

SURVEY OF GOVERNMENT OPERATIONS
PART 10—GENERAL SERVICES ADMINISTRATION

68061948j

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
NINETIETH CONGRESS
SECOND SESSION

JUNE 4, 1968

Printed for the use of the Committee on Government Operations

GOVERNMENT DEPOSITORY
NOV 25 1968
PROPERTY OF RUTGERS, THE STATE UNIVERSITY
COLLEGE OF SOUTH JERSEY LIBRARY
CAMDEN, N. J. 08102

DOC.

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1968

453455

74/7
99-32
Su 7/9/pt. 10

COMMITTEE ON GOVERNMENT OPERATIONS

WILLIAM L. DAWSON, Illinois, *Chairman*

CHET HOLIFIELD, California
JACK BROOKS, Texas
L. H. FOUNTAIN, North Carolina
PORTER HARDY, Jr., Virginia
JOHN A. BLATNIK, Minnesota
ROBERT E. JONES, Alabama
EDWARD A. GARMATZ, Maryland
JOHN E. MOSS, California
DANTE B. FASCELL, Florida
HENRY S. REUSS, Wisconsin
JOHN S. MONAGAN, Connecticut
TORBERT H. MACDONALD, Massachusetts
J. EDWARD ROUSH, Indiana
WILLIAM S. MOORHEAD, Pennsylvania
CORNELIUS E. GALLAGHER, New Jersey
WILLIAM J. RANDALL, Missouri
BENJAMIN S. ROSENTHAL, New York
JIM WRIGHT, Texas
FERNAND J. ST GERMAIN, Rhode Island

FLORENCE P. DWYER, New Jersey
OGDEN R. REID, New York
FRANK HORTON, New York
DONALD RUMSFELD, Illinois
JOHN N. ERLNBORN, Illinois
JOHN W. WYDLER, New York
CLARENCE J. BROWN, Jr., Ohio
JACK EDWARDS, Alabama
GUY VANDER JAGT, Michigan
JOHN T. MYERS, Indiana
FLETCHER THOMPSON, Georgia
WILLIAM O. COWGER, Kentucky
MARGARET M. HECKLER, Massachusetts
GILBERT GUDE, Maryland
PAUL N. McCLOSKEY, Jr., California

CHRISTINE RAY DAVIS, *Staff Director*

JAMES A. LANIGAN, *General Counsel*

MILES Q. ROMNEY, *Associate General Counsel*

J. P. CARLSON, *Minority Counsel*

WILLIAM H. COPENHAVER, *Minority Professional Staff*

GOVERNMENT ACTIVITIES SUBCOMMITTEE

JACK BROOKS, Texas, *Chairman*

WILLIAM S. MOORHEAD, Pennsylvania
WILLIAM J. RANDALL, Missouri
DANTE B. FASCELL, Florida

OGDEN R. REID, New York
FLETCHER THOMPSON, Georgia
MARGARET M. HECKLER, Massachusetts

ERNEST C. BAYNARD, *Staff Administrator*

WILLIAM M. JONES, *Counsel*

IRMA REEL, *Clerk*

LYNNE HIGGINBOTHAM, *Clerk*

CONTENTS

Statement of Lawson B. Knott, Jr., Administrator, General Services Administration; accompanied by Joe E. Moody, Deputy Administrator; William A. Schmidt, Commissioner, Public Buildings Service; Heinz A. Abersfeller, Commissioner, Federal Supply Service; John G. Harlan, Jr., Commissioner, Property Management and Disposal Service; Douglas E. Williams, Commissioner, Transportation and Communications Service; Dr. James B. Rhoads, Archivist of the United States; and W. L. Johnson, Assistant Administrator.....	Page 2
EXHIBITS	
Exhibit A—Fact sheet total funds.....	15
Exhibit B—Organization chart.....	17
Exhibit C—Program breakdown.....	18
Exhibit D—Agency direction and support services.....	19
Exhibit E—GAO Comments on General Services Administration internal audit program.....	25
Exhibit F—Highlights of General Services Administration personnel program (submitted by the Civil Service Commission).....	31
Exhibit G—Facilities.....	33
Exhibit H—GAO Report Summary—Government-wide Review of the Administration of Certain Statutory and Regulatory Requirements Relating to Architect-Engineer Fees (B-152306, Apr. 20, 1967).....	37
Exhibit I—Supply services.....	38
Exhibit J—GAO Report Summary—Savings Available Through the Use of Formal Advertising in Contracting for Automotive Tires and Tubes (B-160900, Apr. 28, 1967).....	41
Exhibit K—GAO Report Summary—Substantial Savings Available Through Use of Formal Advertising Procedures on Contracting for Light Bulbs and Tubes (B-163349, Mar. 20, 1968).....	42
Exhibit L—Other property management and disposal services.....	43
Exhibit M—Transportation and communications services.....	48
Exhibit N—GAO Report Summary—Savings Available to the Government Through Revision of the Method of Supplying Commercial Rental Cars (B-160781, Apr. 17, 1967).....	52
Exhibit O—GAO Report Summary—Opportunity for Savings by Adopting Manufacturers' Recommended Preventive Maintenance Programs for Interagency Motor Pool Vehicles (B-161340, Oct. 12, 1967).....	52
Exhibit P—GAO Report Summary—Actions Taken To Improve the Government's Methods for Evaluating Vehicular Use and Estimating Vehicle Need (B-158712, Mar. 12, 1968).....	53
Exhibit Q—Records services.....	54

TOPICAL INDEX

Part 1.—Overall agency operations.....	14
A. General support program.....	18
B. Budget processes.....	21
C. Accounting system development.....	22
D. Management information system.....	22
E. Internal audit system.....	23
F. Automatic data processing.....	27
G. Personnel management.....	31
H. General Accounting Office audit reports.....	32

IV

	Page
Part 2.—Program review-----	32
A. Program Category II—Facilities program-----	32
B. Program Category III—Supply services program-----	38
C. Program Category IV—Other property management and disposal services-----	42
D. Program Category V—Transportation and communications services-----	47
E. Program Category VI—Records services-----	54

APPENDIX

Written responses of the General Services Administration to questions submitted by the subcommittee-----	59
--	----

SURVEY OF GOVERNMENT OPERATIONS

PART 10—GENERAL SERVICES ADMINISTRATION

TUESDAY, JUNE 4, 1968

**HOUSE OF REPRESENTATIVES,
GOVERNMENT ACTIVITIES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
*Washington, D.C.***

The subcommittee convened at 10:15 a.m., in room 2247, Rayburn Building, Hon. Jack Brooks presiding.

Present: Representatives Jack Brooks, William J. Randall, and Fletcher Thompson.

Also present: Ernest C. Baynard, staff administrator; William M. Jones, counsel; Irma Reel, clerk; Lynne Higginbotham, clerk; and Thomas Smith, minority staff member.

Mr. Brooks. The Government Activities Subcommittee, having been duly organized under the rules of the House of Representatives and a quorum being present, the meeting will come to order.

Our hearing today involves the General Services Administration. The General Services Administration was established under legislation recommended to Congress by the full committee in 1949 to provide for the Government an economical and efficient system for the management of its property and records, including such phases as construction and operation of buildings, procurement and distribution of supplies, disposal of surplus property, transportation and communications management, the stockpiling of strategic and critical materials, creation and preservation and disposal of records.

As this description suggests, Congress has extended heavy responsibilities to this agency. In fact, GSA probably has more diverse responsibilities than any other Government organization, with the possible exception of the Department of Defense.

The intent of Congress was to centralize procurement of common-item goods and services so that the Government could acquire the obvious benefits of a business-like single-purchaser procurement system. Under GSA procedures, the Government makes volume purchases, and these volume purchases mean discounts which, in turn, mean savings of millions of dollars to the taxpayers annually.

GSA has a difficult and demanding job requiring the very best of its employees. At this time, we are fortunate to have as Administrator of General Services, Lawson B. Knott, Jr., a dedicated public servant with many years' experience in the Government, a man who rose to his present position through recognition of his capabilities.

Also with us this morning is the Deputy Administrator, Joe E. Moody. He, too, has a long and distinguished career in Government service.

The subcommittee today is looking at the programs of the GSA to determine if it is operating efficiently and effectively. We plan to look first at the overall management of the agency and then we want to look at each of your programs, with particular emphasis on how much it is costing, how it is being performed, and what the taxpayer is getting in return.

First we would be honored to hear from the distinguished Administrator of the General Services Administration.

I would say, Mr. Knott, without further ado, we welcome you to the committee.

STATEMENT OF LAWSON B. KNOTT, JR., ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY JOE E. MOODY, DEPUTY ADMINISTRATOR; WILLIAM A. SCHMIDT, COMMISSIONER, PUBLIC BUILDINGS SERVICE; HEINZ A. ABERSFELLER, COMMISSIONER, FEDERAL SUPPLY SERVICE; JOHN G. HARLAN, JR., COMMISSIONER, PROPERTY MANAGEMENT AND DISPOSAL SERVICE; DOUGLAS E. WILLIAMS, COMMISSIONER, TRANSPORTATION AND COMMUNICATIONS SERVICE; DR. JAMES B. RHODES, ARCHIVIST OF THE UNITED STATES; AND W. L. JOHNSON, ASSISTANT ADMINISTRATOR

Mr. KNOTT. Thank you, Mr. Chairman. It is always a pleasure to appear before this committee, a committee that has demonstrated in many ways its interest and support of GSA's varied functions.

We are pleased, and I think we can demonstrate as we proceed with this hearing—which, I might say parenthetically, has been outlined in a very comprehensive fashion by your staff—that we have made some strides in many areas.

There are some areas that I think we will—and I certainly hope we will—point out with equal candor in which we feel we could make more progress. This also will be developed in the course of the hearing.

But just to indicate some of the things that we believe we have made some progress in—because statistics, while they don't always tell the whole story, they are indicators—I would like to point out just a few of them.

Our stores stock procurement volume, for example, has increased from \$269 million in 1963 to \$646 million in 1968, and our unit costs of this procurement decreased from \$1.86 to \$1.57 per \$100 during the same period. The volume of stores stock issues increased from \$260 million in 1963 to \$530 million in 1968, while our unit costs of this issue decreased from \$4.52 to \$4.07 per \$100 of issue.

The average square feet of space managed by GSA has increased 64 percent in the past 10 years, whereas the average employment assigned to this function during the same period has increased only 28 percent. The average square feet of office space assigned to an individual Federal employee has been reduced from 150 square feet in 1963 to 135 square feet at the beginning of fiscal year 1968.

Mr. BROOKS. Mr. Administrator, how has this particular reduction worked out? Has the reduced space seemed to be as serviceable and practical in the agencies?

Mr. KNOTT. Yes. Let me say that one of the great contributing factors in that has been the emphasis that we have placed on it among our own people in the 10 regions. We offer a plaque to the region doing the best space management job during the course of the year and in reducing the square footage assignment, and this has developed a spirit of competitiveness.

As you know, under the Public Buildings Act, we have either completed or have under construction some 500 buildings. These are of modern design. These have a better module and provide for better space layout. The buildings that we are leasing, in addition to those that we are building, provide for better layout. We think we have picked up some better know-how on laying out space in workflow fashion so that we get better space utilization.

And the significant thing is that with the amount of space that we have under our control, every square foot of reduction that we effect, if we reduce from 135 next year to 134, we save by avoiding about \$2 million in costs.

Mr. BROOKS. \$2 million a foot?

Mr. KNOTT. \$2 million totally. In other words, we have nearly three-quarters of a million employees in our buildings, most in office space. So that if per employee we reduce by a square foot the average square feet per person, you can see that we are reducing our cost of housing these employees by about \$1.5 to \$2 million, so that it is not an inconsiderable factor when you consider the relatively small and skilled force that we have at work in this area.

Mr. BROOKS. So this would indicate savings between 1963 and 1968 somewhere in the neighborhood of \$20 to \$25 million?

Mr. KNOTT. That's right. And this is a thing, Mr. Chairman, that has to be constantly looked at because it is very easy for it to get out of hand. I will skip over a couple of things here. The record will show these other items, but I did want to point up one on the operation of motor pools, which is a very important function of the agency. The per mile cost of operating motor pool vehicles increased 4 percent from 1963 to 1968, compared to an increase of nearly 11 percent in the private sector.

Another area, in which you performed a very vital role at the time we set up the Federal telecommunications fund is that the average intercity Federal telecommunications per call cost has decreased from \$0.86 in 1965 to \$0.74 in 1968.

The annual transportation cost savings have increased from \$12.5 million in 1964 to \$27.4 million in 1968. And during this same period, the number of personnel assigned to this function has decreased from 216 to 181, resulting in additional savings.

Mr. BROOKS. Did you ever resolve the somewhat lackadaisical attitude of car manufacturers to sell cars to the GSA and to the Government? Have we ever remedied this? Is there still a lack of interest in selling to the Government at wholesale cost, in effect, vehicles for Government use properly equipped with safety devices?

Mr. KNOTT. Well, I believe that the projections of lack of interest were perhaps overrated. There have always been indications that if we continued to add additional requirements that they would not be in a position to bid within the present statutory limitation, and certainly it is to be expected that at some point in time, with increasing costs, you could reach a point that this would be so. But as of today

it is a fact that we are continuing to get bids within the statutory limitation, and we are getting cars.

Most of our needs are being met by one of the manufacturers that has been classified as "small business"—American Motors. I think our principal purchases in the last few months have been of their Rebel, which has proven to be an excellent car. The Post Office is using a special model for its requirements, and it is doing an excellent job for Post Office.

Mr. BROOKS. Will this help maintain them in business as the smallest of the major manufacturers?

Mr. KNOTT. Right.

Mr. BROOKS. Are they just spot purchases? They are not long-time commitments a year or a couple of years in advance? They can't project a production run, can they?

Mr. KNOTT. Right. That's it.

Mr. BROOKS. If we have any real problem on the bidding, just pick out one that likes to cooperate on a price basis and give them a guaranteed purchase for a couple of years in advance. They can schedule their work, their hours and employees, and their acquisition of parts and steel, et cetera, and build them for us at a good price, within the price framework and schedule that you are trying to maintain. It might encourage the others to be a little more helpful too.

Mr. KNOTT. Right. Certainly we are not going to admit that we can't buy within the present statutory limitations until we reach a point where we are not receiving any bids at all.

Mr. BROOKS. What was the reason, if you recall, why the other three manufacturers have not been beating on the door so often? Did they give you a reason as to why they were reluctant?

Mr. KNOTT. Well, I think they actually did submit bids.

Isn't that true, Mr. Abersfeller?

Mr. ABERSFELLER. Yes. And we have bought some from all manufacturers, Mr. Chairman, but American Motors has been the principal producer.

Mr. BROOKS. Have the others been willing to furnish you the cost of the safety equipment that is now required?

Mr. ABERSFELLER. It is not now required, Mr. Chairman.

Mr. BROOKS. The safety equipment, or the information?

Mr. ABERSFELLER. They provide the safety equipment, but not the information relative to its cost.

Mr. BROOKS. Have you asked them for it?

Mr. ABERSFELLER. Yes.

Mr. BROOKS. What reason did they give for not telling you what it cost them?

Mr. ABERSFELLER. Each company has a somewhat different reason. But generally the thrust of the answers goes to the position that the information is proprietary. One company indicated it would be relatively useless, in any event. And to some extent there is merit in the third argument, which is that it is difficult to assess the cost.

For instance, some of the safety standards, as you know, Mr. Chairman, go to improving the construction of the dashboard. It is awfully difficult, it seems to me, for anyone to make a proper assessment of what the cost would be for the improvement in strength.

Mr. BROOKS. They have all the costs, and they could just say it costs \$50 or \$500. They have the figures.

Well, that is interesting. Pardon me, Mr. Administrator.

Mr. KNOTT. As I indicated earlier, Mr. Chairman, we have made some progress in the acceptability of the level of service that GSA is performing and the range of services. Some of them, of course, are required by the statute. Others are a matter of service that GSA has to offer and has generally offered those services where no one else was meeting that need.

This, I think, is basically the function of government anyway, and this is where GSA is filling the need where other agencies are not meeting the needs.

This has been true of functions such as printing and duplicating facilities in Federal buildings around the country. We have attempted to consolidate those instead of having a multiplicity of them. We have attempted to consolidate them and we have also been willing, where other agencies were predominantly interested—be it Navy or the Corps of Engineers or other agencies—to allow them to operate them if they were in a position, or felt they were in a better position, to render the service than GSA.

So we have been willing to give and take in this area.

Mr. BROOKS. They are pretty expensive machines, some of them.

Mr. KNOTT. Yes.

Mr. BROOKS. And the maintenance is expensive.

Mr. KNOTT. Very expensive.

Mr. BROOKS. Teaching people to run them is expensive, too, and the staff wastes enough paper in the first month—

Mr. KNOTT. That's right. Well, then, the use of space indiscriminantly throughout the building, in order to have it in close proximity to the agency often involves the use of space that should be used for office purposes rather than space in basement areas which could be productively utilized, where it could be consolidated into a single operation.

We've found that our self-service stores have been a great factor in increasing the use of GSA as its source of supply where we provided these stores in major centers of concentration of Federal employees, so that by and large we have tried to be innovative and imaginative about the kinds of services that could be rendered where service need existed, and by working with the agencies we found them ready to accept this kind of service.

The National Archives and Records Service, of course, has a splendid record in this regard, and agencies have for years sent testimonials as to the actual cost savings that have resulted from the studies that our records people have made of the records system within the agencies. Now, this is over and above the records retirement program that GSA handles. As you know, it handles or manages some 10 million cubic feet of records in its record centers and provides those records on a 24-hour referral basis as nearly as possible. Effective the first of July, we are actually taking over more records from the Internal Revenue Service that will bring to our record centers records that are only a year old, business and corporate returns that are only about a year old.

This is a new high in the early turnover of records, and these are records that would otherwise aggravate the situation that has developed in these computer centers, many of which are already too slow

and would have to be tripled in size, were it not for the fact that we are taking over these records and putting them in record centers, but assuring them that they will be available on a call basis when they are needed.

Mr. BROOKS. Are these records primarily microfilmed or taped?

Mr. KNOTT. No, these are the actual documents themselves, and these must be held, of course, on a statutory requirement for a period of 7 years.

Mr. BROOKS. I know you have done some work with microfilming to reduce the size of the records that must be maintained. Have you considered reducing those? Is it cheaper to photograph? Do you save enough money and space to microfilm them and hold them 7 years—or whatever the period of time is—than it would be to take up the space for the full-size records?

Mr. KNOTT. Not for the short-term records. Now in our archival depositories—and these are the permanent records—this is an area where we have devoted some research to microfilming.

Mr. BROOKS. That was some years ago?

Mr. KNOTT. Right. And the Bureau of Standards is just overcoming some of the problems they have been having with the spotting of microfilming. And I think that while we have been going slow on that during this period of further experimentation to find out what the problem was and how it could be resolved, I think we will be in a position shortly to go back with a larger percentage of our records being microfilmed.

Mr. BROOKS. What is the break-even point—when you keep them 10 years? Do you save enough by that?

Dr. RHOADS. About 20 years, Mr. Chairman.

Mr. KNOTT. In any case, the Internal Revenue Service has been a great supporter of the records program of GSA, and I believe that better than 40 percent of their records are stored with GSA, so that this has been a very beneficial service. It has kept those records out of \$1 and \$5 square foot space and put them into space that is valued on a rental basis from 50 cents to 75 cents.

The statement, Mr. Chairman, also speaks to the work that we have been doing with the Defense Supply Agency and the integration of the supply system. I will leave that for Mr. Abersfeller to get into in more detail.

We have been working, too, on the basis of the agency of predominant interest. I noticed in the morning paper that the Defense Supply Agency has just contracted for some \$68 million in petroleum products. This was an activity which was started between GSA for civilian agencies and the Department of Defense for defense purposes. The Department of Defense was the predominant agency in this area. We felt that by concentrating that activity in the Department of Defense, we would be better off. The Government would be better off as a whole.

Conversely, it was agreed, as you know, several years ago that GSA would buy all paint and handtools for Government, and this is working out very well.

Mr. BROOKS. If we could get GSA 50 or 100 import tickets out of the Secretary of Interior, we could really save some money, couldn't we?

Mr. KNOTT. Right.

Mr. BROOKS. Now we kind of give them away to people in the petroleum business. They would be worth \$1 to \$1.25 a barrel to anybody in the room, and GSA would use it for public purposes more likely.

Mr. ABERSFELLER. We do have an allocation from Interior.

Mr. BROOKS. For importing oil?

Mr. ABERSFELLER. We are buying oil from people who import it; yes, sir.

Mr. BROOKS. You are buying oil from people that import it or do you have an import quota?

Mr. ABERSFELLER. Yes.

Mr. BROOKS. How many barrels a day?

Mr. ABERSFELLER. About 1,800,000 barrels a year.

Mr. BROOKS. How much do you buy?

Mr. ABERSFELLER. Well, this is just for the Washington metropolitan area. We have an oil import allocation for all the residual oil we buy in the Washington area.

Mr. BROOKS. For heating purposes primarily?

Mr. ABERSFELLER. Yes, sir. We have no allocation in any other region, but our major field procurements of residual oil have been in the Washington area.

Mr. BROOKS. Do you take advantage of the quota?

Mr. ABERSFELLER. Yes, sir. And you are right on your estimate of its value. We save nearly \$2 million annually. The ticket is worth between \$1 and \$1.25 per barrel depending on the market.

Mr. BROOKS. Maybe the Defense Department ought to get some of those tickets.

Mr. ABERSFELLER. They have some, many more than we have.

Mr. BROOKS. They use a little more too.

Mr. ABERSFELLER. They use a great deal more.

Mr. KNOTT. Mr. Chairman, as I indicated earlier, we could go on with these examples, but it would be repetitious because others will be talking about them. I just want to point out as I bring this summary to a close that much of what we have been able to accomplish is attributable in no small measure to the understanding, cooperation, and support we have received from the able and distinguished chairman and other members of the subcommittee.

Some of the areas which otherwise we would not have been able to achieve are, as I pointed out, the Federal telecommunications system established pursuant to the act authorizing the establishment of the Federal telecommunications fund which I am pleased to report is in the black; Governmentwide coordination and provision for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment pursuant to Public Law 89-306; the program of grants for the collecting, describing, preserving, compiling, and publication of documentary sources significant to the history of the United States as authorized by Public Law 83-383.

These are but a few illustrations of the way the subcommittee has helped us. We continue, of course, to need the assistance of the committee in achieving additional improvement in Government operations within our area of responsibility, and I just want to mention two or three of those.

One the committee has under consideration now, is the air-conditioning of motor vehicles, on a limited basis—we would never propose

anything more than that, certainly at the outset, but we believe it is essential to improve employee performance and to curtail the leasing of privately owned air-conditioned motor vehicles, a practice which will continue to adversely affect Government motor vehicle utilization so long as we are not authorized to air condition them.

Employee parking is another area, and sooner or later we must come to grips with this fact, because there is no uniformity of practice in providing employee parking. Accidental factors such as the availability of adequate land area now influence the amount of parking space provided. Current practices also are impacted by whether the facility in which Government employees work is owned or leased.

Now these are just a number of inequities that seem to us that need to be adjusted.

Again, another matter is the funding of Federal office facilities. A program budgeting concept has been applied to nearly every Federal function except the provision of office space. A small beginning has been made with respect to the leasing of expanded space needs of other agencies, which are financed for the first part year and the first succeeding full year by appropriations to the using agencies. Such sums are, however, transferred to GSA and subsequently financed in GSA's budget. Legislation is needed to authorize GSA to provide for the space needs of all agencies on a reimbursable basis, without regard to whether the space is owned or leased by the Government.

Finally, Mr. Chairman, as you know the historical publications grant program expires on June 30 of next year. Now we would have been much further along with that program had the funding been at the level that was authorized. But the funding has never exceeded \$350,000 as opposed to the \$500,000 authorized so that we are behind in what we had hoped to accomplish, despite the fact that private grants have more than equaled the appropriated grants that have been provided.

So while there are a number of accomplishments that have been made, we feel that we need an extension of the law for us to accomplish those projects that are underway and to complete others that are badly needed.

Mr. BROOKS. Mr. Knott, I wonder if you might discuss with your staff possible legislation that might better build new facilities for other Government agencies, some of whom seem to feel that their engineers who have built four buildings are the greatest engineers in the world, when some of the people that work with you have supervised hundreds of buildings—building them, leasing them, operating them, preparing them, selling them, et cetera.

Mr. KNOTT. Right.

Mr. BROOKS. It is kind of a touchy area, I am sure, but it might be that we could find some method of encouraging the other agencies, where it can obviously be done more economically and perhaps more efficiently by the GSA.

Mr. KNOTT. Right.

Mr. BROOKS. It is getting to be a fairly technical field and we have lots of money involved in this.

And, also, in the discussion which you did give us on analyzing the space, leased or rented or owned, you might see if there is any legislation that might be helpful in that area. It seems a natural for being put into a machine just to know what's available, what the costs are, what the quality is, what category it fits into. The language is pretty well

established as to description, use, maintenance costs, and type of buildings. All of this you have already. It might be something should be developed that would give this Nation an immediate readout on what kind of space requirements we have, where we can meet it, how we can best meet it on the basis of our current record, rather than trying to keep it all in your head and in your agency's top field agents who are keeping up with those records.

Mr. KNOTT. Right.

Mr. BROOKS. It would be more available to you. It would enable you and your staff to more readily meet these needs. You wouldn't have to keep remembering that you need x space for x couple of agencies. You would just have it all laid out. And this would include, of course, the possibility of building them on a reimbursable basis so there isn't any misunderstanding about your right to deal for them and to get them a better price and better, more usable space.

Mr. KNOTT. Of course, this varies, Mr. Chairman, under the present practice. This varies from agency to agency.

The Department of Agriculture, while it has special-purpose facilities—forestry labs, entomology labs, and various kinds of special-purpose laboratories—has no difficulty in coming to GSA on a reimbursable basis and asking us to build those laboratories nationwide.

The Department of Interior, when it fell heir to the water pollution program, felt that it should build the water-pollution laboratories that GSA previously built for HEW. We find some indication on the part of HEW now, in the Public Health Service area particularly, that they would prefer to build some of their own facilities.

While GSA, in the Public Buildings Act of 1959, has an area of responsibility for general-purpose buildings, I am sure I don't need to tell you that the final result is one of compromise, and it does not cover all the buildings. And while GSA is often referred to as the greatest and the largest construction agency of the Government—nothing could be further from the truth—and has the greatest proliferation in the construction field of government of almost any activity I know of, and while it would not occur to me we ought to be building dams for the Bureau of Reclamation or for the Corps of Engineers, certainly in the buildings field, we have built everything from small post office buildings up to atomic reactors.

And I believe we have the competence to do that. The very fact that we are not doing that has made it necessary for us to cut back several in our staff. Because, for our own account, in our recommendations for the fiscal year 1969, we felt that it was the time when construction costs were increasing at the rate of about 7 percent a year, and we had a number of projects last year on which we had to get supplemental funds in order to make awards on the contract, so we made a recommendation that we have a complete moratorium on construction funding in our fiscal year 1969 budget.

That was accepted in the House and I expect will be accepted in the Senate. And as far as I know we are the only agency in Government that has done that. Because of that we have the lowest budget that the agency has submitted in 9 years. But it does have its impact on our ability to hold together a force of qualified, experienced people who are able to carry on a program of construction for other agencies.

In 1968 we still received from other agencies some part of \$157 million for construction of their projects. We expect to receive proba-

bly as much again this year. So we have decentralized a great deal of this activity to our regional offices. We hope that we can maintain a staff there that will in time, when the time is right, be able to expand the program of construction again, that we can be in a position to proceed with the program. But we are reducing our central office staff substantially.

Mr. BROOKS. Do you know the basic reasons why some of the agencies would rather try to build things themselves?

Mr. KNOTT. Their argument is that they are special purpose in nature. Even the Post Office Department, of course, has undertaken a program of constructing major mail-handling facilities. These are essentially mechanized operations around which they wrap a four-wall structure.

They feel that the basic ingredient is the mail-handling facility itself that is the product of their research and engineering work internally, and therefore the building becomes a secondary factor, and that the two ought to be coordinated together within the same agency. But, at the same time, we are including postal facilities in buildings that we have under construction right now where the two requirements are not separated.

Mr. BROOKS. I have one other question. Do you recall the current discussions about architects and engineers? Have you had any problem operating under the basis which you have been operating under for many years in selecting architects and engineers, and getting good ones, getting them at what you thought were reasonable and fair prices to the Government?

Mr. KNOTT. I believe, Mr. Chairman, that we are getting better architects today than at any time since I have been connected with the program, and that we are getting better support from the architectural profession than at any time within my experience in GSA, which spans some 12 years.

There are a few occasions on which architects, after negotiations, walk away from the negotiating table and indicate they have no further interest. This will occur perhaps one time out of 10—and that is simply a guess—hardly that, perhaps. It may be too high.

But by and large they are prepared to accept the fee rate that we offer and we are continuing to work, by and large, on a curve basis that we have worked on. Where the fee exceeds \$100,000, we get into a parallel of the truth in negotiations statute that applies to the Department of Defense but which we have elected to apply to GSA, in that we use certified cost and pricing data and may ask for an examination of their past data where there is a difference of opinion on what the fee ought to be. This has been very helpful in reaching a realistic fee.

Mr. BROOKS. I want to thank you for being here.

Do you have any questions, Mr. Thompson?

Mr. THOMPSON. Yes, Mr. Chairman, I do.

Mr. Knott, I note on page 2 of your statement, in your first paragraph you state that:

In 1963 we devoted 152.4 man-years to the disposal of the surplus real property costing \$360 million, with revenues totaling \$77.8 million, whereas in 1968 only 109.8 man-years were devoted to this effort, producing revenues totaling \$80 million from surplus real property, representing an original investment of \$400 million.

Do you think that is a very enviable record?

Mr. KNOTT. Well, I think that it needs this further explanation. While there is a definite reduction in the number of man-hours that are being spent in these disposal transactions, it is also a fact that you can have a \$10 million sale that requires little more effort than a \$5 million sale, or even a \$5,000 sale. So the statistics are not as meaningful in that regard as some of the other statistics that we have cited.

Mr. THOMPSON. Well, allow me to make this comment: You of course have reduced your man-years by approximately 42. Your revenue derived is approximately \$77.8 million. And simple mathematics shows that each man-year is worth roughly \$900,000. Now also I think we have to consider the fact that we have been in an inflationary period where real estate has increased in value. So by cutting your man-years down by 42, the Government actually has lost \$900,000 per man-year, if my mathematics is correct.

And a further point is that this is real property—property in 1968 is certainly worth more than it was in 1963, if due to inflation alone.

Mr. BROOKS. Let me point out one thing. I haven't checked those figures you gave. You might want to check those, but the real property involved here is not all real estate. It involves plants, military installations, all of the old property that might have been built in 1904 and might have cost at that time \$2 million.

It might be depreciated for most purposes leaving only the land of any value. The land may have been enhanced. You might have bought the land for \$500, and the land might have a value of \$15,000, and they will get \$15,000 for it, but the total of the property original valuation and the acquisition cost was so much more than this, that it gives you a very bad reflection.

Mr. THOMPSON. Of course, Mr. Chairman, when I hear the term "real property," normally I think of real property including the buildings on there; not the equipment that may be installed in this. I normally think of this as personal property. If something is bolted to the floor, then possibly this would be real property.

But the point I am trying to make is this: That while there has been a reduction in the man-years—and I certainly want to reduce the man-years wherever it is possible—I am not willing to reduce the man-years if it costs us \$900,000 each man-year that is reduced. That basically is what you have when you consider the difference between your \$360 million and your \$400 million as original investment, and then your \$77.8 million versus your \$80 million derived from that.

So I think that the area of surplus property disposal is something that probably this committee or some other committee should look into, and to be certain that we are deriving the full value for the property that is being sold.

Mr. BROOKS. This committee has looked into this over the years, and we have some guidelines which we have encouraged GSA, and Mr. Knott and his predecessors over the years to use. We actually have had less complaints about surplus property disposal in the last couple of years than we had in the previous 10.

Mr. THOMPSON. As I said, Mr. Chairman, this is my concern. And these statistics that we have in this particular paragraph simply do not impress me. I don't think that is impressive.

Mr. Knott, may I ask you another question? You mentioned the air-conditioning of automobiles. We did have some discussion on this committee, and a piece of legislation concerning that. But there was one statement that you made that I was very interested in. You stated that you hoped that this would curtail the practice, I assume, of some agencies, of leasing air-conditioned automobiles. Do you mean that you and the other people who have jurisdiction do not have the authority to curtail the leasing of non-Government-owned automobiles at present?

Mr. KNOTT. I don't think we can control it, no.

Mr. THOMPSON. You don't think you can control it?

Mr. KNOTT. No, sir.

Mr. THOMPSON. And you feel by making air-conditioned automobiles available that basically there would be more economy flow to the Government than having these people go out and lease their own?

Mr. KNOTT. That's right.

Mr. THOMPSON. But you have no means at present of determining whether an individual is going to use a Government-furnished automobile that is not air conditioned, or go out and lease, at Government expense, an air-conditioned automobile?

Mr. KNOTT. Well, there are various ways in which an individual can get a car—we have 97 motor pools. On the other hand, there are individuals who are stationed away from motor pools, or who come into an airport where we don't have cars available, and they rent cars. And most of the cars that are available for rent—

Mr. THOMPSON. May I ask you at this point: Do you feel that the providing of air-conditioned automobiles to the motor pools is going to cure that situation, where they come into an airport and they don't have cars available? Almost all "U-Drive-It's" are air conditioned now anyway. But that is not going to cure that situation.

Mr. KNOTT. It is going to help, if we have air-conditioned automobiles and we place them in locations where they are accessible.

Mr. THOMPSON. But of course if you don't have them available, then it wouldn't cure the situation there.

Mr. KNOTT. Well, there are various ways and various justifications that are perfectly valid that an agency or an individual can use to avoid the use of motor pools if they want to do that.

Mr. THOMPSON. Well, in certain areas, would it not be more economical to the Government to continue the leasing of these automobiles rather than stationing an automobile in one particular area where it may not be utilized to a very high degree?

Mr. KNOTT. Well, of course, we figure that a car that is not being properly utilized has to be reassigned, and we check the mileage on our cars regularly so that if they are not being utilized, they are reassigned where they will be utilized.

Mr. THOMPSON. The point I am trying to make in this particular area is that if it does improve the efficiency of the particular operation to have an air-conditioned automobile, I would have no particular objection to it. But I don't buy the idea that you should say we have to air condition the automobiles because we have no control over the leasing of these automobiles by other agencies, and that they are going to go out and lease air-conditioned automobiles anyway. I think we should have this control. And if we don't have it—

Mr. KNOTT. Maybe you will want to add this to the legislation you have under consideration.

Mr. THOMPSON. That may be.

Mr. BROOKS. Mr. Randall, any questions, sir?

Mr. RANDALL. Thank you very much, Mr. Chairman.

I was going to ask some questions about what he would propose here in the man-hours. I have done a little figuring myself. It looks to me like the only complaint I could find of the man-hours and the cost at the top of page 2 is that you pick up \$77.8 million in revenues there, you go down 42.6 in man-hours. The gentleman might have suggested—I see he isn't here—that maybe we need some more man-hours. But in any event it seems to me the comparison is quite a valid and accurate one, and I would like to defend it.

I think the only thing he might suggest is maybe to get more money out, you should put more man-hours in, if that is his point. I didn't understand that to be his point, though. And of course, he isn't here.

I would like to commend the Department on some of the showings that they have made on page 1 and the rest of the way on page 2, and particularly the management figures there on the average square feet of space managed. It has increased 64 percent, and the average employment assigned has increased only 28 percent, a very excellent record.

I haven't had a chance to read the rest of the statement, Mr. Chairman. I happened to come in when we were discussing the architects' fees and the architects' costs. I would simply like to recommend to the Administrator and his very fine Deputy Administrator that they continue as they have to select good architectural firms, and go out beyond some of their in-house architects, and continue this process of negotiation. The only possible complaint we could have with any of the installations in our district is that the in-house architects sometimes have to be reviewed a little bit; and the ones to do it are the independent architects.

You have never had any problem, you say, with this negotiation? You were talking about some of them walking away. Do you go to something comparable to that in the private sector? What's your percent on the new building? How does it figure out?

Mr. KNOTT. We have a statutory limitation.

Mr. RANDALL. Oh, I see.

Mr. KNOTT. It is 6 percent.

Mr. RANDALL. I was going to suggest that it was 6 or 7 or 8. Actually, the trend has gone higher than that in the private sector in some instances, as high as 10, is that correct?

Mr. KNOTT. Yes. But that includes supervision, the whole gamut. The original design work is done by private architects selected from the area, from the State register; but we also have in every region a panel of private architects of three members who advise the regional administrator and consult with him on the conceptual plans developed by the individual employed architect. In other words, we get the benefit of the review by his fellow architects, also in the private sector, of his concept of the plans. This has been very beneficial. We have been doing this now about 3 years.

This involves, you see, some 40 or 50 architects nationwide who are on a per diem basis, giving their service to the Government to review the plans that have been developed by the individual architects.

Mr. RANDALL. That is very interesting.

Mr. Chairman, I won't take more of the committee's time. But just one word, if I may. We have had a little experience on another committee—Committee No. 1, they call it, on Armed Services and Stockpiling. I am impressed with the figures shown on page 2, and the cost for the storage of these strategic and critical materials, how you have managed to go from \$0.199 per ton in 1963 down to \$0.159 per ton in 1968.

I want to say, while there has been criticism among minority members of the committee of the way the subcommittee acts from time to time to feed these materials back into the economy, there hasn't been one single word at any time in criticism by any member of the subcommittee or the full committee of the way GSA has handled this. And I don't see him present—and this is rather unusual for me to pass out bouquets—but you have an excellent congressional liaison man. We have had occasions to write in the last few weeks—since we have had the Poor Peoples' Campaign—to some of the so-called city government officials here, and it has been 3 weeks or a month and we haven't received an answer. The same is true of the Interior Department and even the Justice Department, but we have never had an item of correspondence or a telephone call to GSA that hasn't been returned within that day, or 2 or 3 days; and that is a refreshing situation.

Thank you, Mr. Chairman.

Mr. BROOKS. Mr. Knott, we certainly appreciate your being here, and we understand your previous commitment.

Mr. KNOTT. Thank you. It was a pleasure to be here. I appreciate the time and attention you are giving to GSA.

Mr. BROOKS. Thank you very much.

PART 1. OVERALL AGENCY OPERATIONS

Mr. Moody, we have a number of detailed questions on various aspects of the management of the agency which we are going to submit in writing for you and your people to submit responses. But we would like to discuss some of the concepts in general terms at this time.

To begin with, do you have a fact sheet indicating the total funds available to your agency as a whole for fiscal 1968?

Mr. MOODY. Yes, sir. We had available in 1968, \$2,286,071,000. Of that amount, \$580,158,000 is appropriated directly to GSA.

Mr. BROOKS. Without objection, I will submit the exhibits to the reporter, and at this point we will put in the record exhibits A, B, and C.

(Exhibits A, B, and C follow:)

EXHIBIT A—COMBINED PROGRAM—GENERAL SERVICES ADMINISTRATION

100	DEPARTMENT OR AGENCY General Services Administration	PROGRAM Agency-wide Summary	SUBPROGRAM			
200	CODE	CODE	CODE			
300	ANALYSIS AND CONTROL CODES					
400	(Net of Payments from Revolving Funds)					
	FISCAL YEAR 1968 (\$ thousands)					
		Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended	
500	"In house" inputs					
510	Personnel:			\$164,841		
511	Comp.			(149,809)		
512	Benefits			(11,599)		
513	Travel			(3,433)		
520	Expenses:			1,099,266		
521	Communications			(92,955)		
522	Transportation			(40,671)		
523	Printing			(2,375)		
524	Supplies and Consum- able Materials			(963,265)		
530	Capital Equipment			46,280		
540	Land and Structures			204,529		
541	Additional Investment			(138,313)		
542	Rents			(66,216)		
550	Total - Sub			1,514,916		
600	Funds distributed					
610	Contracts			488,655		
620	Grants			1,568		
630	Loans					
640	Benefits					
650	Other			1,077		
660	Total - Sub			491,300		
700	Total - Unapplied			279,855		
	Total - Available			\$2,286,071		
				Prior Fiscal Year		
800	Input-output ratio					
810	1. Input					
811	1. Output					
820	2. Input					
821	2. Output					
830	3. Input					
831	3. Output					
840	4. Input					
841	4. Output					
850	5. Input					
851	5. Output					
860	6. Input					
861	6. Output					
870	7. Input					
871	7. Output					
880	8. Input					
881	8. Output					

Agencywide summary—Total program costs, fiscal year 1968

Funding program:	<i>Thousands</i>
Facilities.....	\$647, 823
Supply services.....	1, 087, 748
Transportation and communications service.....	185, 730
Other property management and disposal services.....	41, 666
Records services.....	19, 838
Agency direction and service support.....	23, 411
Total program costs.....	2, 006, 216
Unobligated carryover.....	279, 855
Total available.....	2, 286, 071
Source of financing:	
Appropriations to GSA.....	580, 158
Construction transfer accounts.....	56, 640
Advances and reimbursements.....	32, 615
Revolving funds (including nonappropriated).....	1, 335, 785
Other.....	1, 018
Unobligated carryover.....	279, 855
Total.....	2, 286, 071
Appropriations to GSA:	
OE, PBS.....	271, 881
Repair and improvement.....	90, 000
Construction, public buildings, projects.....	54, 000
Sites and expenses.....	25, 000
Payments, public buildings, purchase contracts.....	2, 350
Expenses, U.S. court facilities.....	1, 000
Additional court facilities.....	2, 560
FOB No. 7 and NIR No. 485.....	4, 848
OE, FSS.....	71, 781
OE, NARS.....	17, 970
National historical publications, grants, trust, and gift.....	1, 696
OE, TCS.....	6, 028
OE, PMDS.....	28, 000
Expenses, disposal surplus property.....	1, 000
S. & E., OA.....	1, 793
Allowances, former Presidents.....	251
Total.....	580, 158
Construction transfer accounts.....	56, 640
Advances and reimbursements.....	32, 615
Funds:	
Building maintenance fund.....	141, 689
ADP revolving fund.....	6, 762
GSF.....	1, 070, 642
FTF.....	100, 987
Defense Production Act.....	1, 890
Nonappropriated—Payment in kind.....	6, 789
Working capital fund.....	7, 026
Total.....	1, 335, 785
Other (Small commissions, lead and zinc, etc.).....	1, 018
Total program costs.....	2, 006, 216
Unobligated carryover.....	279, 855
Total available.....	2, 286, 071

EXHIBIT B—ORGANIZATION CHART—GENERAL SERVICES ADMINISTRATION GENERAL SERVICES ADMINISTRATION

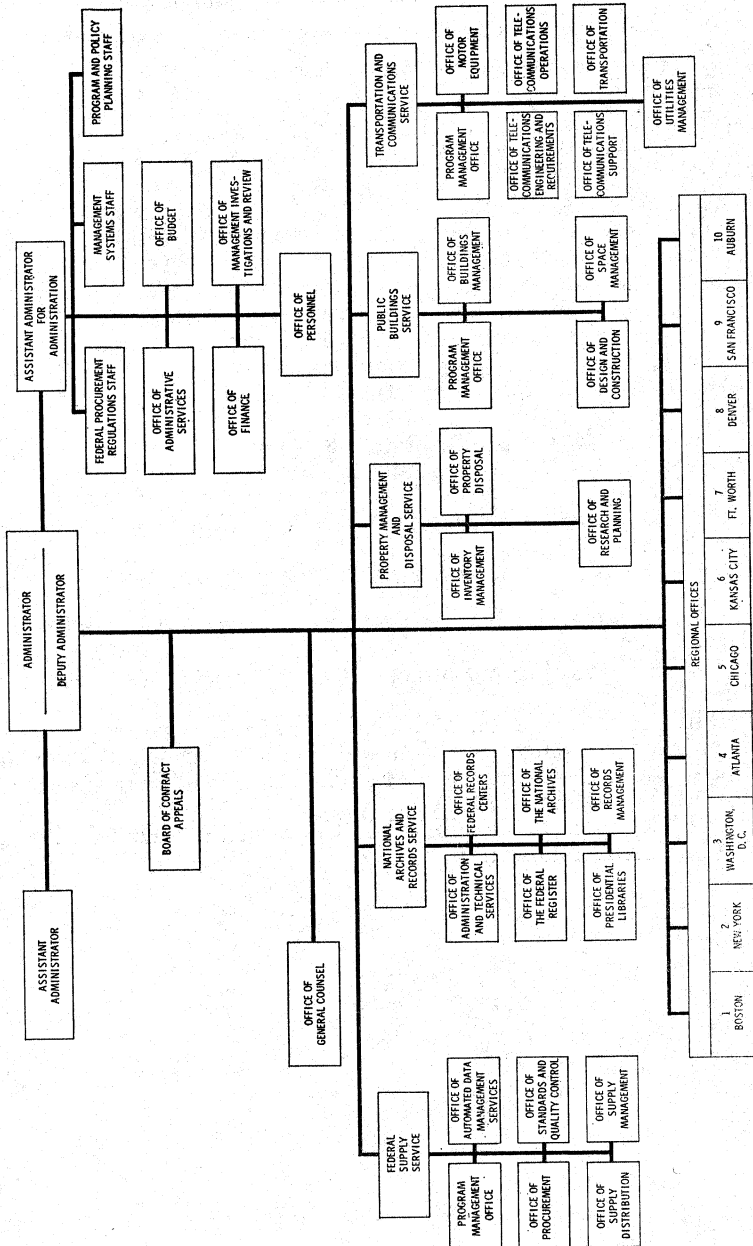


EXHIBIT C—PROGRAM STRUCTURE—GENERAL SERVICES ADMINISTRATION

GENERAL SERVICES ADMINISTRATION

PROGRAM STRUCTURE—MAJOR PROGRAM CATEGORIES

- I. Agency direction and support services
- II. Facilities.
- III. Supply services.
- IV. Other property management and disposal services.
- V. Transportation and communications services.
- VI. Record services.

Mr. Brooks. Would you tell us the total number of employees in your agency and the geographical extent of your operations?

Mr. Moody. The employment in 1968 is estimated at 39,845. At the end of 1968 we expect to have on board 40,200 employees, 38,800 of which are permanent employees, and 1,400 other. And of this total, roughly 12,060 are related to our reimbursable funds. The balance is financed through our own appropriations. Nearly 24,000 of that total number are in the Public Buildings Service and 16,500 of those are wage board employees.

So far as the geographical area is concerned, we operate nationwide in all 50 States; 10 regional offices, each headed by a regional administrator.

In addition to that we provide worldwide logistic support to all agencies.

A. GENERAL SUPPORT PROGRAM

Mr. Brooks. Under your program budgeting breakdown, do you have a support program covering the operations of your office and other policymaking personnel not directly attributable to a program function?

Mr. Moody. We do, Mr. Chairman, in our program category that is entitled "Agency Direction and Support Services." It includes the operation of the Administrator's office as well as that of other agency-wide policymaking personnel.

Mr. Brooks. Put exhibit D in the record at this point.
(Exhibit D follows:)

EXHIBIT D—AGENCY DIRECTION AND SUPPORT SERVICES PROGRAM—GENERAL SERVICES ADMINISTRATION

	DEPARTMENT OR AGENCY General Services Administration	PROGRAM Agency Direction and Support Services	SUBPROGRAM		
100	CODE	CODE	CODE		
200	ANALYSIS AND CONTROL CODES				
300	(Net of Payments from Revolving Funds)				
400	FISCAL YEAR 1968 (\$ Thousands)				
		Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended
500	"In house" inputs				
510	Personnel:			\$ 17,265	
511	Comp.			(15,779)	
512	Benefits			(1,299)	
513	Travel			(187)	
520	Expenses:			2,458	
521	Communications			(437)	
522	Transportation			(34)	
523	Printing			(114)	
524	Supplies and Consum- able Materials			(1,873)	
530	Capital Equipment			178	
540	Land and Structures			565	
541	Additional Investment				
542	Rents			(565)	
550	Total - Sub			20,466	
600	Funds distributed				
610	Contracts			2,945	
620	Grants				
630	Loans				
640	Benefits				
650	Other				
660	Total - Sub			2,945	
	Total - Unapplied			-0-	
700	Total - Available			\$ 23,411	
				Prior Fiscal Year	
800	Input-output ratio				
810	1. Input				
811	1. Output				
820	2. Input				
821	2. Output				
830	3. Input				
831	3. Output				
840	4. Input				
841	4. Output				
850	5. Input				
851	5. Output				
860	6. Input				
861	6. Output				
870	7. Input				
871	7. Output				
880	8. Input				
881	8. Output				

AGENCY DIRECTION AND SUPPORT SERVICES

A. Authority

1. *Salaries and expenses, Office of Administrator.*—Section 101(b) of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377) provides for an Administrator of General Services to give policy direction and coordination to all GSA programs. The Administrator is authorized by section 106 of the act to provide for the effective accomplishment of GSA's functions.

2. *Administrative operations fund.*—Specific authorization for the administrative operations program subcategory is contained in the Independent Offices Appropriation Act for each fiscal year. The current authorization is in Public Law 90-121.

3. *Allowances and services to former Presidents.*—The act of August 25, 1958 (72 Stat. 838) provides allowances for former Presidents and for a pension for a widow of a former President.

4. *Working capital fund.*—The working capital fund was established by Public Law 49 (59 Stat. 115), approved May 3, 1945. The fund was increased by subsequent legislation, as follows:

Public Law 87-141 (75 Stat. 352), approved August 17, 1961.

Public Law 88-507 (78 Stat. 654), approved August 30, 1964.

Public Law 89-128 (79 Stat. 530), approved August 16, 1965.

Public Law 89-555 (80 Stat. 673), approved September 6, 1966.

B. Program output

The agency direction and support services program is concerned with the overall management of GSA, including the provision of staff assistance and support to all operating programs.

Top policy direction and coordination of all GSA programs is provided by the Administrator, the Deputy Administrator, and the 10 regional administrators. Also included in this program subcategory are the hearings and determinations of the GSA Board of Contract Appeals on disputes involving contract awards and administration; direction and coordination of the GSA civil rights program; conduct of congressional and public relations and the development of the GSA legislative program; and provision of service and assistance to business concerns interested in Government procurement and disposals. A business service center is located in each GSA regional office to provide onestop counseling services and assistance to businessmen, trade organizations, and chambers of commerce, on procurement and disposal activities of GSA. These services include provision of information concerning what items are bought and sold, location of buying and selling offices, how to get on bidders' mailing lists, how to introduce new products into the GSA supply system, how to obtain Federal specifications, and how to keep currently informed on bidding opportunities. Bids for GSA contracts are received, recorded, safeguarded, and opened in the business service centers.

Internal GSA staff services are provided to the Administrator, heads of services and staff offices, and regional administrators under the administrative operations program subcategory, including such specialized fields as legal advice and assistance, program and policy planning, budgetary and financial management, organizational and program management appraisal, personnel management, and other related activities. Government-wide services are also provided under this subcategory, including development of Federal procurement and property management policies; improvement of Government property accounting systems; and administrative support to Presidential boards and commissions. Specific outputs by program elements under this subcategory include the following:

1. *Program and policy planning.*—The development and coordination of the GSA-wide PPB System, and its integration with the Government-wide program administered by BOB; and the central coordination of GSA's defense mobilization program.

2. *Federal procurement regulations.*—The publication of procurement policies and procedures in the Federal procurement regulations (FPR), including the General Services Administration procurement regulations (GSFR) and regulations of other Federal agencies which implement and supplement the FPR; and property management materials published in the Federal property management regulations (FPMR).

3. *Management systems.*—The review and development of organizational and operating relationships, and overall coordination of systems development and systems maintenance in GSA.

4. *Administrative services.*—The management of issuances, reports, and forms; records management, including the management of mail, correspondence, files systems, and records disposition; and office services relating to administrative equipment, supplies, space, telecommunications, mail operations, library, travel, and similar services.

5. *Budget.*—The budget formulation phase of the "budget cycle," involving the planning and financing of GSA programs and their reflection in the annual appropriation act; and the budget execution phase which extends until about 3 months after completion of the budget year and involves planning, performance, and appraisal activities.

6. *Finance.*—The design, maintenance, and operation of GSA's accounting and financial reporting system; participation in Government-wide property accounting surveys and in the joint financial management improvement program; review of the financial provisions of contracts to minimize financial risk and otherwise protect the Government's interest; and the servicing of financial provisions of contracts and other obligations held by the Government.

7. *Management investigations and review.*—Internal audits of GSA operations, contract audit services, and special audits; investigative services regarding GSA personnel security, procurement contracting, property protection, and civil rights; and inspections, evaluations, and surveys of GSA activities, facilities, organizations, operations, staffing, and effectiveness.

8. *Personnel.*—Provision of employment activities, such as recruitment, selection, placement, promotion, and separation; compensation activities, such as position evaluation, position management, and wage and pay administration activities; employee relations activities involving employee-management co-operation, awards, performance ratings, grievances and appeals, etc.; and internal training and development activities as well as assistance to the services in the conduct of interagency training programs.

9. *Legal services.*—Provision of legal counsel to the Administrator, the Deputy Administrator, and all other GSA officials, and the performance of legal services for all GSA programs in the fields of real property, personal property, archives and records, transportation and communications, strategic and critical materials, and general administration. Includes, also, legal counsel on legislation proposed by GSA and reports on legislation proposed by others.

Allowances are provided for two former Presidents, as well as office staff, furnished space, mailing privileges, communications, and office supplies and materials. A pension also is provided for a widow of a former President.

The printing and duplicating program subcategory involves the operation of field reproduction plants providing printing and/or duplicating services to GSA and other agencies in multioccupancy Federal buildings; operation of the GSA printing plant in Washington, D.C., in support of GSA programs in the central office and region 3; procurement of printing services from such outside sources as the Government Printing Office or commercial printing firms whenever necessary; and provision of such related services as copy preparation, graphic arts preparation, binding and finishing, addressing, distribution, and general photography.

C. Responsible official

The following officials have the indicated direct operational responsibilities under the agency direction and support services program:

1. Salaries and expenses, Office of Administrator:
 - (a) Executive direction, Lawson B. Knott, Jr.
 - (b) Legislative and information services, Robert T. Griffin.
 - (c) Business services, Robert T. Griffin.
2. Administrative operations fund:
 - (a) All activities except legal services, W. L. Johnson, Jr.
 - (b) Legal services, Harry R. Van Cleve.
3. Allowances and services for former Presidents, W. L. Johnson, Jr.
4. Working capital fund, W. L. Johnson, Jr.

Mr. BROOKS. Would you give us a brief justification for the size and extent of your support program?

Mr. MOODY. This function includes the overall supervision and direction of the entire agencywide operation.

The top policy direction and coordination of all GSA programs is provided by the Administrator, the Deputy Administrator, and the 10 regional administrators. So technically we actually have in GSA 12 people—aside from clerical—only 12 officials responsible for agencywide direction.

This program category, however, reflects the way certain other across-the-board functions in GSA are handled. We have within it, for example, our Board of Contract Appeals that handles appeals under dispute clauses. We have our civil rights program. We have our congressional relations and public affairs offices there, and the provision of service and assistance to small businesses.

B. BUDGET PROCESSES

Mr. BROOKS. Would you outline briefly and give us a status report on the efforts of the agency in the implementation of the program budgeting concept?

Mr. MOODY. These concepts have been implemented in GSA. The PPB program follows functional lines and was developed as a modification of a previously existing long-range planning system for forward planning since 1965 or 1966. While some progress has been made in improved planning, much still remains to be done, as the Administrator pointed out in his statement.

Our current efforts are directed primarily toward refinement and improvement of techniques of program analysis and the identification of meaningful alternative courses of action.

Mr. BROOKS. Mr. Moody, how does this compare with your schematic breakdown of your agency? Does your program budgeting follow the chain of command in those functions pretty closely?

Mr. MOODY. Generally, yes.

Mr. BROOKS. In some of the agencies there is great disparity between the program functions and the breakdown of the chain of command on their diagram. You can hardly interpret it.

Mr. MOODY. We still have improvements to make in this area, but we have been fairly successful in making what the technicians call "crosswalks" between your funding structure, your organizational structure, and your program categories. We are bringing them closer and closer.

C. ACCOUNTING SYSTEM DEVELOPMENT

Mr. BROOKS. What is your agency doing regarding accounting system development?

Mr. MOODY. We think we are doing pretty well, Mr. Chairman. In fact, we are on an accrual basis. Our accounting system has been approved by the General Accounting Office. The accrual method was completely established prior to the GAO approval, which was in June of 1965.

Currently our improvement methods encompass a redesign of the present accounting system into an integrated system which is intended to reduce to a minimum manual matching and comparing functions, arithmetic calculation, and clerical control operations.

I can go on with this to the extent you prefer, or put some more detailed information in the record.

Mr. BROOKS. But you are continuing work, then, on the system; though it has already been approved, you are not accepting that as a—

Mr. MOODY. It is a constant maintenance task to keep abreast of the changing program levels and program directions and requirements and methods of doing business.

D. MANAGEMENT INFORMATION SYSTEM

Mr. BROOKS. What is the status, Mr. Moody, of your management information system?

Mr. MOODY. Our present management systems were developed to meet the specific needs of the individual programs. Although they operate as special purpose information systems within their respective functional areas, wherever feasible they are interfaced and integrated with related information systems.

This is important in our scheme, especially because of the Government-wide mission of GSA. This makes it imperative for us to give

Careful consideration to the information requirements of other agencies prior to development of our own management information system. We have several examples of the dovetailing, the interrelationship between our management and those of other agencies, particularly in the supply system where we reconcile with the Department of Defense and their method.

Mr. Brooks. Do you think you are getting the maximum out of it? Do you have an automated system? How do you interrelate?

Mr. Moody. The system is automatically related, and where there is information in the system that is common to the requirements of the various programs, they are interrelated.

But as I am sure you are aware, because you are very familiar with our program, because of this diversification, we are continuously seeking to improve the interface and interrelation in our management information system. But there is always going to be a need for separate systems based on the requirements of the various operations.

E. INTERNAL AUDIT SYSTEM

Mr. Brooks. Would you describe, Mr. Moody, your internal auditing system?

We will put in the record at the conclusion of his comments exhibit E.

Mr. Moody. Frankly, exhibit E contains as good an explanation of our audit systems as I think it is possible to come up with.

Mr. Brooks. This is the GAO audit analysis?

Mr. Moody. That's correct. Basically our audit and investigative function is included in the same organizational unit, and is, to my way of describing it—our audit and investigation unit is audit-oriented as distinguished from investigative-oriented. We are auditing things to see that they are going well rather than investigating after the fact to see why they didn't go so well. We do some of that, too, but we are more oriented toward an audit program than an investigative program.

Organizationally GSA's internal audit activity is located within our Office of Management Investigations and Review, which is also organizationally situated within the Office of the Assistant Administrator for Administration, Mr. Johnson.

Mr. Brooks. Do you have anybody in there that does investigative work with the authority to report to you or Mr. Knott on any error in the flow of work, or the execution or implementation of projects?

Mr. Moody. Yes, Mr. Chairman. In fact, all of the audit reports, all of the investigative reports go directly to the Administrator. At the same time, those reports, the audit reports in particular, have previously been exposed to the functions being audited, the directors of the program being audited, just in the same manner that GAO does; and the views of those program directors are incorporated and commented upon in the audit report. Then, under our system, we don't have to ask the program director to give the Administrator a report. This is automatically required.

If they make an audit, Mr. Abersfeller gets the report at the same time we do, and he has a prescribed number of days to submit to us recommendations, to submit back directly to the Administrator

recommendations for the correction of anything found wrong in the audit.

Mr. BROOKS. Under that flow, Mr. Moody, the audit investigation report goes directly to the Administrator; at the same time, a copy goes to the head of that subdivision; and then he submits his comments on it, whatever they may be?

Mr. MOODY. The proposed corrective action, or anything else necessary.

Mr. BROOKS. Directly to the Administrator?

Mr. MOODY. Right, sir.

Mr. BROOKS. The investigative report doesn't go to him first for his comments before they send it to you, or send it to the head of the subdivision?

Mr. MOODY. The audit reports do.

Mr. BROOKS. Before being sent to the Administrator?

Mr. MOODY. We actually follow the method followed by the General Accounting Office.

Mr. BROOKS. I do not agree completely with their method. You know, they send the proposed report to the agency, and the agency alibis it, and 6 months later they want to tell you all the reasons why there wasn't any other way to do it. By the time the GAO gets it back, the agency has watered it down. I think unless the auditors can win the case in court without any question, they should never even make an analysis. They should just forget it.

I think that for purposes of internal auditing, you ought to get a clean view of what the auditors think is wrong. Let the administrative head of the agency analyze it, let the subdivision come in and explain it, but let the Administrator take a look at the impression that the auditor got first, without it being influenced or modified by the division head. He can defend his position later, or say what the corrective action is—if you are an optimist. Most of the time they just defend what they have been doing.

Mr. MOODY. I understand what you are saying, Mr. Chairman and I believe—

Mr. BROOKS. You see the difference?

Mr. MOODY. Yes, sir.

Mr. BROOKS. And why I am for it? You have been in the business a long time.

Mr. MOODY. I think it is fair to say, however, in the way we handle these reports, that the only time that a program head can cause a change in a recommendation in an audit report is when he is able to demonstrate to the auditor that he hasn't seen something, or that his conclusions are wrong. Otherwise these reports come to the Administrator, you might say, in disagreement. The auditor's position is clearly stated. We give the service head an opportunity to state his views. And at that point it comes to the Administrator, and the service head is then obligated to come back to the Administrator and tell what he proposes to do about what the auditor has said.

Mr. BROOKS. The problem still remains—what chance does a GS-8 or GS-9 auditor have against that GS-15 who is running that subdivision. Of course, if there is an error in figure or fact, then certainly there is no question about that. He can send his secretary down with the correct figures. "This is the figure. We gave you the wrong figure." This is what you are talking about. But on conclusions and recom-

mendations for changes and general evaluations of the efficiency of that section, that GS-9 is going to be at quite a disadvantage talking to that GS-15—if they are like some 15's.

Mr. MOODY. There is certainly merit to your point.

We think we have no strings at all on the scope of an audit, the extent of an inquiry, the accessibility of information on the part of the auditors. They are an independent organization, separate.

Mr. BROOKS. For whom do they work?

Mr. MOODY. The Assistant Administrator for Administration and under him the Director of the Office of Management Investigations and Review; and under him a deputy for audits. And they have absolute freedom and independence.

Mr. BROOKS. You think the GS-9 auditor would feel perfectly safe in writing a very adverse report on some section or subdivision of the GSA and submitting it—does it go directly to the Administrator?

Mr. MOODY. These reports are submitted by the Director of the Office of Management Investigations and Review through Mr. Johnson, except where an audit of a function under Mr. Johnson is concerned, in which event it comes directly to us and not through Mr. Johnson. He has previously had an opportunity to report.

Mr. BROOKS. Do you think you might want to consider a practice whereby an auditor could submit his ideas or his recommendations directly to the Administrator if he felt it warranted it?

Mr. MOODY. I am perfectly willing to consider this.

Mr. BROOKS. I am saying if you found a real sticky one—

Mr. MOODY. In fact, under our procedures, I am certain it is in the written procedures that these auditors have direct access to the Administrator at any time.

Mr. BROOKS. Most GS-9's want to make 12's, and they don't want to have a big layer of bureaucrats cutting their hearts out.

Mr. MOODY. I have seen many reports since we have reorganized the function some time ago. I don't think there is any hesitancy to call the shots as they see them.

Mr. BROOKS. You might take a look at what practical availability the average auditor making his investigative report would have to the top management.

Mr. MOODY. We will do that, sir. We will look at it.

Mr. BROOKS. All these people in between can chop him; and they can water down, they can change, they can alter the report; or they can reason with him, or whatever the story is; or they can just flatly disagree and tell him he is wrong and not to move it forward. Don't they have the authority to say that this report is not justified?

Mr. MOODY. They don't have the authority to stop the submission of the report.

Mr. BROOKS. Where do they transfer him to then?

Mr. MOODY. He is protected against any kind of incrimination from the programs he is auditing.

(Exhibit E follows:)

EXHIBIT E—INTERNAL AUDIT ACTIVITY—GENERAL SERVICES ADMINISTRATION

INTERNAL AUDIT ACTIVITY AT GENERAL SERVICES ADMINISTRATION

Organization

The Office of Management Investigations and Reviews (OMIR) is one of five offices (Office of Administrative Services, Office of Budget, Office of Financial

and Data Services, Office of Management Investigations and Review, and Office of Personnel) within the Office of Administration under the Assistant Administrator for Administration; Audits is one of the three component units (Audits, Inspections and Evaluations, and Investigations) within OMIR under the Director at the grade GS-17 level. OMIR (Audits) is under a Deputy Director at the GS-16 level. Reporting to the Deputy Director are three division directors at the GS-15 level and four area audit managers at the GS-14 level.

Field audits are conducted by the area audit managers who receive guidance from the cognizant division directors in Washington. Area audit managers are responsible to the Deputy Director, OMIR (Audits), and rely on GSA regional offices only for such matters as space and supplies.

Staffing

Nationwide, OMIR (Audits) is staffed with approximately 80 to 85 professional auditors. About 25 to 30 auditors have received certificates as certified public accountants. If funds can be budgeted, plans are to increase the staff to approximately 150 to 160 professional auditors during the next 3 years.

New staff members are recruited from college graduates who majored in accounting. GSA is expecting 17 graduates to join its staff at the end of the current college semester.

Audit policies

We have been informed that the Administrator of General Services has given his complete support to the GSA internal audit program. No restrictions have been placed on the selection of areas to be covered by internal audits.

Some areas, notably fiscal, are audited on a cycle basis and other areas, e.g., motor pools, supply operations, and buildings management, are scheduled for audit after due consideration is given to such matters as importance of operations, audit manpower resources, problems known to exist, and changes in organization or operating procedures.

Areas to be audited are selected in advance by OMIR (audits) upon its own determination. Programmed areas are sometimes deferred; however, for unscheduled high priority work. During the course of their work, GSA internal auditors have free and unrestricted access to all documents and records and operating personnel are required to furnish appropriate explanations and information.

Reporting

Reports on internal audits are directed to the Administrator.

Draft audit reports are submitted to operating officials for review prior to release to provide assurance that the facts on which the opinions, conclusions, and recommendations are based are valid. Comments by operating officials on the draft report include a definitive statement as to agreement or disagreement with the facts. The complete response to the draft report is included in the final report as an appendix. Comments relating to specific portions of the report are given consideration in the text.

Final reports on internal audits are released simultaneously to the Administrator and to the heads of services or staff offices and regional administrators concerned. The action copy of the report transmittal is addressed through the appropriate regional administrators and heads of services or staff offices to the Administrator. The action copy is routed in this manner so that each responsible official may have an opportunity to comment further upon the findings and recommendations and set forth a plan for corrective action. As the action copy of the report is processed forward, each regional and central office official's comment is appended to the report. The entire package then provides the Administrator with a basis for making any necessary judgments.

Reports that pertain to the activities of one region only are released by the respective area audit manager. Reports that pertain to the activities of more than one region and/or the central office are released by the Assistant Administrator for Administration. Reports that pertain to the activities of the Office of Administration are released by the Director of Management Investigations and Review.

Following the receipt of an action copy of a regional audit report, the regional administrator forwards a reply to the Administrator with the action copy of the report through the head of the appropriate service or staff office and the Assistant Administrator for Administration. This memorandum includes any additional comments considered necessary and, where appropriate, includes a time-phased plan for corrective action. A copy of the memorandum is submitted also to the Director of Management Investigations and Review.

Following the receipt of an action copy of a central office audit report, heads of services or staff offices reply to the Administrator through the Assistant Administrator for Administration. Replies include any additional comments considered necessary and, where appropriate, include a time-phased plan for corrective action. A copy of this reply is submitted also to the Director of Management Investigations and Review.

F. AUTOMATIC DATA PROCESSING

Mr. BROOKS. Do you have a central organization which is responsible for ADP management in your agency?

Mr. MOODY. We do.

Mr. BROOKS. Would you describe its function?

Mr. MOODY. The central GSA organization responsible for ADP management is the Federal Supply Service, and within that, the Office of Automated Data Management Services.

Up until the middle of last month we had two separate organizations involved in ADP within GSA. One of them was the Government-wide group which was at that point in time located where the present centralized function is. They are responsible for the Government-wide management of ADP under the so-called Brooks bill.

We also had an organization in our Office of Administration responsible for operating GSA's in-house ADP system; and effective on the 16th of May, we consolidated these organizations into a single organization within the Office of Automated Data Management Services.

We think this will have many advantages. It eliminates some duplication of effort within-house. It eliminates duplication of liaison with the industry. It reduces internal management of separate funds; provides a nationwide career ladder for ADP employees, which should reduce turnover and recruiting for scarce ADP skills; and provides opportunities to level ADP operations workload nationwide and attain maximum equipment utilization.

In fact, the study showed—and it would not have been approved otherwise—that the consolidation of these resources will enable us to handle growing workloads within existing resources. In fact, we have 900 employees in GSA assigned to ADP; 80 of them on a Government-wide function, and 820 of them on an in-house operation of our own system.

More important, I think, to me, Mr. Chairman, than anything else that has come out of this consolidation, is that it really amounts to the first step toward the establishment of ADP service centers on a nationwide basis. We are going to begin in-house with our own systems and demonstrate that it is perfectly possible for an agency of Government, GSA, to operate out of a central system. We are already providing services to other agencies, and these will become the nucleus, hopefully, for getting on with the show toward realizing some of the savings that we all know are available in the ADP field.

Mr. BROOKS. That is commendable.

One thing I wanted to mention at this time is: I notice that Mr. Knott spoke of the recognition that you give a good many of your employees and associates for exceptionally fine work in public service, and I wanted to commend you and the agency for that. It seems to me that every incentive we can give Government employees in a big agency like GSA, where they do a lot of things for the Government,

where they do most of them pretty well, are certainly deserving of every credit you can extend to them.

We sometimes are limited in what can be done, in the pay scale—pay is not everything; it is just 90 percent of it, I guess—but certainly the giving of awards and recognition publicly and within the agency is a highly commendable and deserving thing. I think many of these people—and this includes you, and it includes me—are going to stay. We don't want to quit. We like the business and we are going to stay and do the best we can. Many of your better people could get jobs elsewhere, but they don't want to go elsewhere. They are going to stay.

So I am hopeful that you will continue within that agency with the awards programs which let them know that this Nation and the agency and the Government in general appreciate exceptional work, because many of them are very competent people within their fields and make significant improvements and savings. Very often you can't give them a pay raise. They may be at the top of their grade or not eligible for a raise right then. But other things can be done, and I think every method that is appropriate to show genuine appreciation for what you and many of your associates do for the Government is certainly desirable.

What do you think, Mr. Randall?

MR. RANDALL. I was just wondering—you say many times they are at the top of their grade. What can you do then? Do you give them a plaque or a certificate, or what do you do?

I would suggest this, Mr. Chairman: Recalling one of the other departments—and this hasn't been too many years ago—we were fortunate to have some constituents in the Post Office Department that did real well; there was some moneysaving; and they had a big shindig down on the Monument grounds. Everybody gathered and patted them on the back, and they went home determined to do a better job.

Do you do anything like that?

MR. MOODY. Yes, Mr. Randall. We have what we think is a very good awards program. In fact, just the middle of last month, we had our annual honor awards ceremony, and I will be pleased to send to the committee and to you, sir, copies of the little brochure we put out. The Administrator has two awards that he gives himself, and these are the highest awards in the agency.

We have a Distinguished Service Award that we give out to those people whose performance has risen so far above the mass that they are entitled to be recognized in some manner other than with money. We have a Meritorious Service Award, which is the second service award. And we have a number of other awards within our program which do recognize outstanding performance.

We have a real good esprit de corps in GSA in any job. The awards are coveted by the employees. It is an honor that they like to have bestowed upon them, and they are fully appreciative, and we think this impacts their service to the Government.

I will send you a copy of this year's brochure.

MR. RANDALL. Fine.

MR. CHAIRMAN, you can't give them any more money, but maybe there could be some kind of a way that might cost little money to give them—some kind of a period of leave, base it on a scale of so many days for such an award.

Mr. BROOKS. Steady. We are going to spend all the money we have been saving.

Mr. RANDALL. I have one more question, and then I have to get back to Navy Procurement. We are trying to get it finished.

This is on the management of the property, and that is really outside of the logistics and supply. The property management and supply are your two big jobs, whether it is transportation or whatever it is, what percentage of it—I don't know whether this question is framed so you can answer it. I hope it is.

Most public buildings are under GSA, in other words. What percentage are not? Now we see a trend of some public buildings built, not this lease trend that has been going on. Some public Government-owned buildings are signed off to other agencies—if that is the correct expression—signed off for them to manage. For instance, it seems to me the trend is for the Post Office to manage public buildings which also have recruiting offices and Agriculture offices as well as the Post Office, as well as a Federal court. What percentage is that? Is it small? Or is that trend growing? What is the situation on that?

Mr. MOODY. Well, under the present law as I understand it—and I will ask Mr. Schmidt to get into this to supplement what I am about to say—specifically with respect to the Post Office Department—

Mr. RANDALL. Is that the only Department, in other words?

Mr. MOODY. There are a few others that manage their own buildings, such as the Treasury Department in Washington. They manage their own buildings. The Public Health complex at NIH in Bethesda is managed by them; and the Veterans' Administration hospital facilities are, of course, managed by the VA.

Mr. RANDALL. All the Veterans' Administration?

Mr. MOODY. Yes. But by and large, the numbers of public buildings, excluding the Post Office, are managed by GSA.

Mr. SCHMIDT, do you have any rough estimate of the percentage of total public buildings under GSA, and other agencies?

Mr. RANDALL. Ninety, or ten percent? The comment I am going to make, if I can get the predication, in just a second—

Mr. SCHMIDT. I would say this: The majority of general purpose buildings are managed by GSA. I would exclude from that, post offices that are used predominantly for postal purposes. They were excluded back in 1950 under the Reorganization Plan 18 of 1950, and that, I would judge, involves some 2,500 post office buildings around the country, many of which are very small postal stations.

Mr. RANDALL. But it is Post Office, VA, and the few exceptions here in town?

Mr. SCHMIDT. They are usually special purpose, or a part of a total special purpose installation. And of course, it excludes buildings on military reservations.

Mr. RANDALL. Mr. Chairman, the rather obvious conclusion I was going to make is that we have had an opportunity to observe the difference in management when a building was completed under GSA and operated by GSA for a while, and then going over to—the Post Office is an illustration—we have seen in our opinion the difference, and we have seen much less efficient management under Post Office than GSA; and I would hope that that percentage is small.

Mr. SCHMIDT. Well, since the passage or the approval of Reorganization Plan 18 of 1950, we did attempt to work out a program with the Post Office to redefine predominance. Where Post Office considers buildings that have 50 percent of the space or more being used for postal purposes, this is predominantly postal. We have tried to work this out on a basis of 90/10, which would put into GSA's management more of the buildings which do provide a certain amount of space for other Federal agencies.

Mr. RANDALL. Thank you, Mr. Chairman.

Mr. BROOKS. Thank you, Mr. Randall.

What do you consider, Mr. Moody, to be the most pressing problems that need to be overcome for you to make better and more efficient use of computers in your agency?

Mr. MOODY. The most pressing ADP problems in GSA that I would identify are three:

Lack of qualified personnel. The agency is utilizing a training program approved by the Civil Service Commission to overcome this shortage.

Secondly, lack of training by users in the use and application of data processing techniques and systems. GSA is in the process of developing processing techniques and systems and training our program managers to overcome this problem.

The third one is difficulty in matching the long-range data processing support resources with the program manager's more rapidly changing needs. I suspect this is probably the greatest one and will remain so.

Mr. BROOKS. The shortage of manpower is leading the pack, and somebody steals them as soon as you get them trained. It is the same old story.

Mr. MOODY. As soon as we get a good man, he is in high demand in the private sector.

Mr. THOMPSON. May I ask a question at this point?

Mr. BROOKS. Yes.

Mr. THOMPSON. When you receive a request from an agency for a computer, does the Federal Supply Service try to determine independently of the request of that agency whether or not the computer that they are suggesting be purchased is the best computer for the need that they have? Or do you take their request at face value and attempt to supply that computer?

Mr. MOODY. Mr. Thompson, with your permission, I will ask Mr. Abersfeller to respond to your question.

Mr. ABERSFELLER. Mr. Thompson, as a usual rule the agencies do not ask for a given brand of computer. In fact, since the enactment of the bill, we have been progressively pursuing the review of the agency's actions, dealing with their requests for quotations, to be very certain that the quotation and the specification is, in fact, competitive in nature. And unless an agency could make a sole-source determination, the procurement would have to be in the manner of offering the widest range of competition.

Mr. THOMPSON. May I ask one further question?

Are you making an effort to be certain that the computers that are being purchased are compatible with the existing programs so that you can shift personnel from one type of computer to another type? Are you trying to standardize in any way? Or is the computer industry doing this?

Mr. ABERSFELLER. Standardization or the absence of it, and the absence of compatibility, is one of the most significant problems we have. But we actually take the contrary view. If an agency, for example, would found their justification on compatibility, we would insist on something more than that; an actual finding of compatibility is, in fact, essential. It isn't always so. Sometimes bias and personal opinion crop into these things, and it is our job, we feel, to ferret those out; again providing for the widest range of competition we can.

So I think in summary, if a case can be made for compatibility, then we would, in fact, have generally a sole-source procurement. The absence of standardization is a very significant problem.

Mr. THOMPSON. Thank you, Mr. Chairman.

G. PERSONNEL MANAGEMENT

Mr. BROOKS. We have a couple more questions, Mr. Moody.

Would you describe to the subcommittee the elements of your personnel management program? I will submit exhibit F for inclusion in the record at this point.

(Exhibit F follows:)

EXHIBIT F—HIGHLIGHTS OF THE GENERAL SERVICES ADMINISTRATION PERSONNEL PROGRAM (SUBMITTED BY THE CIVIL SERVICE COMMISSION)

Our report to the agency was dated August 7, 1967. Overall, we found that GSA recruited, trained, organized, and motivated a work force fully capable of carrying out the basic mission.

On the plus side, we found:

- Recruitment needs were being met both for college trained and clerical employees.

- Employee development and training was generally effective.

- Considerable success had been achieved—

- in effective administration of position classification requirements;
 - in enhancing the opportunities for women;

- in hiring the handicapped; and

- in insuring that employees were aware of their rights in employee-management relations.

However, there were some areas where recommendations for improvements were made:

- Supervisors needed additional training in the—
 - operation of the merit promotion system;
 - principles of employee-management relations; and
 - employee recognition and incentive awards programs.

- The merit promotion program needed—

- a better ranking system especially for supervisory jobs;

- better communications to employees;

- tightened selection procedures to better insure promotion of best qualified candidate; and

- revised guidelines to include consideration of highly qualified applicants from outside.

COMMENT OF THE GENERAL SERVICES ADMINISTRATION ON EXHIBIT F

A new merit promotion plan is being developed to more nearly fill the needs of GSA. An extensive study has been conducted and a proposed plan written. The plan has been reviewed throughout GSA by program managers, operating officials, personnel specialists, and selected union representatives. Comments submitted during the course of this review are now being analyzed and evaluated.

A GSA handbook, Personnel Administration for Supervisors, was distributed to all regions for use in our supervisory training program. Special emphasis is not being given to the operation of the merit promotion plan or recognition and awards programs now because of imminent changes to both systems. When new

plans are approved, however, all GSA supervisors will be given the required training for their efficient operation. A new handbook for training supervisors in employee-management relations is a GSA project scheduled for completion in fiscal year 1969.

Mr. MOODY. GSA conducts a positive and progressive personnel management program in order to recruit and retain a highly skilled and motivated work force. The basic elements are recruitment, selection, placement, promotion, separation, position classification, pay administration, employee-management cooperation, employee benefits and awards, employee communication, performance appraisal, grievances and appeals, disciplinary actions, standards of conduct, training, career development, and equal employment opportunity.

H. GENERAL ACCOUNTING OFFICE REPORTS

Mr. BROOKS. On the General Accounting audit reports, Mr. Moody, I wonder if you would furnish for the subcommittee at a subsequent date your analysis of what is being done about those that are now pending from the GAO? Would you do that?

PART 2.—PROGRAM REVIEW

We will turn now to the program breakdown. I would appreciate it if you would have your key personnel give me a short analysis of the programs—take 3 or 4 minutes—and then they can submit for the record the answers to the detailed questions on each of these programs.

If you would introduce your people, I would be grateful, and we would hear them.

A. PROGRAM CATEGORY II—FACILITIES

I think that maybe we can start with Bill Schmidt on public buildings and, without objection, I will put Exhibit G in the record. Give us just a short analysis of what you are doing, just a thumbnail sketch of that activity. Then you can fill in with the detailed answers for the record.

(Exhibit G follows:)

EXHIBIT G—FACILITIES PROGRAM—GENERAL SERVICES ADMINISTRATION

	DEPARTMENT OR AGENCY	PROGRAM	SUBPROGRAM		
100	General Services Administration	Facilities			
	CODE	CODE	CODE		
200					
300	ANALYSIS AND CONTROL CODES				
400	FISCAL YEAR 1968 (\$ Thousands)				
		Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended
500	"In house" inputs				
510	Personnel:			\$ 38,153	
511	Comp.			(34,100)	
512	Benefits			(2,729)	
513	Travel			(1,324)	
520	Expenses:			5,594	
521	Communications			(745)	
522	Transportation			(151)	
523	Printing			(704)	
524	Supplies and Consumable Materials			(3,994)	
530	Capital Equipment			1,636	
540	Land and Structures			179,755	
541	Additional Investment			(138,293)	
542	Rents			(41,462)	
550	Total -Sub			225,138	
600	Funds distributed				
610	Contracts			421,082	
620	Grants			526	
630	Loans				
640	Benefits				
650	Other			1,077	
660	Total -Sub			422,685	
	Total - Unapplied			277,426	
700	Total - Available			\$925,249	
				Prior Fiscal Year	
800	Input-output ratio				
810	1. Input				
811	1. Output				
820	2. Input				
821	2. Output				
830	3. Input				
831	3. Output				
840	4. Input				
841	4. Output				
850	5. Input				
851	5. Output				
860	6. Input				
861	6. Output				
870	7. Input				
871	7. Output				
880	8. Input				
881	8. Output				

FACILITIES

The facilities program consists of two major subprograms: (1) Acquisition and (2) management.

I. ACQUISITION

This subprogram is concerned with the procuring of title to real property to meet the program requirements of GSA and other Federal agencies; the design and construction of appropriate space for the Federal Government; and the procuring of leasehold interests in real property for use by Federal agencies where sufficient or acceptable Government-owned space is not available. Authority for this subprogram is contained in the Public Buildings Act of 1959, as amended (40 U.S.C. 601-615); and the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended.

II. MANAGEMENT

This subprogram is concerned with the operation, maintenance, repair, and protection of federally owned and leased real property and the performance of related services for the occupants. Authority for this subprogram is contained in the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended; and Reorganization Plan No. 18 of 1950 (64 Stat. 1270).

The estimated output the Government receives as a result of the expenditures in this program is as follows:

*Acquisition**Construction:*

- 5.5 million net assignable square feet produced.¹
- 275 site parcels acquired.
- 45 designs started for improvements estimated to cost \$125.4 million.
- 108 designs completed for \$251.1 million in improvements.
- 30 construction starts for \$72.1 million in improvements.
- 56 construction completions for \$288.1 million in improvements.

Leasing:

- 48.8 million net assignable square feet leased.
- 7,200 leases administered.

Other: 1 million net assignable square feet under lease-purchase contracts.

Management

Building operation: 198.2 million average net assignable square feet serviced.

Repair and improvement: 183.9 million net square feet maintained.

Assignment and utilization: 209.4 million net assignable square feet assigned utilization rate (office space) (personnel housed)—133.

The official responsible for this program is William A. Schmidt, Commissioner, Public Buildings Service.

Mr. SCHMIDT. To touch on it briefly, Mr. Chairman, I think the functions are pretty well covered in exhibit G, as well as—

Mr. BROOKS. These exhibits are all in the record now.

Mr. SCHMIDT. To give a thumbnail sketch of the Public Buildings Service programs, the PBS provides nationwide real property acquisition and management services for the Federal Government. Within the context of the President's planning-programing-budgeting system, these acquisition and management activities constitute subcategories of an overall facilities program.

Acquisition is concerned with the procuring of title to real property to meet the program requirements of GSA and other Federal agencies, the design and construction of appropriate space for the Federal Government, and the procuring of leasehold interests in real property for use by Federal agencies where sufficient or acceptable Government-owned space is not available.

Management is concerned with the operation, maintenance, repair, and protection of federally owned and leased property and the performance of related services for the occupants. The authority for the public building programs derives from the Public Buildings Act of 1959, as amended; the Federal Property and Administrative Services Act of 1949, as amended; as well as Reorganization Plan 18 of 1950.

The programs conducted by the Public Buildings Service are financed primarily from direct appropriations. However, in the fiscal year 1968 it is estimated that of a total program of \$647.8 million, approximately \$198.8 million will be financed from transfers or reimbursements from other agencies—the principal authorization for such transfer and reimbursement work being the Economy Act of 1932. The standards and division of responsibility as between Federal agencies and GSA for financing building operations are published in

¹ Reflects square feet produced through direct appropriation only.

the Federal Property Management Regulations, specifically subpart 101-19.4.

Wherever practical to measure program performance we have established a quantifiable unit of output produced. And with the resources that are available in 1968, we have outlined our output in terms of construction, management, and so on, in exhibit K, which has been made a part of the record.

We manage property in all of the 50 States and territories; and in addition to our 10 regional offices through which we operate, we have 37 area offices and 206 field offices. The greater part of our activities are concentrated in 293 urban centers throughout the United States.

Our average employment for 1968 in the Public Buildings Service is projected at 23,666. Of this number, 2,519 are technical and professional, 4,630 are clerical and administrative, and 16,517 are ungraded wage board.

Mr. BROOKS. Mr. Schmidt, I want to thank you very much. I have just one question I wish you would answer for me and for the record.

You will recall that the committee had some interest in painting and other construction operations under your jurisdiction. I wish you would give us an idea for the record of what you have done, what you have been able to accomplish in the way of improvement, in the way of better quality performance in those areas generally. Can you do that for the record?

Mr. SCHMIDT. Mr. Chairman, I can give it to you just briefly. I think your committee has been very helpful to us. Since the hearing we have had a very intensive training program for inspectors. We have had sessions here in Washington, New York, and Chicago. In June and July we have courses scheduled in San Francisco and Atlanta, and we bring into these areas men from the nearby offices. So, with those two additional training sessions, we will have covered all of our activities throughout the United States.

We have prepared an inspection guide on painting and finishing for all inspection personnel; and in addition to that, we have prepared a revised guide specification. In addition, we are experimenting with force account work as suggested by the subcommittee. We have had a project going in each of the 10 regional offices. The program was started too late to really see what advantages might be gained from using craftsmen on a part-time basis during the winter months. So we need another year to really see whether the program proves out.

Mr. BROOKS. Can we have a written report, Mr. Schmidt, for the record?

Mr. SCHMIDT. Yes, sir.

(The report referred to follows:)

REPORT ON GSA CONSTRUCTION ACTIVITIES

A GSA study team, after a comprehensive review of the organizational and procedural aspects of the agency's construction program, made 50 recommendations to the Administrator for improving the entire construction program, of which painting is only a part. Inherent in these recommendations is the strengthening of GSA's inspection procedures and construction supervision, the improvement of contract specifications, the establishment of clear lines of responsibility for those officials connected with the construction program, and various other improvements.

These recommendations were summarized in the appendix to the 12th report of the Committee on Government Operations, entitled "Evaluation of Allegations of Painting Deficiencies Involving Federal Facilities in the Washington

Area," dated October 26, 1967. By letter of February 29, 1968, the Administrator of GSA forwarded to the chairman, Committee on Government Operations, a status report on the implementation of these recommendations. At that time most of the recommendations had been implemented and it is now planned that full implementation of those recommendations adopted will be completed by June 30, 1968. This is not to say that thereafter work will cease on these recommendations, but merely that implementation will be completed. We feel that implementation of these recommendations has resulted in substantial improvements in the arrangements for accomplishing the GSA construction program requirements.

With respect to the painting responsibilities of GSA, we are continually searching out ways to enhance our effectiveness and promote economy. In an effort to improve the administration of painting contracts, GSA has taken action in the following areas:

1. TRAINING CLASSES

During the past year the General Services Administration, Public Buildings Service, has instigated an intensive training program to develop the potential of the paint inspection staff in the regions. The training program presented by the Moore Research Laboratories, Inc., Silver Spring, Md., under contract with GSA is a study of paint products and painting methods. Special emphasis is given to inspection techniques including the use of instrumentation to assure contract compliance on the part of painting contractors.

The course which is 1 week's duration has been conducted in regional offices in New York, Chicago, and the District of Columbia. Approximately 30 men at each location who have responsibility for construction and painting inspection were in attendance at each session.

Personnel from neighboring regions will attend the courses to be given in San Francisco and Atlanta during June and July. The personnel selected to attend these courses will have the added responsibility of conducting similar classes upon return to their respective headquarters.

Reports from the regions where the course has been given are highly encouraging in that considerable interest has been generated and it is believed that our increased paint inspection staff will pursue the difficult task of seeking contract compliance with greater determination because of the training acquired and the availability of precise instrumentation to assist them in this endeavor.

Although we are developing our own expert inspectors, specialized consultants have been engaged to evaluate unusual painting problems on some of our projects. For instance, a qualitative and quantitative analysis was made of the acid-resistant coatings of the ductwork at the mint in Philadelphia with the express purpose of determining that all contract requirements were met. A similar analysis was made on the Gerontology Building being built for National Institutes of Health on the Baltimore City Hospital grounds.

2. INSPECTION GUIDES

The inspection guide on painting and finishing for construction inspectors provides a ready reference on paint materials and their recommended use, surface preparation, probable causes of paint failures, inspection techniques, and test equipment to be used. In addition, we have developed a recording system for paint application. The inspector is required to record daily the specified coating system to be applied to a specific surface in a particular area or room, the date the proper surface preparation was completed, the date each coat was applied, the type of paint applied, and any confirming tests made to determine the thickness of the coat. Continuous inspection of all painting operations is necessary to maintain this record. This information is retained as a part of the permanent records of the project.

3. DESIGN GUIDES FOR PAINTING

The design guide specification for painting of new construction work has been revised with the assistance of the Federal Supply Service and incorporated suggestions of the Painting & Decorating Contractors of America.

The revised specification incorporates improved painting requirements and refined paint systems, including:

(a) A reduced number of coats for economy while maintaining a good standard of quality.

(b) Improved requirements for shading of successive coats for ease of inspection.

(c) A specific paint dry film thickness for various paint systems. Although many previous loopholes have been eliminated, further refinements are being studied and implemented.

A new design guide specification is currently being developed for alteration painting work which has a completion target date of July 1, 1968.

Our firm intention is to continue to improve inspection procedures for painting and to exercise full control over inspection personnel to assure that the procedures that have been or are being developed are effectively implemented.

Mr. BROOKS. I will also submit exhibit H, a summary of a GAO report on architect-engineer fees and ask that you comment on it for the record.

(Exhibit H follows:)

EXHIBIT H—SUMMARY OF GAO AUDIT REPORT—GOVERNMENT-WIDE REVIEW OF THE ADMINISTRATION OF CERTAIN STATUTORY AND REGULATORY REQUIREMENTS RELATING TO ARCHITECT-ENGINEER FEES (B-152306, APRIL 20, 1967)

PROBLEMS

GAO found that GSA contracted for A-E services at fees in excess of the statutory provision which limits the fees payable to A-E's to 6 percent of the estimated cost of construction.

GAO found that GSA had determined that the requirements for cost or pricing data included in the Federal procurement regulations should not be applied to A-E contracts. GAO believes that cost or pricing data should be required for A-E contracts.

GAO found that GSA generally solicits a proposal only from the A-E firm selected on the basis of technical ability. In GAO's opinion, this negotiation procedure does not comply with the requirement in the FPR that proposals be solicited from the maximum number of qualified sources and that discussions be conducted with all responsible offerors.

GAO found that GSA generally used the percentage-of-estimated-construction-cost method to compute an estimate of the A-E fee for purposes of negotiation. GAO believes that the detailed analysis method should be used by all agencies in lieu of the percentage-of-estimated-construction-cost method.

RECOMMENDATIONS

We recommended that the Congress repeal the 6-percent limitation.

We recommended that the requirements of FPR for the submission and certification of cost and pricing data in negotiating contracts should be applied to the negotiation of A-E contracts.

We suggested that the Congress consider clarifying its intent as to whether the competitive negotiation requirements are to apply to the procurement of A-E services.

AGENCY ACTION

GSA has continued its practice of excluding certain costs. This practice does not comply with the 6-percent limitation.

GSA now requires cost or pricing data for A-E contracts.

GSA has continued its practice of soliciting only one proposal.

GSA is now using the detailed analysis method in lieu of the percentage-of-estimated-construction-cost method.

CURRENT STATUS

Congress has not repealed the 6-percent limitation.

Congress has not clarified its intent as to whether the competitive negotiation requirements are to apply to A-E services.

GSA COMMENT

Further action is dependent upon Congress clarifying its intent as to whether the competitive negotiation requirements are to apply to A-E services.

B. PROGRAM CATEGORY III—SUPPLY SERVICES

Mr. BROOKS. Could we hear from your Federal Supply Service man? I will insert exhibit I here.
(Exhibit I follows:)

EXHIBIT I—SUPPLY SERVICES PROGRAM—GENERAL SERVICES ADMINISTRATION

100	DEPARTMENT OR AGENCY General Services Administration	PROGRAM Supply Services	SUBPROGRAM		
200	CODE	CODE	CODE		
ANALYSIS AND CONTROL CODES					
FISCAL YEAR 1968					
(Thousands)					
500	"In house" inputs	Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended
510	Personnel:				
511	Comp.			\$ 55,097	
512	Benefits			(50,428)	
513	Travel			(3,750)	
520	Expenses:			(919)	
521	Communications			983,428	
522	Transportation			(3,062)	
523	Printing			(39,670)	
524	Supplies and Consum- able Materials			(1,073)	
530	Capital Equipment			(939,623)	
540	Land and Structures			14,534	
541	Additional Investment			7,292	
542	Rents			(7,292)	
550	Total - Sub			1,060,351	
600	Funds distributed				
610	Contracts				
620	Grants			27,397	
630	Loans				
640	Benefits				
650	Other				
660	Total - Sub			27,397	
700	Total - Unapplied			-0-	
	Total - Available			\$1,087,748	
				Prior Fiscal Year	
800	Input-output ratio				
810	1. Input				
811	1. Output				
820	2. Input				
821	2. Output				
830	3. Input				
831	3. Output				
840	4. Input				
841	4. Output				
850	5. Input				
851	5. Output				
860	6. Input				
861	6. Output				
870	7. Input				
871	7. Output				
880	8. Input				
881	8. Output				

SUPPLY SERVICES

The Supply Service program provides an efficient and economic system for supply of commercial type items and services to Federal agencies worldwide. The program also includes responsibility for issuance of regulations and procedures to improve the supply programs of all Federal agencies and to eliminate the unnecessary duplication or proliferation of individual Federal agency supply systems.

Additionally, the Supply Service program has the responsibility for the planning, developing, directing, and coordination of the programs relating to improvement in the Government-wide management, operation, utilization, and procurement of ADP equipment and related resources.

The authority for the program is contained in the Federal Property and Administrative Services Act of 1949, 63 Stat. 377, as amended.

The estimated outputs for the program for fiscal year 1968 as contained in the fiscal year 1969 budget are:

Stores stock shipments-----	\$599, 000, 000
Volume of stores items purchased-----	\$700, 000, 000
Volume of nonstores items purchased-----	\$315, 000, 000
Volume of ADP procurement-----	\$423, 800, 000
Number of specification and standard actions-----	908
Number of cataloging actions-----	185, 000
Value of ADP equipment shared-----	\$30, 000, 000
Value of excess ADPE reutilization-----	\$100, 000, 000

The official responsible for this program is H. A. Abersfeller, Commissioner, Federal Supply Service.

Mr. MOODY. Mr. Heinz Abersfeller is here. He is the Commissioner of the Federal Supply Service and has been over there for several years. Prior to that he has a long background in the Quartermaster Corps of the Army.

Mr. ABERSFELLER. Broadly stated, the Federal Supply Service performs those functions for which the Administrator of General Services has responsibility under the Federal Property and Administrative Services Act of 1949, as amended, as they relate to: establishing efficient supply management practices, by policy and regulation, throughout the Federal Government; operation of a supply system, including cataloging, standardization, specification development, procurement, inspection, and storage and distribution; and the economic and efficient purchase, lease, use, and maintenance of automatic data processing equipment by Federal agencies.

The policy and regulatory responsibilities are performed through the issuance of material in the form of Federal property management regulations.

Supply operations are conducted by the operation of centralized cataloging, specification development, and standardization activities and both centralized and decentralized procurement activity. Inspection, storage, and distribution operating responsibilities are all decentralized to the 10 GSA regions.

Our responsibilities regarding ADP are carried out through a centralized procurement, planning, and management staff and a regional ADP staff which is primarily concerned with the promoting and arranging for sharing of existing ADP equipment and resources and the operation of Federal data processing centers.

Mr. BROOKS. Do you cooperate with them in the acquisition of ADP equipment, or is it acquired directly?

Mr. ABERSFELLER. The ADP centers are under our operation. Our purpose there, of course, is to undertake to do other agencies' work in the centers, as the Administrator and Mr. Moody pointed out.

As examples of the magnitude of the Federal Supply Service program during fiscal year 1968:

We will procure or contract for about \$2.2 billion, including \$520 million in ADP.

We will ship nearly \$800 million worth of material from over 20.5 million square feet of space located in 32 depots and annexes to Federal agencies worldwide.

We will issue \$16 million worth of material from our 46 self-service stores.

We will inspect nearly \$1 billion worth of material, of which about \$19 million worth will be rejected.

We will catalog about 185,000 items.

We will issue about 900 material specifications.

Mr. BROOKS. Mr. Abersfeller, how are you doing on the cataloging? Are you breaking even with what you are adding? Are you making any progress? Are you getting ahead?

Mr. ABERSFELLER. This is about an "even-Steven" proposition. We are dropping about as many as we add. It is really in the maintenance phase, Mr. Chairman. As an example, when we took handtools from the military, we set up a handtool display in Kansas City where we could eyeball all of the items. We found many duplicates, and we are gradually getting those out of the system. We have an item entry control system, and an item must survive the review first before we get to cataloging. It is primarily maintenance now. But we do have number changes and other things change a little bit, and you have to have a new number or describe it differently.

We will assure that agencies share about \$30 million worth of ADP time using our 19 sharing exchanges.

We will reduce magnetic tape costs by about \$9 million annually.

We will establish 11 Federal data processing centers.

We will transfer about \$70 million worth of excess computers to other agencies to avoid new procurement.

To carry out these responsibilities, we will, during fiscal year 1968:

Spend about \$90 million for operating expenses of which about \$64 million has been appropriated to GSA and \$26 million is reimbursed from other agencies.

Employ about 7,300 people, 800 of which were recently transferred to the Federal Supply Service for ADP Federal data processing center activities.

Since many of our activities are business oriented, each susceptible area is measured utilizing advanced business methods involving such things as cost per \$100 of sales, procurement, inspection, et cetera. I am proud to report that the dedication of all of the personnel in the Federal Supply Service has contributed to progressive, decreased unit costs from the 1962-65 average. If this had not been so, we would have required an additional \$37 million in our fiscal year 1969 appropriation request. Additionally, I should like to report that our consolidated purchase program has since 1950 saved the Federal Government and the taxpayer nearly \$3.5 billion due in large measure to reduced prices brought about by volume procurement that would not have been possible for individual agencies to achieve for their own individual procurements.

Mr. BROOKS. Does this include ADP equipment?

Mr. ABERSFELLER. There is some claimed, but very little.

Mr. BROOKS. So it is primarily savings in what areas?

Mr. ABERSFELLER. All the other commodities we buy. We buy 700,000 different items, of which 35,000 are very active procurements. But in handtools, just as one example, Mr. Chairman, we pay 18 cents for a cold chisel that sells wholesale for 49 cents and retails for about 89 cents.

You mentioned automobiles. We pay no more than \$1,500 for an automobile, and yet that wholesales for nearly \$1,900.

These kinds of things add up savings, although frankly, the vehicle savings are not in this estimate because any agency could have done the same thing. The statutory authority or limitation governs there, so we take no credit for savings there.

Mr. BROOKS. If the agency purchases items under the schedules, you take the credit for those?

Mr. ABERSFELLER. That is right. And all that we have tried to do is to show what we saved through volume procurement—savings that the agencies would not have been able to accomplish, because of lower volume. Of course, the savings also would not have been possible if we didn't have the warehouse space that we do and the specification and cataloging activities, because it is through these techniques that we are able to buy in volume.

Mr. BROOKS. Thank you very much, Mr. Abersfeller.

I will put exhibits J and K in the record at this point and ask for your comments on them.

(Exhibits J and K follow:)

EXHIBIT J—SUMMARY OF GAO AUDIT REPORT—"SAVINGS AVAILABLE THROUGH THE USE OF FORMAL ADVERTISING IN CONTRACTING FOR AUTOMOTIVE TIRES AND TUBES (B-160900, APRIL 28, 1967)

PROBLEM

GAO found that the use of negotiated contracts for the Government's automotive tire and tube requirements did not result in maximum price competition. It was noted that certain State and city governments were obtaining lower prices than GSA by using formally advertised contracts. GAO concluded that the Federal Government could also use this method of contracting since the essential elements for competitive bidding were present. On the basis of price comparisons, GAO estimated that the Government could realize annual savings of about \$1.4 million by contracting for these items through formal advertising.

RECOMMENDATION

GAO suggested that the formal advertising method of contracting be used for procuring the bulk of the Government's tire and tube requirements.

AGENCY RESPONSE

GSA advised that formal advertising would be used in establishing contracts for certain high-volume tire and tube items. GSA concluded, however, that maximum savings could be achieved by storing and distributing those tires and tubes representing the greatest dollar volume.

The GAO proposal did not contemplate the stocking of tires and tubes.

CURRENT STATUS

The implementation of formal advertising was delayed while GSA revised the Federal specifications for tires. The revisions have been completed and GSA is currently in the process of establishing a qualified products list to assist in the solicitation of competitive bids. In addition, GSA (1) is making preparations to formally advertise and stock selected tires and (2) plans to use formally advertised contracts coupled with the industry's distribution system for other items covered by specifications.

GSA COMMENTS

GSA is ready to award contracts for road testing, a necessary step toward establishing the qualified products list.

In their final report, GAO expressed essential agreement with our plan to stock the high dollar volume tire and tube items, which we had expressed in our reply to the GAO draft report.

EXHIBIT K—SUMMARY OF GAO AUDIT REPORT—SUBSTANTIAL SAVINGS AVAILABLE THROUGH USE OF FORMAL ADVERTISING PROCEDURES IN CONTRACTING FOR LIGHT BULBS AND TUBES (B-163349, MAR. 20, 1968)

PROBLEM

GSA uses negotiated contracts for the procurement of the Government's light bulb and tube requirements—about \$29.1 million worth annually. To obtain an indication of the savings that may be achieved by advertising for these items, GAO compared prices obtained by the State of California under formally advertised contracts for light bulbs and tubes with the prices obtained by GSA under negotiated contracts. Prices for 197 of the 685 items listed in the GSA contracts were compared. On the basis of annual Government expenditures of \$13.3 million for the 197 items, GAO estimated that savings of at least \$1.7 million, or about 12.4 percent, may be realized through formal advertising. To the extent that price reductions can be realized through formal advertising for the remaining 488 items, additional savings would result.

RECOMMENDATION

GAO proposed that GSA establish its light bulb and tube contracts through formal advertising.

AGENCY RESPONSE

GSA stated that, effective July 1, 1968, contracts for light bulbs and tubes covered by Federal specifications would be formally advertised.

CURRENT STATUS

GSA found that the specifications were outdated and/or inadequate for formal advertising. Therefore, the use of formal advertising procedures will be delayed until January 1, 1969, to allow for the establishment of adequate specifications. For the interim period, GSA negotiated prices in line with the prices obtained by the State of California.

GSA COMMENTS

The formally advertised contracts which should be in effect by January 1, 1969, will cover an estimated 200 lamp items with an annual value of about \$16 million.

Specifications will subsequently be developed on about 600 additional items with an estimated value of \$9 million and items covered will then be formally advertised.

We estimate that this year's multiple-award contracts will save the Government about \$1.8 million compared to last year's contracts. The better prices we negotiated this year were to a great extent due to GAO's bringing our attention to the lower California prices.

C. PROGRAM CATEGORY IV—OTHER PROPERTY MANAGEMENT AND DISPOSAL SERVICES

Mr. Brooks. Mr. Moody, could we get a statement from Mr. Harlan of your Property Management and Disposal Service on exhibit L?

(Exhibit L follows:)

**EXHIBIT L—OTHER PROPERTY MANAGEMENT AND DISPOSAL SERVICES
PROGRAM—GENERAL SERVICES ADMINISTRATION**

	DEPARTMENT OR AGENCY General Services Administration	PROGRAM Other Property Management & Disposal Services	SUBPROGRAM	
100	CODE	CODE	CODE	
200	ANALYSIS AND CONTROL CODES			
300				
400	FISCAL YEAR 1968 (\$ Thousands)			
	Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended
500	"In house" inputs			
510	Personnel:		\$ 14,891	
511	Comp.		(13,295)	
512	Benefits		(1,021)	
513	Travel		(575)	
520	Expenses:		3,245	
521	Communications		(976)	
522	Transportation		(576)	
523	Printing		(284)	
524	Supplies and Consum- able Materials		(1,409)	
530	Capital Equipment		108	
540	Land and Structures		361	
541	Additional Investment			
542	Rents		(361)	
550	Total - Sub		18,605	
600	Funds distributed			
610	Contracts		22,581	
620	Grants		480	
630	Loans			
640	Benefits			
650	Other			
660	Total - Sub		23,061	
	Total - Unapplied		-0-	
700	Total - Available		\$ 41,666	
			Prior Fiscal Year	
800	Input-output ratio			
810	1. Input			
811	1. Output			
820	2. Input			
821	2. Output			
830	3. Input			
831	3. Output			
840	4. Input			
841	4. Output			
850	5. Input			
851	5. Output			
860	6. Input			
861	6. Output			
870	7. Input			
871	7. Output			
880	8. Input			
881	8. Output			

OTHER PROPERTY MANAGEMENT AND DISPOSAL SERVICES

The statutory or administrative authority for the program

Program segment

Acquisition and management of the Government's stockpile of strategic and critical materials.

Authorities

Strategic and Critical Materials Stock Piling Act (50 U.S.C. 90-98h).
Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607).
Defense Production Act of 1950, as amended (50 U.S.C. app. 2061-2166).

Program segment

Prescribe policies and methods to promote the maximum utilization of excess real and personal property by all executive agencies; provide for the transfer of excess property among Federal agencies; donate surplus property to legally eligible institutions, and sell or provide for the sale of surplus property and excess stockpile materials in an orderly and economical manner.

Authorities

Federal Property and Administrative Services Act of 1949 (63 Stat. 377, as amended).

Surplus Property Act of 1944, as amended (50 U.S.C., app. 1622 (d), (g), (h)).

Strategic and Critical Materials Stock Piling Act (50 U.S.C. 90-98h).

Defense Production Act of 1950, as amended (50 U.S.C., app. 2061-2166).

Appropriate stockpile legislation enacted for disposal of specific commodities.

Program segments

The administration of special programs as follows:

(1) Management of the national industrial equipment reserve of machine tools and industrial equipment.

(2) Receipt, storage, maintenance, and issue of emergency civil defense medical supplies.

(3) Receipt, storage, maintenance, and issue of emergency survival shelter supplies.

(4) Receipt, storage, maintenance, and issue of chemical, biological, radiological, and engineering equipment.

(5) Management of the lead/zinc stabilization program pursuant to delegation from the Secretary of Interior.

(6) Receipt, storage, quality control and various administrative functions covering strategic and critical materials acquired by the Commodity Credit Corporation under the barter program.

(7) Operation of the William Langer Jewel Bearing plant at Rolla, N. Dak.

(8) Administration of the copper and rutile production expansion programs.

Authorities

National Industrial Reserve Act of 1948, as amended (50 U.S.C. 451-462).

Federal Civil Defense Act of 1950 (64 Stat. 1245 as amended).

Lead/Zinc Small Producers Stabilization Act of 1961, as amended (30 U.S.C. 681-689).

Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607).

Memorandum of agreement with the Defense Supply Agency, DOD effective July 1, 1963.

Memorandum of agreement with the Defense Supply Agency, Defense General Supply Center, DOD effective July 1, 1963.

Memorandum of agreement with the Public Health Service, Department of Health, Education, and Welfare effective July 1, 1963.

Executive Order 11093 of February 26, 1963.

Defense Production Act of 1950, as amended (50 U.S.C., app. 2061-2166).

Output the Government receives as a result of the expenditure in tax funds

An estimated 47.3 million tons of strategic and critical materials with a value of \$6.5 billion is in storage at 143 locations throughout the country.

Approximately \$191 million of civil defense emergency survival materials will be stored at 32 depot locations.

Approximately 1 million tons of strategic and critical materials will be handled and shipped to buyers during fiscal year 1968.

An estimated 56,800 tons of national industrial reserve equipment will be handled incident to receipt, processing, testing, loan, and shipment during the fiscal year.

The fiscal year 1968 ending inventory in storage and on lease or loan to schools is estimated at 9,413 tools having an acquisition cost of about \$73 million.

Real property actions are estimated as follows: utilization transfers will involve about 130 properties with an estimated acquisition cost of \$245 million; sales about 300 properties at an acquisition cost of \$400 million; and other type outputs such as donations, etc., will involve 250 properties with an acquisition cost of approximately \$225 million.

Excess personal property transferred for further Federal use is estimated at \$650 million at acquisition cost.

Surplus personal property donated for educational, health, civil defense, and public airport purposes is estimated at \$350 million at acquisition cost. Proceeds from sale by GSA of surplus personal property will be approximately \$12 million. The volume of personal property transferred and donated could rise substantially if there is a favorable change in the Southeast Asia situation.

Acquisition cost of rehabilitated Government-owned personal property is estimated at \$120 million.

Research and planning in strategic and critical materials will involve approximately 15 new disposal plans, 38 disposal plan reviews and revisions, and 46 market analyses and in-depth studies.

Acquisition and disposal appraisals are estimated to be 1,730 during the year.

Sales commitments for excess stockpile material will amount to approximately \$217 million.

Production of jewel bearings for Government use and stockpile. Current production approximately 2.5 million per year.

The official within the agency having direct operational responsibility over the program is John G. Harlan, Jr., Commissioner, Property Management and Disposal Service.

Mr. HARLAN. Mr. Chairman, the Property Management and Disposal Service has two major areas of responsibility.

First, we are responsible for the custody of most of the Nation's emergency supplies. That includes the national stockpile of strategic and critical materials; it includes the medical stockpile, the fallout shelter supplies, the chemical, radiological, and engineering supplies for the Department of Defense, and the national industrial equipment reserve.

Our other major area of responsibility has to do with the utilization and disposal of excess and surplus property, including the very heavy stockpile excesses, excess and surplus real property, and excess and surplus personal property other than stockpile items.

To give you some idea of the magnitude of the stockpile at the moment, it consists of 91 commodities valued at about \$6.5 million at today's market prices; almost exactly half of which, in terms of market value, is now considered to be excess.

The stockpile occupies 143 storage locations, 84 million square feet of storage space, and contains 48 million tons of basic raw materials.

The medical stockpile consists of a \$191 million inventory located in 14 locations, and consists of backup supplies for the emergency hospital kits which the Public Health Service is now relocating in community hospitals. In other words, we put these kits together, and then we have the backup supplies to replenish them from time to time, as inspection indicates that this is needed.

The fallout shelter supplies I am sure you are familiar with, consisting of the water cans, the food crackers, the carbohydrates, and so on that are placed in fallout shelters as they are identified and established. We take care of the distribution and storage of about 50 percent of those supplies for the Department of Defense.

And then in addition we have the so-called CBRE, which consists of a lot of chemical, biological, radiological, and engineer supplies necessary for cleanup purposes and so on in the event of an emergency.

We also are responsible for the national industrial equipment reserve, which consists of just a little over 9,000 machine tools, more than 5,000 of which are on loan to some 235 schools in 40 States throughout the country for vocational training purposes. In other

words, we are not only storing the tools, but training the people who will have to use the tools.

Mr. BROOKS. Have we been able to lease a good many of the tools?

Mr. HARLAN. I don't do much of this. The military leases the tools. They have control of what goes in and what goes out of the reserve. They will frequently instruct us to ship a tool to a manufacturer. We do very little leasing directly. Once in a great while they will ask us to make a leasing arrangement, in which case we lease on the basis of rental value established by the Office of Emergency Planning.

Now on the stockpile disposals, as I pointed out a minute ago, there are about \$3.2 billion worth of excess materials in the stockpile. We are currently selling about 50 different commodities, valued at about \$1.5 billion. We need congressional authorization to begin the disposal of the balance of it, some \$1.7 billion. Since 1965 we have sold \$2.8 billion worth of stockpile excesses, and our top year was in 1966 when we sold just over a billion dollars of stockpile excesses alone. This fiscal year we expect to do somewhere in the neighborhood of \$200 million. Our costs for these disposals we estimate at about 4 percent of the proceeds.

It is interesting to note that it fluctuates up and down, but generally speaking, what we get for these stockpile excesses is almost exactly what we paid for them. In other words, we gain on some, lose on others, and it tends to come out a Mexican standoff.

Mr. BROOKS. That doesn't sound so good. Many items have gone up in price. They should be making money.

Mr. HARLAN. Many have gone down, too. Rubber, for example. We are losing several million dollars a year on the rubber disposal because natural rubber has been so heavily replaced by synthetics. It is worth about half what we paid for it.

Mr. BROOKS. Can't you sell some to the tire manufacturers?

Mr. HARLAN. Yes. As a matter of fact, we move a good bit of it directly to sellers of tires to the military. We have an arrangement whereby they are required to buy the natural rubber requirements from the stockpile. It is a tough job to sell this material, and it is getting worse all the time because they now have a synthetic rubber which completely duplicates the molecule of natural rubber, and so it is easier to handle. The way they make it now, they make it specially so it can go right into manufacturing without special processing, whereas the natural rubber has to be cut up, and every single pound of our rubber is frozen solid as the top of this table, and it stays this way; it freezes and stays this way, so when the rubber goes into production it has to be put into a hot room, warmed up, melted down, and then cut up into receivable sizes.

Mr. BROOKS. Mr. Harlan, on your reserve equipment, I understand that the Defense Department maintains a service facility in Memphis that keeps an inventory of this equipment. How does that interface with your operations?

Mr. HARLAN. Each one of the military departments has its own reserve of machine tools. This reserve of machine tools has really been established by the Office of Emergency Planning for defense-supporting activities in the event of an emergency, and is authorized under the National Industrial Reserve Act.

But the military has probably got 50,000 to 60,000 tools, compared with my small inventory of around 9,000. We get some of those tools as they determine they don't need them any longer in their programs. Their reserves are screened against our requirements, and sometimes we find that they can be used in the school training programs and so on, and we work them into it.

Mr. MOODY. We have recently had conversations with Defense, and we have made quite a study of the feasibility of combining these reserves.

Mr. HARLAN. In fact, we have recommended it several times.

Mr. BROOKS. So you would have one agency, be it GSA or the Defense Department, which would have a single inventory?

Mr. MOODY. It sounds well coordinated, and it should be.

Mr. BROOKS. Some of this equipment is very expensive, and when the Defense Department gets ready to dump it, it doesn't sell too well. The contractors argue they are doing Defense work and they need the equipment, and if we charge them more for it, of course, they will have to raise the prices to the Government. So, their conclusion is: you really ought to give us this big piece of equipment.

Mr. HARLAN. That's right. They are very difficult to sell because it is a highly competitive industry, and a lot of opposition is shown to even putting them on the market.

Mr. BROOKS. They would rather have you dump them into the ocean.

Mr. HARLAN. Yes, indeed. But I think to the extent we can work them into the training programs in the schools, we are serving a good purpose, and they are always there. Even though they may be out of date, you can use them in emergencies.

Mr. BROOKS. There aren't many training schools in the country that use the big presses, and those are the ones that really cost a lot of money.

Mr. HARLAN. Some of them are huge machines.

D. PROGRAM CATEGORY V—TRANSPORTATION AND COMMUNICATIONS SERVICES

Mr. BROOKS. Thank you very much, Mr. Harlan.

And Mr. Moody, could we ask Mr. Williams to testify on your Transportation and Communications Service? Without objection, we will insert exhibit M in the record.

(Exhibit M follows:)

**EXHIBIT M—TRANSPORTATION AND COMMUNICATIONS SERVICES PROGRAM—
GENERAL SERVICES ADMINISTRATION**

100	DEPARTMENT OR AGENCY General Services Administration	PROGRAM Transportation & Communications Services	SUBPROGRAM			
200	CODE	CODE	CODE			
300	ANALYSIS AND CONTROL CODES					
400	FISCAL YEAR 1968 (\$ Thousands)					
500	"In house" inputs	Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended	
510	Personnel:					
511	Comp.			\$ 23,291		
512	Benefits			(21,324)		
513	Travel			(1,665)		
520	Expenses:			(302)		
521	Communications			103,205		
522	Transportation			(87,343)		
523	Printing			(66)		
524	Supplies and Consum- able Materials			(126)		
530	Capital Equipment			(15,670)		
540	Land and Structures			29,719		
541	Additional Investment			16,219		
542	Rents					
550	Total - Sub			(16,219)		
				172,434		
600	Funds distributed					
610	Contracts					
620	Grants			13,296		
630	Loans					
640	Benefits					
650	Other					
660	Total - Sub					
	Total - Unapplied			13,296		
700	Total - Available			-0-		
				\$185,730		
				Prior Fiscal Year		
800	Input-output ratio					
810	1. Input					
811	1. Output					
820	2. Input					
821	2. Output					
830	3. Input					
831	3. Output					
840	4. Input					
841	4. Output					
850	5. Input					
851	5. Output					
860	6. Input					
861	6. Output					
870	7. Input					
871	7. Output					
880	8. Input					
881	8. Output					

TRANSPORTATION AND COMMUNICATIONS SERVICES

This program provides for the Government-wide improvement of management practices of transportation, telecommunications, and other public utilities services for all civilian agencies; furnishing services by an integrated civilian agencies' telecommunications system compatible with the National Communications System; developing Government-wide policies and procedures for improving the overall efficiency of the operation of the Government-owned motor vehicle fleet; operating interagency motor vehicle pools; and protecting the Government's interest as a user before Federal and State regulatory bodies.

Authority for these functions is contained in the Federal Property and administrative Services Act of 1949 (63 Stat. 377), as amended; Bureau of the Budget Bulletin 61-13, Federal Telecommunications System, dated June 19, 1961; Executive Order 11093 on emergency preparedness, dated February 26, 1963; and

the Presidential memorandum, dated August 21, 1963, subject: "Establishment of the National Communications System."

Estimated outputs for the program for fiscal year 1968

	Quantity
(a) Transportation (other than motor equipment):	100
(1) Seminars conducted	15
(2) Regulatory and technical publications	400, 000
(3) Information services	
(b) Motor equipment:	20
(1) Fleet management studies	581, 000, 000
(2) Miles driven by motor pool vehicles	
(c) Communications:	54, 000, 000
(1) Calls handled (intercity)	10, 100, 000
(2) Minutes of record/data transmission	
(d) Public utilities:	250
(1) Agency assistance actions	1, 500
(2) Utility bills reviewed	

The official responsible for this program is Douglas E. Williams, Commissioner, Transportation and Communications Service.

Mr. MOODY. Mr. Williams, will you proceed?

Mr. WILLIAMS. Mr. Chairman, the basic functions of the Transportation and Communications Service are, first, to provide centralized and economical communications, motor equipment, and transportation service which will meet the common needs of the civil agencies of the Government.

Second, we provide competent advice and assistance to these agencies in meeting their particular needs, as well as assist them in the economical and best type of management in the utilization of public utilities.

We also represent the interest of the Government as a user of these services before regulatory bodies.

The effectiveness of our various programs is evaluated primarily on a quantified input-output savings or cost basis. This is how we quantify the programs and judge their effectiveness. For example, in the communications service which you are intimately familiar with, in the long-distance voice service, we compare the cost per call on this system to commercial cost. And in this particular case, during the past year, the average cost of our commercial call over the FTS was 74 cents, which is a \$1.50 savings over the commercial rate. That is for a 6-minute call. So we measure that output in terms of the numbers of calls. Approximately 54 million calls will have been made this year, and that will turn up to about \$81 million savings.

Similarly in our motor equipment program, the management portion is quantified and judged in terms of the number and effectiveness of our fleet management studies as related to cost avoidance and the operations portion is judged by the cost of the number of miles driven by motor pool vehicles as related to prior-to-pooling costs, or commercial costs.

The transportation and public utilities services are measured with respect to agency assistance actions such as the number of seminars conducted, contracts negotiated, rates and routes provided, regulatory and technical publications issued, information services rendered, the number of utility bills which are reviewed, and the savings.

For a few of the highlights of the program that I mentioned in the communications area, we believe the desired level and quality of our telephone service on the voice network is certainly near at hand. You

made the first call in 1963 on this network, and it has expanded tremendously since that time.

Mr. BROOKS. While you are on that, Mr. Williams, have the complaints dropped off from the agencies about the service that they get? You may recall, when we started there were a lot of complaints that they never would get the service, that they would always have trouble?

Mr. WILLIAMS. We haven't had a complaint in the last 6 months about anything in the telephone service. It is comparable to direct distance dialing.

The advance record system, which is the record and data counterpart of the voice system, has also increased. The usage has increased significantly during the past year. We have now about 1,700 teletype stations operating very satisfactorily. We have just recently included the Veterans' Administration and the savings from this program will probably amount to—

Mr. BROOKS. On reproduced messages?

Mr. WILLIAMS. Teletype messages. We will save about \$12 million a year.

Mr. BROOKS. I have one other question. Think this over pretty carefully and give me a letter on the projected savings that we might realize with this air-conditioning bill.

The reason I ask, it may be coming on the floor shortly, and I know somebody will want to know what it is going to cost on the automobiles. You might do that in conjunction with Mr. Knott's testimony and Mr. Moody's activity in this field.

There are always a lot of people who will say that there is no use in air conditioning all the cars even though it is good business for the private sector. In many areas we have air-conditioned vehicles, air-conditioned quarters and buildings, air-conditioned schools. In some areas of the country the efficiency of the people is increased substantially.

Mr. WILLIAMS. I view air conditioning as I do telephones.

Mr. BROOKS. It is like plumbing.

Mr. MOODY. We can give you helpful statistics.

Mr. BROOKS. That would be helpful.

Mr. WILLIAMS. All right, sir; fine. I will conclude with this.

In our motor equipment service we have about 50,000 vehicles in our fleet, or will have, at the end of 1968. It is divided up about 25,000 sedans and station wagons, and the rest are special-purpose vehicles. We will have driven these vehicles some 581 million miles during the year.

Mr. BROOKS. How do you like the Rebels you have been buying? Has your experience been good?

Mr. WILLIAMS. Yes. It hasn't been bad at all.

Mr. BROOKS. Has there been good acceptance by the employees? Have they enjoyed them and liked what they had?

Mr. WILLIAMS. Yes.

Mr. BROOKS. How many miles do you average on a sedan before you move it?

Mr. WILLIAMS. Six years or 60,000 miles. They should be turned over earlier than that.

Mr. BROOKS. They could?

Mr. WILLIAMS. Should be.

Mr. BROOKS. In your judgment?

Mr. WILLIAMS. Yes.

Mr. BROOKS. Why?

Mr. WILLIAMS. The cost of operation goes up tremendously as the car gets older.

Mr. BROOKS. Of course, they have budget problems; supply problems; and I know you are handicapped by all those factors in implementing your judgment. From the standpoint of the individual owner, I would be interested in knowing what you think the mileage breakdown is, where it costs you more to maintain it a year than would be practical?

Mr. WILLIAMS. Well, this is a rather complex thing, and we do have several studies on this. One of the basic features is the cost, the amount we pay for the car. It would be in the interest of the Government; we could save money; or if we could turn these cars over once a year, the Government would make \$50 on the deal.

However, there are some objections to that on many parts, and we have tried to reach a satisfactory compromise with all of the intangibles, for instance, like the—

Mr. BROOKS. Like profits to the manufacturers?

Mr. WILLIAMS. Yes; the impact on the used car market and things that are hard to appreciate. But I think a satisfactory replacement standard ought to be somewhere around 3 years. But this takes capital. Two years or 24,000 miles, maybe at the end of the warranty period. This would give us a nice operation. It would keep the cost of operation down. We would have modern fleets; better utilization; better acceptance. People object sometimes to utilizing non-air-conditioned, 6-year-old cars having 60,000 miles on them.

Mr. BROOKS. What do you get for them when you sell the sedans, normally?

Mr. WILLIAMS. It varies over various parts of the country. But it approximates the price of the used car dealers.

Mr. BROOKS. Do you sell them at auctions?

Mr. WILLIAMS. Yes, sir.

Mr. BROOKS. Regular auction sales? And you get the Blue Book price, and maybe a little better if they are any good?

Mr. WILLIAMS. It depends on the condition and the part of the country.

Mr. MOODY. We do a little bit better than that.

Mr. BROOKS. Because you have maintained them better than average? Is that why they will pay you for it?

Mr. MOODY. It runs about 15 percent of cost; that is about what we get on a sale.

Mr. BROOKS. What mileage do you get on the average, Mr. Williams?

Mr. WILLIAMS. I don't understand the question.

Mr. BROOKS. Gasoline mileage.

Mr. WILLIAMS. Around 15 miles on the sedans and station wagons. I don't know how it works out on the trucks.

Mr. BROOKS. And the average car puts in how many miles a year?

Mr. WILLIAMS. Twelve thousand on sedans and station wagons.

Mr. BROOKS. I want to thank you, Mr. Williams. There are three GAO reports related to this program. I will put summaries of those in as exhibits N, O, and P and ask for your written comments on them.

(Exhibits N, O, and P follow:)

EXHIBIT N—SUMMARY OF GAO AUDIT REPORT—"SAVINGS AVAILABLE TO THE GOVERNMENT THROUGH REVISION OF THE METHOD OF SUPPLYING COMMERCIAL RENTAL CARS" (B-160781 Apr. 17, 1967)

PROBLEM

GAO found that the Government was incurring an estimated \$1.9 million in costs each year for short-term rental of cars under informal arrangements with commercial rental firms. GAO found that GSA awarded contracts for similar cars through formal advertising and obtained lower rates. It was estimated that savings of about \$350,000 could be realized annually if cars being rented by agencies under the informal arrangements were rented directly from the commercial firms at the GSA contract rates.

RECOMMENDATION

GAO proposed that GSA reexamine its role in the rental of commercial cars for Government use with a view toward (1) making a better response to agency needs, and (2) increasing the relative share of such rentals made under GSA formally advertised contracts.

AGENCY RESPONSE

GSA stated that it concurred in GAO proposals and was undertaking a full-scale in-depth study of ways and means to achieve greater economy and efficiency in the supply of rental vehicles to Government agencies.

CURRENT STATUS

GSA made a study which disclosed a number of problems which had to be evaluated. Accordingly, further study was considered necessary.

GSA COMMENT

Action was taken to initiate a study of the role of GSA in providing vehicles for travel status employees. However, as a result of other individual improvement projects, the study was combined into a broader based review of the entire concept of motor pool operations. This study is now underway and is scheduled for completion by December 1, 1968.

EXHIBIT O—SUMMARY OF GAO AUDIT REPORT—"OPPORTUNITY FOR SAVINGS BY ADOPTING MANUFACTURERS' RECOMMENDED PREVENTIVE MAINTENANCE PROGRAMS FOR INTERAGENCY MOTOR POOL VEHICLES (B-161340, Oct. 12, 1967) "

PROBLEM

GAO found that savings could be obtained by adopting the preventive maintenance programs developed by automobile manufacturers for their vehicles in place of the uniform preventive maintenance programs developed by the General Services Administration which provide generally for more frequent preventive maintenance. GAO found that it is not economical to apply uniform preventive maintenance requirements to vehicles which have been built under varying engineering concepts and which have different maintenance requirements.

RECOMMENDATION

GAO recommended that the Administrator of General Services adopt the manufacturers' recommended maintenance, service and inspection programs for IMP vehicles, except in specific cases where GSA has made evaluations or studies that support different requirements.

GAO recommended also that the Administrator, consistent with his authority, promote similar action by other Government agencies.

AGENCY RESPONSE

The Deputy Administrator informed GAO that GSA was working with the manufacturers to revise the then current January 1963 guide.

A revised guide was issued in April 1967. GAO believed, however, that it would not achieve the full savings discussed in the report because the guide retained uniform service intervals for some preventive maintenance items. In addition, the revised guide was applicable only to 1966 and later models of vehicles. GAO estimated that, if the manufacturers' recommended programs for 1963 through 1965 vehicle models were to be adopted promptly, savings of about \$350,000 could be realized on these vehicles during their remaining life.

CURRENT STATUS

In a meeting with GSA in January 1968, GAO was informed that (1) the 1967 guide would be made applicable, where feasible, to 1965 and earlier model vehicles in the interagency motor pool fleet, and (2) GSA would work with the manufacturers on any significant changes in preventive maintenance requirements. Subsequently, GSA advised GAO that it is currently requesting agency comments on a proposed regulation setting minimum standards for a preventive maintenance program to meet the specific requirements of that agency.

GSA COMMENT

The 1967 guide as made applicable to 1965 and earlier model vehicles in the motor pool fleet. The FPMR was amended on July 10, 1968, to establish minimum standards for preventative maintenance programs.

EXHIBIT P—SUMMARY OF GAO AUDIT REPORT—"ACTIONS TAKEN TO IMPROVE THE GOVERNMENT'S METHODS FOR EVALUATING VEHICLE USE AND FOR ESTIMATING VEHICLE NEEDS (B-158712, MAR. 12, 1968)"

PROBLEM

GAO learned that, in gaging vehicle needs, GSA's motor pool managers generally relied on the average mileage traveled by the vehicles. GAO found, based on its observations of motor pool parking lots in 25 cities throughout the United States, that there was poor correlation between average mileage traveled and the number of vehicles needed. GAO concluded that vehicle management could be improved if use in terms of time were considered.

GAO found also that a substantial number of vehicles which were assigned to the exclusive use of individual Government agencies were not moved during the period of our observations and many more were idle much of the time. GAO concluded that, generally, the transportation requirements for which the vehicles were assigned could have been satisfied with greater economy to the Government through use of dispatch vehicles based at the same location.

From its own study, completed in May 1967, the agency reached conclusions consistent with ours. Accordingly, GAO made no recommendations.

AGENCY ACTION

Actions were subsequently taken by the agency to include time-of-use data in evaluating the use of vehicles and in forecasting vehicle needs. Action was also taken to provide that the assignment of vehicles for the exclusive use of agencies be questioned routinely.

GSA COMMENT

Steps have been taken to improve the utilization of interagency motor pool vehicles by establishing procedures to:

- (1) Determine the total demand placed on motor pools each day for dispatch vehicles;
- (2) Determine the optimum size of motor pool dispatch fleet from a cost benefit measure;
- (3) Attain the maximum use of dispatch vehicles by agencies located at or near interagency motor pool dispatch points; and
- (4) Study the feasibility of establishing dispatch facilities at or near commercial airports.

These procedures have reduced the number of vehicles on assignment to individual agencies by 2,452 units from June 30, 1967, to December 31, 1967, thus improving fleet utilization by diverting these vehicles to meet other Government requirements of the several agencies.

E. PROGRAM CATEGORY VI—RECORDS SERVICES

Mr. Brooks. Mr. Moody, could we hear about your Archives program and I will submit exhibit Q on that program.
(Exhibit Q follows:)

EXHIBIT Q—RECORDS SERVICE PROGRAM—GENERAL SERVICES ADMINISTRATION

DEPARTMENT OR AGENCY General Services Administration		PROGRAM	SUBPROGRAM		
100	CODE	Records Service	CODE		
200	CODE		CODE		
300	ANALYSIS AND CONTROL CODES				
400	FISCAL YEAR 1968 (\$ Thousands)				
500	"In house" inputs	Unobligated Carryover	Appropriation or Current Year Request	Total Available	Total Obligated or Expended
510	Personnel:				
511	Comp.			\$ 16,144	
512	Benefits			(14,883)	
513	Travel			(1,135)	
520	Expenses:			(126)	
521	Communications			1,336	
522	Transportation			(392)	
523	Printing			(174)	
524	Supplies and Consum- able Materials			(74)	
530	Capital Equipment			(696)	
540	Land and Structures			105	
541	Additional Investment			337	
542	Rents			(20)	
550	Total - Sub			(317)	
600	Funds distributed			17,922	
610	Contracts				
620	Grants			1,354	
630	Loans			562	
640	Benefits				
650	Other				
660	Total - Sub				
700	Total - Unapplied			1,916	
	Total			2,429	
				\$ 22,267	
800	Input-output ratio			Prior Fiscal Year	
810	1. Input				
811	1. Output				
820	2. Input				
821	2. Output				
830	3. Input				
831	3. Output				
840	4. Input				
841	4. Output				
850	5. Input				
851	5. Output				
860	6. Input				
861	6. Output				
870	7. Input				
871	7. Output				
880	8. Input				
881	8. Output				

RECORDS SERVICES

The records service program is performed within the National Archives and Records Service. Its subprograms and authority for each subprogram are as follows:

1. The "records management" subprogram provides standards and guidelines for paperwork management systems and assists agencies in reducing and simpli-

fying paperwork. The authority for this subprogram is the Federal Records Act of 1950, 64 Stat. 578, as amended (44 U.S.C. 392, 392-396, 398, 401).

2. The "Federal Register" subprogram furnishes essential promulgation and documentation services to the Nation by publishing and indexing the laws of Congress, the papers of the Presidents, and the generally applicable rules and legal notices prescribed by the Executive agencies. Authority for the Federal Register program is the Federal Register Act, 49 Stat. 500, as amended (40 U.S.C. 301-310); the Administrative Procedures Act, 80 Stat. 381 (5 U.S.C. 551); and other laws, 65 Stat. 636, as amended (1 U.S.C. 112).

3. The "records center" subprogram provides centers for the economical storage, processing, and servicing of records of former civilian and military Federal employees and of records of Federal agencies not needed in current businesses and not yet disposable. Authority for the records center subprogram is contained in the Federal Records Act of 1950, 64 Stat. 578, as amended (44 U.S.C. 395).

4. The "Archival" subprogram furnishes education and cultural services to the Nation by selecting, preserving, and servicing permanent Federal records and the papers of the U.S. Presidents and their associates. Authority for this subprogram is contained in the Federal Records Act of 1950, 64 Stat. 578, as amended (44 U.S.C. 392, 394, 397, 399-401); the Lyndon Baines Johnson Presidential Archival Depository Act, 79 Stat. 648 (Public Law 89-169); and the Records Disposal Act of 1943, 7 Stat. 380, as amended (44 U.S.C. 366-376, 378-380).

The estimated principal outputs for fiscal year 1968 can be quantified as follows:

Subprogram	Output	Quantity
Records management.....	Paperwork surveys.....	70
Federal Register.....	Pages processed.....	207,000
National Archives.....	Reference services.....	575,000
Federal Records Center.....	do.....	5,700,000
Presidential libraries.....	do.....	31,000

Note: The official responsible for this program is Dr. James B. Rhoads, Archivist of the United States.

Mr. MOODY. Dr. Rhoads is here at the table. Will you go ahead?

Mr. BROOKS. We are delighted to see you here. How are you doing in your new operation?

Dr. RHOADS. I am very pleased and very challenged.

Mr. BROOKS. The mantle has been resting lightly?

Dr. RHOADS. It's been resting.

The National Archives Records Service operates 14 Federal record centers, the National Archives here in Washington, and the Presidential libraries. It also carries out the functions of the Federal Register, furnishes records management assistance to all Government departments and agencies, and administers the grant program of the National Historical Publications Commission; 1,746 man-years are available to carry out these programs in fiscal 1968.

To elaborate just a bit on each of these programs: over the last 16 years our records management analysts have conducted 550 paperwork surveys, made over 13,000 recommendations to agencies, 90 percent of which have been accepted by the agencies; we have prepared 19 handbooks, of which 100,000 copies apiece have been distributed; we have developed 14 major workshops that have been attended by more than 350,000 Federal employees; and we have held 12 large symposiums, averaging about 800 participants apiece.

You may remember, Mr. Chairman, that a couple of years ago you were the keynote speaker at one of these symposiums. Savings to Government agencies have amounted to about \$10 for each \$1 invested in that program.

Our first records center was established in 1950, and contained about 45,000 cubic feet of records. Today we have 14 centers. 13

of them are general purpose centers, and one of them is a special purpose center for military and civilian personnel records in St. Louis. These centers now hold approximately 9 million cubic feet of records.

Mr. BROOKS. This is a major responsibility in your department; is it not?

Dr. RHOADS. It certainly is.

Mr. BROOKS. As distinguished from the more glamorous aspects of it?

Dr. RHOADS. It takes about two-thirds of the total resources of our program.

Our Federal Records Center program now results in a cost avoidance in space and equipment alone of approximately \$15 million annually.

The furnishing of educational and cultural services to the Nation through the National Archives and the Presidential libraries has continued to increase over the years. The number of services rendered to both the Government and the public has increased by about 50 percent over the last 15 years, and the acquisition and preservation and publication of documents, including microfilm publications, have also increased very substantially.

During the past few years the Herbert Hoover and Dwight D. Eisenhower Libraries have been added to the Presidential library system, and as you know, attention is now being given to general planning and liaison in connection with the John F. Kennedy and Lyndon B. Johnson Libraries.

Mr. BROOKS. Both of them are going to keep you pretty busy for the duration of your tenure, I would imagine.

Dr. RHOADS. They are now, and will continue to.

The publication activities of our Office of the Federal Register have also increased significantly in recent years, as a result of the greater level of activity both in the executive and the legislative branches. In 1958 we began publishing a new series of volumes entitled "Public Papers of the Presidents," which now has achieved full coverage from President Truman's administration to the present. And beginning in 1965 this series has been supplemented with the new "Weekly Compilation of Presidential Documents."

The national historical publications grants program, with the active support of this committee, was inaugurated in 1965 to make grants to State and local agencies and to nonprofit organizations for the purpose of collecting, reproducing, and publishing historical source materials that are significant to an understanding of the history of the Nation.

There have been approximately 100 grants made under this program thus far. The authority will expire in June of 1969. It is a worthwhile program. The objective is to augment the research materials that are available to students and teachers, and to ultimately assure a fuller understanding of American history.

Mr. BROOKS. Thank you very much, Doctor.

I do have a couple of questions. Have you analyzed the file systems of the agencies?

Dr. RHOADS. Yes, sir. We are engaged—

Mr. BROOKS. Do they meet your standards? Have you got some evaluation of the file system used in one agency as compared to another—as to what would be the optimum type of system, not only

help in their operation, but in your ultimate disposal and the permanent availability of such records?

Dr. RHOADS. That's right. The suitability of a given file system, of course, varies from agency to agency, depending on the nature of the program. But we have found that in the years since we have had an active program of records management assistance to agencies, that the quality and the accessibility of information in the files that are transferred to us, either for preservation or for eventual disposal, are much improved.

Mr. BROOKS. The quality of information, or the system by which it is filed?

Dr. RHOADS. Both.

Mr. BROOKS. Have you made any recommendations to any of the agencies as to how they might improve their file systems?

Dr. RHOADS. Yes; we make recommendations of this kind to agencies all the time.

Mr. BROOKS. It seems like a very fruitful area since you are looking at the files of most of the agencies. You might reach some conclusions as to how they could be improved that would be of mutual benefit to all.

Dr. RHOADS. That is certainly true. We frequently find that an improvement that is helpful in one agency is also adaptable to another.

Mr. BROOKS. Well, you have a good staff. Your people down there know how to do that; and I would think it would be a fruitful field without creating a great problem.

Dr. RHOADS. We try to get along with them and try to help them make some savings. And I might say that in most of the surveys that we make of agency filing practices, we include on our survey teams members of the agency's management staff as well as our own records management analysts; and that the agencies are very happy to report the savings that we help them make.

Mr. BROOKS. I want to thank you very much, Doctor; and congratulations on your new appointment. You are digging into a pretty challenging area.

Mr. Moody, we deeply appreciate you and your staff coming down for this hearing, and for your continued efforts at improving the efficiency and economy with which the GSA operates.

I think it is a significant area that cuts across the board, and is a good example for every agency. I am particularly pleased that the communications section has not had a complaint in 6 months. I remember when we passed that bill, they said they wouldn't be able to get anybody, they wouldn't be able to pick up the phone. You never heard so many reasons why it couldn't be done. And they dragged their feet, kicking and screaming into this century. This is true in many fields, and you deal with these folks all the time. And, I will say, with considerable tact and grace and charm; though they don't always love you.

Thank you very much for coming down.

Mr. MOODY. Mr. Chairman, thank you very much.

Mr. BROOKS. The subcommittee is adjourned.

(Whereupon, at 12:30 p.m., the subcommittee was adjourned, subject to the call of the Chair.)

APPENDIX

WRITTEN RESPONSES OF THE GENERAL SERVICES ADMINISTRATION TO QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

I. GENERAL QUESTIONS AFFECTING THE AGENCY AS A WHOLE

A. *Justification of personnel not chargeable to specific programs*

1. What are the total funds available to your agency as a whole for fiscal 1968?

Total resources available from all sources, \$2,286,071,000.

2. How many employees does your agency employ?

Total average employment for 1968 is estimated at 39,845. At the end of fiscal year 1968 we expect to have on board 40,200 employees, 38,800 permanent and 1,400 other. Of this total expected to be on board June 30, 28,140 are related to new obligation authority and 12,060 other reimbursable.

3. What is the geographical extent of your operations?

GSA provides service to civilian and defense agencies in all 50 States. In addition, worldwide logistic support is provided to all agencies.

4. Under your program budgeting breakdown, do you have a support program covering the operations of your office as well as other policymaking personnel?

The program category, "Agency direction and support services" includes the operation of my office as well as that of other agencywide policymaking personnel.

5. How much money is available in fiscal year 1968 for expenditures under this support program?

\$1.8 million or one-tenth of 1 percent of the total resources available.

6. Briefly justify expenditures for the support program in terms of the nature and extent of your operations and responsibilities.

The agency direction and support services program is concerned with the overall management of GSA, including the provision of staff assistance and support to all operating programs.

Top policy direction and coordination of all GSA programs is provided by the Administrator, the Deputy Administrator, and the 10 regional administrators. Also included in this program subcategory are the hearings and determinations of the GSA Board of Contract Appeals on disputes involving contract awards and administration; direction and coordination of the GSA civil rights program; conduct of congressional and public relations and the development of the GSA legislative program; and provision of service and assistance to business concerns.

B. *Budget processes*

7. Has your program breakdown been approved by the Bureau of the Budget?

Yes.

8. Does your program structure flow generally along functional lines of the agency?

Yes.

9. Has the program budgeting concept been fully implemented within your agency as yet in operational terms?

With respect to analytic studies input and the 5-year programing concept, it has been implemented.

10. To what extent do you believe that your new budget concept will improve the efficiency of agency operations?

Improved planning, analysis, and programing will improve the efficiency of any agency.

C. *Accounting systems development*

11. Has the GAO given its approval of your accounting system?

Yes, on June 30, 1965.

12. Is the accounting system basically established in terms of accrual costs as the GAO and this subcommittee have recommended?

Yes. In addition to obligation-based accounting for purposes of budgetary control, all GSA systems reflect accrued costs based on receipt of goods and services with unpaid accruals reflected as payables.

13. What is the target date for completely implementing an accrual accounting system throughout the agency?

Complete implementation was accomplished prior to GAO approval of the GSA accounting system on June 30, 1965.

14. Is your accounting system output-oriented so that it will be on the same basis as budgeting and planning?

Yes. The structure of accounts and the format of accounting reports are coordinated to serve the needs of (1) operational management, and (2) comparison of actual performance with budgetary plans, and (3) forward budgetary planning.

15. What basis do you use for establishing the charges for products or services provided to other agencies, and how are these handled in your accounting system?

Actual cost, other than that funded by appropriations to GSA, is the basis for establishing charges for all services provided to other agencies, including: Direct labor, supervision, related fringe benefits and annual leave costs, supplies, and materials; and indirect cost allocations such as depreciation, common services, and program direction. The details of all cost factors are reflected by appropriate account structure. For example, specific job orders performed by buildings management personnel of the Public Buildings Service are billed based on actual direct labor, supervision, and material costs, plus a percentage (based on relative workload) of direct costs to cover indirect distributable costs.

16. Are capital assets, such as building and equipment items, formally recorded in the accounting system, and upon what basis are they depreciated?

All land, buildings, improvements to realty, and equipment are capitalized in the accounting system and are supported by detailed property records. Realty is not depreciated in the accounts. Administrative and operating equipment is depreciated on a straight line basis over its useful life.

17. Are the costs of the agency's physical assets considered in establishing the charges for services to other agencies?

GSA's physical assets are composed of equipment and realty. Equipment, other than that purchased from appropriations to GSA is subject to depreciation and the depreciation is considered as an element of cost in establishing charges to agencies. Realty, on the other hand, is not subject to depreciation, and therefore is not considered in establishing such charges.

18. Are agency accounting reports used regularly in program management?

Yes. Accounting reports are structured in the pyramidal concept providing full details to operational managers, and successive levels of summary data to middle and top management. The format and content of such reports are the result of managers having made their program management needs known so that systems can be developed to produce the type of data required.

19. Are agency accounting policies summarized in an accounting manual with which your staff accountants must comply?

Yes. GSA's accounting policies and procedures are contained in five handbooks. These handbooks are binding on all accounting, budget and management personnel. They are maintained currently to be responsive to changing program requirements.

D. Management information system

20. Do you have an automated management information system for your agency?

There is no single automated management information system for all of GSA. Management information systems are in operation for specific functional areas within each service and the Office of Administration.

21. In general, what functional areas are included in the management information system? (Examples: financial, planning, and program budgeting, inventory, personnel, etc.)

Management information systems are operative in the following functional areas:

- (a) Supply management.
- (b) Records management.
- (c) Design and construction of public buildings.
- (d) Repair and improvement.
- (e) Space and buildings management.
- (f) Stockpile, excess, and surplus property.
- (g) Motor pool accounting and management.

- (h) Transportation management.
- (i) Communications management.
- (j) Accounting, payroll, and personnel management.

22. Briefly describe the state of development of your management information system and how it operates.

GSA's automated management information systems were developed to meet the specific needs of individual programs. Although they operate as special purpose information systems within their respective functional areas, wherever feasible they are interfaced and integrated with related information systems.

23. Did you perform a "requirements" analysis of the entire agency, or just selected areas?

In general, systems development has been based upon management's expressed need for specific information. "Requirements" analyses, however, have been made in selected areas, such as accounting, payroll, and personnel management. It is current GSA policy to base all future systems upon a full "requirements" analysis.

24. To what extent have you considered the need of other agencies for exchanging information with your agency in the development of your system?

The basic Government-wide mission of GSA makes imperative careful consideration of the information requirements of other agencies prior to development of GSA management information systems. Examples of such prior consideration of other agency needs are:

(a) The Federal supply system is a Government-wide system which interrelates both military and civilian supply requirements. The civilian Federal standard requisitioning and issue procedure (FEDSTRIP) was devised as a counterpart to MILSTRIP and only after extensive cooperation and study by GSA and DOD officials.

(b) The master reference and management data system is a joint GSA/DOD system operated through the Defense Logistics Supply Center (DLSC) to serve both military and civilian needs as a data bank for the cataloging of supply items and for addressing operations for purposes of billing, shipping, and mailing.

(c) The accounting system and the payroll and personnel management system are geared to the data needs of the Department of the Treasury. GSA furnishes the Bureau of Accounts, Disbursement Division, with magnetic tapes for its use in issuing payroll checks and checks to vendors, etc. Similarly, this GSA management information system conforms to Civil Service Commission, Bureau of the Budget, and General Accounting Office requirements for specific data elements designed to provide consistent information on a Government-wide basis.

25. Are you developing a standard data base of information for the entire agency?

No. The diverse programs in GSA do not lend themselves to a single standard data base.

26. In reporting statistical information, what standards for coding are you using?

There are no coding standards currently in use by GSA. We are participating, however, on several interagency committees which are in process of devising Federal coding standards. A project to establish internal GSA standards also is underway.

27. Have you explored all of the information requirements common to your agency which might exist within the data base of other agencies?

The management information systems in the supply management functional area illustrate the manner in which the data base of other agencies are explored prior to establishment of our own systems (see item 24, above). Such analyses result from our normal Government-wide service mission.

28. Are you performing the work in-house, or are you utilizing contractor personnel?

The development and operation of management information systems is performed, generally, in-house. Contractors may be used for special developmental problems when the employment of full-time permanent staff is clearly uneconomical.

29. What main benefits do you feel your management information system will provide in the management of your agency's activities?

The principal management benefits derived from our management information systems include:

- (a) Provision of more comprehensive information as a basis for management decisions.
- (b) Increased accuracy of data.
- (c) Better and more timely reports.
- (d) Improved management control.
- (e) Standardization of procedures on a nationwide basis.
- (f) Operational savings.
- (g) Reductions in paperwork.

30. What is your estimated dollar cost for the completion and operation of the basic parts of your management information system?

We do not have any data available from which to estimate the developmental costs of our management information systems.

31. At what level is the determination made concerning what is needed in the management information system?

The content of GSA's management information systems is determined by the appropriate head of service or staff office as the principal user. The details regarding system content are developed cooperatively by affected operating officials and technical staff.

E. Internal auditing

32. Do you have a centrally organized internal audit system within your agency which operates independently of department and agency operations?

Yes. Auditing in GSA is a central office function. There are 10 audit field offices—one located in each region, which reports directly to the Deputy Director of Management Investigations and Review (Audits).

33. Is your internal audit staff made up of persons with experience in accounting and auditing?

Yes. Our audit staff consists solely of trained, experienced, professional auditors. All the auditors are classified in the civil service series 510, which is the professional accounting and auditing series. About 24 percent of all our auditors are CPA's and about 39 percent of our supervisory auditors are CPA's. About 83 percent of our auditors are college graduates.

34. Is the scope of review by the internal audit staff limited in any way?

No. The auditors determine the scope of each audit based on the application of generally accepted accounting and auditing principles and practices. The scope of each audit is determined by the relative importance of the activity, existing internal controls, past audit findings, and similar circumstances.

35. Are all reports and recommendations of the internal audit staff submitted in full directly to the head of the agency?

Yes. All internal audit reports are prepared for and submitted to the Administrator.

36. Is the audit staff responsible to or subject to direction by any official who is also primarily responsible for an activity which might be audited?

Yes; however, GSA orders prescribe that the Director of Management Investigations and Review prepares and signs all audit reports independent of the Assistant Administrator for Administration. The Assistant Administrator for Administration in no way controls the scope, the performance of the audit, or the preparation and transmittal of reports that relate to his activities.

37. Are the personnel assigned to the internal audit function adequately protected from recriminations and arbitrary personnel action that might result from an adverse effect of their reports upon other agency employees?

Yes. Except for planning, scheduling and broad supervision, auditing operates independently within GSA. The audit reports are prepared and signed by the Director of Management Investigations and Review and do not identify individual auditors who have performed the work. In most instances, it would be difficult for an operating official to identify the auditor responsible for an unsatisfactory or complimentary comment or report. Also the organization of the audit group is such that it would be impossible for an operating official to take any action against an auditor even if he was able to identify the individual.

38. Are all reports and recommendations of the internal audit staff available to the Comptroller General and to appropriate congressional committees?

Yes.

F. Automatic data processing

39. Do you have a central organization in your agency which is responsible for ADP management?

The central GSA organization responsible for ADP management is the Federal Supply Service, Office of Automated Data Management Services.

This office was formed when on May 16, 1968, the Administrator of GSA merged the GSA ADP organization responsible for Government-wide ADP management, utilization, and procurement of ADP equipment and related resources with the ADP organization which had previously been responsible for GSA's own internal ADP service requirement. Immediately constituted 11 Federal data processing heads.

This reorganization immediately constituted 11 Federal data processing centers with all manpower and equipment pooled to meet Federal agency needs. It provided a firm organizational basis for the rapid expansion of Federal data processing staff over head.

It also provided a firm organizational basis for the rapid expansion of data processing center operations without increasing operating staff overhead. In this way, the agency was the first to rely fully on Federal data processing centers.

With GSA leading the way as the first agency to rely fully on Federal data processing centers operating through the ADP Fund to support its ADP operations requirements, we anticipate benefits for GSA and other agencies through: elimination of duplicative liaison with manufacturers and associations.

2. Elimination of duplicative liaison with manufacturers and
3. Reduce internal management of separate funds.
4. Provide a nationwide career ladder for ADP employees which should reduce turnover and multiple Federal recruiting for scarce ADP skills.
5. Provide opportunities to level ADP operations workload nationwide
6. Provide maximum equipment utilization.

40. Will you describe its functions?

40. Will you describe its functions?
(a) Plans, develops, promotes, directs, and coordinates all GSA programs and activities relating to management, operation, utilization, and procurement of ADP equipment and related resources.

(b) Coordinates GSA's efforts with those of BOB, NBS, CSC, and other Federal agencies, congressional committees, industrial associations, and ADP concerns and representatives in the establishment and execution of definitive programs for improving the management, utilization, and procurement of ADP equipment and related resources throughout the Government.

(c) Plans for the development of centralized data processing services and operations for Federal agencies whose individual programs do not warrant establishment of their own data processing operations; and for those who require additional capacity to meet extraordinary workload demands.

(d) The Government-wide area, under the direction of the Deputy Assistant Commissioner for Automated Data Management Services (ADP Resources Procurement and Development), consists of three divisions; (1) Inventory and Requirements Management; (2) Procurement; and (3) Technical Developments. The ADP operations area, under the direction of the Deputy Assistant Commissioner for Automated Data Management Services (ADP Operations), consists of five divisions: (1) Applied Programming; (2) Operations Coordination; (3) Federal Supply Data Systems; (4) Public Buildings, Records, and Property Management and Disposal Data Systems; and (5) Transportation, Communications, and Staff Offices Data Systems.

(e) The Federal Data Processing Centers in the various GSA regions provide ADP services for GSA and other agencies. The regional ADP coordination branches review and assist other agencies in satisfying their requirements for ADP services and equipment.

41. Who has the responsibility for deciding whether or not the use of a computer for a particular function within your agency is justified?

The program manager makes the final determination. Are there doc

42. On what basis is the decision made? Are there documented systems studies available for review in all cases?

- (a) Technical feasibility.

- (a) Technical feasibility.
- (b) Economic advantages or mission necessity.

(b) Economic advantages or mission necessity.

Since 1965 systems studies have been documented for all cases and are on file.

43. Can you cite instances in which a request for a computer system was disapproved? If so, adequate justification?

_____ were disapproved.

43. Can you cite instances in which a request for a computer system was disapproved for lack of adequate justification?

43. Can you cite instances in which requests for a computer system were disapproved. There are instances where requests for a computer system designated Project 65 was proposed but was rejected when results of the study indicated it would be too costly for the benefits derived therefrom. A second example is a computer system feasibility study performed on "Matching Civil Agency Requirements to Available Excess Personal Property." The computer system was found to be too costly and therefore rejected. A more economical EAM processing system was approved and is presently in operation.

44. Assuming the use of a computer has been fully justified by a proper study, are there procedures for determining whether the requirement can be satisfied by using (sharing) equipment already installed in your agency? Will you describe the procedure?

GSA operates all of its ADP equipment through a national organization of Federal Data Processing Centers which are organized and geared to pool their ADP resources. This ADP workload leveling is achieved by:

- (1) Standard families of computer and software configurations at the Federal Data Processing Centers.
- (2) Standard system operation techniques.
- (3) National assignment of system operation workload to the Federal Data Processing Center(s) which have available ADP resources and meet the program manager's requirements for timeliness.
- (4) Nationwide system operation backup by shifting system operation from center to center to meet peaks and emergencies.

When any user desires services from a Federal Data Processing Center a job work order is processed. Assuming the computer application is fully justified, the priority sequence of attaining the necessary ADP resources for the job is:

- (1) In-house, nationwide, Federal Data Processing Center resources,
- (2) Sharing ADP resources with other Federal agencies,
- (3) Commercial contracting.

45. To what extent have you been successful in getting the users to share equipment instead of acquiring their own?

There is no user-dedicated common-type ADP equipment and none planned within GSA. Sharing is therefore fully successful within GSA.

46. Do you review the GSA lists of available excess equipment before going to the open market to acquire equipment?

Yes, GSA does review the available excess equipment lists before acquiring additional equipment and utilizes such excess equipment where possible. GSA also continually reviews the available excess equipment lists to replace equipment already on lease from manufacturers.

47. Who makes the determination that excess equipment can or cannot do the job?

This determination is made jointly by data processing management and the affected program managers. This coordination evaluation includes a technical review by the data processing management and a requirements review by the program managers affected.

48. What has been your experience in making use of excess equipment?

Generally, GSA has not been too successful in acquiring economic and suitable ADP equipment for its own major programs.

49. Assuming it is necessary to acquire equipment from the commercial market, do you normally invite all qualified suppliers to submit proposals? What are the exceptions?

Yes. The exceptions to this procedure are those instances where adequate and valid findings can be made as to sole-source procurement.

50. Who makes the final selection of equipment, and on what basis is the decision made?

The head of the agency or his designated representative makes the final selection of equipment.

The decision is based on:

- (1) System specifications as defined by BOB Circular No. A-54.
- (2) Equal opportunity and appropriate consideration to all manufacturers who offer equipment capable of meeting the system specifications.
- (3) The equipment's capability to fulfill the system specifications.
- (4) The equipment's overall costs in terms of acquisition, preparation for use, and operation.

51. Describe your program for evaluating the actual results of computer use against the results anticipated when the use of the computer was approved.

All systems are tested and piloted prior to operational status at one or more locations. During the pilot operation, actual performance of the system and the results provided to the program manager are reviewed and compared with anticipated results. Upon approval of the pilot operation, the system is installed. After complete installation of the system, a postreview is conducted jointly by data processing and the program manager to assure that the anticipated objectives have been attained.

52. In general, have your computers produced the benefits that were expected? Yes—the implementation of new data processing systems has generally produced the benefits expected.

53. How many computers do you now have, and how many of these are purchased?

GSA has 11 GE 400 computers, five Honeywell H-200 computers, one Honeywell H-2200, one IBM 1410, one RCA 301, three UNIVAC 418's, and two Control Data Corp. 1700's. Eighteen of the above 24 machines are purchased.

54. Who makes the decision on whether computers are purchased or leased? On what basis are the decisions made?

The head of the agency or his designated representative makes the purchase versus lease decision in accordance with the guidelines published in BOB Circular A-54; however, GSA may, in consideration of secondary and/or tertiary users, propose purchase as against an agency lease determination.

55. Is your agency now using any leased ADP equipment? If so, how much longer do you expect to use it?

Yes. GSA has six leased computers. The RCA 301 computer is scheduled for replacement within 1 year. The three UNIVAC 418's and two Control Data Corp. 1700's are scheduled for replacement within 2 years.

56. Have you made use of third-party leasing arrangements? If so, what has been your experience with these arrangements?

Yes. Procurement from leasing companies is outlined below:

Agency	When awarded	Number of machines	Savings	
			Percent	Total ¹
Department of Labor—Guidance by GSA	December 1965	1 computer	17.8	\$31,500
Social Security—Guidance by GSA	August 1966	do	30.0	628,452
Department of Justice—Guidance by GSA	September 1966	do	12.9	21,924
Department of Agriculture—Awarded by GSA	October 1966	190 PCM	23.6	122,220
Department of Treasury—Awarded by GSA	October 1967	81 PCM	19.7	14,994
Department of Commerce—Awarded by GSA	March 1968	170 PCM	23.8	20,130
Veterans Administration—Awarded by GSA	April 1968	120 PCM	24.9	11,334
Total				850,554

¹ Indicated savings are as of June 30, 1968.

57. To what extent have you developed standard systems or applications which are used by your computer installations?

All GSA nationwide data processing user systems are centrally developed and processed in standard computer programs on standard families of ADP hardware configurations at all 10 GSA regions operating the same program manager systems. Through the application of strictly enforced standards in development and programming, centrally approved local requirements within a given region can be readily accommodated. In addition, standard software developments and requirements for equipment make it possible to run certain peripheral runs such as card to tape and tape to print runs on all computer families available within a given region's data processing complex irrespective of which computer family produced the media magnetic tape. The Data Processing Standards Manual, which has been developed by GSA over the last few years, is the basic guidance for all data processing personnel.

58. Will you describe the steps you have taken for the development of standard data elements for use by your department under the program recently established by Bureau of the Budget Circular A-86.

GSA has designated a contact point in accordance with BOB Circular A-86 and has been staffing for this program. A draft GSA order implementing the program for internal data systems is under development. GSA has provided representation on the State and city code task group created by BOB for standardization of codes and has reviewed and commented on the proposed country codes.

59. What do you consider to be the most pressing problems that need to be overcome for you to make better and more efficient use of computers in your agency?

The most pressing ADP problems that need to be overcome are:

A. Lack of qualified personnel. This agency is utilizing a training program approved by the U.S. Civil Service Commission to overcome this shortage.

B. Lack of training by users in the use and application of data processing techniques and systems. GSA is in the process of developing a training program for its managers to overcome this problem.

C. Difficulty in matching long-range data processing support resources with the program manager's more rapidly changing needs.

G. *Personnel management*

60. Where is the responsibility placed for manpower planning in your agency? The determination of individual, specific personnel requirements rests with the line manager. The responsibility for overall manpower planning as a staff advisory function is assigned to the Office of Personnel within the Office of Administration.

61. What manpower requirements are forecast for your agency and how are these determined?

The average employment forecast for this agency in fiscal year 1969 is 40,934. These requirements were determined by assembling information on planned programs and translating that information through analytical studies of personnel-program relationships into manpower requirements.

62. Is the work in your agency organized with some consideration of the effect on position classification so that the mission can be accomplished with the minimum number and cost of positions?

GSA has a fully implemented position management program which has as one of its primary objectives assuring that the position structure (the organization and assignment of work among positions) serves mission needs effectively and economically and utilizes the most effective work processes, equipment, procedures, methods, and techniques.

Under this program, positions are reviewed regularly and systematically to achieve the lowest possible payroll costs consistent with program needs and sound personnel management principles.

63. Is the classification of positions in your Agency in accord with applicable Civil Service Commission standards?

Yes, positions in GSA are currently described; evaluated on the basis of the difficulty, responsibility, and qualifications required of the assigned work; and classified in accordance with applicable CSC standards. The Civil Service Commission in its most recent nationwide inspection of the GSA personnel program, reported in August 1967: "The position classification program of GSA, as in the past, continues to be administered as a highly effective program. By and large, agency classifiers are classifying positions correctly and in line with the criteria of relevant Commission standards."

64. Has the Agency established career possibilities to assist in development and advancement of employees?

An agencywide career development program has been applied in the principal occupations of the General Services Administration since 1963. It allows each employee at GS-5 and above or wage board equivalent to project a career goal and provides for an annual joint discussion of such goals between the supervisor and the employee. Subsequent work and assignments and formal training are based on those discussions.

More recently we established an assignment program for executives (APEX) concurrent with the initiation of the Civil Service Commission's executive assignment system. Our program calls for the selection and development of highly qualified, mobile candidates who will enter the GSA executive corps—the reservoir of future executive placements. Under the direction of top Agency officials, this program assures us of a cadre of executive talent capable of assuming higher level duties and ready to move wherever they are needed, whether in Washington or in the field.

65. Would you describe what means your agency uses to recruit quality personnel?

Approximately 175 to 200 trainees are appointed each year through our college recruitment program. These trainees are appointed from the Federal Service entrance examination and the management intern examination for ultimate development into specialists, managers, and executives. We also recruit college undergraduates under our cooperative work-study program and summer employment program, which are designed to attract students to GSA after graduation. Candidates for GS-9, GS-11, and GS-12 positions are recruited from the mid-level positions examination, while candidates for GS-13, GS-14, and GS-15 positions are recruited from the senior-level positions examination. Supergrade positions and GS-15 executive positions are filled through GSA's assignment program for executives or the Civil Service Commission's executive assignment system.

66. Does your agency emphasize promotion of employees on the basis of merit?

Yes. All promotions in GSA are made under a merit promotion plan which is available to all employees. This plan operates under the basic principle that all selections for advancement will be made from among the best qualified employees.

67. How does your agency consider employee complaints, grievances, and appeals?

It is the policy of GSA that all employees will be treated fairly at all times, and all actions and determinations will be decided on the basis of equity and with due regard for employees' interest and welfare. Employees have the right to present, for the consideration of responsible officials, any problems, complaints, grievances, or appeals relating to working relationships or conditions of employment.

If problems cannot be settled informally at the supervisory level, an employee may file a formal grievance, request a personal presentation, and be assisted by a representative of his own choosing before a committee of three impartial members who hear the grievance and report their findings of fact to the Assistant Administrator for Administration or Director of Personnel, as appropriate, for final decision.

Employees may also appeal disciplinary and adverse personnel actions with the right to a committee hearing and agency appellate decision. The agency decision may be further appealed to the Civil Service Commission.

68. Is personnel management considered to be an integral part of the mission of your agency?

No, not a part of the mission of GSA. Personnel management is, however, an integral part of the general management, administration and supervision of this agency. It is a primary responsibility of all officials who plan, direct, or supervise the work of Federal employees. The U.S. Civil Service Commission has made clear that one of the common basic objectives of Federal personnel management is "to place personnel management in a proper perspective, not as an end in itself but as one of the important means for meeting the challenges being presented to the United States and to agencies of the Federal Government."

69. How does your agency treat equal employment opportunity and employment of the handicapped?

These programs have been given top-level agency support. The Administrator is an associate member of the President's Committee on Employment of the Handicapped. In 1965, we received the Distinguished Service Award for assuring that buildings used by Federal agencies are made accessible to persons with ambulatory limitations. In 1966, GSA was fourth among the agencies in the appointment of the physically handicapped. In 1967, employment of the handicapped increased by 46 percent, and we now employ a larger percentage of mental retardates than any other agency.

Considerable progress has been made in enhancing opportunities for minority groups, the disadvantaged, and in the employment and utilization of women. Forty-two percent of our white-collar work force and 17 percent of our blue-collar employees are women; they hold many supervisory and high level positions. Thirty-nine percent of our employees are members of minority groups, making us the leader among the larger agencies.

H. GAO audit reports

70. Has the General Accounting Office issued any audit reports on the overall operations of your agency, that is, reports not directed at a functional program of the agency, but rather at the management and administration of the agency?

No. GAO has issued many audit reports pertaining to GSA. The reports, however, have been limited to a phase of a function and have not attempted to cover even major functions, such as, supply or buildings management.

71. If so, to what extent have the recommendations contained in these reports been carried out?

Not applicable.

II.—PROGRAM REVIEW

A. Program Category II—Facilities

1. What is the nature of and authority for this program?

The overall mission of the facilities program is to plan, implement, and administer an integrated program for the acquisition and management of real property which will provide and maintain effective and efficient physical facilities for housing the Federal Government.

The facilities program is subdivided into two major program subcategories, i.e., acquisition and management.

(a) *Acquisition*.—This deals with the procuring of title to real property to meet the program requirements of GSA and other Federal agencies; the design and construction of appropriate space for the Federal Government; and the procuring of leasehold interests in real property in amounts required to meet the program requirements of Federal agencies where sufficient or acceptable Government-owned space is not available.

Statutory authorization for a new comprehensive program "to provide for the construction, alteration, and acquisition of public buildings," is contained in the Public Buildings Act of 1959, as amended (40 U.S.C. 601-15).

The Federal Property and Administrative Services Act of 1949, 63 Stat. 377, consolidated functions formerly assigned to various agencies and gave GSA, among others, the responsibility for procuring leaseholds. The maximum 5-year leasing authority under the act was changed in 1958 to authorize leases for periods not in excess of 10 years. This was changed in 1959 to provide existing 20-year leasing authority.

Public Law 87-852, 87th Congress, approved October 23, 1962, authorized the head of a Federal agency to grant easements in, over, and upon real property of the United States under his control, subject to various reservations.

(b) *Management*.—This deals with the operation, maintenance, repair and protection of federally owned and leased real property and the performance of related services for the occupants.

These functions were brought under GSA control on July 1, 1949, when all such functions were transferred thereto in accordance with the provisions of the Federal Property and Administrative Services Act of 1949. Substantial extension of these functions resulted from the President's Reorganization Plan No. 18 of 1950 and Executive Order 11035 (1962).

The Economy Act of 1932 provides the basic authorization for that portion of our program funded by transfer or reimbursement.

2. Who is the person primarily in charge of this program at the operative level (name and title)?

William A. Schmidt, Commissioner, Public Buildings Service.

3. How much money and capital equipment is available under this program for fiscal year 1968?

Total funds available, \$925.2 million; total capital equipment, \$6.1 million.

4. Would you describe the output generated by this program?

Table I, attached, represents the program structure and outputs where a unit of output measurement is developed.

5. Can you quantify this output in any way?

Where an output has been presented in table I, attached, it is quantifiable and indicated.

(Table I follows:)

TABLE I.—*Program structure and outputs*

Program structure	FACILITIES	Outputs
1. Acquisition:		
(a) Construction—GSA projects-----	Square feet produced.	
	Other outputs:	
	(a) Number community surveys conducted.	
	(b) Number site-parcels acquired.	
	(c) Designs:	
	(1) Starts (number and dollar). ¹	
	(2) Completions (number and dollar).	
	(3) Work-in-process, end of year (number and dollar).	
	(d) Construction:	
	(1) Starts (number and dollar).	
	(2) Completions (number and dollar).	
	(3) Work-in-process, end of year (number and dollar).	
	(e) Program direction (dollar).	
	(f) Preliminary planning (number and dollar).	

¹ With the exception of program direction and service direction (number and dollar) represents the total number of projects and the estimated improvement cost of those projects.

TABLE I.—Program structure and outputs—Continued

Program structure	Outputs
1. Acquisitions—Continued	
(b) Leasing-----	Square feet leased and number leases administered.
(c) Other-----	Square feet acquired.
(d) Construction—Transfer projects-----	Site parcels acquired.
	Designs:
	(1) Starts (number and dollar).
	(2) Completions (number and dollar).
	(3) Work-in-process, end of year (number and dollar).
	Construction:
	(1) Starts (number and dollar).
	(2) Completions (number and dollar).
	(3) Work-in-process, end of year (number and dollar).
2. Management:	
(a) Building operations-----	Square feet serviced.
(b) Repair and improvement—GSA projects-----	Square feet maintained.
(c) Assignment and utilization-----	Square feet assigned and utilization rate (total office/personnel housed).
(d) Repair and improvement—Reimbursable projects-----	Dollar.
3. Service direction-----	Do.

6. Would you describe the principal operations that are involved in producing this output?

The principal operations covered by three subcategories of this program are as follows:

Acquisition.—Includes all GSA real property activities. These are: (a) determination of space requirements, preliminary planning, project development, acquisition of sites, and design and construction of public buildings; (b) the procurement of leaseholds in real property; (c) acquisition of real property by purchase, condemnation, donation or exchange; (d) utilization of excess real property by transfer or permit; (e) professional real estate, design, and construction services provided to other agencies on a reimbursable or transfer appropriation basis for their special-purpose space requirements.

Management.—Includes all GSA real property management activities. These are: (a) building operations, cleaning, and protection; (b) repair and improvement; (c) assignment and utilization management of space; (d) provision of professional services to agencies in the area of repair and improvement on a reimbursable or transfer appropriation basis.

Service direction.—Includes all PBS service direction activities conducted in the Central Office by the Commissioner and an executive staff and in the 10 regions by directors with limited executive assistance. These activities are planning, programming, budgeting, program analysis, information systems development, and overall program administration.

7. How many employees are involved in the program and in what general type of employment category do they fall?

This program has 23,666 man-years available to it in fiscal year 1968. Of this number, 2,510 are technical and professional, 16,517 are ungraded wage board, and the remainder, 4,639 are clerical and administrative.

8. What is the grade structure and how many supergrades—quota and non-quota—are involved?

In fiscal year 1968, there are nine supergrade positions and one executive level V involved in this program. All supergrades are within quota: one GS-18, three GS-17's and five GS-16's. There are 171 GS-14 and 15 positions, 6,968 positions in grades GS-1 through GS-13, and the remainder, 16,517 are ungraded positions.

9. What capital equipment, such as ADP, if any, do you rely upon to fulfill this program?

Capital equipment primarily consisting of court furniture, cafeteria equipment, air conditioners, and cleaning equipment.

10. Do you expect the expenditures or the benefits of the program to grow appreciably in the future?

PBS provides real property acquisition and management services to the Federal establishments. As such, the growth of PBS is necessarily collateral with that of the Government as a whole. Based on historical trends and forecasts, we currently estimate the requirements for GSA-assigned space will increase from an estimated 209.4 million square feet at the end of fiscal year 1968 to 248 million square feet at the end of fiscal year 1974. This is comparable to an increase from 146.4 million square feet at the end of fiscal year 1962 to 209.4 million square feet in 1968. During fiscal years 1968 and 1969, budgetary constraints have drastically reduced the construction program but we currently foresee a need of slightly in excess of \$1 billion in improvement costs between now and the end of fiscal year 1974. Such increases in construction are necessary to offset the burgeoning need for leased space at continually escalating prices. Even with a construction program of this magnitude, our leased space is expected to increase from 23.3 percent of our total inventory in 1968 to 31.3 percent at the end of fiscal year 1974.

11. At what level are the personnel responsible for the various parts of the program coordinated to determine if the program as a whole is being efficiently carried out?

The subprograms are coordinated at the Assistant Commissioner level with overall coordination conducted at the Commissioner level.

12. Is there a continual program review within the agency, other than the annual budgetary review, to determine if the program as a whole is being efficiently carried out?

Program review is a continuing process with review, analysis, and progress reporting not less than once each quarter.

13. To your knowledge, does this program duplicate or parallel work being done by any other agency?

The facilities program consolidates the Government's efforts in the areas of acquisition and management of general-purpose space in the United States. Parallel programs, however, do exist with respect to agencies' special-purpose space requirements in this country and all types of space occupied by agencies abroad.

14. Is your organizational structure such that the program is being carried out most efficiently and effectively?

The structure is considered the most effective for carrying out the program in the most efficient manner.

15. Are there any outstanding GAO reports on the program? If so, what is the status of the GAO recommendations the reports contain?

No.

16. What significant problems, if any, are you facing in accomplishing the program objectives?

Our principal problem is that confronting many Federal agencies; namely, funds. Our construction program was drastically reduced this year and we expect no significant increase until 1970. We feel the savings resulting from Government construction and ownership have been amply demonstrated in the past. Postponed construction simply means greater reliance upon more costly alternatives for providing space—primarily through leasing. In addition, it is our policy to upgrade the environment of Federal employees to provide comparability with private industry. In this connection, we have long attempted to acquire additional funds to raise the quality of service provided through our cleaning, maintenance, protection, and repair programs. To date, we have been unable to acquire the level of funding required to do the total job.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

No, but technically, under the payments, public buildings purchase contracts appropriation there is available for fiscal year 1968 a grant in the form of payment of local taxes for \$525,640. This represents the tax obligations arising from the five buildings remaining under the lease-purchase contracts. Since the magnitude of the outlay is relatively minor, we feel that the size of our administrative staff is not affected by these grants.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

A reduction in appropriation would require a complete reexamination on a priority basis.

19. If additional funds were available, what would you do with the new money? Again, we would be constrained to spend any additional money in those activities covered by the increased appropriation. However, we would desire any additional money that could be made available to be appropriated for the following purposes in order of priority indicated: (1) bring the construction program from a backlog position due to previous limitations; (2) improve the level of repair and improvement in those buildings to be retained in inventory for 15 or more years; (3) raise the level of operation and protection of buildings particularly in the areas of cleaning and day-to-day maintenance; (4) provide increased training and growth opportunities to employees, thereby enhancing our professional service capabilities.

B. Program Category III—Supply services

1. What is the nature of and authority for this program?

The mission of the Federal Supply Service program is to provide an efficient and economic system for supply of commercial type items and services to Federal agencies worldwide, on the most efficient and economic basis possible. Included in this objective is the responsibility for issuance of regulations and procedures to improve the supply programs of all Federal agencies and to eliminate the unnecessary duplication or proliferation of individual Federal agency supply systems.

In addition to the above the Federal Supply Service has the responsibility for the planning, developing, directing, and coordination of the programs relating to improvement in the Government-wide management, operation, utilization, and procurement of ADP equipment and related resources in accordance with Public Law 89-306.

The authority for this program is contained in the Federal Property and Administrative Services Act of 1949 as amended.

2. Who is the person primarily in charge of this program at the operative level (name and title)?

H. A. Abersfeller, Commissioner, Federal Supply Service.

3. How much money and Capital equipment is available under this program for fiscal 1968?

Total funds available for fiscal year 1968 are \$1,087,748,000. Total value of capital equipment available as of December 31, 1967, is \$15,110,939.

4. Would you describe the output generated by this program?

The output generated by this program are savings to the Federal Government through the operation of the Federal Supply Service programs. Personal property and services are provided to Federal agencies at lower total costs than would be available to them otherwise. In addition, regulatory actions by the Federal Supply Service result in savings in the supply operations management by other Federal agencies.

The output of provision of supplies (a PPB subcategory) can also be described in terms of volume of merchandise issued from FSS distribution facilities, volume of merchandise purchased for direct delivery to Federal agencies, and volume of merchandise purchased by Federal agencies using the Federal Supply Service Federal supply schedule contracts. Measures of output of other PPB subcategories are the number of regulations issued, the number of Federal agencies surveyed, the volume of ADP equipment utilized either through sharing or by transfer, volume of ADP equipment purchased, etc.

5. Can you quantify this output in any way?

Each of the outputs described in No. 4 can be quantified.

6. Would you describe the principal operations that are involved in producing this output?

The principal operations involved are:

I. *Provision of supplies subcategory.*—

(a) *Supply distribution.*—Operates the retail and wholesale distribution facilities of the Federal Supply Service.

(b) *Procurement.*—Purchases and contracts for the supplies and services in the FSS area of responsibility.

(c) *Standards and quality control.*—Provides specifications, cataloging information, and inspection services for items in the Federal Supply Service area of responsibility.

II. *Automated data management services subcategory.*—Provides for improved management of ADP throughout the Federal Government.

III. *Supply management subcategory.*—Provides for the development of the national supply system by giving technical assistance to agency supply operations

through surveys and regulatory issuances and by arranging for changes in supply support responsibility among Federal agencies.

7. How many employees are involved in the program and in what general type of employment categories do they fall?

This program has 6,512 man-years available to it in fiscal year 1968. Of this number, 2,214 are technical and professional personnel, 2,204 are ungraded blue-collar workers, and the remainder, 2,094, are clerical employees.

8. What is the grade structure and how many supergrades—quota and non-quota—are involved?

In fiscal year 1968 there are nine supergrade positions and one executive level V position involved in this program. All supergrades are within the quota: one GS-18, five GS-17's, and three GS-16's. There are 207 grade 14 and 15 positions, 4,091 positions in grades GS-1 through GS-13, and there are 2,204 ungraded positions.

9. What capital equipment, such as ADP, if any, do you rely upon to fulfill this program?

This program uses warehouse operating equipment, self-service stores equipment, fuel yard equipment, and laboratory equipment, all of which is capitalized. The program also uses capitalized ADP equipment both available within the jurisdiction of GSA and ADP equipment acquired by the ADP Fund which may be under the control of other Federal agencies as well as GSA. Our entire supply system relies totally on ADP for the processing of incoming orders, requisitioner status reporting, inventory management activity, and shipment of requisitioners' orders.

10. Do you expect the expenditures or the benefits of the program to grow appreciably in the future?

Yes; we are planning on doubling our current stores item volume by 1974 and doubling our procurement and inspection volume by 1973. Benefits will continue to accrue at the same rate (that is \$5.50 for every dollar obligated.)

11. At what level are the personnel responsible for the various parts of the program coordinated to determine if the program as a whole is being efficiently carried out?

The personnel responsible for the various parts of the program described in question 6 above are all Assistant Commissioners of the Federal Supply Service. They are coordinated by the Office of the Commissioner of the Federal Supply Service. The programs are reviewed and evaluated to determine whether they are being efficiently carried out and to recommend corrective action wherever necessary.

12. Is there a continual program review within the agency, other than the annual budgetary review, to determine more effective and efficient ways to achieve these program objectives?

Yes; by three principal means:

1. Annual operational surveys by the program directors.
2. PPB studies.
3. Audit and GAO reports.

13. To your knowledge, does this program duplicate or parallel work being done by any other agency?

No duplication of work is involved. However, parallel programs may exist with respect to special purpose agency program needs.

14. Is your organizational structure such that the program is being carried out most efficiently and effectively?

Yes; however, as the need for change occurs, appropriate adjustments are made in the organizational structure and in the functional statements.

15. Are there any outstanding GAO reports on this program? If so, what is the status of the GAO recommendations this report contains?

FSS has one report outstanding as follows:
 "Maintenance of Automatic Data Processing Equipment in the Federal Government" dated April 3, 1968. FSS is now in the process of establishing a contract for consulting services to conduct an in-depth study of the entire area of Government ADP equipment maintenance.

16. What significant problems, if any, are you facing in accomplishing the program objectives?

We have no significant problems except for the difficulty we experience in finding competent personnel to carry out the program objectives especially in technical fields.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

No.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

A reduction in appropriations would require a complete reexamination, on a priority basis, of the work program to be accomplished in order to determine the program impact.

19. If additional funds were available, what would you do with the new money? The use of additional funds would be applied by individual examination of each program operation to determine the areas where the additional funds would provide the best cost-benefit ratio.

C. Program Category IV—Other property management and disposal services

1. What is the nature and authority for this program?

This program consists of three basic major categories:
(a) Acquisition and management of the Government's stockpile of strategic and critical materials.

The authorities for this category are:

Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 90-98h).

Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607).

Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166).

(b) Prescribe policies and methods to promote the maximum utilization of excess real and personal property by all executive agencies; provide for the transfer of excess property among Federal agencies; donate surplus property to legally eligible institutions; and sell or provide for the sale of surplus property and excess stockpile materials in an orderly and economical manner.

The authorities for this category are:

Federal Property and Administrative Services Act of 1949 (63 Stat. 377 as amended).

Surplus Property Act of 1944, as amended (50 U.S.C. App. 1622 (d), (g), amended).

(h).

Strategic and Critical Materials Stock Piling Act (50 U.S.C. 90-98h).

Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166).

Appropriate stockpile legislation enacted for disposal of specific commodities.

(c) The administration of special programs as follows (with authorities as indicated):

(1) Management of the national industrial equipment reserve of machine tools and industrial equipment: (National Industrial Reserve Act of 1948 (50 U.S.C. 451-462)).

(2) Receipt, storage, maintenance, and issue of emergency civil defense medical supplies.

(Federal Civil Defense Act of 1950 (64 Stat. 1245 as amended).)

(Memorandum of agreement with the Public Health Service, Department of Health, Education, and Welfare, effective July 1, 1963.)

(Executive Order 11093 of Feb. 26, 1963.)

(3) Receipt, storage, maintenance, and issue of emergency survival shelter supplies.

(Federal Civil Defense Act of 1950 (64 Stat. 1245 as amended).)

(Memorandum of agreement with the Defense Supply Agency, DOD effective July 1, 1963.)

(Executive Order 11093 of Feb. 26, 1963.)

(4) Receipt, storage, maintenance and issue of chemical, biological, radiological, and engineering equipment.

(Federal Civil Defense Act of 1950 (64 Stat. 1245 as amended).)

(Memorandum of agreement with the Defense Supply Agency, Defense General Supply Center, DOD effective July 1, 1963.)

(Executive Order 11093 of Feb. 26, 1963.)

(5) Management of the lead/zinc stabilization program pursuant to delegation from the Secretary of Interior: (Lead/Zinc Small Producers Stabilization Act of 1961, as amended (30 U.S.C. 681-689)).

(6) Receipt, storage, quality control, and various administrative functions covering strategic and critical materials acquired by the Commodity Credit Corporation under the barter program: (Agriculture Trade Development and Agencies Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607)).

(7) Operation of the William Langer jewel bearing plant at Rolla, N. Dak. (Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 90-98h)).

(Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166)).

(National Industrial Reserve Act of 1948 (50 U.S.C. 451-462)).

(8) Administration of the copper and rutile production expansion programs: (Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166)).

2. Who is the person primarily in charge of this program?

John G. Harlan, Jr., Commissioner, Property Management and Disposal Service.

3. How much money and capital equipment is available under this program for fiscal year 1968?

Total funds available for fiscal year 1968 \$41.7 million. Total capital equipment available \$2.2 million.

4. Would you describe the output generated by this program?

Outputs generated under this program vary according to the program segment. They consist of tons stored and maintained; dollar values of inventories; dollar sales commitments; tons handled, shipped, received, and inspected; quantities and/or value of excess and surplus personal and real property, utilized, donated, sold, rehabilitated; appraisal of real and related personal property; tons of industrial equipment handled, processed, and tested; machine tool school loans administered; contracts negotiated; bids issued, received, and analyzed; contracts awarded; jewel bearings produced; and proposals evaluated.

5. Can you quantify this output in any way?

Yes.

6. Would you describe the principal operations that are involved in producing this output?

In the management of the strategic and critical materials stockpile, the national industrial equipment reserve and civil defense programs, depot operation is the prime output producer. This entails receiving, storage, maintenance, shipping, packaging, intradepot movements, processing, testing, inspection, protection, and all those other factors incident to efficient depot operations.

Stockpile disposal sales produce revenues as the principal output which in turn result from other outputs directly related to stockpile sales, that is, disposal plans, reviews, revisions, Government-industry meetings, market analyses, in-depth commodity studies, preparation of proposed stockpile legislation, and the administrative, technical, and contracting details involved in selling.

In the real and personal property utilization and disposal operations, technicians screen property and—

Issue and administer Government-wide utilization regulations; receive reports of excess from all agencies, advertise availability using catalogs and other means, approve interagency transfers, allocate short supply excess items, and maintain files of agencies' needs.

Make surplus property available through DHEW; review and approve donations when appropriate to eligible institutions.

Pursue Government-wide campaigns to encourage the repair and rehabilitation of Government-owned personal property to extend its useful life; and, establish and maintain contracts and other capabilities for use of all agencies in repairing and overhauling a wide variety of equipment.

Issue and administer Government-wide sales regulations; plan and conduct appropriate sales programs by various means of contracting.

The appraisal operation is an important output producer. Appraisals are made of:

Real and related personal property to be acquired for Government use by purchase, lease, or exchange.

Excess and surplus real and personal property incident to promoting further Federal utilization or disposal.

7. How many employees are involved in the program and in what general type of employment categories do they fall?

There are 1,484 man-years available in the program for fiscal year 1968. Of these, 1,122 are managerial, professional, technical, and clerical personnel and the remainder, 362, are wage board.

8. What is the grade structure and how many supergrades—quota and non-quota are involved?

The Commissioner of the program is at level V of the executive schedule. Seven supergrades, three GS-17 and four GS-16 act in the capacity of Deputy Commissioner, Assistant Commissioners, Deputy Assistant Commissioners, and one Director of Marketing and Economic Analysis. The remaining grades include

87 man-years at the GS-14 and 15 level, 1,027 at the GS-1 to 13 level, and 362 wage board.

9. What capital equipment, such as ADP, if any, do you rely upon to fulfill this program?

Other than office equipment, the program requires the use of ADP equipment operated by the agency in addition to program operating equipment, that is, forklifts, cranes, tractors, scales at stockpile and civil defense depots, special testing and calibrating equipment used in machine tool depots and civil defense depots, and highly specialized machinery used in the production of jewel bearings.

10. Do you expect the expenditures or the benefits of the program to grow appreciably in the future?

Our overall future planning for expenditures and benefits is projected to remain at approximately the same level as 1968, except in the personal property (non-stockpile) area. A steady increase in the volume of excess and surplus personal property is expected for several years.

11. At what level are the personnel responsible for the various parts of the program coordinated to determine if the program as a whole is being efficiently carried out?

The Commissioner, with special staff assistants coordinate the program elements through the chain of authority including the Deputy Commissioner, Assistant Commissioners, and regional directors.

12. Is there a continual program review within the agency other than the annual budgetary review, to determine more effective and efficient ways to achieve these program objectives?

At the agency level, the Administrator of GSA with the assistance of his staff organization provides a continuous program review and evaluation. Program review is a continuing process with review, analysis, and progress reporting accomplished not less than once each quarter.

13. To your knowledge, does this program duplicate or parallel work being done by any other agency?

No duplication of work is involved. However, certain other agencies have limited disposal authority.

14. Is your organization structure such that the program is being carried out most efficiently and effectively?

The organization is structured along program lines to provide the highest degree of flexibility. All organizational segments are under constant surveillance so that changes in organization are initiated as dictated by program activity.

15. Are there any outstanding GAO reports on this program? If so, what is the status of the GAO recommendations the report contains?

No.

16. What significant problems, if any, are you facing in accomplishing the program objectives?

Problems in this respect are broad in scope. In the sale of stockpile materials and real property, market irregularities, supply and demand factors, and the reconciliation of conflicting interests within and outside the Government are significant problems.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

Lead and zinc stabilization payments (estimated at \$340,000 this year) are administered under this program. Payments of \$140,000 in lieu of taxes on the National Lead Co. property at Tahawus, N.Y., are provided under the program by an act of Congress. Under the Defense Production Act the program administers the copper production expansion program which involves advances of funds amounting to \$83 million and a Government guaranteed loan of \$48.75 million.

There is a staff consisting of two administrative people who administer the lead and zinc stabilization program. The remaining activities are accomplished in various parts of the Property Management and Disposal Service, and the agency, with no special staff being appropriate or required.

18. If your appropriation were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

A reduction in appropriations would require a complete reexamination, on a priority basis, of the work program to be accomplished in order to determine the program impact.

19. If additional funds were available, what would you do with the new money?

The nature of the program is primarily a property management function where funds are requested only to the extent that they can be put to good use with

emphasis on austerity. Appropriations in excess of the program request are considered unnecessary in fulfilling program responsibilities.

D. Program Category V—Transportation and Communications Service

1. What is the nature of and authority for this program?

This program provides for the Government-wide improvement of management practices of transportation, telecommunications, and other public utilities services for all civilian agencies; furnishing services by an integrated civilian agencies' telecommunications system compatible with the national communications system; developing Government-wide policies and procedures for improving the overall efficiency of the operation of the Government-owned motor vehicle fleet; operating interagency motor vehicle pools; and, protecting the Government's interest as a user before Federal and State regulatory bodies.

Authority for these functions is contained in section 110 (40 U.S.C. 757), section 201 (40 U.S.C. 481), section 206 (40 U.S.C. 487), and section 211 (40 U.S.C. 491), of the Federal Property and Administrative Services Act of 1949, 63 Stat. 377, as amended; Bureau of the Budget Bulletin 61-13, Federal telecommunications system (June 19, 1961); Executive Order 11093, (Feb. 26, 1963); emergency preparedness; and the Presidential memorandum dated August 21, 1963, subject: "Establishment of the National Communications System."

2. Who is the person primarily in charge of this program at the operative level (name and title)?

Douglas E. Williams, Commissioner, Transportation and Communications Service.

3. How much money and capital equipment is available under this program for fiscal year 1968?

(a) Total funds available \$185.7 million.

(b) Total capital equipment available \$68.5 million.

4. Would you describe the output generated by this program?

The output for this program is described in four categories, as follows:

(a) *Transportation (other than motor equipment).*—Providing and maintaining traffic management leadership and policy direction for the civilian activities of the executive agencies through a program of prescribing regulations, conducting agency surveys, presenting transportation seminars, publishing technical guides, handbooks, and related technical publications, and furnishing in-depth agency assistance; and providing centralized traffic management services of representation, negotiation, routes, rates, claims, contracts, charters, and related technical services on behalf of Federal agencies having on-going, specific, and long-range procurement, storage, and distribution programs involving shipments moving in interstate, intrastate, and foreign commerce.

(b) *Motor equipment.*—Prescribing and assisting agencies in the application of governmentwide regulations and procedures for improving the serviceability of the Federal fleet; ensuring its authorized, efficient, and safe operation; reducing the mileage of hourly cost thereof; providing driver training and traffic safety programs; obtaining necessary statistical data on a uniform and accurate basis to determine program results to support recommendations for efficient fleet management; assisting agencies in increasing vehicle utilization, thereby reducing the requirements for motor vehicle inventory; issuing Standard Form 46, U.S. Government motor vehicle operator's identification card, for regular vehicle operators, within GSA; and providing Government-owned vehicles for agency use on a rental basis; procuring commercial rental vehicles under GSA contracts; furnishing service, maintenance, and repairs to vehicles of nonparticipating agencies; and providing or arranging for the local transportation of personnel and property as needed.

(c) *Communications.*—Providing the most economical and efficient telecommunications services to the Federal civilian agencies in day-to-day, as well as emergency conditions by prescribing (and assisting agencies in the application of) Government-wide regulations and procedures; providing planning and technical assistance to executive agencies regarding communications services and facilities; performing such centralized procurement, supply, and related functions as are most advantageous to the Government; developing, installing, and operating an integrated communications system, including participation as a major operating agency in the national communications system; and representing the interests of the Government as a user and consumer of telecommunications services in negotiations with suppliers and in proceedings before regulatory bodies.

(d) *Public utilities.*—Providing and maintaining leadership in the Government-wide utilization of public utility services (other than communications) by pre-

scribing (and assisting agencies in the application of) Government-wide regulations, standards, and procedures for the procurement, conservation, and utilization of public utilities services; and representing the interests of the Government as a user and consumer of such services in negotiations with suppliers or in proceedings before regulatory bodies.

5. Can you quantify this output in any way?

Output of the various subprograms can be quantified as follows:

(a) *Transportation (other than motor equipment)*.—Seminars conducted; regulatory and technical publications issued; information services rendered.

(b) *Motor equipment*.—Fleet management studies; miles driven by motor pool vehicles.

(c) *Communications*.—Intercity calls handled; minutes of usage of advanced record system (ARS).

(d) *Public utilities*.—Agency assistance actions; utility bills received.

6. Would you describe the principal operations that are involved in producing this output?

Principal operations that are involved in producing the output are:

a. *Transportation (other than motor equipment)*.—Furnishing rates and routes; negotiating adjustment of rates, classification ratings, transit privileges, and accessorial charges; issuing complex shipping instructions, Government bills of lading and related transportation documents; making contractual arrangements for special movements of highly valuable materials such as gold and silver bullion; arranging customs entry and clearance; providing technical assistance for settlement of invoices and processing of claims; providing management assistance for freight transportation and passenger travel; conducting seminars to increase Government-wide knowledge and proficiency in modern traffic management; and providing policy guidance and direction to civilian agencies through publication of Federal Procurement Regulations and Federal Property Management Regulations and other handbooks, guides, and pamphlets.

b. *Motor equipment*.—Conducting studies of agencies' managerial and operational policies pertaining to motor equipment management; furnishing leadership in negotiating cross-servicing agreements between agencies for motor vehicle fuel and oil; arranging for cross-utilization of construction equipment, maintenance facilities and training of heavy-duty equipment and automotive mechanics; conducting defensive driving techniques classes and safety workshops; sponsoring the free interchange of motor vehicle management information between and among Federal agencies; and operating motor vehicle pools and systems to service the needs of executive agencies.

c. *Communications*.—Designing and engineering a Federal communications system, for general and national use, compatible with the National Communications System; conducting studies, on a Government-wide basis, of equipment utilization, service, rates, and economic factors; negotiating contracts; and managing and controlling the operations of the Federal Telecommunications System. The Federal Telecommunications System, financed through the Federal Telecommunications Fund, consists of an intercity voice network, telephone switchboards, and local service; a records network furnishing general usage telephone maintenance; and the centralized management and procurement of the leased intercity circuit requirements of the civilian agencies to take advantage of bulk tariff rates for the FTS, exclusive circuits for specific agencies, including State, municipal, and other non-Federal activities under individual agreements where it is economically advantageous to the Federal Government.

d. *Public utilities*.—Rendering assistance to Federal departments, agencies, and bureaus in such public utility functions as procurement, management, utilization, cost reduction, and negotiation; publishing Federal procurement regulations; negotiating and assisting Federal agencies in using areawide utility contracts.

7. How many employees are involved in the program and in what general type of employment categories do they fall?

This program has 2,912 man-years available to it in fiscal year 1968. Of this number, 545 man-years are technical and professional personnel; 561 man-years are ungraded blue-collar workers; and the remainder, 1,806 man-years are administrative and clerical.

8. What is the grade structure and how many supergrades, quota and nonquota, are involved?

In fiscal year 1968 there are eight supergrade positions, of which one GS-16 is nonquota. There are 91 GS-14 and GS-15 positions; 2,252 GS-1 through GS-13 positions; and 561 ungraded positions. The total average employment is 2,912.

9. What capital equipment, such as ADP, if any, do you rely upon to fulfill this program?
Capital equipments relied upon to fulfill the program are:

- (a) Motor vehicle equipment;
- (b) Service station type equipment; and
- (c) Communications equipment.

10. Do you expect the expenditures or the benefits of the program to grow appreciably in the future?
Expenditures and related benefits of the program are anticipated to grow appreciably in the motor pool operations and the Federal telecommunications system.

11. At what level are the personnel responsible for the various parts of the program coordinated to determine if the program as a whole is being efficiently carried out?

The various parts of the program are coordinated at the Assistant Commissioner level with overall coordination conducted at the Commissioner level.

12. Is there a continual program review within the agency, other than the annual budgetary review, to determine more effective and efficient ways to achieve these program objectives?

Program review is a continuing process with review, analysis, and progress reporting accomplished not less than each quarter.

13. To your knowledge, does this program duplicate or parallel work being done by any other agency?

The transportation and communications program consolidates the Government's needs in the transportation and communications areas within the United States. Parallel programs do exist, with respect to agencies' special purpose transportation, motor vehicle, and communications requirements.

14. Is your organizational structure such that the program is being carried out most efficiently and effectively?

As a result of a recent reorganization, the structure is considered the most effective for carrying out the program in the most efficient manner.

15. Are there any outstanding GAO reports on this program? If so, what is the status of the GAO recommendations the report contains?

There are no outstanding GAO reports on this program.

16. What significant problems, if any, are you facing in accomplishing the program objectives?

There are no significant problems anticipated in accomplishing the program objectives.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

No grants, loans, or other disbursed funds related to this program are administered.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

A reduction in appropriations would require a complete reexamination on a priority basis on the work program to be accomplished in order to determine the program impact.

19. If additional funds were available, what would you do with the new money? In the event additional funds were made available in fiscal year 1969, the amount of the increase would determine its specific use. However, any increase would be devoted to accelerating the expansion of the Government-wide management activities which have been scheduled for later years.

E. Program Category VI—Records Services

1. What is the nature of and authority for this program?

The program of the National Archives and Records Service consists of a number of varied subprograms.

The records management subprogram provides standards and guidelines—for paperwork-management systems and assists agencies in reducing and simplifying Government paperwork. The authority for this subprogram is the Federal Records Act of 1950, 64 Stat. 578, as amended; (44 U.S.C. 392, 392-396, 398, 401).

The Federal Register subprogram furnishes essential promulgation and documentation services to the Nation by publishing and indexing the laws of Congress, the papers of the Presidents, and the generally applicable rules and legal notices prescribed by the executive agencies. Authority for the Federal Register program is the Federal Register Act, 49 Stat. 500, as amended, (44 U.S.C. 301-310, 311, 312-314); the Administrative Procedures Act, 80 Stat. 381 (5 U.S.C. 551-553);

and other laws, 65 Stat. 710 (1 U.S.C. 106); 62 Stat. 673, as amended (3 U.S.C. 6, 11-13); and 61 Stat. 636, as amended (1 U.S.C. 112).

The records center subprogram provides records centers for the economical storage, processing, and servicing of records of former civilian and military Federal employees and of records of Federal agencies not needed in current business and not yet disposable. Authority for the records center subprogram is contained in the Federal Records Act of 1950, 64 Stat. 578, as amended (44 U.S.C. 359-396, 401).

The archival subprogram furnishes educational and cultural services to the Nation by selecting, preserving, and servicing permanent Federal records and the papers of the U.S. Presidents and their associates. Authority for this subprogram is contained in the Federal Records Act of 1950, 64 Stat. 578, as amended (44 U.S.C. 392, 394, 397, 399-401); the Lyndon Baines Johnson Presidential Archival Depository Act, 79 Stat. 648 (P.L. 89-169); and the Records Disposal Act of 1943, 7 Stat. 380, as amended (44 U.S.C. 366-376, 378-380).

2. Who is the person primarily in charge of this program at the operative level (name and title)?

Dr. James B. Rhoads, Archivist of the United States.

3. How much money and capital equipment is available under this program for fiscal 1968?

Total funds available for fiscal year 1968 are \$22.3 million. Capital equipment available is valued at \$181,000.

4. Would you describe the output generated by this program?

Different outputs are generated by each of the subprograms of the National Archives and Records Service. The major output of the records management activity is assistance to Federal agencies in solving paperwork management problems. The Federal Register subprogram output is publication of Federal rules and regulations, laws, and Presidential papers. Reference service is the major output of the National Archives, Federal records centers, and Presidential Libraries.

5. Can you quantify this output in any way?

The principal outputs for fiscal year 1968 may be quantified as follows:

Subprogram	Output	Quantity
Records management	Paperwork surveys	70
Federal Register	Pages processed	207,000
National Archives	Reference services	575,000
Federal Records Centers	do	5,700,000
Presidential Libraries	do	31,000

6. Would you describe the principal operations that are involved in producing this output?

There are several operations that support each of the subprograms outputs. In the records management subprogram, paperwork surveys are supported by interagency paperwork management training activities, production of records management handbooks, agency program evaluation, and agency assistance work projects.

Publication of the Federal Register and related publications is supported by editorial activities and by interagency training in drafting and preparation of administrative regulations.

Reference service in the Federal records centers is supported by accession and disposal activities.

Reference service in the archival subprogram is supported by records appraisal, arrangement, and preservation of records, and preparation and publication of finding aids.

7. How many employees are involved in the program and in what general type of employment categories do they fall?

There are 1,955 man-years available in fiscal year 1968. Of these, 1,076 are professional and technical personnel, 127 are ungraded blue-collar workers, and the remaining 752 are clerical employees.

8. What is the grade structure and how many supergrades—quota and non-quota—are involved?

In fiscal year 1968 there are six quota supergrade positions, two GS-17's and four GS-16's and one executive level V position involved in this program. There are 73 grade 14 and 15 positions, 1,748 positions in grades GS-1 through GS-13, and 127 ungraded positions.

9. What capital equipment, such as ADP, if any, do you rely upon to fulfill this program?

The only capital equipment available is photographic laboratory equipment. 10. Do you expect the expenditures or the benefits of the program to grow appreciably in the future?

While we do not expect immediate large increases in other benefits or expenditures, we do expect that continuing increases in the reference workload imposed upon our archival and records center operations will result in gradual increases both in expenditures and in benefits to the public and the scholarly community. 11. At what level are the personnel responsible for the various parts of the program coordinated to determine if the program as a whole is being efficiently carried out?

Program coordination to ensure efficient operations and prevent unnecessary duplication of effort is the responsibility of the assistant archivist or major subprogram level.

12. Is there a continual program review within the agency, other than the annual budgetary review, to determine more effective and efficient ways to achieve these program objectives?

Aside from reviews resulting from standard GSA procedures (e.g., quarterly and monthly progress reports, controlled projects, special studies, etc.), subprograms are reviewed at various points in the budget planning process. Informal review by the Archivist and his key assistants is virtually constant.

13. To your knowledge, does this program duplicate or parallel work being done by any other agency?

None of the activities of the National Archives and Records Service duplicates or parallels the work of any other agency.

14. Is your organizational structure such that the program is being carried out most efficiently and effectively?

Our present organizational structure complements the objectives of the NARS subprograms and reflects our best judgment of the best arrangement, considering various interrelated factors.

15. Are there any outstanding GAO reports on this program? If so, what is the status of the GAO recommendations this report contains?

There are no outstanding GAO reports on this program.

16. What significant problems, if any, are you facing in accomplishing the program objectives?

All of the NARS subprograms have their share of "normal" problems, i.e., those relating to substantive and technical aspects of "maximizing benefits and minimizing costs." Should that kind of internal management be of interest to the subcommittee, examples for the separate subprograms can be furnished on request.

Also, as a general rule, all of the NARS subprograms have the recurring problem of insufficient funds. However, like the program management problem described above, the problem of financing operations is not all bad. The total absence of such problems would kill the need and incentive for good management.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

Through the National Historical Publications Commission, NARS administers a grant program to help finance the private (not Federal Government) publication of historical documents. In fiscal year 1968 there were 31 grants, totaling \$350,000. NHPC grants are administered by the full-time efforts of two employees (one overseeing letterpress projects; the other, microfilming projects) and the part-time attention of three other employees, two of whom are clerical. As Federal funds normally finance only part of projects' total expenses, and for reasons related to the academic character of projects, the possible misuse of funds is minimized. NHPC staff oversight is more professional and advisory than administrative.

From several points of view then—the low administrative cost, the mix of Government and non-Government funds, the large number of projects supported and the professional relationship of grantee and grantor—these considerations serve to prove the foresight of those who had the concern and the opportunity to provide an NHPC grant program.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

If appropriations were reduced, no immediate reduction would be made in those activities which are performed on demand, such as reference services and the publication of regulations. The first activities to be curtailed would be support activities, which would be different from one subprogram to another. For example,

in the National Archives, it could be the preparation of finding aids; and in records centers, the disposal of records. Of course, in the long run, curtailment of support activities will lead to less efficient performance and higher costs in activities performed on demand.

19. If additional funds were available, what would you do with the new money? In the archival subprogram—encompassing the National Archives, the Presidential Libraries, and the National Historical Publications Commission—the lack of funds has been most obvious. That subprogram has recently been analyzed in depth by GSA and the Bureau of the Budget, and some corrective measures have been taken. Additional specific actions have been planned. Financial circumstances permitting, GSA is hopeful that the President's budget for fiscal year 1970 will include several positive, constructive measures for solving the problem.



