber Agencies	222	-	-	-	-	-	-	-	-	-	-	-
Total Expense	63,841	46,713	2,679	1,615	1,494	2,540	3,338	810	2,190	992	2,404	1,288
Gain or (Loss)	\$ 272	\$ 11,014	\$ 1,065	\$ 1,022	\$ 1,046	\$ 1,119	\$ 1,043	\$ 1,063	\$ 1,070	\$ 1,007	\$ 1,133	\$ 1,068

FEDERAL TELECOMMUNICATIONS FUNDVoice Program
Extended ServiceStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

<u>EXTENDED SERVICES PROGRAM</u>	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>Income</u>			
From Customer Agencies on a Ticketed Basis:			
Alaskan Service	\$ 622	\$ 622	\$ -
Hawaiian Service	366	366	-
Puerto Rican Service	424	424	-
Alaskan Intrastate Service	<u>45</u>	<u>45</u>	<u>-</u>
Total Income	\$1,457	\$1,457	\$ -
<u>Expense</u>			
Personal Services	\$ 155	\$ -	\$ 155
Intercity Circuitry and Facilities	59	49	10
Overseas Circuitry and Facilities	1,143	1,077	66
Overseas Intercity - FTS	89	-	89
ADP Cost	-	-	-
Indirect Personal Services - Administration	65	40	25
Other Indirect Costs - Administration	15	13	2
Other Direct Cost	<u>19</u>	<u>19</u>	<u>-</u>
Total Expense	\$1,545	\$1,198	\$ 347
Gain or (Loss) - Extended Services Program	<u>\$ (88)</u>	<u>\$ 259</u>	<u>\$(347)</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

FEDERAL TELECOMMUNICATIONS FUNDVoice Program
National Teleconferencing Network
and RadioStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Washington</u>	<u>Regional Offices*</u>
<u>National Teleconferencing Network</u>			
<u>Income</u>			
From Customer Agencies	\$ 94	\$ 94	\$ -
<u>Expense</u>			
Conference Center	\$ 76	\$ 76	\$ -
Conference Room	-	-	-
Total	<u>76</u>	<u>76</u>	<u>-</u>
Gain or (Loss) - National Teleconferencing Network	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ -</u>
	<u>Total</u>	<u>Chicago</u>	<u>Central & Regional Offices**</u>
<u>Radio Program</u>			
<u>Income</u>			
From Customer Agencies	\$ 7	\$ 5	\$ 2
<u>Expense</u>			
	<u>37</u>	<u>36</u>	<u>1</u>
Gain or (Loss) - Radio Program	<u>\$(30)</u>	<u>\$(31)</u>	<u>\$ 1</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office and Region W level.

** The Central Office and regional offices' balances have been consolidated because the major financial impact of this program is at the Region 5 level.

FEDERAL TELECOMMUNICATIONS FUND

Data Program
Advanced Record SystemStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

<u>INCOME</u>	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
Station Equipment at Actual Cost	\$1,474	\$1,474	\$ -
Access Line "Connect Charges"	714	714	-
CSN Usage Income	719	719	-
MSC Usage Income	1,817	1,817	-
ARS Charges to 4719/COMCEN	68	68	-
ARS Charges to 4719/EMER. and RELOC.	7	7	-
	<hr/>	<hr/>	<hr/>
Total Income	4,799	4,799	\$ -
Less: Income from COMCEN/ EMER. and RELOC.	75	75	-
	<hr/>	<hr/>	<hr/>
Net Income	\$4,724	\$4,724	\$ -
<u>EXPENSE</u>			
Station:			
Equipment	\$1,471	\$1,471	\$ -
Circuit	780	780	-
Message Switching Centers:			
Western Union	390	390	-
MSC Amortization	172	172	-
Circuit	48	48	-
Personal Services	370	370	-
Other	38	38	-
Circuit Switching Network:			
Equipment	874	874	-
Circuit	327	327	-
Administrative:			
Payments to FB Revolving Fund	46	46	-
ADP Cost	-	-	-
Other	32	32	-
Personal Services	94	94	-
Indirect - Personal Services - Regional Administration	26	-	26
Other Indirect Costs - Regional Administration	1	-	1
Depreciation	6	6	-
	<hr/>	<hr/>	<hr/>
Total Expense	\$4,675	\$4,648	\$ 27
	<hr/>	<hr/>	<hr/>
Gain or (Loss)	\$ 49	76	\$(27)

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

FEDERAL TELECOMMUNICATIONS FUND

Data Program
Federal Communications Centers
Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
Originating Wordage "CONUS"	\$ 215	\$215	\$ -
Terminating Wordage "CONUS"	178	178	-
Commercial Delivery Service	166	166	-
Facsimile Page Service	77	77	-
Mailgram Page Service	111	111	-
Originating Wordage - Alaska, Hawaii, and Puerto Rico	7	7	-
Terminating Wordage - Alaska, Hawaii, and Puerto Rico	15	15	-
Foreign Cable Delivery	5	5	-
	<u>5</u>	<u>5</u>	<u>-</u>
Total Income	\$ 774	\$774	\$ -
<u>EXPENSE</u>			
ARS System Charges	\$ 68	\$ 68	\$ -
Personal Services	395	-	395
Facsimile	53	22	31
Other Direct	30	-	30
Message Refile:			
Public Message Telex			
(Western Union)	188	165	23
Commercial Telex	10	9	1
Commercial TWX	50	39	11
Foreign Traffic	33	9	24
Teleticketing:			
Equipment Rental	-	-	-
Administrative (Regional):			
Indirect - Personal Services	81	-	81
Other Indirect	8	-	8
Administrative (Central Office):			
Payments to FB Revolving Fund	49	49	-
ADP Cost	-	-	-
Personal Services	53	53	-
Other Indirect	14	14	-
Depreciation	4	4	-
	<u>4</u>	<u>4</u>	<u>-</u>
Total Expense	\$1,036	\$432	\$ 604
Less: Expense Charge by ARS	<u>68</u>	<u>68</u>	<u>-</u>
Net Expense	\$ 968	\$364	\$ 604
Gain or (Loss)	<u>\$ (194)</u>	<u>\$410</u>	<u>\$(604)</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

FEDERAL TELECOMMUNICATIONS FUNDData Program
Data CommunicationsStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>INCOME</u>			
From Other Agencies:			
FTS Circuits for Data Transmission	\$ 727	\$ 727	\$ -
Value Added Network Services	836	836	-
All Other Facilities	<u>207</u>	<u>207</u>	<u>-</u>
Total Income	\$1,770	\$1,770	\$ -
<u>EXPENSE</u>			
Value Added Network Services:			
Facilities	\$ 717	\$ 717	\$ -
Indirect - Personal Services -			
Central Office	5	5	-
Other Indirect	3	3	-
Common User Data Communications:			
Facilities	207	207	-
Indirect - Personal			
Services - Administration	12	12	-
Other Indirect -			
Administration	5	5	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	949	949	-
Plus: Intercity Expense Allotted			
to Data Communications:			
For: Other Subscriber Agencies	<u>727</u>	<u>727</u>	<u>-</u>
Total Expense	\$1,676	\$1,676	\$ -
Gain or (Loss)	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ -</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

FEDERAL TELECOMMUNICATIONS FUNDData Program
Communications Management Information SystemStatement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>Communications Manage-</u>			
<u>ment Information System</u>			
<u>Income</u>			
Revenue	\$77	\$77	\$ -
<u>Expense</u>			
Personal Services	27	27	-
Other Direct Costs	39	39	-
Indirect Costs -			
Personal Services -			
Administration	7	7	-
Other Indirect Costs -			
Administration and			
Central Office	2	2	-
Payment to FB Fund	<u>2</u>	<u>2</u>	<u>-</u>
Total Expense	<u>\$77</u>	<u>\$77</u>	<u>\$ -</u>
Gain or (Loss) -			
Communications Management			
Information System	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

FEDERAL TELECOMMUNICATIONS FUND

Circuit Procurement Program

Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>
<u>INCOME</u>	
Voice	\$4,147
Data	187
Data Comm	<u>12</u>
Total Income	\$4,346
<u>EXPENSE</u>	
Voice:	
Personal Services	\$ 16
Circuits	3,996
Other Direct Costs	-
Data:	
Personal Services	3
Circuits	177
Payments to FB Fund	2
Indirect - Personal	
Services - Administration	27
Other Indirect Costs	19
Data Comm:	
Facilities	<u>9</u>
Total Expense	<u>\$4,249</u>
Gain or (Loss)	<u>\$ 97</u>

FEDERAL TELECOMMUNICATIONS FUND

Special Programs

Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>COMSEC and Related Nonsecure Programs</u>			
<u>Income</u>			
Recoverable at Actual Cost	\$ 88	\$ -	\$ 88
Recoverable at Fixed Rates	<u>1,161</u>	<u>1,100</u>	<u>61</u>
Total Income	\$1,249	\$1,100	\$ 149
<u>Expense</u>			
Personal Services	\$ 657	\$ -	\$ 657
Facilities	388	315	73
Depreciation of Operating Equipment	30	-	30
Other Direct	132	-	132
Indirect Personal Services Administration	50	37	13
Other Indirect Costs Administration	14	13	1
Payments to FBF (Central Office only)	<u>56</u>	<u>56</u>	<u>-</u>
Total Expense	<u>\$1,327</u>	<u>\$ 421</u>	<u>\$ 906</u>
Gain or (Loss) - COMSEC and Related Nonsecure Programs	<u>\$ (78)</u>	<u>\$ 679</u>	<u>\$ (757)</u>
 <u>Emergency Facilities and Relocation Sites</u>			
<u>Income</u>			
Recoverable at Actual Cost (Region W only)	\$ 243	\$ -	\$ 243
<u>Expense</u>			
Personal Services	\$ 39	\$ -	\$ 39
Facilities	61	34	27
Other Direct	8	7	1
ARS System Charges (Central Office)	8	8	-
Indirect Personal Services Administration	41	18	23
Other Indirect Costs Administration	4	2	2
Payments to FBF (Central Office only)	<u>26</u>	<u>26</u>	<u>-</u>
Total Expense	<u>\$ 187</u>	<u>\$ 95</u>	<u>\$ 92</u>
Gain or (Loss) - Emergency Facilities and Relocation Sites	<u>\$ 56</u>	<u>\$ (95)</u>	<u>\$ 151</u>

FEDERAL TELECOMMUNICATIONS FUND

Special Programs

Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
<u>Federal Disaster Assistance</u>			
<u>Income</u>			
Recoverable at Actual Cost	\$ 78	\$ 30	\$ 48
<u>Expense</u>			
Personal Services	\$ -	-	-
Facilities	59	9	50
Other Direct	-	-	-
Indirect Personal Services Administration	22	22	-
Other Indirect Costs Administration	2	2	-
	<u>2</u>	<u>2</u>	<u>-</u>
Total Expense	\$ 83	\$ 33	\$ 50
Gain or (Loss) - Federal Disaster Assistance	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ (2)</u>
 <u>Executive Secure Voice Network</u>			
<u>Income</u>			
Sales - Recoverable at Actual Cost	\$ 136	\$ 33	\$ 103
Sales - Recoverable at Fixed Rates	<u>5</u>	<u>-</u>	<u>5</u>
Total Income	\$ 141	\$ 33	\$ 108
<u>Expense</u>			
Personal Services	\$ 73	\$ 5	\$ 68
Facilities	78	57	21
Other Direct	-	-	-
Indirect Personal Services Administration	28	26	2
Other Indirect Costs Administration	3	3	-
Payments to FB Fund (Central Office Only)	<u>10</u>	<u>10</u>	<u>-</u>
Total Expense	\$ 192	\$ 101	\$ 91
Gain or (Loss) - Executive Secure Voice Network	<u>\$ (51)</u>	<u>\$ (68)</u>	<u>\$ 17</u>

FEDERAL TELECOMMUNICATIONS FUND

Special Programs

Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

<u>Special Programs</u>	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices*</u>
Total Income	\$1,711	\$1,163	\$ 548
Total Expense	\$1,789	\$ 650	\$1,139
Less: Expense Charged by ARS	<u>7</u>	<u>7</u>	<u>-</u>
Net Expense	\$1,782	\$ 643	\$1,139
Gain or (Loss)	<u>\$ (71)</u>	<u>\$ 520</u>	<u>\$ (591)</u>

* The regional offices' balances have been consolidated because the major financial impact of this program is at the Central Office level.

Financial
Report

ADT-10-OAD

Automatic
Data
Processing
Fund

Symbol 47X4541

December 31, 1980



GENERAL SERVICES ADMINISTRATION
OFFICE OF PLANS, PROGRAMS, AND FINANCIAL MANAGEMENT
OFFICE OF FINANCE

AUTOMATIC DATA PROCESSING FUND

Financial Report

December 31, 1980

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Report Comments and Background.		1-2
Comparative Statement of Financial Condition.	A	3
Comparative Statement of Income and Expense	B	4
Statement of Income and Expense - Equipment Lease Program	C	5
Nationwide Summary of Income and Expense - Data Processing Programs.	D	6

AUTOMATIC DATA PROCESSING FUND

December 31, 1980

REPORT COMMENTS

The Automatic Data Processing (ADP) Fund operations for the first quarter of Fiscal Year 1981 resulted in a loss of \$190 thousand (Exhibit B). This is comprised of gains in Contract Services of \$374 thousand and Federal Data Processing Centers of \$93 thousand, and losses in Teleprocessing Services of \$75 thousand, Equipment Lease Program of \$17 thousand, Manpower Services of \$3 thousand, and Nonoperating items of \$562 thousand. The gain of \$374 thousand for Contract Services was mainly attributable to high profits in Regions 4 and 5. In Region 4, the billing rates included costs for additional personnel which did not materialize because of the President's hiring freeze. All of Region 5's activity has not been reviewed but will be to determine the reason for the increase in profits. The Nonoperating loss of \$562 thousand was mainly the result of adjustments to prior year expenses.

Total income from operations of \$31.8 million for the period October 1 through December 31, 1980, increased by \$2.3 million, or 7.8 percent from the same period during Fiscal Year 1980. The Federal Data Processing Centers and Contract Services were the major contributors to this increase. The Equipment Lease Program reflects a 47.0 percent decrease from \$3.4 million for the first quarter of last year to \$1.8 million this year. This was caused by the nonreplacement of fully depreciated equipment which resulted in reduced billings to customer agencies.

The cash balance shown in Exhibit A of \$22.5 million as of December 31, 1980, was down by 18.5 percent or \$5.1 million from \$27.6 million of one year ago. The reduced cash position was due in part to the rise in billed accounts receivables.

AUTOMATIC DATA PROCESSING FUND

December 31, 1980

BACKGROUND

The Automatic Data Processing (ADP) Fund is a revolving fund which finances, on a reimbursable basis, automatic data processing services through two categories or programs. These programs are: Data Processing Programs (DPP's) and the Equipment Lease Program (ELP).

The Fund was activated in Fiscal Year 1968 with an initial capitalization of \$10 million. This was pursuant to authority contained in Public Law 89-306, approved October 30, 1965. In Fiscal Year 1971, an additional \$20 million was appropriated by Congress.

General Services Administration (GSA) is reimbursed by federal agencies for ADP services based upon predetermined billing rates. These rates approximate the cost of the services rendered. The DPP's provide data processing services on a one-time or continuous basis to Government agencies. The ELP, which acquires ADP equipment through excess, leases, or purchases, will then lease this equipment at a reduced rate to other Government agencies.

AUTOMATIC DATA PROCESSING FUNDComparative Statement of Financial Condition
(In Thousands)

As of December 31, 1980

<u>ASSETS</u>	<u>1980</u>	<u>1979</u>
<u>Current Assets</u>		
Cash	\$ 22,486	\$27,584
Accounts Receivable:		
Billed	28,200	17,711
Unbilled	<u>26,084</u>	<u>22,483</u>
Total	54,284	40,194
Advances	27	14
Deferred Charges and Prepaid Expenses	<u>128</u>	<u>(108)</u>
Total	76,925	67,684
<u>Capital Assets</u>		
Operating Equipment:		
Equipment Lease Program	101,039	96,992
Less: Allowance for Depreciation	<u>92,345</u>	<u>81,201</u>
	8,694	15,791
Data Processing Programs:		
Federal Data Processing Centers	2,788	2,532
Less: Allowance for Depreciation	<u>1,093</u>	<u>1,006</u>
	1,695	1,525
Federal Data Processing Centers Software	30	30
Less: Allowance for Depreciation	<u>26</u>	<u>19</u>
	4	11
Total Operating Equipment, Net	<u>10,393</u>	<u>17,328</u>
Total Capital Assets	<u>10,393</u>	<u>17,328</u>
Total Assets	<u>\$ 87,318</u>	<u>\$85,012</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 23,584	\$20,987
Annual Leave Liability	405	456
Advances from Other Agencies or Funds	1,178	1,193
Deferred Credits	<u>19,171</u>	<u>17,524</u>
Total Liabilities	44,338	40,161
<u>INVESTMENT OF U. S. GOVERNMENT</u>		
Appropriated Capital	30,000	30,000
Donated Assets	10,956	10,683
Capital Resulting from Revaluation of Equipment at Fair Market Value	1,684	1,684
Allowance for Unanticipated Discontinuance of Equipment	428	428
Retained Earnings	(74)	2,055
Provision for Unamortized Annual Leave Liability	<u>(14)</u>	<u>-</u>
Total Investment of U. S. Government	<u>42,980</u>	<u>44,851</u>
Total Liabilities and Invest- ment of U. S. Government	<u>\$ 87,318</u>	<u>\$85,012</u>

AUTOMATIC DATA PROCESSING FUND
 Comparative Statement of Income and Expense
 (In Thousands)
 As of December 31, 1980

	October 1 through <u>December 31, 1980</u>	October 1 through <u>December 31, 1979</u>
<u>Income</u>		
Data Processing Programs:		
Teleprocessing Services Program	\$17,430	\$16,865
Federal Data Processing Centers	2,328	1,205
Manpower Services	542	628
Contract Services (Flow Through)	<u>9,663</u>	<u>7,401</u>
	29,963	26,098
Equipment Lease Program	<u>1,831</u>	<u>3,404</u>
Net Income	31,794	29,502
<u>Expense</u>		
Data Processing Programs:		
Teleprocessing Services Program	17,506	16,418
Federal Data Processing Centers	2,234	946
Manpower Services	545	685
Contract Services (Flow Through)	9,289	7,236
Over Distribution of C. O. Overhead	<u>-</u>	<u>(87)</u>
	29,574	25,198
Equipment Lease Program	<u>1,848</u>	<u>3,848</u>
Net Expense	31,422	29,047
<u>Gain or (Loss)</u>		
Data Processing Programs:		
Teleprocessing Services Program	(75)	447
Federal Data Processing Centers	93	258
Manpower Services	(3)	(57)
Contract Services (Flow Through)	374	165
Over Distribution of C. O. Overhead	<u>-</u>	<u>87</u>
	389	900
Equipment Lease Program	<u>(17)</u>	<u>(444)</u>
Gain or (Loss) - Program Operations	372	455
<u>Other Income</u>	1	(1)
<u>Other Expense</u>	<u>13</u>	<u>-</u>
Current Year - Gain or (Loss)	360	454
<u>Prior Years' Adjustments</u>	<u>(550)</u>	<u>(400)</u>
Total Gain or (Loss)	<u>\$ (190)</u>	<u>\$ 54</u>

AUTOMATIC DATA PROCESSING FUND

Equipment Lease Program

Statement of Income and Expense
(In Thousands)

For the Period October 1 through December 31, 1980

INCOME

Department of Agriculture	\$ 60
Department of the Army	59
Department of Commerce	7
Department of Defense	30
Department of the Navy	328
Department of the Treasury	6
Environmental Protection Agency	372
General Services Administration	1
Health and Human Services Department	605
Library of Congress	54
National Bureau of Standards	20
Social Security Administration	168
United States Postal Service	1
Veterans Administration	120
	<u> </u>
Total Income	<u>\$1,831</u>

EXPENSE

Depreciation	\$1,755
All Other Costs	93
	<u> </u>
Total Expense	<u>\$1,848</u>
Gain or (Loss)	<u>\$ (17)</u>

Exhibit D

AUTOMATIC DATA PROCESSING FUND

Data Processing Programs

Nationwide Summary of Income and Expense
(In Thousands)For the Period October 1 -
through December 31, 1980

	Total	Central Office	Washington	Boston	New York	Philadelphia	Atlanta	Chicago	Kansas City	Fort Worth	Denver	San Francisco	Albany
Income													
Manpower Services	\$ 542	\$ -	\$ 180	\$ 7	\$ 16	\$ -	\$ -	\$ 40	\$ 35	\$ 195	\$ -	\$ 36	\$ 33
Contract Services (Flow Through)	9,663	-	2,782	582	7	-	2,464	348	335	811	643	1,306	415
Federal Data Processing Centers:													
BAMBUS	948	-	-	-	-	-	-	-	-	-	-	-	-
FEDSIN	13	948	-	-	-	-	578	-	-	-	-	-	-
FSE	13	-	-	-	-	-	-	-	-	-	-	-	-
Alaska	435	-	-	-	-	-	-	-	-	-	-	-	435
Federal Compiler Testing Center	121	-	-	-	-	-	-	-	-	-	-	-	-
Federal Conversion Support Center	50	-	-	-	-	-	-	-	-	-	-	-	-
Federal Procurement Data System	182	-	-	-	-	-	-	-	-	-	-	-	-
Teleprocessing Services Program	17,430	17,432	-	-	-	-	-	-	-	-	-	-	-
Total	29,963	18,138	2,952	569	23	-	3,042	388	387	1,006	643	1,342	883
Expense													
Manpower Services	545	-	204	10	28	-	-	29	29	180	-	39	26
Contract Services (Flow Through)	9,289	-	2,825	578	21	17	2,161	85	504	661	686	1,315	436
Federal Data Processing Centers:													
BAMBUS	735	-	-	-	-	-	735	-	-	-	-	-	-
FEDSIN	602	602	-	-	-	-	-	-	-	-	-	-	-
FSE	12	12	-	-	-	-	-	-	-	-	-	-	-
Alaska	419	-	-	-	-	-	-	-	-	-	-	-	419
Federal Compiler Testing Center	98	-	-	-	-	-	-	-	-	-	-	-	-
Federal Conversion Support Center	27	-	-	-	-	-	-	-	-	-	-	-	-
Federal Procurement Data System	145	-	-	-	-	-	-	-	-	-	-	-	-
Teleprocessing Services Program	17,506	17,328	49	14	13	-	-	12	39	13	13	10	15
Total	29,574	18,408	3,078	602	62	17	2,896	126	572	854	699	1,344	896
Gain or (Loss)													
Manpower Services	(3)	-	(24)	(3)	(12)	-	-	11	6	15	-	(3)	7
Contract Services (Flow Through)	374	-	(43)	(16)	(14)	(17)	303	263	(179)	150	(43)	(9)	(21)
Federal Data Processing Centers:													
BAMBUS	(157)	-	-	-	-	-	(157)	-	-	-	-	-	-
FEDSIN	347	347	-	-	-	-	-	-	-	-	-	-	-
FSE	1	1	-	-	-	-	-	-	-	-	-	-	-
Alaska	16	-	-	-	-	-	-	-	-	-	-	-	16
Federal Compiler Testing Center	16	-	-	-	-	-	-	-	-	-	-	-	-
Federal Conversion Support Center	(123)	-	-	-	-	-	-	-	-	-	-	-	-
Federal Procurement Data System	37	37	-	-	-	-	-	-	-	-	-	-	-
Teleprocessing Services Program	(76)	95	(49)	(16)	(13)	-	-	(12)	(32)	(13)	(13)	(10)	(15)
Total	\$ 389	\$ 320	\$ (114)	\$ (33)	\$ (39)	\$ (12)	\$ 146	\$ 82	\$ (205)	\$ 152	\$ (36)	\$ (22)	\$ (13)

EMPLOYMENT REDUCTION

Mr. ROYBAL. Off the record.

[A discussion was held off the record.]

Mr. ROYBAL. It seems to me that the recommending agency should also participate in the things that they are preaching.

Mr. FONTAINE. Set an example.

Mr. ROYBAL. Sure; set an example, and that is the way we should operate. An employee outcry has already been started in my own District with demonstrations in the Federal Building asking me to do something about this problem.

Now, if this continues, I believe that the demonstrations of the sixties are going to look like a Sunday picnic compared to those demonstrations that will go on in the middle of this summer.

Mr. FONTAINE. The guards won't be there.

Mr. ROYBAL. There won't be any guards. We will be unable to do anything about it, and it is going to be a very difficult situation.

UNEMPLOYMENT COMPENSATION

Now, to get back to something that I am not quite sure I understood, in the past when there was someone released, he would get unemployment compensation, and there was reimbursement to the State.

Mr. FONTAINE. From the Labor Department.

Mr. ROYBAL. At the moment, there will be no reimbursement from the Labor Department to the State?

Mr. FONTAINE. Each agency is going to have to make it up. The State shouldn't be affected.

Mr. EARLY. Each agency will have to pay it instead, and it has not been budgeted for.

Last year, the Department of Labor paid \$300 million, including the Postal Service, for long-term benefits in the neighborhood of 52 weeks. The Administration is talking about reducing that, so the magnitude may be less; but no agency knows its share of the \$300 million. It is a new cost, and there is a possibility of it increasing if there is a larger eligible universe.

Mr. ROYBAL. I would think it will be increasing this year.

Mr. FONTAINE. I am sure. We may be back up for supplementals. I don't have any idea what GSA's share is. It is a mandatory payment we have to make.

Mr. ROYBAL. Yes.

We would like to thank you for your testimony.

Any further information that you think the committee should have, at least make it available.

Mr. KLINE. Thank you, Mr. Chairman.

It was our pleasure to attend.

Mr. ROYBAL. We will insert the justifications in the record at this point. The committee stands adjourned.

[The justifications follow:]

OPERATING EXPENSES, AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

Fiscal Year 1981

Comparison of Budget Adjustments to FY 1981 Funding

(\$000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
1. Policy and Planning	2,583	2,523	-60
2. Software Development	347	347	-
3. Procurement	5,474	5,346	-128
4. Information Resources Management	1,997	1,997	-
5. Systems Engineering and Operations	<u>3,262</u>	<u>3,187</u>	<u>-75</u>
Total	<u>13,663</u>	<u>13,400</u>	<u>-263</u>
Appropriation (House level under Continuing Resolution)	13,000	13,000	-
Transfer to other accounts	<u>- 98</u>	<u>- 98</u>	<u>-</u>
Total availability	12,902	12,902	-
Proposed pay increase supplemental	<u>761</u>	<u>498</u>	<u>-263</u>
Revised amount	<u>13,663</u>	<u>13,400</u>	<u>-263</u>

Explanation of Reductions:

The budget reductions in employment, travel, consultants, and equipment applicable to this appropriation are as follows:

Employment	-239
Travel	-15
Consultants	-
Equipment	<u>-9</u>
Total	<u>-263</u>

This total reduction is reflected as an offset to the supplemental requirements for increased pay costs.

OPERATING EXPENSES - AUTOMATED DATA AND TELECOMMUNICATIONS SERVICEFY 1982Comparison of FY 1982 Initial Budget with Revised FY 1982 Budget

(\$000)

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
1. Policy and Planning	2,610	2,550	-60
2. Software Development	648	648	-
3. Procurement	5,528	4,982	-546
4. Information Resources Management	2,002	2,002	-
5. Systems Engineering and Operations	<u>3,292</u>	<u>3,217</u>	<u>-75</u>
Total	<u>14,080</u>	<u>13,399</u>	<u>-681</u>

Explanation of Reductions:

The budget reductions in employment, travel, and consultants applicable to this appropriation are as follows:

Employment	-666
Travel	-15
Consultants	<u>-</u>
Total	-681

OPERATING EXPENSES - AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

FY 1982

REVISED BUDGETComparison with FY 1981 Revised Budget

(\$000)

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
1. Policy and Planning	2,523	2,550	+27
2. Software Development	347	648	+301
3. Procurement	5,346	4,982	-364
4. Information Resources Management	1,997	2,002	+5
5. Systems Engineering and Operations	<u>3,187</u>	<u>3,217</u>	<u>+30</u>
Total	<u>13,400</u>	<u>13,399</u>	<u>-1</u>

Explanation of changes:

Full year cost of FY 81 employment reductions	-307
FY 82 employment reductions	-111
Program increase for Software Development Program	+300
Common distributable charges	+108
Full year cost of pay increase	<u>+9</u>
Total change	-1

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICEFY 1981WORKYEARSInitial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reduction</u>
A. <u>Operating Expenses</u>			
1. Policy and Planning	58	57	-1
2. Software Development	2	2	-
3. Procurement	140	137	-3
4. Information Resources Management	9	9	-
5. Systems Engineering and Operations	<u>72</u>	<u>71</u>	<u>-1</u>
Subtotal	281	276	-5
B. Federal Telecommunications Fund	1,888	1,868	-20
C. Automatic Data Processing Fund	<u>240</u>	<u>236</u>	<u>-4</u>
Total Automated Data and Telecommunications Service	<u>2,409</u>	<u>2,380</u>	<u>-29</u>

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICEFY 1982WORKYEARSInitial Budget and Revised Budget

<u>Activities</u>	<u>Initial Budget</u>	<u>Revised Budget</u>	<u>Reductions</u>
A. <u>Operating Expenses</u>			
1. Policy and Planning	58	57	-1
2. Software Development	2	2	-
3. Procurement	140	124	-16
4. Information Resources Management	9	9	-
5. Systems Engineering and Operations	<u>72</u>	<u>71</u>	<u>-1</u>
Subtotal	281	263	-18
B. Federal Telecommunications Fund	1,888	1,828	-60
C. Automatic Data Processing Fund	<u>241</u>	<u>225</u>	<u>-16</u>
Total Automated Data and Telecommunications Service	<u>2,410</u>	<u>2,316</u>	<u>-94</u>

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

FY 1982

REVISED BUDGETWORKYEARSComparison with FY 1981 Revised Budget

<u>Activities</u>	<u>1981 Revised Budget</u>	<u>1982 Revised Budget</u>	<u>Change</u>
A. <u>Operating Expenses</u>			
1. Policy and Planning	57	57	-
2. Software Development	2	2	-
3. Procurement	137	124	-13
4. Information Resources Management	9	9	-
5. Systems Engineering and Operations	<u>71</u>	<u>71</u>	<u>-</u>
Subtotal	276	263	-13
B. Federal Telecommunications Fund	1,868	1,828	-40
C. Automatic Data Processing Fund	<u>236</u>	<u>225</u>	<u>-11</u>
Total Automated Data and Telecommunications Service	<u>2,380</u>	<u>2,316</u>	<u>-64</u>

GENERAL SERVICES ADMINISTRATION

1982 Budget Appendix Page	Heading	1982 Budget Request Pending	1982 Proposed Amendment	1982 Revised Request
I-V59	Automated Data and Telecommunica- tions Service, operating expenses	14,080,000	-681,000	13,399,000

This amendment reduces the request for salaries and related expenses and would reduce 1982 outlays by \$681 thousand.

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	1981	1981	1981
47-0900-0-1-804	Presently Avail	Revised Est.	Change
Program by activities:			
Direct program:			
1. Policy and planning	2,583	2,523	-60
2. Software development	347	347	-
3. Procurement	5,474	5,346	-128
4. Information resources management	1,997	1,997	-
5. Systems engineering and operations	3,262	3,187	-75
Total direct program	13,663	13,400	-263
Reimbursable programs	100	90	-10
Total program costs, funded	13,763	13,490	-273
Change in selected resources (undelivered orders)	-	-	-
10.00 Total obligations	13,763	13,490	-273
Financing:			
11.00 Offsetting collections from Federal funds	-100	-90	-10
25.00 Unobligated balance lapsing	-	-	-
39.00 Budget authority	13,663	13,400	-263
Budget authority:			
40.00 Appropriation	13,000	13,000	-
40.01 Appropriation rescinded (Public Law 96-304)	-98	-98	-
41.00 Transferred to other accounts	-	-	-
42.00 Transferred from other accounts	-	-	-
43.00 Appropriation (adjusted)	12,902	12,902	-
44.20 Supplemental for civilian pay raises	761	498	-263
Relation of obligation to outlays:			
71.00 Obligations incurred, net	13,663	13,400	-263
72.40 Obligated balance, start of year	1,938	1,938	-
74.40 Obligated balance, end of year	-1,938	-2,072	-134
77.00 Adjustments in expired accounts	-	-	-
90.00 Outlays, excluding pay raise supplemental	12,925	12,783	-142
91.20 Outlays from civilian pay raise supplemental	738	483	-255

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

Object Classification (in thousands of dollars)

Identification code	1981 Presently Avail	1981 Revised Est.	1981 Change
47-0900-0-1-804			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent position	8,440	8,225	-215
11.3 Positions other than full-time permanent	182	182	-
11.5 Other personnel compensation	156	156	-
11.9 Total personnel compensation	8,778	8,563	-215
12.1 Personnel benefits: Civilian . .	819	798	-21
21.0 Travel and transportation of persons	145	130	-15
21.0 Motor pool travel	2	2	-
22.0 Transportation of things	4	4	-
23.1 Standard level user charges . .	603	603	-
23.2 Communications, utilities, and other rent	549	540	-9
24.0 Printing and reproduction . . .	153	153	-
25.0 Other services	2,481	2,481	-
26.0 Supplies and materials	129	126	-3
99.0 Total direct obligations	13,663	13,400	-263
Reimbursable obligations:			
21.0 Travel and transportation of persons	100	90	-10
99.0 Total obligations	13,763	13,490	-273

GENERAL SERVICES ADMINISTRATION
 AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
 OPERATING EXPENSES

Personnel Summary

Identification code	19 81	19 81	1981
47-0900-0-1-804	Presently Avail	Revised Est.	Change
Total number of full-time permanent positions	322	322	-
Total compensable workyears:			
Full-time equivalent employment . . .	281	276	-5
Full-time equivalent of overtime and holiday hours	1	1	-
Average ES salary	\$50,112	\$50,112	-
Average GS grade	10.85	10.85	-
Average GS salary	\$29,667	\$29,667	-

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

DETAIL OF PERMANENT POSITIONS

Identification code	1981 Presently Avail	1981 Revised Est.	1981 Change
47-0900-0-1-804			
ES-5	2	2	-
ES-4	7	7	-
ES-3	2	2	-
ES-1	1	1	-
Subtotal	12	12	-
GS/GM-15	37	37	-
GS/GM-14	48	48	-
GS/GM-13	48	48	-
GS-12	42	42	-
GS-11	26	26	-
GS-10	4	4	-
GS-9	14	14	-
GS-8	9	9	-
GS-7	27	27	-
GS-6	27	27	-
GS-5	23	23	-
GS-4	4	4	-
GS-3	1	1	-
Subtotal	310	310	-
Total permanent positions	322	322	-
Unfilled positions, end of year	-46	-60	-14
Total permanent employment, end of year	276	262	-14

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
47-0900-0-1-804			
Program by activities:			
Direct program:			
1. Policy and planning	2,610	2,550	-60
2. Software development	648	648	-
3. Procurement	5,528	4,982	-546
4. Information resources management	2,002	2,002	-
5. Systems engineering and operations	3,292	3,217	-75
Total direct program	14,080	13,399	-681
Reimbursable programs	100	90	-10
Total program costs, funded	14,180	13,489	-691
Change in selected resources (un- delivered orders)	-	-	-
10.00 Total obligations	14,180	13,489	-691
Financing:			
11.00 Offsetting collections from Federal funds	-100	-90	+10
25.00 Unobligated balance lapsing . .	-	-	-
39.00 Budget authority	14,080	13,399	-681
Budget authority:			
40.00 Appropriation	14,080	13,399	-681
40.01 Appropriation rescinded (Public Law 96-304)	-	-	-
41.00 Transferred to other accounts . .	-	-	-
42.00 Transferred from other accounts .	-	-	-
43.00 Appropriation (adjusted)	14,080	13,399	-681
44.20 Supplemental for civilian pay raises	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	14,080	13,399	-681
72.40 Obligated balance, start of year	1,938	2,072	134
74.40 Obligated balance, end of year	-1,938	-2,206	-268
77.00 Adjustments in expired accounts	-	-	-
90.00 Outlays, excluding pay raise supplemental	14,057	13,250	-807
91.20 Outlays from civilian pay raise supplemental.	23	15	-8

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

Object Classification (in thousands of dollars)

Identification code 47-0900-0-1-804	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent positions	8,482	7,920	-562
11.3 Positions other than full-time permanent	183	183	-
11.5 Other personnel compensation	156	156	-
11.9 Total personnel compensation	8,821	8,259	-562
12.1 Personnel benefits: Civilian	823	768	-55
21.0 Travel and transportation of persons	145	130	-15
21.0 Motor pool travel	2	2	-
22.0 Transportation of things	4	4	-
23.1 Standard level user charges	603	563	-40
23.2 Communications, utilities, and other rent	570	570	-
24.0 Printing and reproduction	155	155	-
25.0 Other services	2,828	2,828	-
26.0 Supplies and materials	129	120	-9
99.0 Total direct obligations	14,080	13,399	-681
Reimbursable obligations:			
21.0 Travel and transportation of persons	100	90	-10
99.9 Total obligations	14,180	13,489	-691

GENERAL SERVICES ADMINISTRATION
 AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
 OPERATING EXPENSES

Personnel Summary

Identification code	1982 Presently Avail	1982 Revised Est.	1982 Change
47-0900-0-1-804			
Total number of full-time permanent positions	322	322	-
Total compensable workyears:			
Full-time equivalent employment	281	263	-18
Full-time equivalent of overtime and holiday hours	1	1	-
Average ES salary	\$50,112	\$50,112	-
Average GS grade	10.85	10.85	-
Average GS salary	\$29,815	\$29,815	-

GENERAL SERVICES ADMINISTRATION
AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE
OPERATING EXPENSES

DETAIL OF PERMANENT POSITIONS

Identification code 47-0900-0-1-804	19 Presently Avail	19 Revised Est.	19 Change
ES-5	2	2	-
ES-4	7	7	-
ES-3	2	2	-
ES-1	1	1	-
Subtotal	12	12	-
GS/GM-15	37	37	-
GS/GM-14	48	48	-
GS/GM-13	48	48	-
GS-12	42	42	-
GS-11	26	26	-
GS-10	4	4	-
GS-9	14	14	-
GS-8	9	9	-
GS-7	27	27	-
GS-6	27	27	-
GS-5	23	23	-
GS-4	4	4	-
GS-3	1	1	-
Subtotal	310	310	-
Total permanent positions . . .	322	322	-
Unfilled positions, end of year . . .	-46	-69	-23
Total permanent employment, end of year	276	253	-23

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Program and Financing (in thousands of dollars)

Identification code	1981	1981	1981
47-4533-0-4-804	Presently Avail	Revised Est.	Change
Program by activities:			
Operating costs:			
1. Voice program	489,021	488,591	-430
2. Data program	37,163	37,163	-
3. Circuit procurement program . .	16,207	16,207	-
4. Special programs	9,409	9,409	-
Total operating costs	551,800	551,370	-430
Unfunded adjustment to total operating costs (depreciation)	-2,250	-2,250	-
Total operating costs, funded	549,550	549,120	-430
Capital investment funded: Acquisition of fixed assets	3,694	3,694	-
Total program costs, funded	553,244	552,814	-430
Change in selected resources	-	-	-
10.00 Total obligations	553,244	552,814	-430
Financing:			
Offsetting collections from:			
Voice program, revenue	-493,519	-493,089	+430
Data program, revenue	-37,163	-37,163	-
Circuit procurement program, revenue	-16,207	-16,207	-
Special programs, revenue	-9,409	-9,409	-
Total offsetting collections	-556,298	-555,868	+430
11.00 Federal funds	-513,151	-512,721	+430
13.00 Trust funds	-38,432	-38,432	-
14.00 Non-Federal sources	-4,715	-4,715	-
21.98 Unobligated balance available, start of year: Fund balance . .	-15,181	-15,181	-
24.98 Unobligated balance available, end of year: Fund balance	20,735	20,735	-
27.00 Capital transfer to general fund	-	-	-
40.00 Budget authority (appropriation)	2,500	2,500	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	-3,054	-3,054	-
72.98 Obligated balance, start of year: Fund balance	17,342	17,342	-
74.98 Obligated balance, end of year: Fund balance	-15,844	-15,844	-
90.00 Outlays	-1,556	-1,556	-

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Object Classification (in thousands of dollars)

Identification code	1981	1981	1981
47-4533-0-4-804	Presently Avail	Revised Est.	Change
Personnel compensation:			
11.1 Full-time permanent positions	28,696	28,446	-250
11.3 Positions other than full-time permanent	1,964	1,883	-81
11.5 Other personnel compensation	594	594	-
11.9 Total personnel compensation	31,254	30,923	-331
12.1 Personnel benefits: Civilian	3,299	3,260	-39
13.0 Benefits for former personnel	70	70	-
21.0 Travel and transportation of persons	900	904	+4
22.0 Transportation of things	80	80	-
23.1 Standard level user charges	3,358	3,358	-
23.2 Communications, utilities, and other rent	1,465	1,465	-
24.0 Printing and reproduction	470	470	-
25.0 Other services	508,094	508,040	-54
26.0 Supplies and materials	560	550	-10
31.0 Equipment	3,694	3,694	-
93.9 Total costs, funded	553,244	552,814	-430
94.0 Change in selected resources	-	-	-
99.9 Total obligations	553,244	552,814	-430

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Personnel Summary

Identification code 47-4533-0-4-804	19 81 Presently Avail	19 81 Revised Est.	19 81 Change
Total number of full-time permanent positions	1,874	1,874	-
Total compensable workyears:			
Full-time equivalent employment	1,888	1,868	-20
Full-time equivalent of overtime and holiday hours	9	9	-
Average GS grade	5.98	5.98	-
Average GS salary	\$16,081	\$16,081	-
Average salary of ungraded positions	\$14,440	\$14,440	-

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

DETAIL OF PERMANENT POSITIONS

Identification code	1981 Presently Avail	1981 Revised Est.	1981 Change
47-4533-0-4-804			
GS/GM-15	4	4	-
GS/GM-14	28	28	-
GS/GM-13	85	85	-
GS-12	101	101	-
GS-11	126	126	-
GS-10	8	8	-
GS-9	96	96	-
GS-8	20	20	-
GS-7	89	89	-
GS-6	106	106	-
GS-5	254	254	-
GS-4	592	592	-
GS-3	308	308	-
GS-2	43	43	-
GS-1	10	10	-
Subtotal	1,870	1,870	-
Ungraded	4	4	-
Total permanent positions . . .	1,874	1,874	-
Unfilled positions, end of year. . . .	-135	-222	-87
Total permanent employment, end of year	1,739	1,652	-87

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Program and Financing (in thousands of dollars)

Identification code 47-4533-0-4-804	1982 Presently Avail	1982 Revised Est.	1982 Change
Program by activities:			
Operating costs:			
1. Voice program	535,387	534,065	-1,322
2. Data program	31,466	31,466	-
3. Circuit procurement program . .	17,180	17,180	-
4. Special programs	10,055	10,055	-
Total operating costs	594,088	592,766	-1,322
Unfunded adjustment to total operating costs (depreciation)	-3,109	-3,109	-
Total operating costs, funded .	590,979	589,657	-1,322
Capital investment funded: Acquisition of fixed assets.	13,553	13,553	-
Total program costs, funded . .	604,532	603,210	-1,322
Change in selected resources (Un- delivered orders)	-	-	-
10.00 Total obligations	604,532	603,210	-1,322
Financing:			
Offsetting collections from:			
Voice program, revenue	-535,387	-534,065	+1,322
Data program, revenue	-31,466	-31,466	-
Circuit procurement program, revenue	-17,180	-17,180	-
Special programs, revenue	-10,055	-10,055	-
Total offsetting collections . .	-594,088	-592,766	+1,322
11.00 Federal funds	-548,701	-547,379	+1,322
13.00 Trust funds	-40,428	-40,428	-
14.00 Non-Federal sources	-4,959	-4,959	-
21.98 Unobligated balance available, start of year: Fund balance . .	-20,735	-20,735	-
24.98 Unobligated balance available, end of year: Fund balance	10,291	10,291	-
27.00 Capital transfer to general fund	-	-	-
40.00 Budget authority (appropriation)	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	10,444	10,444	-
72.98 Obligated balance, start of year: Fund balance	15,844	15,844	-
74.98 Obligated balance, end of year: Fund balance	-15,844	-15,844	-
90.00 Outlays	10,444	10,444	-

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Object Classification (in thousands of dollars)

Identification code	1982 Presently Avail	1982 Revised Est.	1982 Change
47-4533-0-4-804			
Personnel compensation:			
11.1 Full-time permanent positions	28,867	27,947	-920
11.3 Positions other than full-time permanent	1,975	1,890	-85
11.5 Other personnel compensation	598	598	-
11.9 Total personnel compensation	31,440	30,435	-1,005
12.1 Personnel benefits: Civilian	3,309	3,201	-108
13.0 Benefits for former personnel	70	70	-
21.0 Travel and transportation of persons	900	904	+4
22.0 Transportation of things	80	80	-
23.1 Standard level user charges	3,645	3,527	-118
23.2 Communications, utilities, and other rent	1,490	1,490	-
24.0 Printing and reproduction	470	470	-
25.0 Other services	549,015	548,949	-66
26.0 Supplies and materials	560	531	-29
31.0 Equipment	13,553	13,553	-
93.9 Total costs, funded	604,532	603,210	-1,322
94.0 Change in selected resources	-	-	-
99.9 Total obligations	604,532	603,210	-1,322

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

Personnel Summary

Identification code 47-4533-0-4-804	"82 Presently Avail	"82 Revised Est.	"82 Change
Total number of full-time permanent positions	1,874	1,874	-
Total compensable workyears:			
Full-time equivalent employment . .	1,888	1,828	-60
Full-time equivalent of overtime and holiday hours	9	9	-
Average GS grade	5.98	5.98	-
Average GS salary	\$15,161	\$16,161	-
Average salary of ungraded positions .	\$14,440	\$14,440	-

GENERAL SERVICES ADMINISTRATION
FEDERAL TELECOMMUNICATIONS FUND

DETAIL OF PERMANENT POSITIONS

Identification code 47-4533-0-4-804	19 82	19 82	19 82
	Presently Avail	Revised Est.	Change
GS/GM-15	4	4	-
GS/GM-14	28	28	-
GS/GM-13	85	85	-
GS-12	101	101	-
GS-11	126	126	-
GS-10	8	8	-
GS-9	96	96	-
GS-8	20	20	-
GS-7	89	89	-
GS-6	106	106	-
GS-5	254	254	-
GS-4	592	592	-
GS-3	308	308	-
GS-2	43	43	-
GS-1	10	10	-
Subtotal	1,870	1,870	-
Ungraded	4	4	-
Total permanent positions . . .	1,874	1,874	-
Unfilled positions, end of year . . .	-135	-274	-139
Total permanent employment, end of year	1,739	1,600	-139

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

Program and Financing (in thousands of dollars)

Identification code	1981	1981	1981
47-4541-0-4-804	Presently Avail	Revised Est.	Change
Program by activities:			
Operating costs:			
1. Teleprocessing services program	77,089	77,089	-
2. Federal data processing centers program	13,916	13,916	-
3. Data processing services contracts	59,316	59,316	-
4. Manpower services program	2,888	2,843	-45
5. Lease program	14,706	14,706	-
Total operating costs	167,915	167,870	-45
Unfunded adjustment to total operating costs (depreciation)	-14,325	-14,325	-
Total operating costs, funded	153,590	153,545	-45
Capital investment, funded: Opportunity buy program	11,000	11,000	-
Total program costs, funded	164,590	164,545	-45
Change in selected resources (undelivered orders)	-	-	-
10.00 Total obligations	164,590	164,545	-45
Financing:			
Offsetting collections from:			
Federal funds:			
11.00 Teleprocessing services program	-77,089	-77,089	-
11.00 Federal data processing centers	-13,916	-13,916	-
11.00 Data processing services contracts	-59,316	-59,316	-
11.00 Manpower services program	-2,888	-2,843	+45
11.00 Lease program	-14,706	-14,706	-
11.00 Change in unfilled customers' orders	-	-	-
21.98 Unobligated balance available, start of year: Fund balance	-32,351	-32,351	-
24.98 Unobligated balance available, end of year: Fund balance	35,574	35,574	-
27.00 Capital transfers to general fund	102	102	-
39.00 Budget authority	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	-3,325	-3,325	-
72.98 Obligated balance, start of year: Fund balance	-12,451	-12,451	-
74.98 Obligated balance, end of year: Fund balance	15,711	15,711	-
90.00 Outlays	-65	-65	-

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

Object Classification (in thousands of dollars)

Identification code	19 81 Presently Avail	19 81 Revised Est.	19 81 Change
47-4541-0-4-804			
Personnel compensation:			
11.1 Full-time permanent positions	6,668	6,554	-114
11.3 Positions other than full-time permanent	209	209	-
11.5 Other personnel compensation	31	31	-
11.9 Total personnel compensation	6,908	6,794	-114
12.1 Personnel benefits: Civilian	728	716	-12
13.0 Benefits for former personnel	66	66	-
21.0 Travel and transportation of persons	325	418	+93
22.0 Transportation of things	25	25	-
23.1 Standard level user charges	811	811	-
23.2 Communications, utilities, and other rent	1,669	1,669	-
24.0 Printing and reproduction	160	160	-
25.0 Other services	142,721	142,715	-6
26.0 Supplies and materials	177	171	-6
31.0 Equipment	11,000	11,000	-
93.9 Total program costs, funded	164,590	164,545	-45
94.0 Change in selected resources	-	-	-
99.9 Total obligations	164,590	164,545	-45

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

Personnel Summary

Identification code 47-4541-0-4-804	'81 Presently Avail	'81 Revised Est.	'81 Change
Total number of full-time permanent positions	286	286	-
Total compensable workyears:			
Full-time equivalent employment	240	236	-4
Full-time equivalent of overtime and holiday hours	(0)	(0)	-
Average GS grade	10.86	10.86	-
Average GS salary	\$28,110	\$28,110	-

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

DETAIL OF PERMANENT POSITIONS

Identification Code	1981 Presently Avail	1981 Revised Est.	1981 Change
47-4541-0-4-804			
GS-16	1	1	-
GS/GM-15	3	3	-
GS/GM-14	21	21	-
GS/GM-13	84	84	-
GS-12	84	84	-
GS-11	24	24	-
GS-9	6	6	-
GS-8	1	1	-
GS-7	13	13	-
GS-6	10	10	-
GS-5	22	22	-
GS-4	10	10	-
GS-3	6	6	-
GS-2	1	1	-
Total permanent positions . . .	286	286	-
Unfilled positions, end of year . . .	-56	-69	-11
Total permanent employment, end of year	228	217	-11

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

Program and Financing (in thousands of dollars)

Identification code 47-4541-0-4-804	1982 Presently Avail	1982 Revised Est.	1982 Change
Program by activities:			
Operating costs:			
1. Teleprocessing services program	81,040	81,040	-
2. Federal data processing centers program	14,616	14,616	-
3. Data processing services contracts	68,177	68,177	-
4. Manpower services program	1,015	510	-505
5. Lease program	4,800	4,800	-
Total operating costs	169,648	169,143	-505
Unfunded adjustments to total operating costs (depreciation)	-4,387	-4,387	-
Total operating costs, funded	165,261	164,756	-
Capital investment, funded:			
Opportunity buy program	4,000	4,000	-
Total program costs, funded	169,261	168,756	-505
Change in selected resources (Un- delivered orders)	-	-	-
10.00 Total obligations	169,261	168,756	-505
Financing:			
Offsetting collections from:			
Federal funds:			
11.00 Teleprocessing services program	-81,040	-81,040	-
11.00 Federal data processing centers	-14,616	-14,616	-
11.00 Data processing services contracts	-68,177	-68,177	-
11.00 Manpower services program	-1,015	-510	+505
11.00 Lease program	-4,800	-4,800	-
11.00 Change in unfilled customers' orders	-	-	-
21.98 Unobligated balance available, start of year: Fund balance	-35,574	-35,574	-
24.98 Unobligated balance available, end of year: Fund balance	35,961	35,961	-
27.00 Capital transfers to general fund	-	-	-
39.00 Budget authority	-	-	-
Relation of obligations to outlays:			
71.00 Obligations incurred, net	-387	-387	-
72.98 Obligated balance, start of year: Fund balance	-15,711	-15,711	-
74.98 Obligated balance, end of year: Fund balance	15,795	15,795	-
99.00 Outlays	-303	-303	-

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

Object Classification (in thousands of dollars)

Identification code 47-4541-0-4-804	1982 Presently Avail	1982 Revised Est.	1982 Change
Personnel compensation:			
11.1 Full-time permanent positions .	6,711	6,262	-449
11.3 Positions other than full-time permanent	210	210	-
11.5 Other personnel compensation .	31	31	-
11.9 Total personnel compensation	6,952	6,503	-449
12.1 Personnel benefits: Civilian .	732	683	-49
13.0 Benefits for former personnel .	66	66	-
21.0 Travel and transportation of persons	340	433	+93
22.0 Transportation of things . . .	25	25	-
23.1 Standard level user charges . .	1,065	994	-71
23.2 Communications, utilities, and other rent	1,780	1,780	-
24.0 Printing and reproduction . . .	168	168	-
25.0 Other services	153,953	153,947	-6
26.0 Supplies and materials	180	157	-23
31.0 Equipment	4,000	4,000	-
93.9 Total program costs, funded	169,261	168,756	-505
94.0 Change in selected resources .	-	-	-
99.9 Total obligations	169,261	168,756	-505

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

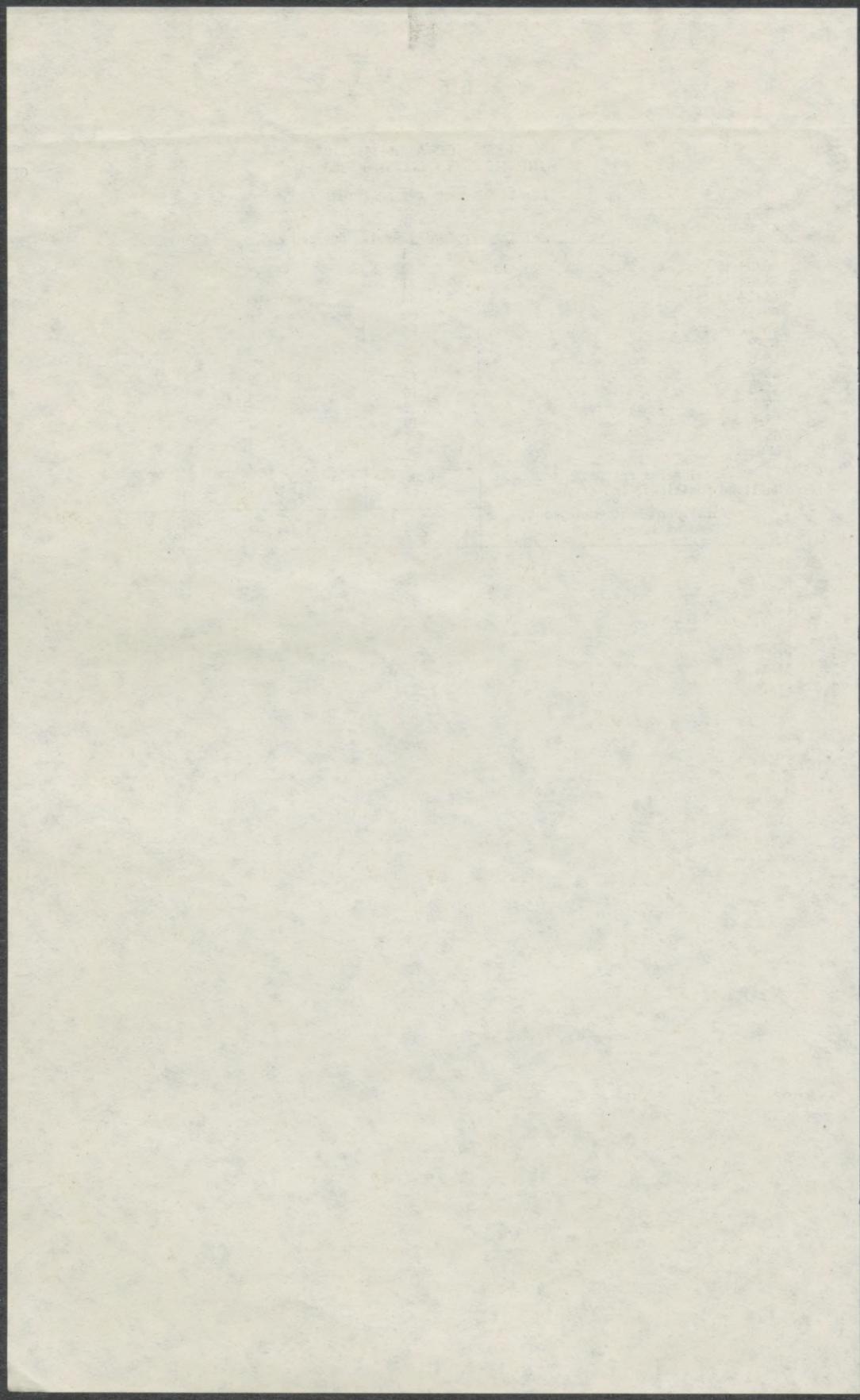
Personnel Summary

Identification code	1982 Presently Avail	19 82 Revised Est.	1982 Change
47-4541-0-4-804			
Total number of full-time permanent positions	286	286	-
Total compensable workyears:			
Full-time equivalent employment . .	241	225	-16
Full-time equivalent of overtime and holiday hours	(0)	(0)	-
Average GS grade	10.86	10.86	-
Average GS salary	\$28,251	\$28,251	-

GENERAL SERVICES ADMINISTRATION
AUTOMATIC DATA PROCESSING FUND

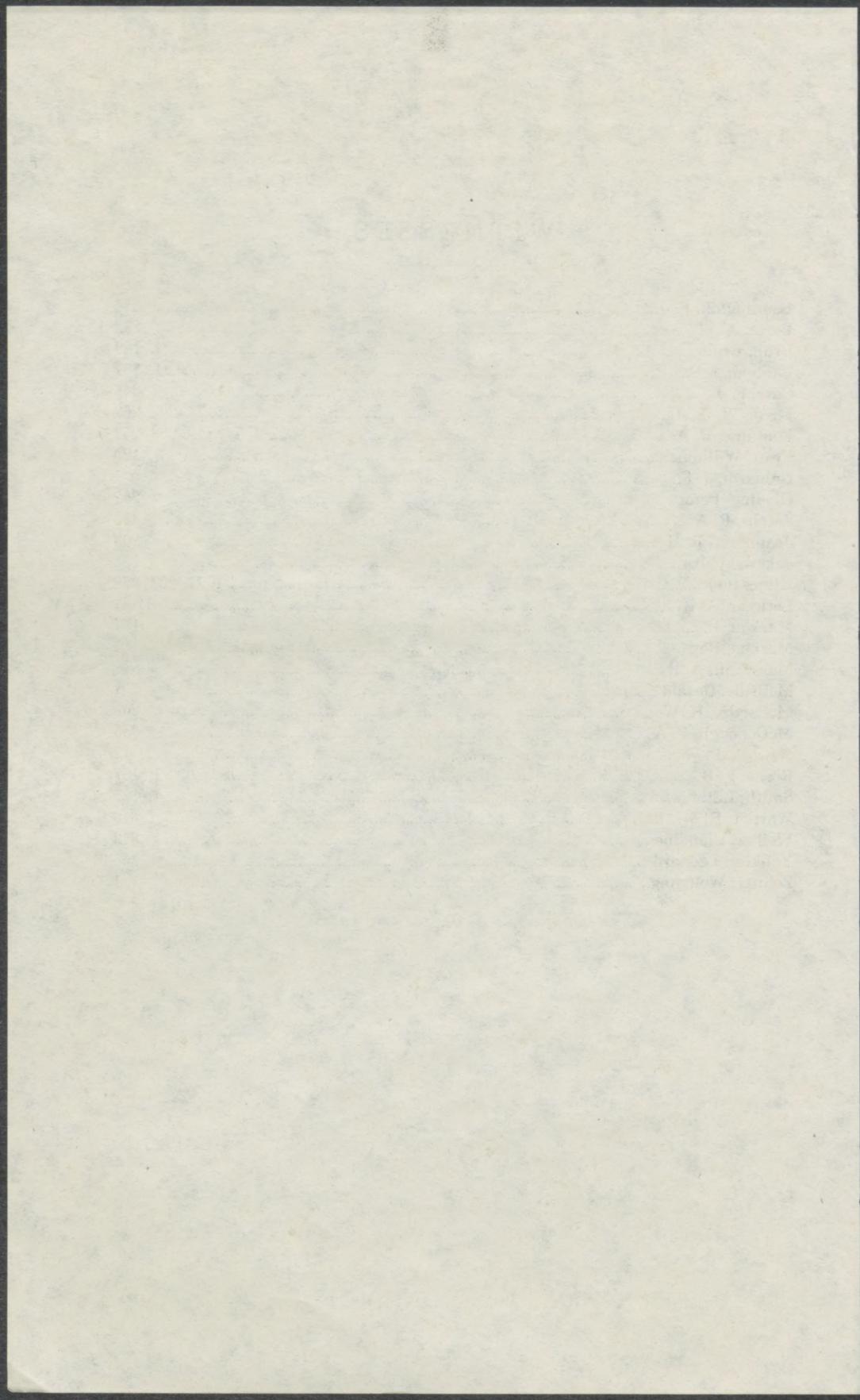
DETAIL OF PERMANENT POSITIONS

Identification code 47-4541-0-4-804	19 82 Presently Avail	19 82 Revised Est.	19 82 Change
GS-16	1	1	-
GS/GM-15	3	3	-
GS/GM-14	21	21	-
GS/GM-13	84	84	-
GS-12	84	84	-
GS-11	24	24	-
GS-9	6	6	-
GS-8	1	1	-
GS 7	13	13	-
GS-6	10	10	-
GS-5	22	22	-
GS-4	10	10	-
GS-3	6	6	-
GS-2	1	1	-
Total permanent positions . . .	286	286	-
Unfilled positions, end of year . . .	-47	-65	-18
Total permanent employment, end of year	239	221	-18



WITNESSES

	Page
Bennington, B. J.....	355
Beres, A. W.....	252
Bruh, Brian.....	1, 129
Cannon, J. P.....	1, 167
Carr, F. J.....	355
Early, W. B., Jr.....	1, 71, 203, 252
Fontaine, R. A.....	1, 71, 113, 203, 252
Frost, William.....	1, 129
Galuardi, J. F.....	1
Glading, Peter.....	252
Jacobs, R. A.....	313
Jeanneret, R. H.....	203
Jekowsky, Ira.....	252
Kline, Ray.....	1, 71, 203, 252
Latimer, A. B.....	1, 71
Markon, R.....	167
Markon, Roy.....	1
Marschall, A. R.....	1
McBride, Gerald.....	1
McCarthy, H. W.....	203
McDonough, F. A.....	355
Newton, P. W.....	1, 71
Roche, F. B.....	1, 167
Smith, Lillian.....	1, 129
Warner, R. M.....	313
Weiher, Claudine.....	313
Yonkler, Leonard.....	355
Zollner, Wolfgang.....	1



INDEX

	Page
Allowances and office staff for former Presidents.....	113
Costs of former Presidents.....	113
GAO study on higher allowances.....	117
Justification of the budget estimates.....	120
Space costs.....	118
Statement of Assistant Administrator.....	113
Travel.....	117
Automated data and telecommunications service.....	355
ADP cost avoidance.....	382
Affirmative action impact.....	373
Agency liaison in ADP application.....	378
Appropriation request.....	370
Computer usage.....	380
Cost avoidance.....	380
Effect of budget reduction on personnel.....	391
Effect of decrease in appropriation request.....	370
Employment reduction.....	484
Justification on the budget estimates.....	485
OMB agency guidance.....	385
Prepacked software programs.....	384
Procurement policy for ADP.....	378
Purchase versus lease of ADP equipment.....	383
Questions and answers submitted by:	
Congressman Miller.....	387
Congressman Roybal.....	387
Scope of ADP acquisitions.....	372
Telecommunications negotiations.....	385
Telephone operators.....	378
Unemployment compensation.....	392, 484
Federal property resources service.....	167
Budget overview.....	170
Commodity selection.....	180
Contracts involving the handicapped.....	173
Coordination with States.....	175
Harbor development.....	174
Inspector General audits.....	176
Justification of the budget estimates.....	184
National defense stockpile.....	167
Opening statement of Roy Markon.....	167
Operating expenses, FPRS.....	168
Operation of the stockpile.....	171
Property rehabilitation program.....	172

Federal property resources service—Continued

	Page
Questions submitted for the record by:	
Congressman Clarence Miller	183
Congressman Roybal	182
Ranking and screening property	173
Real property conveyances	174
Real property	171
Requested increase	181
Resource utilization	171
Stockpile acquisition plan	178
Stockpile transaction fund	177
Stockpile transportation costs	179
William Langer jewel-bearing plant	168
Federal Supply Service	203
Budget request	204
Commercial item descriptions	212
Coordination of requirements	212
Direct purchasing	210
Employment reductions	204
Federal procurement policy	211
Fraud and corruption	206
Furniture excess	213
Generic procurement	215
Inspection procedures	217
Internal controls	208
Interrelation of FSS and GSF	206
Inventory	214
Sales	209
Controls	216
Loss	218
Justification of the budget estimates	222
Opening statement of Herbert W. McCarthy	203
Operating expenses, FSS	203
Procurement	206
Questions and answers submitted for the record by Congressman Clarence Miller	219
Stock levels	215
Year-end buying	213
General management and administration, public services, and Indian trust accounting activities	71
Board of contract appeals	84
Computer operations	81
Data systems	83
Employment reductions	81
Human resources and organization	82
Indian trust accounting	85
Justification of the budget estimates	87
Office of General Counsel	83
Public services	85
Statement of Assistant Administrator	71
General Services Administration	1
Budget request	22

General Services Administration—Continued

	Page
Construction jobs.....	11
Construction program.....	22
Construction versus lease.....	27
Court space.....	24
Courtroom space.....	18
Employment reductions.....	30
Employment.....	11
Energy consumption.....	16
Energy monitoring.....	18
Federal building fund.....	3
Fund use.....	21
GAO recommendations.....	26
GAO report.....	25
Justification of the budget estimates.....	52
Los Angeles detention facility.....	25
Leased versus government-owned space.....	12
Leasing policies.....	14
New obligational authority.....	9
Opening statement of Ray Kline.....	1
Planning system.....	23
Prospectus projects.....	9
Protective services.....	27
Questions submitted for the record by:	
Congressman Clarence Miller.....	34
Congressman Rudd.....	34
Reduction in force.....	33
Social security facility.....	16
Space request backlog.....	15
Standard level user charge.....	28
Strategic and critical materials.....	20
National Archives and Records Services.....	313
Biographical data Dr. Robert M. Warner.....	315
Budget request.....	315
Commission membership.....	322
Document fee.....	323
Document storage for congressional Members.....	325
GAO recommendations.....	316
Justification of the budget estimates.....	327
Microfilm.....	319
National Archives trust fund.....	316
National historical publications and records.....	321
Opening statement of the Archivist.....	314
Preservation.....	314, 318
Records declassification.....	320
Records management practices.....	319
Office of the Inspector General.....	129
Abuse of paint.....	141
Audit control.....	142
Congressional liaison.....	144
Coordination between GSA management and OIG.....	133
Detection of illegal activity.....	135

Office of the Inspector General—Continued	Page
Former Presidents.....	138
Fraud cases.....	130, 135
Information leaks.....	134, 145
Investigations.....	145
Justification of the budget estimates.....	151
Leaks.....	143
Liaison with other organizations.....	139
Publicity.....	133
Questions submitted for the record by Congressman Rudd.....	138
Recommendations for improvements.....	136
Review of panel of National Academy of Public Administrators.....	144
Staffing and training.....	140
Theft and fraud.....	138
Use of other investigative organizations.....	139
Transportation and public utilities service	252
Abuse of vehicles.....	281
Achievement of economies.....	289
Air transportation.....	285
Budget increases.....	286
Chauffeur-driven vehicles.....	282
Cost per mile.....	278
Foreign vehicles.....	295
GAO report.....	279
Gasohol.....	285
General provision vehicle price limitation.....	293
General supply fund.....	288
Government employees use of vehicles.....	279
Government vehicle fleet.....	286
Justification of the budget estimates.....	296
Lease versus purchase.....	277
Mass transit encouragement.....	282
Public utilities.....	290
Statement of Allan Beres.....	252
Transportation audit.....	291
Use of foreign manufacturers.....	294
Vehicle assignments.....	292
Vehicle fleet.....	277
Vehicle purchase versus lease.....	284
Vehicle repairs.....	291
Vehicle utilization.....	282

