

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Agency-General Services Administration Relationships

FROM: Director of Logistics

EXTENSION

NO.

OL 1 0664

DATE

20 FEB 1981

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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7D18 Headquarters

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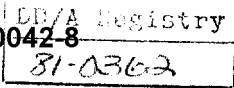
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20 FEB 1981

MEMORANDUM FOR: Deputy Director for Administration

FROM: James H. McDonald
Director of Logistics

SUBJECT: Agency-General Services Administration
Relationships

1. The Agency's relationship with the General Services Administration (GSA), as well as most of its problems with GSA, stem from that agency's role as the Government's Landlord. Under current public law and regulation, the Agency, in common with most other federal agencies, must look to GSA for the acquisition, renovation, and maintenance of the space it occupies. The problems involve GSA's inability to respond in a timely, competent, and professional manner in each of these three areas of responsibility.

2. In Fiscal Year 1981, the Agency will pay GSA approximately \$24 million to reimburse GSA for the provision of a standard level of service to Agency-occupied space. These services include varied levels of cleaning, operational and preventive maintenance, certain alterations, repairs, and provision of utilities as well as a level of guard service. Another portion of this money is set aside to fund the Federal Buildings Fund and to fund capital or major maintenance projects. Because of funding restrictions, the level of these services varies from building to building and from time to time. A complete listing of these services is attached (Attachment A). This amount calculated by GSA to approximate commercial rates is identified as a Standard Level User Charge (SLUC) and is dictated by Public Law 92-313, an amendment to the Property Act of 1949. In addition, the Agency directly reimburses GSA for Federal Protective Officers (\$5 million) and heating, lighting, air conditioning, and renovations, as well as other services (\$4+ million) which are above the level included in the SLUC rate.

3. For a variety of reasons, GSA has been unable to adequately provide those services covered by the SLUC rate. Some of these reasons are external to GSA and result from OMB-directed budget cuts, federal hiring freezes, as well as Agency-imposed security criteria for GSA personnel, and the Headquarters' distance from Washington; all of which adversely impact GSA's ability to hire and retain adequate, competent personnel. However, many

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of the problems are internal to GSA and it was these latter problems that were addressed recently in a highly critical study undertaken by the National Association of Public Administrators (NAPA). A copy of this study is attached for your review (Attachment B).

4. The NAPA study, to which the Agency contributed, concluded that GSA was doing a reasonably poor job, and, despite its best efforts, would undoubtedly do worse in the future. The study made several recommendations, including a recommendation that GSA delegate more authority to individual agencies to perform many of the services that GSA is presently providing. This NAPA recommendation was welcomed, as it was supportive of initiatives the Agency had undertaken with limited success for some time.

5. In March of this past year, in response to an Agency request, the Administrator, GSA, delegated to the Agency authority to lease space up to 5,000 square feet. This request was made as a result of GSA's repeatedly demonstrated inability to respond to the Agency's requests for office space [redacted] STAT
[redacted] In our response to the NAPA inquiry, we have recommended that the square foot limitation be removed and that the delegation only be subject to the requirements of the Federal Property Management Regulations.

6. In other responses to NAPA, we have recommended that the Agency be allowed to contract directly, or otherwise accomplish reimbursable work, when it is determined that GSA is unresponsive. In a similar manner, we have also recommended that the Agency be given flexibility under SLUC to contract for services where GSA has demonstrated an inability to do so. In each of these areas, it has been the Agency's objective to develop a framework within which we might work with GSA. The Agency has no desire to assume total responsibility in these areas.

7. The one exception is the National Photographic Interpretation Center. In this instance, the unique nature of the building, its vital function, and GSA's demonstrated inability to provide critical services has forced the Agency to conclude that total responsibility for this building must be placed with the Agency.

8. A copy of the Agency's submission to the NAPA study group is attached (Attachment C). This document discusses in greater depth the Agency's specific concerns regarding GSA support as well as our proposed solutions.

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9. Recently, a draft memorandum was prepared for the DCI's signature and forwarded to your Office requesting that GSA act upon the recommendations of the NAPA study and delegate the authorities outlined above to the Agency. A draft of the study was provided to GSA in early December and the final study was presented in early January. We are not aware of GSA's reaction to the study or of their intentions regarding implementation of the recommendations. However, in accordance with our discussion on 19 February 1981, in anticipation of the forthcoming appointment of the new GSA Administrator, we are preparing a letter from Mr. Casey to the Administrator, GSA, requesting that these authorities be delegated to the Agency at this time.


James H. McDonald

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Attachments

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Compendium of
Federal Buildings Fund
Real Property
Related Services



General Services Administration
Public Buildings Service
Washington, DC 20405

Approved For Release 2003/05/27 : CIA-RDP84B00890R000500100042-8

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COMPENDIUM OF FEDERAL BUILDINGS FUND
REAL PROPERTY RELATED SERVICES

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CHAPTER 1. CLASSIFYING SPACE

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CHAPTER 1. CLASSIFYING SPACE

1. Scope. This chapter explains the classification of all space by type and by category within each type.
2. Background. The determination of the Standard Level User Charge (SLUC) and the services provided to departments and agencies is based in part upon the types of space to which they are assigned. Therefore, the equitability of these rates and services will be partially dependent upon the accuracy of the classification system. All office type space is included in one category. However, the storage and special type categories encompass such broad areas that subcategories have been established for these classifications in order to differentiate between them. Different rental (SLUC) rates have been developed for each subset within the storage and special type categories.
3. Classification of occupiable area by type. It should be noted that only occupiable space is classified and documented by type of space in building and assignment files. The classification of occupiable area is outlined as follows:
 - a. Office type space - no subsets.
 - b. Storage type space - consisting of three subsets:
 - (1) ST-1, General storage area,
 - (2) ST-2, Inside parking area, and
 - (3) ST-3, Warehouse area.
 - c. Special type space - consisting of seven subsets:
 - (1) SP-1, Laboratory and clinic area,
 - (2) SP-2, Food service area,
 - (3) SP-3, Structurally changed area,
 - (4) SP-4, Automated data processing area,
 - (5) SP-5, Conference training area,
 - (6) SP-6, Light industrial area, and
 - (7) SP-7, Quarters and residential housing area.

4. Description of classifications of occupiable areas. The classification categories are further defined as follows:

a. Office type.

(1) This space provides an acceptable environment suitable in its present state for an office operation. The requirement includes, but is not limited to:

- (a) Adequate lighting;
- (b) Heating and ventilation;
- (c) Floor covering;
- (d) Finished walls; and
- (e) Accessibility.

(2) The space may consist of a large open area or may be partitioned into rooms. Private corridors, closets, etc., which have been created within office type space through erection of partitions are coded as office type space. Office type space has no subsets. Office space includes:

(a) Corridors which have restricted public access and which could be eliminated, making that space suitable for office use; and

(b) Corridors which have restricted public access, whether or not they can be removed, which solely serve the security and convenience of the tenant.

(3) In a single tenancy block of space, a ceiling-high corridor is classified as horizontal circulation or occupiable space depending upon whether the corridor can or cannot be removed.

(a) If the corridor must be maintained, it is horizontal circulation; and

(b) If the ceiling-high corridor can be eliminated, it is occupiable.

(4) Examples of office type space are:

(a) Conference rooms (without special equipment and/or supplementary heating, ventilation, and air-conditioning (HVAC)),

(b) Training rooms (without special equipment and/or supplementary HVAC),

(c) Libraries (without extensive built-in stacks and special floor loading),

(d) Dry laboratories (without plumbing, special power, or other special space features),

(e) Supply rooms,

(f) Closets, and

(g) Credits unions, lounges (other than toilet area), reception areas, hearing rooms (without special equipment and/or supplementary HVAC), telephone switchboard rooms (attended), mail rooms (finished to office standards), health rooms (without special equipment), and other areas used for storage purposes in space constructed to office standards.

b. Storage type. Storage type space generally has concrete, wood-block, or unfinished floors and unfinished block or brick interior walls. This type includes attics, basements, warehouses, sheds, unimproved areas of loft buildings, and unimproved buildings cores. This space is suitable for storage of supplies, equipment, records, materials, etc., and does not in its present state provide an environment suitable for assignment as office type. The interior treatment is such that it cannot be classified as office type space without extensive alterations. All storage type space will be classified in one of the following subsets:

(1) ST-1, General storage areas. These are areas in space contiguous or adjacent to office or special type space which was, for the most part, developed incidental to the prime use of the space. The space may have the characteristics of concrete floors, unfinished walls and ceilings, and minimal lighting; but it is found primarily in buildings designed for office or special type use. Most commonly, it is unfinished basement or attic space, but may include closets, storerooms, and other miscellaneous unfinished areas of buildings. Examples are (a) basement storage, attic storage, and closets (not finished to office standards); (b) supply rooms (not finished to office standards); (c) file rooms (not finished to office standards); and (d) warehouse areas of multi-use buildings (See definitions for warehouse areas in (3), below, in evaluating this classification).

(2) ST-2, Inside parking areas. This is garage space located in either a federally owned or leased building which is used for the parking of motor vehicles. Therefore, inside parking would, of necessity, include all other parking areas such as rooftop parking, parking structures, parking decks, etc. The rationale for this interpretation is based on

the concept that the Federal Buildings Fund must recoup the cost of a facility during its useful life in order for sufficient funds to be available for its replacement. Since parking decks, etc., require large outlays of capital as compared with ground level parking, this additional cost is reflected in the SLUC rate charged.

(a) Wherever the entire garage floor is under the assignment control of GSA, inside parking consists of the area delineated from the inside of the garage wall to the inside of the opposite wall, less mechanical, toilet, custodial, vertical circulation, and space utilized for other than parking purposes.

(b) In buildings where GSA controls only part of a garage floor, inside parking consists of the actual parking area occupiable by vehicles.

(c) In leased buildings where a specific number of parking spaces are under lease or service contract, the inside parking area is determined by multiplying the number of spaces by 300 square feet.

(d) Outside parking space means that parking space not included in the inside parking space category, such as uncovered ground level parking areas or parking lots either paved or unpaved. The parking area is determined by multiplying the number of spaces occupied by 300 square feet.

(3) ST-3, Warehouse areas. This is space specifically designed for material handling operations. The interior will probably have concrete or woodblock floors and an unfinished ceiling. This space will include some or all of the following features: heavy live floor load capacity (over 200 pounds per square foot), high ceiling (over 14 feet), industrial lighting, large open floor areas, sprinkler system for fire protection, and loading dock (truck and/or rail). For warehouse space the size (length, width, live floor load capacity, etc.) is established primarily to permit efficient handling of materials in and out of the premises. In warehouse space the loading dock is a functional requirement and is not incidental to the use of the space as it might for office space or for some special type occupancies.

C. Special type. This is space which necessitates the expenditure of additional or varying sums to construct, maintain, and/or operate as compared with the amount spent for office and storage space. Special type space will be further defined according to one of the following subsets:

(1) SP-1, Laboratory and clinic areas. This classification includes those areas containing built-in equipment and utilities required for the qualitative and quantitative analysis of matter, the welfare of employees, or the welfare of the public. Examples include wet laboratories, clean laboratories, photographic laboratories, clinics, health units and rooms (with special equipment), and private toilets. It may include the installation of special building equipment to meet the environmental requirements of the laboratory and/or clinic as shown below:

(a) Floor. Special floors such as quarry tile, grating, etc., may be installed.

(b) Plumbing and sewerage. Special building equipment such as special piping and associated water treatment equipment, special sewage disposal systems, water, gas, compressed air, and vacuum systems may be installed.

(c) Heating, ventilating, and air-conditioning. This is special building equipment to treat and exhaust toxic gases produced by agency program equipment. In addition, this equipment provides fresh air suitable to meet the special requirements, up to 100 percent fresh air, temperature control plus-minus 2 degrees within the design range, and humidity control plus-minus 5 percent within the design range.

(d) Toilet facilities. By way of clarification and to ensure uniformity in the classification of toilet facilities, the following criteria apply

(i) Private toilets. Toilets designed and constructed for the exclusive use of department or agency officials shall be considered private toilets. Examples are : Toilets in suites assigned to judges, U.S. marshals, postmasters, and similar officials. Toilets prepared for use of small selected groups are considered private toilets. Examples are: Toilets attached to health units, medical units, or detention cells; those of USPS inspectors which adjoin the entrance to lookouts; those for the exclusive use of agency employees; those for jurors' assembly and jury rooms; and those for similar installations. This type of space is classified as Occupiable Area - Special Type SP-1.

(ii) General use toilets. Toilets designed and constructed for the use of the majority of the building tenants and/or the general public are considered general use toilets. Toilets prepared and located within, adjacent to, or in proximity to occupiable areas and which are used primarily by the majority of the occupants and/or visitors of that area are considered general use toilets. Examples are: Toilets within Armed Forces Entrance and Examining Stations, those in proximity to USPS work and swing rooms, and similar installations. This type of space is classified as Building Support Area-Toilet Areas.

(2) SP-2, Food service areas. The space in the building that is devoted to the preparation and dispensing of foodstuffs. Examples are: Cafeterias (kitchens, related storage, and service areas), snack bars, mechanical vending areas (where drain is provided), and private kitchens.

(3) SP-3, Structurally changed areas. Those areas that have architectural features differing from normal office and storage areas such as sloped floors, high ceilings, increased floor loadings, etc. Examples are: Auditoriums, gymnasiums, libraries (with special stacks and floor loading), detention cells, target ranges, security vaults, and courtrooms.

(4) SP-4, Automated data processing areas. These are areas that are used for housing automated data processing equipment and that have special features such as humidity and temperature control, raised flooring, special wiring, etc. This subset includes: Computer rooms, support area (with special flooring and wiring), and tape vaults.

(5) SP-5, Conference and training areas. Areas that are used for conferences, training, hearings, etc., with special equipment and/or supplementary HVAC. Conference and training areas will be finished to the level required for office space with the following additions or exceptions:

(a) Floors. Generally floors in areas such as conference rooms, hearing rooms, and small courtrooms will be carpeted.

(b) Ceilings. As determined by GSA, ceilings will be accoustically treated to provide a minimum sound transmission class of 40 (STC 40).

(c) Partitions and walls. As determined by GSA, perimeter walls will be sound conditioned to provide a minimum sound transmission class of 40 (STC 40).

(d) Heating, ventilating, and air-conditioning. Supplemental HVAC will be provided in conformance with GSA standards.

(e) Special features. These include such features as electrical service and normal hookup to agency equipment, blackout curtains, blackboards, projection screens, lighting controls, telephone outlets, and projection booths that are provided. In the case of small courtrooms, guidelines adopted by the Judicial Conference of the United States will be the accepted reference. Examples are:

(i) Conference rooms (with special equipment and/or HVAC):

(ii) Training rooms (with special equipment and/or HVAC):

(iii) Exhibit areas (with special equipment and/or HVAC):

(iv) Hearing rooms (with special equipment and/or HVAC); and

(v) Small courtrooms (no structural changes but with special equipment).

(6) SP-6, Light industrial areas. This is space which may have some or all of the characteristics of warehouse space but, in addition, may be provided with one or more of the following features: Air-conditioning, humidity control, special power, and a light level equal to or slightly less than that provided for office space. Examples are: Records storage (with humidity control); storage type space (with air-conditioning); printing plants; product classifying laboratories; motor pool service areas; postal swing rooms, locker rooms, workrooms, lockbox and screenlined lobbies, and unsuspended lookout areas; shops (other than PBS); telephone frame rooms and unattended switchboards (for specific agency use); covered canopy areas (if included in occupiable area); loading docks and shipping platforms.

NOTE: The light industrial category will reflect a rental rate exceeding the storage rate. If any of the examples are housed in another type of space, such as office type, it will, of course, be classified according to the type of space actually occupied.

(7) SP-7, Quarters and residential housing areas. Areas used for housing and quarters that do not logically fall in other categories.

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CHAPTER 2. CLEANING

1. Scope. This chapter delineates the standard cleaning services provided in agency occupied space that is subject to Standard Level User Charge (SLUC).

2. Standard levels of service.

a. The standard levels of service included in the standard level user charge provide the occupant agency with building services on a standard one-shift, 5-day week operation excluding weekends and legal holidays.

b. GSA may provide additional services at appropriate levels and times that the Administrator of General Services determines to be necessary for efficient operations and proper servicing of space under the assignment responsibility of GSA.

c. The Administrator of General Services may exempt from the standard levels of services space for which, because of its limited square footage or functional use, application of the standard levels of service would be infeasible or impractical.

3. Standard services - general. In providing services, GSA will furnish the necessary labor, material, supplies, and supervision to ensure the efficient operation and cleanliness of the building, the building equipment, and the related systems. Material consideration will be given to the efficient performance of the missions, programs, and facilities involved with due regard for the convenience of the public served and the maintenance and improvement of safe and healthful working conditions for employees.

4. Standard services for cleaning. This paragraph describes the type of cleaning provided to agencies for each space category occupied. The frequency of the listed cleaning services will be that normally provided by the private sector and may vary from building to building or within a facility depending on building construction and age, building use, and type of operation.

a. Office space.

(1) Rooms.

(a) Empty and clean ashtrays;

(b) Empty trash receptacles;

- (c) Sweep floor areas;
- (d) Vacuum carpeted areas;
- (e) Clean washbasins and mirrors;
- (f) Supply paper towels;
- (g) Dust horizontal surfaces of all furniture;
- (h) Clean glass desk tops;
- (i) Spot-clean wall surfaces as necessary;
- (j) Clean glass other than in windows;
- (k) Spray-buff resilient floors;
- (l) Dust venetian blinds;
- (m) Wash windows; and
- (n) Wash venetian blinds.

2. Toilets.

- (a) Sweep and wet-mop floors;
- (b) Clean fixtures;
- (c) Clean vertical surfaces;
- (d) Dust horizontal surfaces;
- (e) Empty trash receptacles;
- (f) Service dispensers;
- (g) Damp-wipe trash receptacles; and
- (h) Spray-buff resilient floors.

3. Office storage areas.

- (a) Sweep floors;
- (b) Empty trash receptacles; and
- (c) Clean the full area of walls, stall partitions, doors, window frames, and sills in bathrooms.

b. Storage space (warehouse).

- (1) Empty trash receptacles;
- (2) Sweep floors in bin and packing areas;
- (3) Sweep floors, dust horizontal surfaces, and empty and clean ashtrays in swing rooms;
- (4) Clean washbasins and drinking fountains;
- (5) Supply paper towels;
- (6) Pick up debris;
- (7) Clean up spills;
- (8) Sweep active storage areas outside bin and packing areas;
- (9) Sweep and dust all generally used stairways;
- (10) Dust the tops of bins;
- (11) Wash windows; and,
- (12) Clean toilets with storage space in accordance with the schedule for office space.

c. Inside parking space.

- (1) Police loading dock areas and platforms; and
- (2) Sweep garages, ramps, sidewalks, loading platforms, and driveways within a building.

d. Outside parking space. Police and sweep the parking area.

e. Joint use space. Clean facilities jointly used by building occupants at service levels and intervals determined by GSA to be consistent with the standard of cleaning services provided elsewhere in the building.

f. Special space.

(1) General.

- (a) Vacuum carpeted areas and sweep other floor areas;
- (b) Empty trash receptacles;

- (c) Empty and clean ashtrays;
- (d) Dust horizontal surfaces of all furniture;
- (e) Clean glass tops;
- (f) Clean washbasins and mirrors;
- (g) Supply paper towels;
- (h) Dust vertical surfaces and under surfaces;
- (i) Clean glass other than in windows;
- (j) Spot-clean wall surfaces;
- (k) Spray-buff resilient floors;
- (l) Wash windows;
- (m) Wash venetian blinds; and
- (n) Clean toilets in accordance with schedule for office

space.

(2) Additional services. The following additional services will be provided for medical and dental examination and treatment rooms, pharmacies, laboratories, and similar special space: Clean all standard plumbing fixtures, spot-clean walls, and dispose of any contaminated material.

(3) Food service areas. Cafeterias and other food service and vending facility areas will be cleaned by the concession operator.

g. Court space.

- (1) Dust horizontal surfaces of all furniture;
- (2) Clean glass tops;
- (3) Empty and clean ashtrays;
- (4) Vacuum carpeted areas;
- (5) Sweep other floor areas;
- (6) Dust vertical surfaces and under surfaces;

- (7) Clean glass other than in windows;
- (8) Spot-clean wall surfaces;
- (9) Wash windows; and
- (10) Wash venetian blinds.

NOTE: The above cleaning schedule is for courtrooms, judges' chambers, and jury rooms only. Other space supportive of judicial functions will be cleaned in accordance with the schedule for office space. Toilets within court space will be cleaned in accordance with the schedule for office space.

5. Carpet care.

a. Normal care. GSA will be responsible for the normal care of all carpets installed in GSA-operated and leased buildings whether they were installed by the occupant agency or by the operating agency.

b. Carpet shampooing.

(1) Corridors and lobbies. Carpets will be shampooed on a regularly scheduled basis. If the carpets require shampooing more frequently, it will be the operating agency's responsibility to fund for the extra cleaning.

(2) Office space, conference rooms, libraries, judges' chambers, courtrooms, and similar type space. The schedule for shampooing carpets should be maintained only on a building-by-building basis. Therefore, all carpets in a building should normally be shampooed on the same schedule. However, as determined by the GSA buildings manager, carpets which have recently been installed in the building, especially new carpets, or other carpets which do not require shampooing, should be omitted. These carpets would then be picked up on the next regularly scheduled shampooing.

(3) Concession space. Carpet care in concession space will normally be the responsibility of the concessionaire.

6. Carpet repair.

a. GSA responsibility. The repair or replacement of damaged carpet resulting from normal wear will be the responsibility of GSA. In those cases in which carpet damage is not the result of normal wear and the source of damage can be identified, GSA will make the necessary repairs on a reimbursable basis from the agency.

b. Occupant agency responsibility. The repair or replacement of carpets damaged as the result of an occupant agency-requested space adjustment, such as removing partitions or floor outlets, or as the result of an occupant agency-initiated move will be reimbursable from the requesting occupant agency.

7. Draperies.

a. Drapery care. GSA will be responsible for the cleaning of drapes installed by the occupant agency.

(1) Periodic maintenance. Drapes will be vacuumed in place as part of the high cleaning (above the standard 70 inch door height) program.

(2) Periodic cleaning. Drapes which have been installed as the primary window covering or in conjunction with the office excellence program, etc., will be cleaned during the repainting cycle. GSA will also fund for the cleaning of drapes which have been installed by the occupying agencies. However, before cleaning these drapes, the GSA buildings managers will obtain the approval of the agency involved and indicate to the agency official that GSA will not be responsible for replacement if the drapes are damaged in the cleaning process. The schedule for cleaning drapes should be maintained only on a building-by-building basis. Therefore, all drapes in a building will normally be cleaned on the same schedule. However, as determined by the GSA buildings manager, drapes which have recently been installed in the building, or any other drapes which do not require cleaning, will be omitted. These drapes would then be picked up in the next regularly scheduled cleaning.

b. Drapery replacement. Drapes that have been funded and installed by the operating agency will be replaced with new drapes or other suitable window coverings by the operating agency if it is determined that, as a result of normal wear, it is not longer economically feasible to have the drapes cleaned.

8. Snow removal. Cleaning snow from areas is to be provided at a level equivalent to the cleaning furnished commercially for similar types of space. Outside parking areas will be included in the category of cleaning where snow is to be removed; the terms "clean and clear" in the context of snow removal operations mean furrowing the perimeter of the parking areas space and accumulating the snow around the light poles. When furrowing within the lot results in excessive loss of parking space, the excess snow will be hauled away. The GSA field office manager will be responsible for establishing a snow removal plan if the snow is of sufficient depth to require plowing of parking lots to enable cars to get on and off the lot.

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CHAPTER 3. MECHANICAL OPERATION AND MAINTENANCE

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CHAPTER 3. MECHANICAL OPERATION AND MAINTENANCE

1. Scope. This chapter delineates the standard mechanical operation, maintenance, and repair of equipment and systems provided in space under the assignment responsibility of GSA.

2. Provisions. GSA will provide all necessary labor, materials, and supplies for the operation, maintenance, and repair of all building mechanical and electrical equipment and related systems in space under its control and operation to ensure the efficient operation of the building's equipment and systems. The standards, services, and utilities will comply with all applicable GSA standards and procedures, appropriate inspection certificates, and GSA safety regulations which equal or exceed those required by the Occupational Safety Health Act (OSHA) of 1970; and, as far as possible, will be scheduled to offer minimum inconvenience to tenants.

3. Standard levels of service. GSA will supply on a standard one-shift, 5-day week operation:

a. Illumination levels that are adequate for the task being performed and in accordance with recognized GSA standards;

b. Temperatures maintained at 65 to 68 degrees Fahrenheit in office, court, postal, special, and similar space during the heating season and during working hours and no higher than 55 degrees after working hours. In storage, parking, and similar space, temperatures will be maintained at a level suitable for the type of use;

c. Temperatures maintained at 78-80 degrees Fahrenheit in office, court, postal, special, and similar space during the air-conditioning season and during working hours. Storage, parking, and similar space will not normally be furnished air-conditioning but will be provided with adequate mechanically supplied ventilation;

d. Utility costs and all costs for maintenance and repair and replacement of the building operating equipment, as well as utilities cost for program equipment, for the type of space serviced;

e. Use of space, automatic elevator systems, lights, and small office and business machines 24 hours a day, 7 days a week on an intermittent basis without additional cost to the agency provided access to the building or space is available without additional expense to GSA;

f. Periodic cleaning, servicing, and inspection of heating, air-conditioning, and ventilating equipment in order to provide operation without uncomfortable drafts, excessive air velocities, objectionable noises, and undesirable emissions of dirt into the air, and to keep the equipment presentable in appearance; and

g. Facilities to raise and lower the U.S. and departmental flags at appropriate times in Government-owned facilities and in leased facilities where the Federal Government is the sole tenant.

4. Heating, ventilating, and air-conditioning (HVAC) equipment to conserve energy and maximize management efficiency. Where the operation of a considerable portion of the central HVAC system may be required to provide service for a small portion of the building after hours, on weekends, and/or on legal holidays, so-called packaged air-conditioning units and 24-hour heating lines should be installed. Since the modifications are in concert with the GSA energy conservation programs and with efficient and economical building operations, GSA will pay for the installation, maintenance, repair, and replacement of this building operating equipment.

5. Standard level of operation - space adjustments. When a space adjustment requires new or modified building operating equipment, the occupant agency shall reimburse GSA for the cost to install new or to modify existing building operation equipment. After installation, the operation, utilities consumption, maintenance, repair and replacement of new or modified building operating equipment will be provided at no additional cost to the occupant agency.

6. Structure maintenance. GSA will provide the labor, material, and supervision to adequately maintain the structure; the roof; and the exterior walls, windows, doors, and appurtenances to provide watertight integrity, structural soundness, and acceptable appearance. GSA will provide repairs and replacements in a prompt and orderly fashion with installation of materials or components of quality equal to those used in the original construction.

7. Equipment classification. Equipment is classified either as agency program equipment or building operating equipment. Whether the equipment is permanently affixed to the building or is easily removable is immaterial in determining what is program equipment or what is building operating equipment.

a. Office and special space.

(1) Occupant agency program equipment. Occupant agency program equipment is that equipment which is installed in the building, regardless of who funded for it, for use by the agency in the accomplishment of its programs. Examples of agency program equipment are computers, office furniture and machines, mail handling equipment, pneumatic tubes, towveyors, paper pulpers, laboratory equipment, printing plant equipment, special purpose incinerators, special burglar alarm equipment and systems, agency required emergency generators associated with its program equipment, etc.

(2) Building operating equipment. Building operating equipment is that equipment, regardless of who funded for it, necessary to provide adequate environmental conditions and/or services in the building or space serviced. Building operating equipment also includes special supporting equipment required for the proper operation and functioning of an occupant agency's program equipment. Special supporting equipment includes any electrical, ventilation (exhaust system), water supply (special piping and associated water treatment supplies and equipment), sewerage (including special disposal), gas, compressed air, and vacuum systems whether they are a part of or separate from the building system. For example, initial alterations for laboratory space include the installation of building operating equipment necessary to meet the environmental requirements of the laboratory. This means that if the agency program equipment in the laboratory produces toxic gases, GSA is responsible for providing and installing an adequate ventilation system to the equipment producing the toxic gases, as well as maintaining, repairing, and replacing this system at no additional cost to the agency.

b. Warehouse and storage areas.

(1) Program equipment. Agency program equipment in warehouse and storage areas will be as is defined for office and special space. Consequently, material handling equipment such as towveyors, railroad switching engines, paper pulpers, packaging equipment, fork lifts, power and gravity conveyors, portable or built-in weighing scales, etc., are considered to be program equipment.

(2) Building operating equipment. The definition of building operating equipment as stated for office and special space also applies to warehouse and storage areas. Consequently, building operating equipment in warehouse and storage areas consists of, but is not limited to, the following: Heating, ventilation, utilities, elevators and levelators, power or manually operated doors, railroad sidings and trackage associated with the sidings, sprinkler systems and associated equipment, general purpose lighting, roads and grounds equipment, and normal security lighting.

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CHAPTER 4. ALTERATIONS, IMPROVEMENTS, AND REPAIRS

1. Scope. This chapter provides information relating to alterations, improvements, and repairs in Government-owned buildings and premises leased for Government use and under the control of GSA. It is GSA's intent to eventually provide first-class space for all agencies. However, because of the cost and scope of a program to upgrade all GSA-controlled space to first-class quality, improvements must be scheduled within funds available on a project-by-project basis.

2. Standards and criteria.

a. General.

(1) The purpose of alterations, improvements, and repairs to space is to adapt it to the agency needs upon initial assignment or to meet changing agency requirements in existing space.

(2) Alterations, improvements, and repairs to an agency's assigned space will be made as necessary to provide for efficient and economical performance of governmental activities, with regard to the convenience of the public. Alterations, improvements, and repairs also will be made to maintain and improve a safe, healthful, and well-designed working environment for employees.

(3) Space alterations, improvements, and repairs include standard levels of alterations comparable to those normally provided by the commercial sector for new occupants. Above-standard-level alterations are funded by the requesting agency.

(4) Within the limits of available funding, space in Government-owned buildings will be finished to the same standards as leased space.

b. Standard initial space alterations.

(1) Initial space alterations will be provided and funded by GSA in;

(a) Space assigned to new occupants of a building;

(b) Additional space assigned to any agency currently assigned space in a building; and

(c) Existing space if alterations will upgrade the classification of that space.

(2) Standard initial space alterations are funded by the requesting agency when the term of occupancy will be less than 1 year or when the request is made in support of an emergency or contingency situation. Temporary space will be offered to the agency on an "as is" basis.

c. Standard initial space alterations (open planning). In making alterations to space, and where recommended by GSA's Space Management Division, the concept of open planning should be used within the limits of available funding. Open planning will be provided at GSA expense only when the use of ceiling-high partitioned work stations is prohibited for personnel below the GS-14 supervisory level. This requirement is superseded only if increased ceiling-high requirements are specified in an agency's space allocation standard. Agency offers to reimburse GSA for ceiling-high partitions for personnel below the GS-14 supervisory level to qualify for open planning are not acceptable.

d. Above-standard initial space alterations. Above-standard-level space alterations may be provided with agency funds only where GSA determines that the work is justified and is in keeping with long-range building plans.

e. Reimbursable space adjustments. A space adjustment means a realignment of space or relocation of equipment which does not increase the amount of space assigned to an agency. A space adjustment is usually made to accommodate a specific agency operation or to permit more efficient use of space facilities. All requests received from agencies for changes in a space plan or for rearrangement of partitions, outlets, or telephones in existing space assigned to the agency are reimbursable and considered reimbursable space adjustments.

f. Displaced agency. When an agency is moved (displaced) because of another agency's expansion, GSA will fund the cost of only the standard initial space alterations. The expanding agency should, in the space being provided for the displaced agency, fund for moving and telephone relocation costs for all above-standard initial space alterations required to make the displaced agency's new space comparable to the previous assignment. In instances in which GSA cannot provide an agency justifiable contiguous expansion, and the agency is relocated, GSA has forced the move. GSA, therefore, will assume the cost normally funded by the expanding agency in the replacement space. GSA funds only standard initial space alterations in the agency's expansion space.

3. Standard initial space alterations by classification. The following guidelines define the standard levels of alterations by classification to be funded by GSA. These standards are not to be used as guidelines within which agencies must remain. If a justified agency need exceeds these standards, the resulting increased cost is reimbursable.

a. General. The following will be provided in all classifications of space:

(1) Installation, removal, or relocation of partitions, doors, lights, air-conditioning, and electrical and telephone outlets as outlined below;

(2) Room and agency identification, door keys, and lock changes (other than security);

(3) Thoroughly cleaned and painted space; and

(4) Standard accident and fire protection features.

b. Office space (conventional). Office space will be provided initial alterations in accordance with the following;

(1) Composition floor covering such as vinyl asbestos tile or equivalent, (see note below);

(2) Ceilings structurally sound and finished;

(3) New and/or existing ceiling-high interior partitions to a maximum of one linear foot for each 10 square feet of occupiable office type space;

(4) Venetian blind window covering (see note below);

(5) Heating, ventilating, and air-conditioning (HVAC) capable of maintaining an acceptable operating environment;

(6) Adequate lighting to maintain acceptable levels of illumination;
and

(7) One duplex electrical outlet and one telephone outlet to a maximum of one to each 100 square feet of occupiable office type space.

NOTE: The exception to subparagraphs b(1) and (4) will be in new buildings or in conjunction with overall building modernization projects which have specifically planned carpets and draperies as the building standard. In these cases, these items will be provided in conventional offices. However, in instances in which carpets and draperies are the building standard, it is presumed open planning also is standard. Therefore,

because ceiling-high partitions constitute increased initial cost to GSA, limit agency flexibility, and compound the cost of future backfill, ceiling-high partitioning in excess of 1 linear foot for each 40 square feet of occupiable office space may be provided to an agency on a reimbursable basis. In these cases no free-standing privacy screens will be provided.

c. Office space (open planning). To meet open planning criteria ceiling-high partitions should be minimized. Agency space allocation standards will prescribe those personnel and areas which will warrant ceiling-high areas. If space allocation standards have not been written or are outdated, at a maximum, ceiling-high areas will be provided only for GS-14 supervisors and above. Ceiling-high support areas will be considered on a case-by-case basis. Generally, only blocks of space exceeding 2,000 square feet will be eligible for increased standards under open planning.

(1) Floors. Acceptable grades of commercial carpeting will be provided.

(2) Ceilings. Ceiling systems will be determined on a case-by-case basis depending on architectural features, acoustical requirements, electrical distribution, and HVAC systems in the space.

(3) Walls. Ceiling-high interior partitions will be provided to a maximum of 1 linear foot for each 40 square feet of occupiable office type space.

(4) Privacy screens. Free-standing privacy screens will be provided to a maximum of 1 linear foot for each 30 square feet of total occupiable office space to be assigned.

(5) Window treatment. Window treatment will be either venetian blinds and casement draperies or sheer draperies.

(6) Sound systems. A centrally powered uniform sound system capable of supplying a white sound background and a power override to maintain sound levels above the speech-privacy range will be provided. Generally, sound systems will be considered only in assignments of 10,000 square feet or more.

(7) Electrical and telephone distribution. Conventional standards apply; however, any part of the floor area must be accessible to electrical and telephone power.

(8) HVAC and lighting. Conventional standards for HVAC conditions and illumination levels apply.

3. Standard initial space alterations by classification. The following guidelines define the standard levels of alterations by classification to be funded by GSA. These standards are not to be used as guidelines within which agencies must remain. If a justified agency need exceeds these standards, the resulting increased cost is reimbursable.

a. General. The following will be provided in all classifications of space:

(1) Installation, removal, or relocation of partitions, doors, lights, air-conditioning, and electrical and telephone outlets as outlined below;

(2) Room and agency identification, door keys, and lock changes (other than security);

(3) Thoroughly cleaned and painted space; and

(4) Standard accident and fire protection features.

b. Office space (conventional). Office space will be provided initial alterations in accordance with the following;

(1) Composition floor covering such as vinyl asbestos tile or equivalent, (see note below);

(2) Ceilings structurally sound and finished;

(3) New and/or existing ceiling-high interior partitions to a maximum of one linear foot for each 10 square feet of occupiable office type space;

(4) Venetian blind window covering (see note below);

(5) Heating, ventilating, and air-conditioning (HVAC) capable of maintaining an acceptable operating environment;

(6) Adequate lighting to maintain acceptable levels of illumination;
and

(7) One duplex electrical outlet and one telephone outlet to a maximum of one to each 100 square feet of occupiable office type space.

NOTE: The exception to subparagraphs b(1) and (4) will be in new buildings or in conjunction with overall building modernization projects which have specifically planned carpets and draperies as the building standard. In these cases, these items will be provided in conventional offices. However, in instances in which carpets and draperies are the building standard, it is presumed open planning also is standard. Therefore,

because ceiling-high partitions constitute increased initial cost to GSA, limit agency flexibility, and compound the cost of future backfill, ceiling-high partitioning in excess of 1 linear foot for each 40 square feet of occupiable office space may be provided to an agency on a reimbursable basis. In these cases no free-standing privacy screens will be provided.

c. Office space (open planning). To meet open planning criteria ceiling-high partitions should be minimized. Agency space allocation standards will prescribe those personnel and areas which will warrant ceiling-high areas. If space allocation standards have not been written or are outdated, at a maximum, ceiling-high areas will be provided only for GS-14 supervisors and above. Ceiling-high support areas will be considered on a case-by-case basis. Generally, only blocks of space exceeding 2,000 square feet will be eligible for increased standards under open planning.

(1) Floors. Acceptable grades of commercial carpeting will be provided.

(2) Ceilings. Ceiling systems will be determined on a case-by-case basis depending on architectural features, acoustical requirements, electrical distribution, and HVAC systems in the space.

(3) Walls. Ceiling-high interior partitions will be provided to a maximum of 1 linear foot for each 40 square feet of occupiable office type space.

(4) Privacy screens. Free-standing privacy screens will be provided to a maximum of 1 linear foot for each 30 square feet of total occupiable office space to be assigned.

(5) Window treatment. Window treatment will be either venetian blinds and casement draperies or sheer draperies.

(6) Sound systems. A centrally powered uniform sound system capable of supplying a white sound background and a power override to maintain sound levels above the speech-privacy range will be provided. Generally, sound systems will be considered only in assignments of 10,000 square feet or more.

(7) Electrical and telephone distribution. Conventional standards apply; however, any part of the floor area must be accessible to electrical and telephone power.

(8) HVAC and lighting. Conventional standards for HVAC conditions and illumination levels apply.

d. Storage space.

(1) General storage areas. General storage areas will be provided the following:

(a) Floors of concrete, wood block, or other material adequate for general storage;

(b) Ceilings that are unfinished;

(c) No additional partitioning or wall finish except for required firewalls and agency separating partitions;

(d) Heating and ventilation that is capable only of maintaining an operating environment; and

(e) Lighting to maintain a minimum of 10 foot-candles.

(2) Inside parking areas. Adequate identification of parking areas will be provided.

(3) Warehouse areas. Warehouse areas will be provided initial alterations in accordance with the following:

(a) Floors of concrete, wood block, or other material adequate for warehousing service;

(b) Ceilings that are unfinished;

(c) No additional partitioning or wall finish except required firewalls and agency separation partitions;

(d) Heating and ventilation that is capable only of maintaining an operating environment;

(e) Lighting to maintain a minimum of 10 foot-candles;

(f) As required, electrical service, including normal hookup, to agency warehousing equipment. No telephone outlets will be provided; and

(g) Existing building features, such as covered loading docks, power operated doors, elevators, and railroad sidings available for use without charge. Where these features do not exist, they may be provided on a reimbursable basis and classified as open land or building support areas.

e. Special space.

(1) Laboratory and clinic areas. Initial alterations will be provided in accordance with the levels specified for office space. In addition, they may include the installation of special building equipment to meet the environmental requirements of the laboratory and/or clinic as shown below:

(a) Floors. Special floors such as quarry tile, grating, etc., will be provided as determined by GSA.

(b) Plumbing and sewerage. As required, special building equipment such as special piping and associated water treatment equipment; special sewerage disposal systems; and water, gas, compressed air, and vacuum systems will be provided by GSA. Normal hookup will be provided to the space perimeter consistent with architectural, mechanical, electrical, and structural limitations.

(c) Electrical distribution. Electrical service, including normal hookup, will be provided consistent with architectural, mechanical, electrical, and structural limitations.

(d) Heating, ventilation, and air-conditioning. As required, special building equipment to treat and exhaust to the atmosphere toxic gases produced by agency program equipment will be provided. In addition, fresh air suitable to meet the special requirements, up to 100 percent fresh air, temperature control plus-minus 2 degrees within the design range, and humidity control plus-minus 5 percent within the design range will be provided.

(e) Laboratory casework. Case work is not provided by GSA. GSA will prepare the floors, ceilings, and/or walls as necessary to permit the installation of casework.

(2) Food service areas. Food service areas will be provided initial alterations in accordance with the levels specified for office space, with additions exceptions as follows:

(a) Floors with nonslip tile or quarry tile with coved base molding in large commercial type kitchen areas;

(b) Smooth surface, washable ceilings, partitions, and walls in food preparation areas;

(c) Heating, ventilation, and air-conditioning capable of maintaining an acceptable operating environment in food preparation areas, vending machine rooms, and other concessions areas having heat generating equipment;

(d) Electrical service and telephone distribution, including normal hookup, consistent with architectural, mechanical, electrical, and structural limitations. Telephone connections in food service and other concessions space will normally not be supplied, with the exception of cafeteria offices and vending stands operated by the blind;

(e) Plumbing as required, water, gas, and waste systems, including normal hookup, consistent with architectural, mechanical, electrical, and structural limitations; and

(f) Special equipment as determined by GSA on a case-by-case basis.

(3) Structurally changed areas. Structurally changed areas will be provided initial alterations at levels required to provide standard features normally associated with the type of space being provided. Determination of the normal level will be made by GSA on a case-by-case basis using both industry and GSA-recognized standards. Courtrooms and other court related space will be prepared in accordance with current design criteria.

(4) Automatic data processing areas. Automatic data processing areas will be provided initial alterations in accordance with levels specified for office space, with additions or exceptions as follows:

(a) Raised floors, if required, installed to provide space for electrical and/or HVAC service for ADP equipment;

(b) As determined by GSA, ceilings acoustically treated and sound conditioned to provide a minimum sound transmission class of 40 (STC 40);

(c) As determined by GSA, partitions and walls acoustically treated to provide a minimum sound transmission class of 40 (STC 40) and a tape storage room;

(d) Heating, ventilation, and air-conditioning capable of maintaining an operating environment for the ADP equipment compatible with the manufacturer's recommendation; and

(e) Electrical distribution and electrical service, including normal hookup to a power panel within the ADP room.

(5) Conference and training areas. Conference and training areas will be provided initial alterations in accordance with levels specified for office space, with additions or exceptions as follows:

(a) Carpeted floors, generally, in areas such as conference rooms, hearing rooms, and small courtrooms;

(b) As determined by GSA, ceilings accoustically treated to provide a minimum sound transmission class of 40 (STC 40);

(c) As determined by GSA, perimeter walls sound conditioned to provide a minimum sound transmission class of 40 (STC 40);

(d) Supplemental heating, ventilation, and air-conditioning in conformance with GSA standards; and

(e) Special features normally associated with the sub-categories of space under this classification as determined by GSA on a case-by-case basis. These include such features as electrical service and normal hookup to agency equipment, blackout curtains, blackboards, projection screens, lighting controls, telephone outlets, and projection booths. In the case of small courtrooms, guidelines adopted by the Judicial Conference of the United States will be the accepted reference.

(6) Light industrial areas. Light industrial areas will be provided initial alterations at levels required to provide standard architectural, mechanical, electrical, and structural features normally associated with the type of space being provided. Determination of the normal level will be made by GSA on a case-by-case basis using recognized standards.

(7) Quarters and residential housing areas. Initial alterations will place quarters and residential housing in an occupiable and satisfactory condition.

4. Alterations, improvements, and repairs in leased premises.

a. Requests for additional space.

(1) When a supplemental lease agreement is made to an existing lease to provide additional space required by an agency without modifying the lease term, the initial space alterations in the additional space will be funded by GSA. Any changes required by the agency in its existing space will be considered as a space adjustment and will be accomplished by lump sum reimbursement from the agency.

(2) When the negotiations for a supplemental lease agreement indicate that the lessor requires modification of the original lease term to cover both the existing space and the additional increment, the transaction is treated as a new lease and requires formal advertising. In this case, GSA will fund for initial standard space alterations in the additional space.

(3) Where the decision is made to conclude a succeeding lease with the present lessor to cover the existing and additional space, and formal advertising is not required because the cost of acquiring alternate space plus moving costs and disruption of the agency justify retention of the existing location, GSA will fund the initial space alterations in the additional space but not alterations required in the existing space, which will be considered a reimbursable space adjustment. If formal advertising is used and the present lessor becomes the successful offeror, the succeeding lease will be treated as a new assignment and GSA will fund for initial standard space alterations in both the existing and additional space.

b. Agency realignment. When an agency in leased space requests realignment of its existing space, it will be provided on a lump sum reimbursable basis without formal advertising and competition.

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CHAPTER 5. PROTECTION

1. Scope. This chapter contains information on the accident, fire, and physical protection of buildings and grounds under the assignment responsibility of GSA.

2. General.

a. For buildings and grounds for which GSA has space assignment responsibility, GSA will furnish as normal protection not less than the degree of protection provided by commercial building operators of similar space for normal risk occupants, as determined by GSA. Special protection required due to the nature of business conducted within the space or unusual public reaction to an agency's programs and missions, whether or not of a continuing nature, will be determined jointly by GSA and the occupant agency or agencies and will be provided on a reimbursable basis.

b. GSA will to the maximum extent feasible provide safe space that meets or exceeds the accident and fire protection performance levels that are consistent with the objective of the Occupational Safety Health Act (OSHA) of 1970 (Public Law 91-596) to the degree that such is controlled by the basic conditions of the facility, the actions of GSA, or other areas under the direct control of GSA or controlled by GSA space assignment and utilization, acquisition, construction, alteration, and building operation and maintenance.

3. Agency participation.

a. The physical protection of buildings and grounds under the assignment responsibility of GSA requires the active participation of occupant agencies in accomplishing certain aspects of physical protection, the reporting of thefts and other unlawful incidents to appropriate GSA officials, and the establishment of self-protection plans and organizations to meet all emergencies except enemy attack.

b. The agency's responsibility also extends to the development and maintenance of sound fire protection programs to ensure that (1) facilities are kept in the safest condition practical, (2) employees are trained to make optimum use of the building safety features, and (3) other necessary actions are taken to ensure the maximum safety and well-being of the occupants in case of a fire or similar emergency.

4. Physical protection criteria.

a. Determination of the level of normal protective service will be made by GSA on a case-by-case basis and will consider the facility's location, size and configuration, history of criminal or disruptive

incidents in the surrounding neighborhood not primarily directed toward the occupant agency's mission, extent of exterior lighting, presence of physical barriers, and other factors as may be deemed pertinent.

b. GSA provides normal and special protection through mobile perimeter patrol, interior patrol, or fixed posts manned by Government or contract uniformed personnel; by security systems and devices; by control of building entry and inspection of packages when GSA determines such control is warranted for general Government occupancy and not necessitated by special activities of specific agencies, or by locking building entrances and gates other than during normal hours of occupancy; through the cooperation of local law enforcement agencies; or by any combination thereof depending upon the facility and the degree of risk involved.

5. Accident and fire protection objective. GSA provides work space that is intended to achieve the following:

a. Accident and fire protection performance levels that equal or exceed the objective of the Occupational Safety Health Act and the resultant Executive Order 11612 dated July 26, 1971, (Occupational Safety and Health Programs for Federal Employees);

b. All reasonable precautions to avoid the incidence of accidental injuries, fires, or exposure to potential occupation diseases;

c. Safety of occupants and visitors from exposure to intolerable conditions in case of fire or other accidental incidents by provision of total building environmental safety quality levels that equal or exceed the objectives of the OSHA and those of nationally accepted model health, safety, fire, and building codes;

d. Sufficient safeguards to allow emergency forces to accomplish their missions without undue danger of entrapment;

e. Sufficient fire-limiting and other safety features to limit danger to the surrounding community to a degree that equals or exceeds the safety objectives of nationally accepted model building codes and the local building code of the community involved; and

f. Additional safety against damage or destruction of property or disruption or impairment of the mission appropriate to the value and importance of the type of Federal activities involved.

1. Scope. This chapter provides information on those services that are provided by GSA on a reimbursable basis.
2. Services. GSA will furnish additional services to those included in the Standard Level User Charge on a reimbursable basis. Rates charged for reimbursable services will be fixed to recover the approximate cost incurred by GSA in providing such services. Agencies occupying space under the assignment responsibility of GSA that perform or contract for services normally provided for in the Standard Level User Charge levied by GSA will be reimbursed by GSA for the cost of services performed. The amount of reimbursement will be limited to the cost of the services to GSA if GSA had provided them. Approval to perform or contract for such services must be obtained from the GSA regional offices.
3. Types of reimbursable services. The following basic types of work are performed by GSA on a fixed-price reimbursable basis:
 - a. Recurring services. These are services above the standard levels, such as cleaning in excess of the standard level.
 - b. Nonrecurring services. These are services performed above standard level of service, such as out-of-cycle painting.
 - c. Repairs and alterations. This service is performed on a reimbursable basis when it is performed in buildings not controlled by GSA.
 - d. Special space alterations. These are services and adjustments that are requested and financed by other agencies and performed by GSA in GSA-operated buildings.
 - e. Services financed by other agencies. This type is performed by GSA personnel on construction and alteration projects when financed by other agencies.
 - f. Maintenance and services. This service is provided on occupant agency program equipment.
4. Examples of reimbursable services. Reimbursable services are specifically requested by and performed for the convenience of the occupant agency. These services include those that are above standard level of repairs and initial space alterations, building operations and maintenance, and physical protection and building security prescribed by GSA. Also included as reimbursable are standard services performed out of schedule due to tenant time requirements. Examples of reimbursable services are:

a. Physical protection. This is the security guarding and protection of classified records and property when specifically provided for in an agency's appropriation.

b. Space adjustment. This is requested by an agency for its convenience in rearranging, expanding, relocating, or consolidating activities, subject to approval of the changes by GSA. (Approval is based on engineering and structural limitations of the building and limitations due to lease provisions or law. All such work should be performed under the supervision of GSA.)

c. Automatic protection systems. These consist of installation, operation, and maintenance of burglar alarms and other automatic protective devices and systems for security protection due to the special nature of an agency's activities.

d. Special equipment. This consists of construction, installation, operation, maintenance, and repair of agency program equipment, and space adjustments required in buildings as a result of such installations.

e. Exhibits. These consist of construction, installation, and maintenance of exhibits.

f. Special cleaning. This consists of washing and polishing furniture and cleaning the inside of file cabinets, bookcases, desks, and other personal property.

g. Services of technicians. These are services of motion picture operators and other technicians required in the use of auditoriums, conference rooms, and special agency projects.

h. Utilities. The use of utilities beyond normal hours of operation and related labor to operate HVAC equipment. Requests for utilities on an intermittent basis are excluded from this example.

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CHAPTER 7. LEASING AND CONSTRUCTION

1. Scope. This chapter contains excerpts from the leasing and construction procedures established by GSA. Only those portions of the procedures that directly relate to the standard levels of service provided by GSA are presented. Agency restrictions and the services provided in leased premises are also included in this chapter. The Federal Property Management Regulations (41 CFR Parts 101-18 and 101-19) present additional information on GSA leasing and construction policies and procedures.

2. General.

a. Leasing.

(1) To the maximum extent practical, GSA will lease space in privately owned buildings and land when needs cannot be satisfactorily met in Government-controlled space, when leasing proves to be more efficient than the construction or alteration of a Federal building, or when construction or alteration is not warranted because requirements in the community are insufficient or are indefinite in scope or duration, or completion of a new building within a reasonable time cannot be ensured.

(2) When considering acquisition or when acquiring space by lease, material consideration will be given to the efficient performance of the missions and programs of the executive agencies and the nature and function of the facilities involved with due regard for the convenience of the public served and the maintenance and improvement of safe and healthful working conditions for employees.

b. Construction. In the process of developing building projects, the following procedures will be observed:

(1) Material consideration will be given to the efficient performance of the missions and programs of the executive agencies and the nature and function of the facilities involved with due regard for the convenience of the public served and the maintenance and improvement of safe and healthful working conditions for employees.

(2) Parking for Government-owned, visitors', and employees' vehicles will be provided in the planning of public buildings with due regard to the needs of the Federal agencies to be housed in each building, local zoning and parking regulations, availability of public transportation and availability of planned and existing public and privately owned parking facilities in the locality.

3. Agency restrictions in leased premises. GSA will perform for Federal agencies all functions of leasing building space and land incidental thereto. Agencies are not authorized to negotiate with lessors for alterations or building services without prior approval of GSA.

4. Services provided in leased premises. Space and services in leased building will be based on the same standards and levels of services provided in Government-owned space. However, the scope of the operation and maintenance performed by GSA will be predicated on the extent of the lessor's liability under the terms of the lease.

TAB

EVALUATION OF THE GENERAL SERVICES ADMINISTRATION

REPORT TO THE ADMINISTRATOR

December 31, 1980

By a Panel of

Approved For Release 2003/05/27 : CIA-RDP84B00890R000500100042-8
The National Academy of Public Administration

**REPORT TO THE ADMINISTRATOR
EVALUATION OF THE GENERAL SERVICES ADMINISTRATION**

December 31, 1980

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

1225 Connecticut Avenue N.W.

Washington, D.C. 20036

FOREWORD

After completing his first year as General Services Administrator, Admiral Rowland G. Freeman III concluded that it was appropriate to make a careful appraisal of the future for the Agency. In the thirty years of its existence, GSA has been studied by numerous groups—both from within the organization and from without. Most of these studies have dealt with specific problems relating to organization and procedure. The Administrator, however, desired a more generic approach which dealt with some fundamental questions regarding the proper role of GSA within the total framework of the Federal government.

In pursuit of this objective, the Administrator (with the explicit support of the Office of Management and Budget) requested the National Academy of Public Administration to undertake such an analysis. The political timetable necessitated that the study be completed by January 1, 1981 in order that—regardless of the outcome of the 1980 election—a new or re-elected President could have the report as guidance in his decision-making. The Academy appointed a Panel of distinguished practitioners and students of governmental affairs and a small staff to serve the Panel. Members of the Panel and staff are listed in the following pages. The full Panel held four meetings during the period, reviewed the products prepared by the staff, directed further studies and analysis, and reached conclusions which have been set forth in the report.

Since the study did not get underway until mid-September, the new research and analysis had to focus on the most significant issues. As a result many provocative but not ultimately important problems had to be eliminated. They merit further study. Much use was made of previous studies which were augmented by some eighty interviews with knowledgeable Washington and field people, both in and out of GSA. The Panel does not believe that additional fact-gathering would have affected its basic judgments.

An initial draft of the report was delivered to the Administrator on December 1, 1980. His comments were received and minor revisions were made in the draft. On December 5, at the Administrator's request, a copy of the draft report was made available to the GSA Transition Team for their use in making their recommendations to President-Elect Reagan.

The final draft was agreed upon by the Panel at its last meeting on December 19, 1980 and delivered to the Administrator on December 31, 1980.

The Academy wishes to thank all who served on the Panel and its staff, as well as Admiral Freeman and the GSA officials who cooperated so fully in this endeavor. We also owe a considerable debt to those within and without the Federal community who shared with us their views on GSA, its problems and how to make it a more viable organization in the 1980s.

In accordance with Academy custom, the report is presented as the product of the Panel and its members who assume primary responsibility for the contents.

George H. Esser
President
National Academy of
Public Administration

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* These members of the staff were employed for the life of the project, on the basis of particular experience and knowledge. Most of them have had prior experience with Academy projects.

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EXECUTIVE SUMMARY

Perhaps more than any other single entity of the Federal government, the General Services Administration (GSA) is seen to embody all the worst aspects of bureaucracy in its negative connotation—inefficiency, waste and corruption. This view is held both by members of the general public and by many government workers as well.

The charge of this Panel was to identify the root causes of GSA's troubles, whether organizational or managerial, and to propose measures to assure an effective performance. Accordingly, it was necessary for the Panel to investigate the history of GSA, and particularly the various study commissions which have also investigated the agency and issued recommendations as to how it might function better. Part I of this report, "The Background," is a review of this material.

The second of the report's four parts, "GSA in 1980," is a holistic review of the agency and its various divisions and functions as they operate today, its relations with user agencies, the Executive Office of the President, and the Congress. It is, therefore, a study of the broad environment in which GSA operates.

As it is the implied object of this report to affect GSA in the future, it was necessary for the panel to investigate the most likely future trends and developments which will condition GSA's operating capacity. This is the concern of Part III of the report, "Future Developments Important to Federal Administrative Services."

Part IV of the report, "The Alternatives, Recommended Action and Implementation," contains the Panel's proposals for the reform of GSA, including recommendations for how such reforms might best be implemented. This material is prefaced by a listing of the major problems of the Agency, the Panel's criteria, and an examination of the organizational alternatives which the Panel considered.

The following is a more detailed look at each of the report's four parts.

THE BACKGROUND

Many of the problems confronting GSA have deep roots which run throughout the history of the agency. This is most evident in the conflict of views between those who saw the organization as the regulator of Federal procurement and those who saw the mission to be that of a centralized purchasing and distributing agent. This situation is still unresolved, and has had a pervasive impact upon the GSA's functional abilities during the past three decades. The recommendations of the first Hoover Commission (1949), appear to lean strongly in the direction of the regulatory role: "The office of General Services should—prescribe regulations governing . . . these activities . . . (and) to the greatest extent possible, delegate responsibility for exercising . . . these functions to the departments and agencies."

The enabling legislation, however, left to the Administrator the decision on the extent to which it is "advantageous to the government" for GSA to directly perform centralized services and procurement. The legislative history implies considerable Congressional interest in the economies of scale which were being sought.

This part of the report briefly reviews the history of the major study groups which have investigated—and in many cases, significantly affected—GSA during the past thirty years.

- o The second Commission on the Organization of the Executive Branch of the Government (the Second Hoover Commission), 1955.
- o The Cresap, McCormick and Paget Study, 1956.
- o The Joint Management Survey, 1966.
- o The Administrative Services Reorganization Project, 1978.

Accompanying this material is a history of key trends in administrative management philosophy held by the leadership of GSA, the agency's often difficult relationship with OMB, and the significant legislation and executive orders which have directed, and in some cases redirected, GSA's development.

GSA IN 1980

In the course of its deliberations, the Panel reached the conclusion that the much advertised and deplored deficiencies in GSA were not the result of any simple set of causes, nor all of the agency's own making. Rather, the problems besetting GSA and its mission are part of an intricate web of closely related problems in the environment in which the agency operates. This part of the report is a detailed look at the component parts of this environment, with a concentration on GSA's internal problems, the dominant external perceptions of its operations, its funding structure, and the agency's relations with Congress.

The key issues which the report probes in its review of the internal situation in GSA today include:

- o Centralization vs. Decentralization: There has been a long standing dilemma involving alternating efforts to centralize and decentralize authority and operations within GSA. The current Administrator is engaged in decentralizing operational authority from GSA headquarters to the regional offices.
- o Tenure in Top-Level Management: The instability of the top leadership of GSA has had devastating effects on the agency. GSA has had seven different Administrators over the past ten years—an average duration of service of nineteen months. Other top positions have changed hands even more frequently. This "revolving door" syndrome in key GSA positions has seriously affected the morale, stability and operating style of the entire agency.
- o Mid-Level Management: This study reveals that mid-level managers in GSA compare favorably with the rest of the Federal government as to education and experience. They have, however, a reputation for not being overly receptive to change, which in no small way can be attributed to the frequent changes in GSA leadership and policies.
- o Personnel Staffing and Training: While GSA has gained the reputation of being a highly politicized agency, the Panel has found that such political interference has been substantially reduced, if not eliminated, at present. The staffing of the agency, however, has been negatively affected by the low status given to its administrative positions, a dearth of training programs and executive development,

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and a lack of planned or institutionalized interchange between GSA headquarters and field offices, between GSA services, or between GSA and either other Federal agencies and/or private sector elements which may have experience to contribute.

The section on the "external perception" of GSA concentrates on the current status of GSA's services as viewed by user agency personnel, based primarily on material collected by the Panel in the course of its interviews. The primary areas which are examined include: personal property procurement; ADP; space acquisition and management; the leasing process; and Standard Level User Charges. Some material is also devoted to recent cutbacks in services (e.g., the furniture freeze), and the issue of user agency desires for--or opposition to--more delegations of authority from GSA. This section is followed by a review of GSA's funding structure and expenditure limitations, and the problems caused by the current financial restrictions.

Of utmost importance to GSA operational abilities is its relationship with Congress, particularly certain Congressional committees and sub-committees. In Part II the Panel reviews the current relationship between Congress and GSA and its constituent divisions and later recommends how this relationship can be improved, leading to a "Congressional-GSA Partnership," through which the proper role of each may be assumed.

The Panel also considered that the balance, or imbalance, between the regulatory and operational components to GSA's overall mission constituted such a central feature in the overall environment in which the agency operates that a separate section dealing with this issue, and particularly OMB's role, has been included. Likewise, it determined that the automated data processing responsibilities of GSA warranted special attention.

This part of the report ends with an assessment of the ongoing efforts of the current Administrator to correct many of the deficiencies in GSA previously highlighted.

FUTURE DEVELOPMENTS

Part III assesses the most significant of the projected societal and governmental trends which may affect GSA in the foreseeable future. These developments include:

- o a moderate growth of the national economy
- o shifting patterns in both the national and federal workforces particularly the growth in the percentage of women
- o adaptations to energy problems, including the impact on building construction, the need to make more intensive use of the work-place and the impact on transportation costs
- o changes in data processing, communications and record keeping and the emerging interrelationship of these technologies
- o declining growth rates for many federal programs, plus growth in others

Each of these projected conditions will have important potential consequences for GSA, in its operations, structure, management and the definition of its mission. The Panel assesses the potential impact of these trends during the next decade, and stresses the importance for GSA to develop internally the institutional capacity for forward planning and for estimating the effect of these conditions on the needs of government for administrative services.

THE ALTERNATIVES, RECOMMENDED ACTION AND IMPLEMENTATION

In Part IV, the Panel asserts its consideration of how the Federal government, and specifically GSA, can best provide for satisfactory administrative service to its many and varied program agencies. These specific recommendations are preceded by a detailed account of the route by which the Panel reached its decisions, namely through problem identification, the establishment of criteria, the demarcation of alternatives and the application of the criteria to the various alternatives.

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In its deliberations, the Panel identified some twenty-five major problems and problem areas besetting GSA. The Panel notes that while many of the items identified are being vigorously attacked by the current Administrator, they continue to thwart adequate performance. The most important of these problems include:

- o apparent non-responsiveness on the part of GSA to agency needs and hidden costs imposed on agencies in efforts to meet these needs
- o poor GSA relations with Congress and OMB resulting in excessive controls and limitations placed upon the agency
- o impact of the high turnover rate of senior GSA executives
- o insufficient emphasis on management training and executive development both in GSA and in the administrative services area generally
- o overemphasis by GSA on crisis handling and operating functions, with a consequent underemphasis on its authority to delegate operations to agencies and control such delegations through regulations
- o incomplete decentralization of operational authority to GSA regions
- o GSA lag on ADP and other technologies and failure to exploit external sources of technical assistance

The next step in the Panel's decision making process was to establish criteria against which to judge any possible course of action. With abbreviated annotation, the six major criteria established by the Panel are as follows:

- o Quality of support provided to programs. How promptly and fully will the needs of customer agencies be met? Will the program execution by these agencies be impeded and delayed less? Will the system adapt flexibly to new or changing service needs? Will customer agencies participate sufficiently in policy determinations?
- o Cost. Will the overall manpower engaged in administrative support throughout the Federal government be the minimum needed for effective functioning? Will the fullest advantage be taken of the real economies of scale and of competition?
- o Minimization of Corruption. While responding fully to Administration policy and to legislation by the Congress, will the service organization(s) be free to manage personnel, procure, contract, and otherwise conduct business on the merits? Will the structure tend to reduce the likelihood of improper or unlawful action?

- o Personnel quality. Will the people who make policy and provide administrative services be competent? Will they be motivated primarily toward improved service? Will the conduct of career development programs be stimulated? Will stable continuity of high-level management be encouraged?
- o Public confidence. Will the public perceive the Federal government as operating more efficiently? Will the public perceive fewer corrupt, extravagant or unreasonable actions within government?
- o Attainability. How complex, difficult and protracted will be the ~~support-building, administrative and~~ legislative steps needed to bring this alternative about? Would any groups oppose it strongly?

The Panel suggested a number of alternatives, and then judged them against the criteria which it established. The proposals which the Panel considered and rejected were as follows:

- o Steady As She Goes. Limiting corrective action to a continuation of the efforts now underway was not considered by the Panel as sufficient to solve all of the agency's deficiencies.
- o Departmental Status. Although the Panel felt that departmental rank might enhance the status of GSA, no other benefits were seen from such an action, and it would seem to run counter to the cardinal rule which reserves departmental status for government organizations responsible for the delivery of primary governmental programs.
- o The Vertical Cut. Although the vertical division of GSA's functional divisions might, for example, result in some needed visibility for the public buildings function, the Panel rejected this option on the basis of the further discontinuity it would create between the components of what should be an integrated administrative support system.
- o GSA as a Regulatory Agency. This alternative would transform GSA from a largely operating entity to one which issued regulations on space, supply, etc., and would entail an almost complete delegation of the operating responsibilities to the various user agencies. This alternative was rejected by the Panel for a number of reasons, including the belief that a central operating entity is necessary for some of the public buildings and telecommunications functions and for the administrative support of many small and/or newly activated agencies.
- o OMB as the Regulatory Agency. This alternative would transfer all of the policy and regulatory functions to OMB, leaving GSA with a purely operational role. The reasons for the Panel rejection of this alternative included the fact that OMB is not close enough to the operational realities to prepare workable regulations and that such a

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change could create a turbulence within GSA which would lead to further declines in the agency's services.

The remaining alternatives considered by the Panel were what it has termed a "revitalized GSA," and the transformation of the agency into a government corporation. In its deliberations over these two alternatives, the Panel concluded that there are certain actions which should be taken, regardless of whether the ultimate end product is "a revitalized GSA with unchanged responsibility," or "a revitalized GSA as a government corporation." It has grouped one set of these recommended actions into what is termed "Program A." These are actions which the Panel recommends that the Administrator undertake. They include:

- o installation of sound, up-to-date management information, control, and training systems
- o conduct of sustained executive development and management training programs
- o extensive delegation to program agencies of authority to perform their own administrative services in conformance with OMB policy and according to GSA rules and standards
- o full decentralization of operating control to GSA Regions
- o development of a research capability to take full advantage for the government of R & D results achieved elsewhere
- o improvement of GSA's relations with Congress through both demonstrated performance and positive outreach

A second set of actions recommended by the Panel, termed "Program B," are those which the President and the various components of the EOP should undertake. They include:

- o the public announcement of a commitment to revitalize the government's administrative services, in order to increase efficiency and reduce hidden costs
- o the appointment and retention of a managerially and professionally qualified head for GSA until, hopefully, the position is made tenured

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- o the carrying out of actions which will ensure that key GSA executive posts are filled by able managers chosen for professional and not political qualifications
- o the carrying out of actions which will ensure that OMB will wholeheartedly support revitalizing GSA through necessary funding and personnel ceiling allowances
- o the definite clarification of the respective roles of OMB and GSA in policy making and the issuance of regulations
- o the creation of an influential customer's advisory council for GSA

In the opinion of the Panel, all of the elements in Program A and B are absolutely essential measures toward revitalizing GSA. The Panel concluded, however, that the measures in Programs A and B were not enough, for some obstacles remained which could be overcome only through legislation. The Panel's recommendations for legislation it has termed collectively "Program C," and it has divided them into two alternative sections: one which would complete the revitalization of GSA with its current functions; the other which would transform GSA into a government corporation. Under the former, the Panel urges certain specific legislation, such as:

- o setting a fixed term for the GSA Administrator, as the sole Presidentially-appointed official in GSA
- o authorizing GSA to use true revolving fund arrangements with full costing for goods and services provided to customers
- o substituting for the present lease-prospectus process some process more responsive to Congress' and GSA's needs, such as the plan-submission proposed in the Moynihan Bill
- o allowing GSA needed additional flexibility through appropriations that provide multi-year financing and reduce other constraints associated with the current operations structure
- o Renaming GSA, as a symbol of new challenge and opportunity

Under the set of measures in Program C which would lead to the transformation of GSA into a government corporation (under the policy direction of OMB), the Panel recommends that the characteristics of such a corporation include:

- o Board of Directors appointed by the President
- o CEO appointed by the Board with salary not in excess of Executive Level I
- o employees to be civil service
- o responsibility to determine the propriety and necessity of its expenditures
- o no personnel ceilings externally imposed
- o business-type budgeting, use of true revolving funds, authority to borrow from Treasury

It is the Panel's belief that one or the other of the two reform routes under Program C is necessary to correct the deficiencies in GSA.

The Panel concluded that both of the legislative reform packages under Program C fit the political calendar in that a new Administration is in a strong position to make reforms; however, the Panel believes that the wiser course of action is to seek the first legislative solutions at once and defer decision on the corporation solution for a period of three or four years.

Finally, the Panel recommends that the Administrator submit to the President an action program which delineates: reforms underway and to be undertaken by the Administrator; those actions which are within the authority of the EOP and which should be immediately pursued; and a legislative package to be presented to the Congress. The Administrator's submission should also include an outline of the public relations program through which the reforms will receive the widest possible exposure and acceptance.

PART ONE — THE BACKGROUND

Since its inception in 1949, the General Services Administration (GSA) has been entrusted with vital government functions. Over the years, as the responsibilities of government have grown, the mix of GSA functions has expanded and volume of activity has increased. As an independent agency responsible for regulatory and service functions, GSA formulates and prescribes government-wide regulations relating to procurement and contracting, real and personal property management, transportation management, automated data processing management, and the national archives, to mention only the most important of GSA's tasks.

Despite the importance of the tasks and the fact that they are widely perceived as the mechanics of the process of government which should be readily amenable to modern management techniques, GSA has come to be one of the least respected and most widely criticized of all federal agencies.

Having recognized this from the outset of his service with GSA, the current Administrator has undertaken a number of programs and measures to improve GSA performance. Shortly after the completion of his first year as Administrator he requested the National Academy of Public Administration to convene a Panel to examine the situation and make recommendations. This report is the result.

The Foreword to this report speaks to the general nature, timing, and mode of panel operation. In a very compressed period, the Panel drew upon previous studies, conducted many interviews in and out of Washington, and brought its breadth and depth of individual experience to bear during its deliberations.

The Panel addressed how the Federal government could best manage the delivery of administrative services. One area of GSA activity, the National Archives and Records

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Service, was specifically excluded by the Administrator from Panel consideration. The inquiry therefore focused almost entirely on the three major areas of public buildings, federal supply and automated data and telecommunications. The concentration of Panel effort was, as requested, not upon interior workings but rather upon how these crucial aspects of the government's work should be structured and managed. In order to evaluate and make recommendations, the Panel needed to examine the root causes of GSA's troubles.

As background for its investigation, the panel has surveyed the record of events leading up to the present. In particular, it has examined the extensive documentation compiled by the groups which have studied GSA in the past. Even if the extremely short time for this study had not underscored the need to build on what has been learned from prior inquiries, it would have been necessary to review this record. The following discussion illuminates the trends in GSA's development using past studies as spotlights on this history.

The discussion is presented with particular emphasis on seven sets of issues identified by the panel as critical in the evolution of GSA. These issues are:

Internal Issues

1. Preoccupation with operations at expense of policy management and regulatory functions.
2. Centralization vs. decentralization, GSA central-field relations, inadequate management controls, fraud prevention procedures, unclear lines of accountability.
3. Personnel, especially mid-level competence, resistance, inertia, lack of professionalization, lack of career development programs.
4. Tenure of top level management, and the need for stability of leadership, adequacy of pay scale.
5. Technology lag as demonstrated particularly in information and telecommunications systems.

External Issues

6. The framework of GSA relations with other Executive Branch agencies as customers of GSA, Executive Office of the President (EOP) and especially OMB relations, DOD relations, and relations with Congress, budgetary limitations, inability of GSA to control its own destiny.

7. Delegation to customer agencies, capacities and responsiveness of GSA in executing its responsibilities in relation to varying customer agency capacities.

This account begins with an analysis of the Report of the Commission on the Organization of the Executive Branch of the Government (1949), the first Hoover Commission. Preceding that study were a number of other studies and administrative developments which helped to shape the Hoover Commission's findings. For space reasons this earlier history is not recounted here.¹

The Hoover Commission Report (1949)

The President and Congress had wrestled with a number of problems that had become increasingly serious during and after the mobilization for World War II. These problems included procurement, utilization, and disposal of federal supplies, materials, equipment and real property. A review of the hearings before the Hoover Commission and the legislative hearings before enactment of the legislation establishing GSA reveals wide differences of opinion and considerable confusion about whether and how the several service-type functions could be grouped together in a single agency, how such an agency might best be structured and where it should be located.

The Hoover Commission report's discussion of an Office of General Services began with the following statement:

1. An account of pre-Hoover Commission events is presented in "Study Commissions and GSA: A Thematic History," prepared by Scott Ellsworth for this study, 9/14/80.

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Three major internal activities of the Federal Government now suffer from a lack of central direction. These are Supply, Records Management and the Operation and Maintenance of Public Buildings. These activities are carried on in several places within the executive branch with varying degrees of adequacy. . . . To the general public, the "housekeeping" activities listed above are little-known, but unless they are properly administered the executive branch cannot be effectively managed. Moreover, huge sums are spent on these activities.

The report went on to say that there were two important questions with regard to these housekeeping services:

First, who shall decide what part of any service shall be centralized and what part shall be left to individual operating agencies?

Second, who shall supervise the centralized services to make certain that they perform their work satisfactorily?

The Commission recommended that both responsibilities be placed in an Office of General Services under a director appointed by the President. Its report stated:

The Office of General Services should be given authority, subject to the direction of the President, to prescribe regulations governing the conduct of these three activities by departments and agencies of the executive branch. However, the Office of General Services should, to the greatest extent possible, delegate responsibility for exercising these three functions to the departments and agencies. (Emphasis added.)

In sum, therefore, the Hoover Commission envisioned what ultimately became GSA primarily, but not exclusively, as a policy-making body—the exact parameters of which it did not specify.

The Federal Property and Administrative Services Act of 1949

After issuing the Commission report, the staff of the Commission prepared draft legislation which Congress considered along with an Administration bill first proposed by the Administration in 1948. The substance of the Administration bill was more detailed

and specific than the Commission bill and became the principal basis for the final 1949 Federal Property and Administrative Services Act. However, the provision in the Hoover Commission version of the bill designating the GSA as an independent agency was incorporated in the final Act.

The committee hearings show that while Administration spokesmen insisted that the new agency was not intended to centralize detailed operations, many Members of Congress were impressed with the idea that the largest savings would come through close GSA control and direct operations in the areas of common item procurement, space control, and surplus property transfers. The Hoover Commission task force reports on federal supply activities and records management reinforced the economy emphasis in the GSA idea.

The Act largely retained the detailed substantive provisions of the Administration bill as it developed over two years of congressional hearings, while it accepted the structural features of the Hoover Commission bill which called for an independent general services agency. Section 2 set out GSA's tasks:

". . . to provide for the Government an economical and efficient system for (a) the procurement and supply of personal property and nonpersonal services, including related functions . . . (b) the utilization of available property; (c) the disposal of surplus property; and (d) records management."

The new act gave the Administrator of General Services wide discretion in determining the extent to which GSA should engage directly in operating, procurement, utilization, and disposal activities and the extent to which it should delegate these activities to the departments and agencies under GSA supervision or even except agencies altogether. Section 201 (a), the key section describing the Administrator's powers, gave the Administrator authority to (1) prescribe policies and methods; (2) execute or delegate operation of supply facilities to any executive agency; (3) procure and supply personal property and nonpersonal services for the departments and agencies.

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The Act is silent on the key question of what criteria should guide the Administrator in deciding what functions should be performed directly by GSA and what should be performed by the executive departments or agencies, except that he shall only engage in activities "to the extent that he determines that so doing is advantageous to the government in terms of economy, efficiency, or service, and with due regard to the program activities of the agencies concerned."

Early Organization of the GSA (1949-56)

The GSA was established on July 1, 1949, the day after President Truman signed the bill. He appointed the head of the Federal Works Agency (abolished by the Act) to be the first Administrator.

The agency consisted of a number of constituent bureaus which were transferred to it, the largest being the Public Buildings Administration from Federal Works, the Bureau of Federal Supply from Treasury, and the National Archives. These agencies were primarily engaged in service operations.

The new agency had no resources other than those appropriated from its constituent bureaus, and therefore it could not fund the new and expanded activities called for in the legislation during its first year. The top management, which came with the new Administrator from Federal Works, concentrated on organizational planning during that first year.

A new central office organization was established in December 1949, based on GSA's inherited constituent bureaus, renamed the Federal Supply Service, the Public Buildings Service, and the National Archives and Records Service. A regional office structure was set up in April 1950, but it was not formally activated and the regional directors were not appointed until October 1950.

Top management worked to transcend the narrow and operational focus of the functional services from the beginning. Separate units were set up within each service to

perform the broader policy and coordinating roles, such as the Buildings Management Division, the Supply Management Division, and the Records Management Division. These continued to be starved for funds and tended to remain overshadowed by the more operational divisions. The Administrator established strong regional directors who had supervision over all functional activities in their geographic areas and reported directly to the Administrator. This was done in part to decentralize operations and in part to break organizational loyalties to the old bureaus. The intent of this decentralization was to place all operating authority in the regional offices while retaining only policymaking and coordinating functions in the central office.

A management survey of federal field offices, done for the Bureau of the Budget by George Fry and Associates in 1950, endorsed the GSA's effort to create an integrated field organization in line with Hoover Commission recommendations, but it recommended that the regional directors report to an assistant administrator for field operations rather than directly to the Administrator. It feared the Administrator would not have enough time to supervise the regions adequately, and therefore the functional services in Washington would end up taking over. However, the Cresap, Paget, and McCormick survey of 1956, discussed below, found that it was the staff offices—general counsel, comptroller, and management—which filled the vacuum and began to exercise line authority.

During the 1950s, operations continued to dominate. The GSA, through internal and external pressures, was subjected to strict economies during its early years, which restricted the development of new functions contemplated in the original act. The agency's employment remained stable while its volume of operations increased greatly. The GSA's major goal, as stated in its annual reports, was to accumulate and claim direct economies, which led it to emphasize GSA's own operations in procurement, supply, buildings maintenance, and so forth over indirect economies that might be accomplished by improving department policies and procedures. The net effect of GSA's activities on

overall federal program effectiveness was not considered. During this period there was a substantial increase of agency dissatisfaction with the services of GSA and suspicion of its claims of economy.

In the meantime, GSA was subjected to other pressures with a lasting effect. It began to accumulate additional operational responsibilities in 1950, extending its jurisdiction over real property management and strategic material stockpiles and authorizing the establishment of the federal records centers. In 1953, Congress authorized a revolving capital fund for reimbursable operations in building management. In 1954, PL 766 permitted GSA to begin to operate the interagency motor pools.

GSA's practice of listing the amount of savings it effected, begun in its 1952 annual report, continued until 1956. These savings, most of them attributed to operations concentrated within GSA such as centralized procurement, were itemized annually, some \$105 million in 1952, increasing to \$200 million in 1955. In addition, during fiscal 1954, GSA undertook an intensive self-survey which resulted in eliminating nearly 2,200 positions out of 29,000.

The Second Hoover Commission (1955)

The second Commission on the Organization of the Executive Branch of the Government, headed by Herbert Hoover, focused much more on issues of federal spending and justifications for federal programs than on the effectiveness of governmental structure. It did not report on the general management of the Executive Branch, and it did not evaluate the effectiveness of the GSA as an organization. However, it studied many functions related to GSA—e.g., supply depot operations, property management, supply—and its reports and those of its task forces, were uniformly critical of GSA's performance. The Commission made many detailed recommendations for improving property and related management activities, but it did not question the basic GSA

organizational concept. The net effect of the second Hoover Commission on GSA was to reinforce its tendency to engage in detailed operations for reasons of economy.

The exception to the Commission's general approach and findings relating to GSA was the work of the task force on paperwork management. This task force and the Commission were critical of NARS' concentration on the disposal of federal records and operation of the federal records centers. The Commission outlined a broader role for GSA in what it termed "paperwork management," presaging subsequent concern about managing information in the federal government. The Commission recommended elevating the status and the scope of activities of the Records Management Division in NARS, so that it could supply staff guidance for a government-wide paperwork management program.

In May 1955, GSA submitted a draft executive order to BOB to establish a government-wide paperwork management program and to define GSA's authority and role. President Eisenhower instead wrote department heads and asked them to cooperate with the GSA in improving paperwork. BOB directed GSA to undertake a number of specific Hoover Commission proposals to effect savings and it moved to assist agencies with improving paperwork processes, such as correspondence manuals and use of business machines. The broader problem of federal information management was not to come up again until some years later.

The Cresap, McCormick and Paget (CMP) Report (1956)

The first comprehensive study of GSA by an independent group after GSA's formation was the "Survey of Organization and Administration" performed by the consulting firm of Cresap, McCormick and Paget in 1955-1956.² This study group

2. There were, of course, other studies made of specific functions of GSA, particularly during its organizational period. Two such studies were: the "Report to the Administrator Concerning the Test Study of the Proposed Plan of Regional Organization of the GSA," prepared by the Office of Management, March 8, 1950; and, the "Federal Field Services Project: Vol. VI-GSA," conducted by George Fry & Associates for BOB,

interviewed over 1,400 GSA and agency employees throughout the nation over a ten month period, and investigated the operations of all of GSA's major functions and programs as well as its overall administration and organization.

The CMP Report emphasized two central features concerning the structure and tasks of GSA:

GSA is essentially a long-established organization transplanted to a new setting with broadened program responsibilities. The transition has been difficult since predecessor organizations were predominantly operating in character, while GSA has, in addition, government-wide standards and counseling responsibilities.

By law, the Administrator has wide latitude in organizing GSA and choosing its methods of operation. However, this authority has been little used, and the same top management structure is applied to all GSA activities, regardless of their nature, size and scope.³

Furthermore, the CMP Report highlighted the serious problems arising out of the ill-defined nature of GSA's primary mission. Whereas the first Hoover Commission had envisioned GSA to be in large part a policy-making body, GSA's enabling legislation had also emphasized its role in the actual operation of its assigned functions. Accordingly, the CMP Report revealed that: "GSA Administrators have been faced with a continuing struggle to define the Agency's proper role and objectives. This struggle has been accentuated by the widespread and freely expressed dissatisfaction of customer agencies, and by sharply differing viewpoints among GSA's line and staff executives."⁴

To correct this situation, the CMP Report enumerated three basic principles to guide the future of GSA organization and programs:

1. GSA should establish a harmonious and effective internal organization before seeking to assume additional

3. "GSA, Survey of Organization; Vol. I—Summary Report" (CMP Report, p. I-15).

4. CMP Report, pp. I-1, I-15

responsibilities recommended by the Hoover Commission and by the findings of this report.

2. The Administrator of GSA should enunciate a set of basic policies to guide the actions and attitudes of GSA executives.
3. GSA should be relieved, to a maximum extent, of regulatory determinations and compliance responsibilities.⁵

On the internal organization and administrative management of GSA, two recommendations were of particular importance. First, in the area of real property management, the report recommended that strong Central Office-Regional Office relationships be effected by the establishment of a counterpart organization in each region to conduct operating functions under strong national direction.

Secondly, it recommended comprehensive revisions in the organization of GSA's services through the establishment of five internal organizations directed by commissioners who would report to the Administrator: Personal Property Management Service, Real Property Management Service; National Archives and Records Service; Transportation and Public Utilities Service; and the Material and Industrial Reserve Service. The five service organizations comprised the backbone of what the CMP Report termed its "Commissioner-Regional Commissioner Pattern" of internal organization. Under this approach, the Commissioners were the principal advisers to, and agents of, the Administrator, and had national authority for program planning and standards, budgetary planning and control, key personnel appointments and program results.

The CMP study marked an important turning point in the evolution of GSA. Before the report, GSA's organization followed essentially a weak commissioner pattern with central office staff exercising relatively little control over their programs at the regional office level. After 1956, when the CMP recommendations were implemented, program authority flowed from the Administrator to Central Office program officials

5. CMP Report, pp. I-15

and from them to the Regional Administrators. In practice this resulted in the Heads of Services delegating directly to their regional program officials through the Regional Administrators.

Changing Currents of Thought on the Role of GSA

During the ten years following the CMP Report, considerable evolution was evident, both inside and outside GSA, in what was felt to be the proper functioning role of the agency. A central component in this line of thinking was voiced in May 1956—one month before the CMP Report was submitted—when House Majority Leader John W. McCormack introduced what ultimately proved to be an unsuccessful resolution in Congress to constitute GSA as the "Department of General Services." In his arguments in support of cabinet status for GSA—which were primarily based on the concept that this was warranted by the importance of the functions under its purview—Representative McCormack characterized GSA as the "service agency" of the Executive Branch. He further argued that, cabinet status for GSA would 'smoke out' any lone agency holdouts against the desires of the Congress and the Hoover Commission to eliminate duplication of common services.

Regardless of his rather questionable interpretation of the desires of the Hoover Commission, McCormack's statements reflected the view of GSA as a service providing agency, rather than primarily a policy-making body that would delegate "to the greatest extent possible" the actual exercise of its functions to the departments and agencies. Service and centralization—rather than policy making and decentralization—became the new bywords for the overall role of GSA.

This vision of GSA gained increased support over the next few years. Late in 1962, the Systems and Procedures Division of GSA's Office of Finance and Administration completed a report on the "Feasibility of Obtaining Departmental Status for GSA." Like the McCormack resolution, the report highlighted the overall importance

of the agency as warranting its elevation to cabinet status, as well as asserting that such a change would aid the President in managing the Executive Branch. However, in the course of its arguments for cabinet status for GSA, this report went beyond McCormack's statements in its characterization of the proper role of GSA as a centralized business management and service arm of the government. By the time the Joint Management Survey Report was issued some four years later, it appears that this line of thought regarding GSA's primary role had gained wide acceptance.

The Joint Management Survey (1966)

The Joint Management Survey of GSA was conducted over a five and one-half month period in 1965-1966 as part of President Johnson's program for "improved management and manpower."⁶ A combined effort of representatives from GSA, BOB and CSC, the survey was unique in that, for the first time in that particular program, the agency being surveyed provided the team chairman. The study was "problem oriented," hence the study team concentrated on those problem areas accepted by the Administrator as realistically representing aspects of GSA missions which would profit by such an examination.

The survey team praised the commitment and dedication of GSA's top leadership, and supported the agency's attempts to function as a truly integrated, single entity, rather than as a loose federation of distantly related programs. The team's call, however, for "the introduction of more sophisticated philosophies and techniques of management" was indicative of the many "problem areas" in GSA—something further evidenced by the fact that its draft report was 486 pages in length and contained some 85 recommendations for change.

6. Joint Management Survey Team (GSA, BOB, CSC), "Report of Joint Management Survey of the General Services Administration," April 1966 Draft, Introduction (no pagination).

In step with President Johnson's philosophy of "creative federalism," a major theme of the report and its recommendations was the call for "maximum decentralization and delegation of authority"--not, however, from GSA to the various departments and agencies, but within the internal structure of GSA itself.

Through this concept the study team hoped to eliminate the shortcomings of a lack of flexibility, excessive fragmentation, an admixture of responsibility, an intermingling of authority, and a multiplication of costs which it found to be present in GSA. The team hoped that such a management concept would especially aid the plight of the GSA field management officer, an individual whom they felt to be central to an efficient operation of the agency, but devoid of any significant authority.

To assist in the adoption of this management concept, the survey team also called for a basic reorganization of GSA:

That the GSA program and organization structure be merged into four broad areas of Materiel Management, Real Property Management, Archival and Records Management, and Support Services, with program policy direction and evaluation responsibility for each area assigned to an Assistant Administrator, and operational responsibility assigned to the Regional Administrators.⁷

The vast majority of the report's recommendations were concerned with the details of this proposed reorganization.

GSA and OMB

The characteristics of the present-day GSA have been significantly influenced by intricate and often ambiguous relationships with OMB. While OMB operates in what is perceived as a lofty level of management and budgetary policy-making and oversight, GSA is perceived to occupy a place at the other end of the spectrum as a lowly housekeeping agency. Yet OMB must depend heavily on GSA as a critical factor in

7. Joint Management Survey, p. 23.

making the government work. Thus OMB has always retained special oversight responsibilities and policy-setting authorities vis a vis GSA. A major concern of this panel is the extent to which the policy-setting authority in OMB conflicts with the concept in the initial legislation that GSA should be primarily a regulatory body delegating operational functions to the departments and agencies.

In the areas of procurement policy and property management, for example, the 1949 Act and subsequent amendments have assigned to GSA the responsibility to develop regulations and to assure government-wide compliance.⁸ OMB, however, is responsible for developing "government-wide policies and standards for improving the management" of procurement and property management. Another type of distinction is made in the area of ADP. In this instance GSA is responsible for the management of ADP acquisition and the encouragement of sharing and joint utilization among user agencies. OMB is charged to provide policy guidance to promote "effective and economic application and utilization of ADP equipment" and to evaluate agency ADP management performance.⁹ These assignments of responsibility are open to varying interpretations which have often led to confusion and conflict. Nevertheless, the relationship between OMB and GSA in these three important functional areas has been governed by these statutory assignments of responsibility except for a brief interval in the early '70s. During that period an expansion of GSA responsibility was followed rapidly by contraction, with considerable disruptive effects on both GSA and OMB.

In 1973 a presidential Executive Order (EO 11717) was issued transferring a range of government-wide administrative and financial management responsibilities from OMB to GSA. This transfer moved responsibility from the OMB to GSA for significant policy and program oversight both in areas of existing GSA concern (e.g., procurement, property management and ADP) and for government-wide management improvement and the

8. In 1965 Congress exempted DoD, the Coast Guard and NASA from compliance with GSA procurement regulations.

9. PL 89-306 (Brooks Act)

strengthening of financial management in the executive agencies. Related OMB Circular responsibilities and staff units were similarly reassigned. The Executive Order stated that GSA was to assume these tasks under the broad oversight of the OMB, drawing upon the assistance of the latter in resolving major policy issues. It further identified the purpose of the President "to equip the GSA to act as a strong partner of the OMB and the CSC in carrying forward a coordinated effort to improve Federal management."¹⁰

In making these reassignments, the President indicated his desire for GSA to assume a broader management role by becoming his principal instrument for developing better systems to provide administrative support to all executive branch activities. An accompanying press release at the time further indicated that the intent of the Order was to assign GSA overall leadership responsibility for developing government-wide policy in the indicated areas.

During the short period that GSA had an expanded management role, it established an Office of Federal Management Policy (OFMP) as a focal point for the functions transferred from OMB. An Associate Administrator was designated to head this organization which consisted of five subordinate offices focusing on improvement of management in the functional areas of procurement, property, ADP, financial and management systems.

Unfortunately for GSA the apparent desire of the OMB to strengthen GSA's role in Executive Branch management was influenced by factors other than the merits of the transfer. OMB was chiefly interested in freeing positions to permit the appointment of a number of "management associates" in its program divisions. The result was that GSA received no positions from the OMB and was required to absorb the new functions out of its existing ceiling. Moreover, there was no real support provided the GSA, and within

10. It may be noted that these transfers to GSA occurred at a time when concern existed regarding the size of the Executive Office. Critics of the transfer suggested that one of its purposes was to permit selective reductions in the staff of the OMB.

three years the functions involved were returned to OMB by another Executive Order¹¹. GSA was then forced to give up 23 positions which it had never received from OMB in the first place.

In the Fall of 1973, after GSA had been assigned responsibility for the policy and managerial functions described, the GSA Administrator commissioned an independent management study, by the firm of Knight, Gladioux and Smith, to develop recommendations on how the agency should organize to undertake the added responsibilities. The study report described GSA-OMB policy interrelationships and recommended courses of action via which the two agencies might best work together. It also described some continuing confusion in DoD-GSA procurement responsibilities.

The Knight, Gladioux and Smith report, like many of its predecessors and those that followed, had limited impact. It dealt with a reorganization that was more of a paper proposal than a reality. Since GSA did not receive the additional resources that were necessary to carry out additional responsibilities, there was no way that it could put into effect the recommendations advanced in the report.

Another instance of unsettling shifts in GSA responsibility occurred in 1975. In June of that year, the GSA Administrator was delegated authority to issue joint funding regulations and to otherwise execute functions vested in the President by the Joint Fund Simplification Act of 1974. Only six months elapsed before this authority was withdrawn and reassigned to the OMB.

In 1975 the Office of Federal Procurement Policy (OFPP) was established within OMB. This office, discussed further in the following section, was given a mandate to provide overall direction of procurement policy. Again, for reasons discussed below, a key function originally assigned to GSA was reassigned elsewhere.

11. Executive Order 11893, December 31, 1975

inefficient and wasteful. A summary of the main findings and recommendations of the ASRP study is attached as Appendix I.

Despite the enormous effort devoted to this ambitious study effort, relatively little was accomplished in the way of a systematic implementation of the numerous recommendations. The project's draft reports came out at an inauspicious time when the scandals and corruption at GSA were being widely publicized. Concern both within GSA and in the Executive Office of the President focused on putting out immediate fires. A number of the less controversial recommendations stemming from the project were transmitted to GSA, and some were subsequently adopted. The findings of the project with respect to the overall organization and structure of GSA did not surface.

* * * * *

A review of this history reveals all too clearly that the problems besetting GSA today are for the most part modern counterparts of issues confronting the agency almost since its creation. Many of these problems are, in a sense, self-perpetuating. The lack of agreement on what the proper role of the agency should be, especially the confusion over the policy vs. operations emphasis, has undermined agency effectiveness since the beginning. The ambiguity of the GSA/OMB relationship has been particularly troublesome. On one hand, GSA is criticized for not concentrating sufficiently on policy and becoming too embroiled in operational functions. On the other hand, however, OMB has always retained the policy oversight role while continuing to add new operational assignments to GSA. Furthermore, the Congress has also added numerous new functions to the GSA mandate while often failing to provide commensurate additional funds in the GSA appropriation.

On the internal organizational front, the pendulum has swung back and forth on the issue of centralization vs. decentralization. Numerous variations have been

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attempted in seeking the right flow of authority from the central office to regional offices with differing roles and responsibilities assigned along the chain of command from the Administrator, through the headquarters commissioners to regional administrators and regional program officials. Similarly, there have been swings back and forth on the basic question of how far to delegate operational service functions to customer agencies while focusing GSA responsibility on standard setting and regulation.

The much advertised and deplored deficiencies in GSA are not all of its own making but part of an intricate web of closely interrelated problems in the environment in which GSA operates. The extent of political intervention in the direction and operation of GSA, whether from Congress or the Administration, is a major factor in determining how the agency performs. Everything affects everything else in this complex network and no single fix of one problem here or there can make a significant change in the prospects for improved performance. For example, the many personnel problems including lower levels of professional competence than certain GSA assignments require and rapid turnover of top leadership are directly related to the agency's perceived inferior status in the bureaucracy, especially its relationship with OMB. Thus, in its investigation of the seven issues identified as the principal points of emphasis for this study, the Panel has kept its main focus on the environment in which GSA operates, and the overall mission it is intended to perform for the Federal government.

PART TWO — GSA IN 1980

A review of the history of GSA and an appraisal of the agency today based largely on some 70-odd interviews with people in GSA, customer agencies, and elsewhere, indicate that one of the most serious barriers to more successful agency performance has been a continuing identity crisis. The question of what constitutes GSA's basic mission has never been resolved to the satisfaction of all or even most of those having a stake in that mission. Possessing no constituency of its own and lacking in the substantive content most likely to appeal to administrators and managers, the agency has subsisted as a lower order in the government bureaucracy. Few if any agencies have suffered as much from a confusion of expectations about the essential mission to be achieved—much less the manner in which the mission should be conducted.

Without a reliable rudder to steady it on a set course, GSA has drifted in different directions and with time has been encumbered with increasing burdens which threaten its ability to stay afloat. Over the years an extraordinary array of diverse functions has been assigned to the agency at the same time that the Federal government has been expanding its areas of program activity and the housekeeping demands to service those activities. While the diversity and complexity of the overall task has increased, the total number of employees has remained nearly constant at approximately 38,000 from 1969 until 1980. Congress has legislated increasingly complex requirements which govern the delivery of the services GSA is expected to deliver. Statutes and regulations pertaining to equal opportunity, small business, health and safety, rights of the handicapped, and other deserving social goals have greatly complicated the performance of the tasks assigned to GSA.

Furthermore, until only recently, GSA has been peculiarly vulnerable to political pressures in the appointment to senior positions of individuals often lacking in the necessary professional qualifications. In addition, Congress has contributed greatly to

the politicizing of the federal buildings construction program, one of the most important areas of GSA activity.

There is no intent here to relieve GSA of responsibility for the low condition into which it has fallen. The agency has become what it is at least partly on the basis of internal managerial weakness and the attributes of its personnel. Our point in stressing the unfavorable environment in which GSA operates is to demonstrate that, in many respects, the agency does not control its own destiny. In undertaking a study such as this, therefore, it will not suffice to look only at the many symptoms of administrative weakness which show up in poor performance, but it is also necessary to examine the basic environment in which the causes of such weaknesses are likely to be found.

The continuing confusion concerning mission stems from the differing interpretations of the intent of the Hoover Commission report which have been reflected in the enabling legislation and the many subsequent amendments to that Act. The Hoover Commission envisioned GSA as primarily a regulating agency largely removed from the day to day operations of supply, procurement and building management, but the law creating GSA permitted the agency to move into operations without specifying what the balance between regulation and operations should be. The assumption behind consolidating the several housekeeping functions was, of course, that the large scale of activity would lead to economies of scale and greater efficiency. This hypothesis was advanced in a time when government operations were much smaller in dollars and in the range of program activity. A basic question that must now be asked is whether government has become so large that some centralized service functions are less economical and less efficient. Perhaps no single overriding truth will be found to govern the structure for the delivery of all types of services to all types of agencies in all types of situations, but an examination of original assumptions underlying the formation of GSA must be the starting point of any resolution of the agency's identity crisis.

The following analysis focuses on the salient features of today's GSA, concentrating on the three particular service functions which the Panel was asked to review, and assessing the administrative and managerial aspects of GSA performance of these functions in the light of assumptions concerning the proper role of the agency. The review is based on four perspectives: a view of the agency from within; an external perspective; a discussion of the issue of regulation vs. operations which has implications of both an internal and external nature; and finally, a case study approach looking in some detail at one service, ADTS, as a means of illuminating the types of problems identified in the preceding discussion.

THE INTERNAL PERSPECTIVE

Centralization Vs. Decentralization

A basic institutional question begging urgently for a clear answer is the classic public administration issue of centralization vs. decentralization. Confusion on this issue has hung over the agency since the early years. The Hoover Commission envisioned an internally decentralized organization, while the enabling legislation left it to top agency management to determine how to organize. However, GSA moved to centralize authority and even certain operational functions in the Washington headquarters headed by the Administrator and powerful service commissioners.

Most large organizations, public and private, must deal with the problems of headquarters and field relations and the sometimes sharply divided loyalties of personnel assigned to one or another location. Serious attitudinal problems, including lack of confidence or trust, are evident in GSA. Headquarters officials often are surprised and disappointed by the unresponsiveness of their field counterparts in implementing changes ordered by the central office. In the field there is a sense of being swamped by the volume and detail of procedural requirements handed down from the central office, often

seemingly without understanding the impact at the point of delivery. Resentment of the numerous shifts in policy direction and organizational alignment is endemic. The rapid turnover in administrators, service commissioners and their top staffs leads to constantly changing signals and confusion at the field office level. Field office personnel often tune out the signals knowing that what they hear today may soon be different. A basic problem in GSA, as in many large bureaucracies, is the limited extent of career movement between headquarters and field positions. Incentives for such movement are rarely sufficient to overcome the attitudinal and economic barriers.

The poor public image which GSA suffers, and especially its reputation for corruption and incompetence, are associated far more with the National Capital Region than with other field offices. Our field interviews indicate that, while many user agencies may be dissatisfied with the service being provided by GSA, there is a respect for GSA regional officials, particularly at the higher levels, and some recognition of the constraints limiting their ability to be more responsive. There is, however, great variation in the quality of performance from one regional office to another and in the standards of different service functions within a single region.

One of the present Administrator's major moves has been to decentralize authority to the regions. When he came to office there was a direct but confusing line relationship between the service commissioners and their counterparts in the regions. This line of command was ordered eliminated in favor of a single clear line of authority from the Administrator to regional administrators and through them to the assistant administrators for the several service functions.

Decentralization in GSA

A September 26, 1980, change to the GSA Organizational Manual assigns operational responsibilities to regional and field activities and establishes the Central Office as responsible for developing national program guidance and for monitoring program performance. Heads of services and staff offices are assigned staff

responsibilities insofar as program operation is concerned. Regional offices (established in 11 cities throughout the United States on a geographic jurisdiction basis) are responsible within their respective areas of jurisdiction, for executing GSA programs. In addition the Administrator may assign to a regional office nationwide or interregional jurisdiction for a specific program. Regional Administrators are responsible directly to the Administrator for overall direction and administration of their regional offices and for the total performance of GSA program and activities within their regions.

Regional offices' organization generally parallels that of the Central Office; regional services are headed by Assistant Regional Administrators who receive direction and control from the Regional Administrator and who, in turn, direct and supervise the programs and activities assigned to each. Technical and budgetary guidance, and program review, remain the province of Service Commissioners.

A comparison of the old (1979) delegations manual with the new manual indicates significantly greater delegations to Regional Administrators and substantial deletions of the previous limitations on such delegations (e.g., prior approvals by service commissioners, etc.).

The manual specifies that "this delegation of management authority shall not modify responsibility for the control over policy, the review of operations, or the standardization of procedures and methods." Any change of major responsibilities, functions or sources of funding must be approved by the Administrator.

The impression which the Panel repeatedly received in interviews was that operational decentralization was, in actuality, far from complete. The reasons often given were two, and not unrelated: most fiscal control remains with service commissioners in Washington, and some GSA mid-level people, especially among service commissioners' staffs, are dragging their feet. Their regional counterparts, not wholly confident that decentralization policy may not one day be reversed, are reluctant to make too great an issue of this incompleteness of decentralization.

This approach to decentralized management has been successful in a number of agencies. Some reservations concerning this change as effected over recent months in GSA were encountered in our field visits. There is concern that the single line between the Administrator and regional administrators can become overloaded and there is also anxiety on the part of assistant regional administrators about being too remote from their main functional offices and the budget processes which those offices control. As with some other decentralization plans, this one works imperfectly at best. Customer agencies dissatisfied with the services provided at regional levels still make end runs to the GSA central office where they may succeed in overturning regional decisions.

There is no one right way to organize a bureaucracy. A decentralized approach has much to be said for it under the present circumstances at GSA, but what field offices most desperately want is stability and continuity. Much of the time spent in the many past reorganizations has taken away from time available to do the job at hand. Some signs of improvement are evident as the result of recent changes but such an antiquated and handicapped organization as GSA cannot be converted into an effective and efficient apparatus overnight.

Tenure in Top Management

A major problem identified by many of those interviewed during the current study, as well as in the course of previous studies, is the relatively short tenure of those in top positions in GSA. Appendix II illustrates this problem.

- o Seven different officials have occupied the post of GSA Administrator in the past ten years. The longest term was 43 months, the next longest 30 months and the shortest (on an acting basis) for two months; the average duration of service of these seven Administrators was nineteen months. Three of the appointed Administrators (as distinguished from Acting) served less than two years (including the current incumbent).

- o The Deputy Administrator position has had nine occupants in the past ten years. The longest service was thirty one months, the next longest twenty four, and the next longest fourteen months; two "Acting" Deputies served for three and four months respectively.
- o The Federal Supply Service has had fifteen changes of leadership since 1970 with only one Commissioner serving more than two years and all the others serving less than eighteen months. The average length of these fifteen different service periods was eight months; appointees, excluding "Actings," averaged less than fifteen months.
- o Public Buildings Service Leadership has changed hands nine times in the past ten years. Five occupants served only in an Acting capacity for from one to eleven months duration; four appointees served a total of eighty-eight months of the last 130, an average of twenty two months each.
- o The Automated Data and Telecommunications Service, since 1972, has had three Acting heads for a total of 26 months, and three full-fledged Commissioners for fourteen, twenty and thirty nine months respectively.

These statistics present a picture of constant movement in and out of top jobs in the agency. It should be no surprise that a plea for stability in leadership positions has been heard in virtually every interview. The "revolving door" is understandably criticized as having created confusion, waste, low morale, and poor productivity. When it is recognized that the changes in personalities often have brought with them differing management concepts, policies, and operational procedures, which have substantially altered the direction and priorities of the organization, it is easy to see why GSA has been subjected to criticism for its management inconsistencies. The frequent changes in management direction have fostered an attitude of "this too shall pass away" which is reflected in the substantial lag in staff responsiveness to new leadership changes that has so frustrated incoming top managers.

The general perception of GSA's leadership is that it is highly politicized and, too often, a "dumping ground for incompetents." This is a demoralizing and self-fulfilling image. GSA leadership often has been "political" in nature, and has tended to focus on

short term goals and response to immediate pressures rather than developing a long range capability to meet the government's administrative service needs. Even with the best of intent, it is difficult, if not impossible, to come in from the outside, learn enough to develop and establish practicable longer range plans and priorities and oversee the initial efforts to put such plans into effect, in an average time span of less than two years.

The continuing turnover in top management is seen as the principal reason for the failure to develop a strong and effective staff both in GSA and in the associated administrative services areas of the other Federal agencies. These administrative services staffs are perceived to be generally weak and in need of substantial training. Responsibility for leadership in this training effort is held to rest with GSA. As noted elsewhere the current Administrator is strongly emphasizing training and development of GSA staff, but the effort will require five to seven years to achieve what is needed and there must be a reasonable continuity of training purpose during this period. Also more effective measures must be devised to retain in GSA a substantially higher percentage of those trained. In recent years the agency has suffered an astoundingly high loss ratio among management interns and other career development programs. From 1974 to 1980 GSA entered 355 people in its Career Intern program; in the same period 321 who underwent such training were separated from the agency—a separation rate of 90%. In the same time period 57 entered the Management Intern program and 48 were separated—an 84% loss. Similarly high loss ratios were suffered in two other smaller GSA training programs. The abnormally high turnover of top GSA officials and the resulting disruption are held accountable for this shockingly excessive loss rate of some of the most desirable management trainees who were looked to as GSA's future leaders but who left for more stable environments. Competent long term leadership is vital to attracting and retaining a strong capable professional staff.

Consideration has been given on numerous occasions to establishing a fixed tenure for top GSA positions. Some argue that a set term weakens the ability of a President to

assure that his management policies will be carried out. Others insist that only by fixing the term of the Administrator can there be achieved the stability and continuity considered vital to developing policies, programs and staff requisite to an effective general services agency. While the fixed term Administrator concept must be examined carefully in terms of the organization for administrative services in the Federal government, it seems clear that the rapid executive turnover of recent years must be reversed if GSA is to be well managed.

Mid Level Management

Of GSA's almost 38,000 employees, 6,500 are in Headquarters and more than 31,000 in the field. Below the top level of leadership discussed in the preceding section is the mid-level management cadre whose competence and motivation are of vital significance in determining the effectiveness of the agency. The following discussion reflects perceptions of the GSA workforce gained through more than seventy interviews with officials of GSA and customer agencies both in Washington and the field, and a sample survey of GSA middle management characteristics.

While there are widely differing views regarding the competence of GSA personnel, and although a few of those interviewed described the staff as "totally inadequate", others say that GSA people are for the most part intelligent, competent, concerned and dedicated. Field personnel were particularly singled out as being capable. At the same time it was rather generally observed that GSA people have been immobilized and demoralized by recent scandals and the attendant publicity; have been confused and frustrated by frequent changes in direction resulting from changes in top level officials; and have often been slow to respond to new directions because of the expectation—based on experience—that these would shortly be changed again. It appears that, as in other agencies, many higher level careerists have risen to managerial positions on the basis of technical skills that do not always carry with them the needed managerial

competence. A frequent criticism is that GSA people lack motivation and are not appropriately responsive.

The same disparity of views regarding the competence of GSA personnel over-all is present in evaluation of the Agency middle-management cadre. Since this group (GS 13-15) is such a vital part of any bureaucratic structure, the Panel considered it necessary to take a closer look at their performance and capacities than at other segments of the organization. Furthermore, the Panel was exposed to some very firmly held views that the middle-management group represented a hard-core contingent that successfully resisted changes by the Agency leadership.

Unable to quantitatively measure such highly subjective judgments, the Panel elected to review the paper qualifications of the GS 13-15 population. A purely random 10% sample (147 employees) was selected for study of such characteristics as age, length of service, education, etc. The highlights of this study show:

- An average age of 46.9 years within a range from 28 to 71.
- An average Federal service length of 18.5 years with 12.3 years in GSA.
- 74% (108 individuals) with Bachelor degrees or better. (Forty of the 108 individuals had degrees in engineering.)
- An average of four in-service training programs for each employee over the past 5 years.

It is the opinion of the Panel that these data compare favorably with similar groups elsewhere in the Federal service. This analysis neither confirms nor disputes any contention that the group, as a whole, is lacking in motivation and willingness to accept leadership or change. Nor does it lead to conclusive findings on other personal attributes that one would desire in a middle-management corps. However, the analysis does support the view that GSA's middle-management is of a reasonable age, has adequate—but not excessive—experience on the job; and has been exposed to a normal amount of education and training. Beyond these conclusions, the Panel cannot go.

We are impressed with the qualitative judgment of some that the middle-

management group leaves much to be desired and is resistant to change. On the latter point, we suggest, however, that the frequency of procedural and policy change over the history of GSA may very well have induced resistance in what would have otherwise been a responsive group.

Personnel Staffing and Training

A fundamental problem frequently identified by both GSA and customer agency officials has to do with government-wide classification of positions in the administrative services field. Current classifications of such positions are generally lower than those in other management fields such as budget, personnel, etc. This discourages many administratively trained people from seeking employment in administrative services work, choosing instead those avenues which lead more clearly to career advancement. A further consequence is that administrative services jobs often are filled by people who lack the management qualities that are found in other administrative staff.

Political placements and Congressional influence in GSA personnel processes have blocked some careerist promotional opportunities, weakened morale and occasioned the departure from GSA of some good people. Such political interference appears to be very substantially reduced, if not eliminated, at present.

While it is argued by some that there is (or should be) strong interrelationship between the several GSA functional areas—building management, procurement and supply, ADP and telecommunications, archives and records, etc., in fact GSA has integrated neither the functions nor the career ladders of the staff involved. There has tended to be a provincialism on the part of each service that has made more difficult the task of providing effective and comprehensive general administrative support to Federal agencies.

There are very few professional associations for administrative service people as there are for competent professionals in other fields such as budget, personnel,

accountants, etc., This has inhibited free exchange of views among professionals with common interests. Even the individual functions of buildings management, procurement, etc., do not offer many professional associations. An OMB effort to stimulate formation of a group of top services personnel from the major agencies was unsuccessful.

Communications within GSA are almost universally seen as extremely weak. There appears to be inadequate two-way communication between headquarters and field (despite extensive reporting to central office staff offices), between GSA and customer agencies, and between functional officers in GSA (e.g., supply officers, buildings officers, etc.), and their counterparts in other government agencies and/or the private sector. The art of imitation appears to have been little developed.

There has been little planned or institutionalized interchange of personnel between GSA headquarters and field, between GSA services, or between GSA and either other Federal agencies and/or private sector elements which may have experience to contribute. Additional communication of this type would increase staff breadth and understanding.

Training and executive development have received relatively little attention over the years in GSA (although the present Administrator is strongly emphasizing such a program). No real career development program exists for administrative service people in the Federal government either in GSA or in the agencies. Current career ladders are confined to narrow technical fields and lead to the dilemma in which GSA now finds itself—a lack of managers at the higher levels. Training resources in GSA have been very limited and no priority has been given to the training of user agency administrative services personnel. This latter point is particularly critical to any consideration of delegating GSA authorities to user agencies that have qualified personnel.

THE EXTERNAL PERSPECTIVE

Interviews with customer agencies revealed a generally low regard for GSA services although those enjoy a more favorable reputation in less urbanized areas than in centers such as Washington and Chicago. There was a modest level of customer satisfaction with FSS procurement, less so with ADTS and motor pool operations, and very little with PBS space acquisition and management. Many GSA line managers were characterized as bureaucratic and lacking in service orientation or apparent desire to assist agencies in facilitating their missions.

GSA's relations with its customer agencies and the indicated levels of customer satisfaction are shaped both by the manner in which GSA functions and by the nature of its several missions. As noted above, GSA is both a regulatory agency and a service provider. Moreover it is mandated to provide service on the basis of an assessment of agency needs and in an economic manner. It must also carry out a number of Presidential and Congressional mandates such as small business set asides, Economy Act provisions, OSHA, Davis-Bacon, and other restrictive provisions.

Personal Property Procurement

There appears to be somewhat more customer satisfaction with GSA's management of the FSS procurement function than with other services. Sporadic complaints involve: periodic unavailability of items that seem to be easily available in the private sector, prices in excess of local retail prices; the low quality of some items; recent cut-backs in GSA store operations; long waits on non-stocked items; lack of guidelines on the meaning of the words "significant differences" in alternative procurement judgments; and, in some agencies, the furniture freeze.

Customer agency officials would like additional flexibility in purchasing, and GSA officials appear to agree generally that it does not make economic sense for FSS to

control small purchases. They wonder whether modifications in the procurement regulation process as proposed in the "Uniform Procurement System" legislation by the OFPP will simplify and improve matters, or add more complications and confusions.

Motor Pool Management

GSA motor pool services received mixed reviews. The primary problem identified was inability to meet additional agency vehicle requirements because of pool budget and size limitations. The mandated switch to small vehicles in response to the energy crisis has caused problems in some agencies whose staff work in more remote areas.

Space Acquisition and Management

The most constant and vociferous complaints about GSA's services involve space acquisition, management and costs. Agency officials, both in Washington and throughout regional locations, complain of GSA's inability to satisfy agency space needs. Acquisition delays are inordinate and acquired space is frequently inconvenient and deficient in one or more respects.

Cleaning and maintenance in government owned space and in leased space are often characterized as deficient and difficult to improve or correct. While GSA buildings managers were seen to range from good to bad, tenant agency officials see them as being spread too thin, with inadequate staff and resources. Their handling of the required temperature adjustments in response to the energy crisis was the subject of particular complaints.

Space renovation or adjustment, to meet changing agency requirements, also received much criticism. GSA internal procedures on clearance and on bidding requirements for all but the most minor changes make any prompt response an impossibility.

Another frequently heard complaint regarding leased space was that GSA did not monitor contractor space management services. Tenant agency officials were required to contact GSA themselves to get deficiencies corrected. On top of all of the above, the agencies think that they are being charged premium amounts through the Standard Level User Charge (SLUC) process.

Rental costs and problems encountered by agencies expressing willingness to pay more for better cleaning, more protection, more frequent painting, etc., are the subjects of both complaint and confusion. In this regard, the way in which the SLUC system functions is one of the most misunderstood aspects of GSA's space management program. SLUC provides a formula through which agencies are charged commercial rent equivalents for space occupancy, maintenance and renovation. Its functioning, however, appears confusing even to many GSA officials. A more detailed discussion of SLUC is presented in a subsequent section.

Some officials of user agencies emphasized that not all indicated problems should be attributed to GSA management. Directives and policies which GSA is required to implement and increasing limitations in operating staff and budget were recognized as deterrents to the delivery of improved service. Tight office space markets in many urban areas also are seen as a controlling factor.

The frequently suggested customer agency corrective to all of the above space acquisition and management problems is expanded delegation of agency authority to contract for its own requirements whenever government-owned space is not available. In advancing this proposal, officials anticipate that such delegations would be monitored by GSA.

In response to this suggestion, GSA officials have acknowledged that customer agencies could frequently find and rent many types of space faster, in preferred locations and with more desirable features. They caution, however, that space procurement is supposed to be based on the economic provision of minimal requirements, not individual

desires, and that procurement contracts should observe all mandated Federal restrictions.

Under present practice it is GSA, not a customer agency, that interprets agency space needs and requirements. An agency may feel that its program needs dictate special requirements or the speeding up of the leasing process, but GSA can specify that standard requirements are adequate and that the acquisition must proceed in an orderly manner. If the customer agency does its own leasing under delegation from GSA, it rather than GSA, can make the above determinations. The agency must of course justify its actions after the fact, but it is then an agency decision and an agency responsibility. GSA's role would be confined to preparation of ground-rule regulations and of monitoring customer agency actions.

Agency officials who were interviewed referred to the delays experienced in implementing new or expanded programs because of the inability to obtain space on a timely basis. Such delays can result in delaying Congressional or Presidential program initiatives and in related hidden program costs of undetermined size.

A major problem that could be anticipated if space acquisition were delegated to user agencies is further upward pressure on the rising prices of space in tight real estate markets. Two other questions that arise with respect to increased delegations of leasing responsibility to user agencies are staff competence and the added costs in personnel and overhead. Some agencies such as Defense, HUD and the Veterans Administration already have large and presumably qualified staffs which could undertake the added responsibility with little difficulty; other departments and agencies have indicated that they would have to add and train staff, but that they would welcome the opportunity. Many small agencies would presumably prefer to rely on GSA services.

To enhance the competence of user agency leasing and space management staff, GSA would have to conduct training programs. The added user agency personnel, the training requirements and the need for GSA monitoring would represent some additional

personnel costs, but these might be offset by savings from greater overall efficiency and reduction of hidden administrative costs. Relative benefits as against these costs might most appropriately be weighed by the senior officials of the concerned agencies, by OMB and by the Congressional appropriations committees.

Delays in the Leasing Process

Public Buildings Service reports indicate that the average time required to complete action on agency lease space requests during the past year was 213 working days. This varied among GSA regions from a minimum of 126 average working days in Region 10 (Seattle) to a high of 354 working days in Region 1 (Boston). National Capital Region reports identify special problem situations. In May, 1980, 180 requests for space were pending, with those from agencies in the District of Columbia averaging 624 days in the process.

"Average" time statistics actually are not too meaningful because of the different types of space requests and requirements involved. More significant is the complicated process for planning and acquiring leased space. Documents supplied by PBS officials identify 80 steps, many involving pre-acquisition verification of agency needs. Once the actual lease acquisition process starts, 40 distinct steps are carried out. These steps, as noted in Appendix III, are conservatively estimated to involve a mean time requirement of 238 working days.

A PBS task force is currently studying work simplification possibilities and will formulate recommendations to simplify the leasing process. No internal PBS or GSA action, however, can reduce the considerable time involved in satisfying the legal requirements of a range of Public Laws and Executive Orders that must be observed in the leasing process. These include:

- Central Business Area Analysis (E.O. 12072)
- Cooperative Use Act (notification of the Advisory Council of Historic Properties)
- Randolph-Sheppard Act (determination of vending requirements)
- OSHA (safety survey)
- Economy Act determination
- Architectural Barriers Act (analysis of handicapped requirements)
- Equal Employment Opportunity Act compliance
- Small Business subcontracting requirements

These external requirements alone take an estimated average mean time of 71 working days. They will have to be observed whether GSA continues to lease space directly or delegates such authority to user agencies.

A primary additional delay factor in the instance of large leases is the Congressional prospectus requirement for approval of any space acquisition involving total expenditures in excess of \$500,000.

Standard Level User Charge (SLUC)

The SLUC formula was designed to provide that user agencies pay an amount consistent with the costs of renting space in equivalent commercial buildings. Since commercial rents include amounts for depreciation, taxes and profit, none of which GSA has to absorb in the instance of government owned space, it was provided that a proportionate amount of SLUC income would be placed in a designated reserve to assist in paying the costs of constructing new Federal office buildings. SLUC charges for space and services are based on commercial rent equivalency, not on GSA's costs for providing services, nor on services actually provided.

In FY 1978, a method of establishing SLUC rates was instituted by which every building is appraised against rental charges for comparable local commercial space once

each three years. Some escalation is built into the SLUC rate for the building, but user agencies are guaranteed fixed rates for the three year period. Congress and OMB agreed to accept rates determined in this manner without review or approval. Since this revised rate system was introduced, income losses to the Fund in relation to commercial rates and costs have grown because of the inflation in the real estate market.

A major reason for the losses is that in 1978, PBS also adopted a practice common in the industry of writing leases permitting lessors to pass price increases for utilities, taxes, services and insurance through to GSA in the form of higher lease rates. At this same time, GSA was guaranteeing its user agencies fixed space charges for three years.

PBS has now recognized the impossibility of this situation and has formulated a revision in the SLUC rate formula to apply annual rate adjustment factors in lieu of a predetermined escalation percentage. It is felt that this modification will bring income into line with commercially equivalent rates and rising costs. Under this plan, SLUC rates will in effect be a one year rate subject to annual escalation rather than a three year fixed rate.

This new procedure will be established as of December 1, 1980. It will, however, be very slow in taking effect. The law establishing the Federal Buildings Fund requires GSA to give the agencies per square foot leasing amounts for inclusion in agency annual budget submissions and forbids change once such figures are given. Since GSA has already given agencies amounts for FY 1982, no new rates may be effected until FY 1983.

Cutbacks on Services

The Pentagon offers an example of the problem caused by Fund and SLUC restrictions. The amount charged the Department of Defense for occupancy and services in the Pentagon is based on the rental cost of equivalent space in a commercial office building in Rosslyn, Virginia at the time that the three year SLUC agreement was made. Since that time, the amount charged has increased significantly and will continue to increase.

Pentagon have increased dramatically while the basic SLUC rates paid by DOD have remained constant. Because the Federal Buildings Fund has a budgetary limitation on the overall amount that GSA can pay for buildings operations for the year, it has had to cut back on cleaning and maintenance services in the Pentagon and other buildings to pay utility bills.

There is a limited corrective for the above situations. The Federal Buildings Fund includes an income account for "special services and improvements." The theory of the income account was that agencies that needed or wanted cleaning, protection and other services over those provided under the standard SLUC formula could pay an extra amount and receive the desired increased service. Now some agencies are in the position of finding it necessary to pay GSA such an extra amount just to receive the cleaning and other services that they formerly received within the basic SLUC formula.

Given all of the confusions and restrictions outlined above, it is not surprising that user agencies cannot understand and that they criticize GSA and PBS performance.

Delegation of Authority

A persistent theme in discussions with user agencies has been the concept of GSA delegation to agencies of authorities permitting them to provide services of leasing, procuring, ADT, etc. rather than looking to GSA for such services. While agency representatives differ on the extent to which they would like to provide for their own needs, most would prefer greater flexibility from centralized GSA operations than that agency has permitted.

Both the initial Truman proposals to Congress in 1948, and the Hoover Commission Report of 1949, envisioned a central agency which would develop uniform policies, regulations, and systems for administrative support activities to be carried out generally by the agencies themselves. The clear intent of these proposals was that, to the greatest extent practicable, authority would be delegated to agencies to conduct their service

operations while the central agency would formulate policies and regulations to govern agency operations and audit such operations to determine their compliance with central agency directives.

In the deliberations leading to passage of GSA's organic law—The Federal Property and Administrative Services Act of 1949—many congressmen evidenced great interest in potential economies of large scale operations by the new central agency. The Act assigned to GSA as a primary function the designing of a system for the economical and efficient provision of a series of services and left to the Administrator broad discretion as to what functions to delegate and what operations should be carried on by GSA. Both the intent of GSA's original designers, and the authority of its organic law, aimed at broad delegation of operating authority under uniform policies and regulations and subject to audit for adherence to guidelines. In practice, over its 30 year existence GSA has failed to develop a broad policy/regulation base, to delegate substantial authorities to agencies or to monitor agency operations for adherence to policies: rather it has focused on expanding its operating base.

A number of those who criticized GSA for failing to delegate greater authority to agencies pointed with approval to the extensive delegations in the past year and a half by the Office of Personnel Management which has reversed the old Civil Service Commission practice of retention of authority by the central agency.

In February 1979, within a few months after the Office was established, the Director of OPM delegated to heads of Federal agencies a broad range of 26 personnel authorities which could be taken prior to obtaining OPM approval. In April of 1979 the OPM Director delegated an additional 5 blanket authorities to all agencies. These delegations were made with the understanding that the agency heads and their personnel officials would ensure that OPM regulations, guidelines and instructions would be adhered to in all actions taken under delegated authorities. OPM assistance was made available

to agencies to help establish their systems for assuring proper use of the authorities. OPM also established a monitoring system to assure itself of agency compliance.

In April 1979, OPM also listed brief descriptions of 24 additional personnel authorities that might be delegated to an agency on the basis of specific delegation agreements between the agency and OPM for an initial period of two years with renewals for indefinite periods based on experience. In July of 1979 OPM published extensive further explanatory material regarding such delegation agreements.

The pattern of OPM delegation of authority has gained wide and favorable acceptance by Federal agencies and provides a useful experience for consideration and possible emulation by GSA.

GSA'S FUNDING STRUCTURE AND EXPENDITURE LIMITATIONS

GSA is funded through seven primary appropriations and a number of intergovernmental and other reimbursable working funds. The seven appropriations correspond with GSA's six services plus its management operations group. The six major special funds are the Federal Building Fund, the ADP Fund, the General Supply Fund, the Federal Telecommunications Fund, the National Archives Trust Fund, and the Working Capital Fund for printing and duplicating services. The first two funds discussed below operate under the tightest Congressional restrictions. Direct GSA appropriations, as requested in the FY 1981 budget, approximate \$620 million while non-appropriated funds approximate \$4,500 million.

When GSA was first established in 1950, there was only one omnibus agency appropriation. The Administrator thus had considerable latitude in moving funds to meet operating requirements. Subsequently, the present multiple appropriations structure was implemented and a 2% transfer authority was first given and then withdrawn. The FY 1981 Appropriations Bill reported out by the Senate Appropriations Committee authorizes the GSA Administrator to transfer up to 1% between appropriations but only

after receiving specific approval by both the House and Senate Committees. This approval must be obtained regardless of the amounts involved. A request for 5% transfer authority was rejected in both houses.

The FY 1981 Bill includes further special restrictions on reprogramming within appropriations and within the Federal Building Fund. Advance approval is required by both the House and Senate Appropriations Committees for individual or cumulative actions moving funds in excess of \$500,000, or 10% (whichever is greater) among object classes, budget activities, program lines, or program activities. This is an unusually restrictive provision.

There is no direct annual appropriation for real property activities. All program and operating expenses of PBS are supported through payments by user agencies into the Federal Buildings Fund. This Fund was established in FY 1975, to improve program costing and space management. It requires Federal agencies to include housing costs within their own budgets and then to pay GSA for the provision of space and related services.

When first proposed by GSA, the Federal Buildings Fund concept provided for Congress to approve a single overall annual expense authorization to be defrayed by user agency payments. In reviewing and approving the Fund proposal, however, the Congressional Appropriations committees subdivided it into six program accounts:

- Facility construction and acquisition
- Repairs and alterations
- Purchase contract payments
- Space rental
- Real property operations
- Program direction (overhead)

Expenditures against the Fund's construction and repair accounts can only be made for new construction projects listed by amount in appropriations language. Construction and repair projects are specifically approved via PBS prospectus submissions. Expenditures against the other four accounts must not exceed the approved dollar limitations for each account. These limitations apply regardless of increases in costs to GSA for providing user agency space and services during the budget year.

CONGRESSIONAL RELATIONS¹²

Fundamental to consideration of the relationship of the Congress to GSA is a clear understanding of the duties of each. GSA is responsible for serving the administrative needs of the Executive Branch efficiently, effectively, and at the lowest cost to the taxpayer. The Congress has its basic legislative, appropriations and oversight responsibilities for the broad Federal administrative services area.

Primary congressional control is exercised by the House Government Operations and Senate Governmental Affairs Committees, the Senate Environment and Public Works and the House Public Works and Transportation Committees, through their legislative and oversight responsibilities; the Armed Services Committees, with jurisdiction over the stockpile of strategic and critical materials; and the Appropriations Subcommittees on Treasury, Postal Service, and General Government, which handle principal GSA funding. However, every congressional committee impacts on GSA's performance. In authorizing a new or expanded program and personnel, a congressional committee commits payments to GSA for administrative support—furniture, telephone service, equipment, etc. When a congressional committee determines that an agency's property is no longer required, GSA has responsibility for its alternate utilization or disposal.

12. This section is a condensed and modified version of a paper prepared for the Panel by Kenneth Duberstein. The paper is presented in full in Appendix IV.

Congressional guidance, offered judiciously through oversight and legislation, is certainly legitimate and proper whereas constant congressional committee involvement in day-to-day management decisions is an improper overstepping of congressional authority. As GSA is hindered from carrying out its statutory mission by action or inaction of the Congress, the recruitment of highly qualified managers becomes more difficult. As shifts in policy direction become more frequent, the ability of GSA to perform its responsibilities is reduced. As Congress becomes increasingly dissatisfied, the pressure grows for Congress to "take charge." In this vicious cycle, GSA, the Congress, other Executive Branch agencies and the public all suffer.

A review of major GSA functions and incidences of congressional intervention best demonstrates the impacts Congress has on the manner in which GSA carries out its responsibilities.

Public Buildings Service

PBS is responsible for the design, construction, leasing, renovation, cleaning, guarding and operation of most federally controlled non-military space in the nation. It receives much of its broad authority from the Public Buildings Act of 1959, which requires that any federal public building construction, alteration, purchase, or acquisition which involves a total expenditure in excess of \$500,000 must be approved "by resolutions adopted by the Committee on Public Works of the Senate and House of Representatives respectively. . . ."

In fulfilling this responsibility, GSA submits prospectuses to the Congress, which are referred to the relevant committees for consideration. This fundamentally sound procedure is subject to certain deficiencies in the congressional decision-making process. The Public Buildings and Grounds Subcommittees with primary jurisdiction have traditionally been filled by junior members of the Congress who often are not well versed on the overall program, needs and goals of the Public Buildings Service.

(Recently, the

to serve as a reviewing panel for prospectuses.) As a consequence, what continuity and expertise there are in the Committee are supplied predominantly by the staff, with a loose rein of authority from the members.

The staff, in turn, spend an inordinate amount of time requesting detailed justifications for renewal of leases; delays in congressional approval often result in cost escalations due to inflation and other causes. If continuing delays result in an increase of more than 10% over the original total project cost estimate, PBS must submit a revised prospectus and the congressional decision-making process begins anew.

Another complication is the role of the Appropriations Subcommittee on Treasury, Postal Service, and General Government, which handles GSA's funding. It holds the ultimate authority over which buildings are built and how much is allocated in the case of a \$1.2 million pedestrian tunnel in the district of the chairman of GSA's House Appropriations Subcommittee. Recognizing the primacy of the purse strings, the Senate Public Works Committee (although not the House Committee) has recently decided that "action by this Committee need not precede the negotiation and execution of any lease by the General Services Administration, so long as the GSA has obtained an appropriation sufficient to meet the government's obligations under the lease."

Another complication arises when, not infrequently, an agency in need of space which GSA has failed to provide may successfully request authority and funding from its own congressional committees to build or lease its own facilities. Such congressional authority to other agencies fragments GSA's responsibility as the government's landlord. The Public Works and Appropriations Committees then fault GSA for its inability to perform its real property management role.

To remedy some deficiencies and to clean up a backlog of authorized—but unfunded—Federal buildings, the Public Buildings Amendments of 1972 (P.L. 92-313) established the Federal Buildings Fund, discussed above, as a modern management system to meet Federal space needs. The act eliminated some of the previous Appropriations

Committees authorities over the construction of facilities, and its members vigorously opposed the legislation on the floors of both houses. At OMB's direction, GSA decided against the use of appropriated funds for new construction in favor of the purchase contract authority. As a consequence the Committees criticized and severely rebuked GSA. Certain requested reprogramming authorities were disallowed thereby reducing funds available for operation of the Public Buildings Service. Congress instituted an increasingly close scrutiny of the way PBS handled its new Federal Buildings Fund, and its financing through the SLUC formula.

During the first year of SLUC operation the Appropriations Committees, as a budget-cutting step reduced each Federal agency's SLUC figure to 90% of the determined amount, thus effectively reducing the entire PBS budget by 10%. For several years the Appropriations Committees further restricted PBS by directing that any excess of anticipated receipts over expenses not remain in the Federal Buildings Fund for future construction, as had originally been envisioned in the legislation, but be returned to the miscellaneous receipts of the Treasury. In addition, the customary 2% transfer authority between line items in the PBS budget (for management flexibility) was removed. In fact the 2% transfer authority ban has been extended to all of GSA. These restrictions, coupled with the overall budgetary environment, have left GSA with little in new construction or renovation funds but with substantial backlogs of needs.

To solve these deficiencies and to permit a new construction program, the Public Works Committees have increasingly requested GSA to survey the Federal space needs in a specific community and recommend how agencies should be housed. Although in several instances, such surveys have determined that there are no new or additional space needs the Committees have, on occasion, approved a space project.

In addition, it is likely the Congress will approve a "time-financing" (i.e., purchase contract) program for new construction in the foreseeable future. Both S. 2080, which has passed the Senate, and H.R. 8075, approved by the House, include time-financing

provisions, but the Senate bill also includes reform of the authorization process for PBS projects, as well as some sorties into what can be termed day-to-day GSA management decisions. For example, the bill prohibits lease construction and requires submission to the Committees of the names of, and biographical data on, the principal owners for every proposed lease and lease renewal.

Among the provisions are valuable reforms that will allow Congress to better fulfill its oversight responsibilities but others, such as the prohibition of lease construction, smother GSA's management options for accomplishing its mission of efficiently providing agency space.

Federal Supply Service

FSS has the mission of economically and efficiently providing the Executive Branch with approximately \$3 billion worth of goods and services needed for day-to-day operations each year. Although many of its programs have shown marked improvement in recent years, the FSS has been the focal point for broad criticisms of abuse, scandal, inefficiency, waste and corruption. These allegations by the media, the Congress and others snowballed in early 1978 with charges of the "biggest scandal in government since Teapot Dome" with billions of dollars of fraud and corruption.

Understandably, the Congress launched an immediate investigation and an ongoing series of hearings. The Subcommittee's investigations have produced a tale of low level corruption and incompetence. However, the nearly two and a half years of intensive investigation have seemed to create more turmoil than significant reform.

GSA management must continue to be alert to the fraud potential in a \$5 billion program administered by 38,000 employees dispersed throughout the country. The Inspector-General's internal audit and investigation functions obviously must be continued and even strengthened. Systems, such as inventory and purchase order controls, must be subject to improvement as breakdowns therein are discovered. In the

light of GSA's recent history, all of these measures are givens in any program to reform the agency.

The Panel's main concern in the area of corruption, however, centers not on the fact that a relatively few employees violated their trust. Rather, we are disturbed that management systems to prevent such malfeasance either were not in place or did not function. Further, we are concerned that the supervisory/executive structures were not adequate to fill the gaps that will always be present in any system designed to prevent fraud. Here again, a program to develop higher quality supervisors, managers and executives is the long-range solution to the problem, not the recruitment of an ever-increasing police force.

The multiple awards system poses another problem within FSS. Utilized in government procurement for many years, it is a contracting method whereby vendors of commercial products subject to constant technological change offer the Federal Supply Service their product at a discount from their commercial prices. This system precludes the need for detailed government specifications, requires relatively few contracting officers to contract for the commercial product needs of most of the government agencies, and seeks to assure that the government receives the lowest possible price for the quantities that are purchased at a given time.

The Senate Subcommittee has correctly pointed to a number of items that should never have been in the multiple award system and whose procurement was not cost effective. During Senate Subcommittee hearings this year the GSA Administrator pledged to abolish 50% of the multiple award contracts and replace them with single award contracts based on government specifications. The effort is to limit this type of procurement to the high-technology items for which it was originally intended.

FSS finds itself almost incapable of resisting the directions of the Subcommittee for constant reform. The chairman of the Subcommittee on Federal Spending Practices and Open Government also chairs GSA's Appropriations Subcommittee in the Senate. The

implicit threat of funding restraints and restrictive report language appears to dictate the manner in which FSS conforms in its daily management to the Senator's instructions. The Government Activities Subcommittee, House Government Operations Committee, appears to have been more policy oriented and far less involved in operational problems of FSS.

Automated Data and Telecommunications Service

ADTS is authorized and directed under an amendment to the Federal Property Act of 1949 "to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies." The Act authorizes establishment of a reimbursable Automated Data Processing Fund in GSA for the procurement and maintenance of ADP equipment and systems for Executive Branch agencies and for the operation of interagency ADP service centers. However, it prohibits GSA from questioning the agencies' determination of needs and sets up the Office of Management and Budget as the arbiter of disputes between GSA and the affected agencies.

The House Government Operations Committee maintains paternalistic control over GSA's ADP activities; the Committee staff reviews all requests for delegations over \$250,000 for non-competitive bids, and all requests for delegations over \$500,000 for competitive bids. Although the Committee has no statutory authority, its "review" is crucial to a procurement's processing. There is no recollection of GSA proceeding with a delegation or with one of its own procurements over the opposition of the Government Operations Committee.

While it can be argued that the House Committee has become so extensively involved because of GSA's need for support, this argument has some flaws. In the mid-1970s, in accordance with the Brooks Act, GSA proceeded on a joint procurement with the Department of Agriculture for an automated data processing system, data communications network, and procurement

(commonly known as FEDNET) and "any other common user shared facilities" were specifically prohibited in the FY 1975 GSA appropriations bill (P.L. 96-74); a similar prohibition has been included in all subsequent GSA appropriations acts. As a result of this controversy, GSA was extensively criticized by other Congressional committees; the House Committee proved of little assistance to ADTS. Had it wanted to support GSA's authority and management, while still not opposing the specific prohibition, the Committee could have pointed out that GSA's actions were consistent with the mandates of the Brooks Act. By its silence, the House Committee affirmed other committees' indictment of ADTS's continuing efforts to provide economically and efficiently for the government's ADP needs. Much later the Brooks Committee began to urge deletion of the appropriations language as being contradictory to the Brooks Act.

In addition, the Committee has chosen not to consider a GSA-proposed and Senate-passed bill which was recommended by GAO to allow GSA to take advantage of manufacturers' and suppliers' discounts. GSA, accordingly, has been denied this management flexibility at a significant cost to taxpayers.

In summary, it is apparent that ADTS needs less intervention by the Congress and especially the House Government Operations Committee into its ongoing decision-making process. Constant and daily evaluation by congressional staff appears to be seriously impeding Executive Branch management with few commensurate benefits.

Other Functional Areas

The Federal Property Resources Service administers the disposal of Federal excess and surplus real and personal property according to the provisions of the Federal Property Act of 1949, as amended. One provision requires GSA to transmit to the appropriate committee of Congress in advance an explanatory statement of the circumstances of each disposal of any real or personal property having a fair market value in excess of \$1000. The legislative history of the Act clearly demonstrates that

this requirement is a mechanism for informing the Congress of proposed sales. The committees have interpreted the provision to give the Congress de facto decision-making authority. GSA informally agreed to withhold consummation of transactions for at least thirty-five days following submission of the explanatory statement, during which period the Committee staffs review GSA's documentation. This detailed examination often results in requests for additional time for consideration; GSA routinely grants these extensions. In some instances, a year or more may go by from the original submission. GSA, even in the interest of efficiency or economy, does not proceed until the staff has no objection. Only once can knowledgeable observers recall GSA proceeding without the approval of the House Committee staff, and it did so only after more than a year's review by that staff.

In addition to the Government Operations Committee's interventions, from time to time specific language in GSA's appropriations bills expressly forbids disposal of a particular property for utilization contrary to a Member's desires. For example, a Senate Appropriations Committee Chairman had language inserted in 1974 prohibiting private aviation as a use for the excess Sandpoint Naval Base in Washington. Appropriations language also has been used to direct GSA to consummate specific exchanges in contradiction of its policy directives.

GSA is often subjected to criticism for the time it takes to dispose of unneeded property. It is interesting to note that of the forty negotiated sales explanatory statements submitted to the Congress between October 1, 1979 and September 30, 1980, ten transactions involving \$22 million of property remain pending before the staff of the House Government Activities Subcommittee.

GSA is expected to play a leadership role in procurement preference, small business set-aside, minority business enterprise, labor surplus area and a host of other socio-economic programs. The House and Senate Small Business Committees vigorously pursue GSA's implementation of these programs. While agreeing that the preference

programs are important, GSA's primary Congressional committees do not encourage GSA to give the programs the priority attention expected by the Small Business Committees.

As the government's innkeeper, GSA has significant legislated involvement in programs for energy conservation, historic preservation, the physically handicapped, environmental safeguards, art in architecture and improving the socio-economic climate of the neighborhoods in which Federal facilities are located. Each step in the space acquisition process requires a balanced judgment of these factors by GSA. At each juncture there are Members and staff ready to offer their sometimes conflicting advice. And as GSA complies with all these Congressional mandates, it must, according to law, acquire space efficiently and at least cost to the taxpayer.

As the government's telephone company, GSA manages the Federal Telecommunications System. This responsibility, too, sometimes places GSA in conflict with Members of Congress. Even when it is an important member of one of the agency's primary congressional committees who is seriously delinquent in paying a phone bill, GSA is still obligated to collect—sometimes at great risk to a pending building prospectus or legislative request of the agency.

This brief and non-comprehensive survey of other points of contact between GSA and the Congress indicates both the pervasiveness of GSA's mission and the detailed interest by the Congress in how the agency carries out its broad and varied responsibilities.

A Congressional-GSA Partnership

GSA's management in recent years has not appeared to recognize the importance of sound relationships with the Congress and has failed to take advantage of the opportunities presented by increased Congressional interest. A number of innovative, efficiency-promoting and cost-saving programs have been initiated by GSA in recent years but they have not been shared on a participative basis with the Congress but

reported more frequently with an antagonistic and defensive attitude adopted by the agency's leadership toward the Congress.

The excessive high-level management turnover at GSA has resulted in little continuity in relationships with its primary congressional committees. Furthermore, the congressional relations function has little centralized policy or operational control over dealings with the Hill; ongoing cultivation of principal committees has been replaced with defensive reaction to crises. The apparent ineffective role of this office is viewed by some as reflecting a low priority placed by GSA top management on good congressional relations.

Fundamental to improved management at GSA are innovative and sound policies administered with integrity and continuity by highly qualified managers. But central and essential to restoring trust and confidence in that management is an understanding by GSA leadership of the crucial need for a partnership with the Congress. If that goal is met, Congress may again become a prudent advocate for the agency rather than a dominating adversary.

REGULATION AND OPERATIONS

A critical issue in determining a future course for GSA is the relative emphasis to be given to regulation vs. operations. Should the functions of centralized housekeeping be combined in a single agency with the regulatory functions or separated in different locations within the government?

The present aggregation of GSA operational functions has resulted, on the one hand, from repeated Congressional decisions to lodge the functions with GSA, for apparent lack of any better place to put them and, on the other hand, from the willingness of GSA as a bureaucracy to accrue power. A basic logic behind this centralization of functions was the recognition of the increasing importance of supply

procurement and other service functions as the size of government grew. Furthermore, there was the sense within GSA, still prevailing in much of the agency, that no one outside of the agency could handle, or even wanted to handle, these housekeeping and other service functions as well as GSA.

While the operational functions were proliferating, attention to the regulatory responsibilities often was neglected. From the start GSA had been given certain authorities to regulate the conduct of the service functions. But the operational requirements posed such immediate, day to day demands and the pressures from client agencies were so great that regulation tended to take a back seat. Regulation was more difficult and controversial. Moreover it often brought GSA into difficult jurisdictional disputes with OMB, which has always retained an ultimate standard setting and policy-making role.

OMB has effectively preempted a large area of policy responsibility as an extension of its governmental management oversight function.

As the result of recommendations of the Commission on Government Procurement, an Office of Federal Procurement Policy (OFPP) was established within the OMB in 1975. Its role is to improve the economy, efficiency and effectiveness of procurement processes by providing overall direction of procurement policies, regulations, procedures and forms. OFPP's procurement authority applies to executive agencies and to Federal grant recipients. The reasons for establishing the OFPP within OMB instead of in GSA and the reasons that OMB has taken such an active role in issuing directives in areas of GSA's concern, seem to stem mainly from lack of confidence in GSA.

The following list of recent directives outside the sphere of OFPP illustrates the extent of other OMB involvement in formulation of policy relevant to GSA service functions.

Circulars:	A-25	User Charges
	A-49	Use of Management and Operating Contracts

	A-71	Responsibility for Administration and Management of ADP Activities
	A-72	Federal Employee Occupational Health and Safety Programs
	A-76	Policies for Acquiring Industrial or Commercial Products or Services Needed by the Government
	A-104	Comparative Cost Decisions for Decisions to Lease or Purchase General Purpose Real Property
	A-114	Management of Federal Audio Visual Activities
	A-118	Federal Employee Parking Facilities
Bulletins:	79-12:	Voice Telecommunications Management
	80-6:	Freeze on Procurement of New Office and Household Furniture

The GSA regulatory role that has evolved consists mainly of the issuance of two series of regulations to implement policies set by OMB. These regulations are promulgated publicly in the Federal Register. The Federal Procurement Regulations are prepared by the GSA Office of Acquisition Policy in coordination with the concerned functional services. The Federal Property Management Regulations are prepared by each of the different services having concern for particular subject areas. For example, Transportation and Public Utilities Service prepares those dealing with employee travel and motor vehicle management, while ADTS prepares those involving ADP operations.

Procurement and Supply Management Operations

GSA's share of overall government procurement and supply management operations is small. A special analysis prepared by the Federal Procurement Data System indicates that in FY 1978, contracts of over \$10,000 for construction, services, supplies and equipment totaled approximately 62.7 billion dollars. Procurement by agency was as follows:

Department of Defense	\$55.8 billion
Department of Energy	5.1
GSA	2.0
Department of Agriculture	1.6
TVA	1.3
Department of HEW	.8
All other Departments and Agencies	4.9

Over the years, GSA and DOD have reached agreements defining supply management responsibilities and seeking to eliminate duplication in the procurement and supply of commonly used items. The intent of these agreements has been the establishment of a National Supply System. In 1976, however, GAO became critical of progress being made toward this end. It was instrumental in the adoption of legislation directing the OFPP to develop a proposal for a Uniform Federal Procurement System. The OFPP has drafted such a proposal and transmitted it to the Congress in October, 1980.

This proposed Uniform Procurement System clarifies GSA, OFPP and DOD procurement responsibilities and provides for an improved procurement structure. It establishes the OFPP as the source of Federal procurement policy and assigns GSA the role of writing implementation regulations for civil agencies. These regulations are to be coordinated with an advisory council and prepared under the oversight of OFPP and the OMB. Appendix V contains excerpts from the proposal summarizing the proposed management structure and GSA's regulatory role.

Real Property Acquisition and Management

As in the case of procurement and supply, GSA is responsible for only a small share of total construction. Over the past ten years, GSA funding for construction operations has ranged from a high, for example, of \$246 million in FY 1972 to a low of less than \$3 million in FY 1974. The President's budget for FY 1981 provides for about \$22 million in new construction authority. By contrast, the Departments of Transportation (\$10 billion), Energy (\$2 billion), Defense (\$1 billion) and the Veterans Administration (\$660 million), all have substantially larger construction programs in the current year. On the other hand, GSA does play the predominant role in the Federal government in the construction and management of government owned and leased office buildings and space.

In July, 1980, GSA's overall space inventory, government owned and leased, totaled about 228 million square feet, housing about 855,000 Federal employees.

Both the Congress and the OMB define and shape GSA's construction and management operations. OMB exercises control primarily through its budgetary role; Congressional control is exercised through the prospectus procedure described previously which requires GSA to submit proposals for construction alteration and lease projects of \$500,000 or more. Senate Bill S. 2080, if adopted, would replace this system with annual public building authorizations.

Property Disposal Management

GSA has had responsibility for managing the utilization and disposal of surplus real and personal property of the civil agencies of the Federal Government since its organization in 1949. This program has been organized internally within GSA in various ways over the years. In 1978, the Federal Property Resources Service (FPRS) was created to undertake this responsibility as well as that of acquisition and management of the Federal strategic and critical materials program. As of the current fiscal year, the FPRS operating budget approximates \$45 million and it has a staff of about 1,000.

The Department of Defense has a property disposal program for its own, much larger, surpluses. On three occasions, proposals have been advanced to transfer the DOD program to GSA. The issue is still pending.

A SPECIAL LOOK AT ADP

The virtual revolution in the field of information processing which has occurred in the past decade has created challenging new opportunities for improved management and productivity in the delivery of government services. However, the rapid technological change which has occurred in the computer, telecommunications and office equipment industries has created additional difficulties for GSA in its already inadequate efforts to

provide government-wide ADP management functions. The service provided by GSA in this area has been regarded by many customer agencies as an obstacle rather than a help.

Background

GSA's automated data processing responsibilities are among the most recent it has acquired. Because of the rapidly expanding role of ADP throughout government, they are among the most important of the future. The specific responsibilities of GSA in the area of ADP were assigned by Public Law 89-306 (the Brooks Act) enacted in October, 1965.

Under this law:

- o GSA was authorized to manage the acquisition of ADP equipment, encourage sharing and joint utilization of ADP resources and provide service to other Executive agencies, including the operation of equipment pools and data processing centers. An ADP Fund was established in GSA.
- o OMB was expected to provide policy guidance to promote the "efficient and economic" application and utilization of ADP equipment and to evaluate agency ADP management performance.
- o The Department of Commerce (National Bureau of Standards) was required to provide agencies with scientific and technological advisory services relating to ADP and related systems and to develop uniform Federal ADP standards.

Prior to the passage of the Brooks Act, the GSA authority and responsibility in ADP were defined in a series of OMB circulars. The overall intent of these circulars was to put GSA in charge of the ADP procurement process as a means of providing for control of Federal equipment acquisition costs and equipment proliferation and duplication. GSA was not to be involved in the effective utilization of operating agency ADP resources once they were acquired. OMB was given responsibility for policy development especially relating to the other governmental agencies.

Under the 1965 legislation, the responsibilities of both GSA and OMB in the area of ADP management were significantly expanded. In addition, GSA was assigned

operational responsibilities such as the establishment and operation of equipment pools and data processing centers. The Brooks Act was based on the assumption that the economic procurement and efficient utilization of ADP resources government-wide could best be achieved by centralizing the management of the process within GSA. The development of a center of expertise which could assist individual agencies in procuring appropriate equipment and services or could provide such services directly was considered the most promising way of dealing with the lack of technological skill within the agencies required to make ADP decisions.

Within GSA, the Automated Data and Telecommunications Service (ADTS) was given responsibility for these functions. The activities of ADTS include the exercise of government-wide management responsibilities, the implementation of programs to provide services to federal agencies and the management of ADP and telecommunication systems. Unlike NARS, FSS or PBS, ADTS was not created by statute. Therefore, the Administrator has great flexibility to reorganize or change ADTS without statutory changes.

Performance

Subsequent assessments of GSA performance in the ADP area, particularly the Administrative Services Reorganization Project and the Federal Data Processing Reorganization Project, indicate major deficiencies and continuing dissatisfaction with GSA performance in this important area. Despite the intent of the Brooks Act, ADTS has never exercised a strong leadership role in the ADP management process, nor has OMB. In general, the Legislative Branch appears to have shown more initiative in policy development than the Executive Branch. There is no central office with responsibility for long range planning for ADP acquisition and utilization. This is a particularly important omission in an area involving rapid technological change. The policy authorities among GSA, OMB and, to a lesser extent, Commerce, are blurred and in some instances overlapping. As a result, there has been a continuing lack of centralized policy

direction and planning coordination. Little effort has been devoted to assessing the technological change that has already occurred, much less to anticipating future change and the potential of such changes for government management.

Within ADTS, the management of ADP and telecommunications have been carried out as separate functions. Little consideration has been given to the emerging technological merger of these two fields. Moreover, responsibility for the management of word processing equipment and technologies is not housed in ADTS, but rather in NARS. Thus, at a time when the technologies underlying the ADP, telecommunications and office and records management are becoming virtually indistinguishable parts of common information system technology, management responsibilities are fragmented among a variety of relatively independent elements within GSA resulting in unnecessary duplications, inefficiencies and lack of a coordinated approach.

At the policy level this separation has also been evident. The general lack of clear delineation of policy-making responsibility between GSA and OMB has been further complicated by the establishment in 1977 of the National Telecommunication and Information Agency within the Department of Commerce. NTIA was created from the old Office of Telecommunications Policy within the EOP. At a time when there is a clear need for a single policy-making office covering both ADP and telecommunications it is not helpful to further divide responsibility.

ADTS has not developed the requisite individual and institutional capacities to adequately perform the roles and functions envisioned for it. If GSA in general has had a problem obtaining and keeping qualified personnel, this problem has been magnified in the ADP area. Qualified ADP professionals are highly trained and skilled individuals who can generally obtain employment in significantly higher paying jobs in the private sector or elsewhere in government. Additionally, ADTS has done very little in developing training programs to offer in-service training for career employees.

Frequently, the computers used in GSA operations are themselves old and

technologically obsolescent. This contributes to the difficulty in obtaining highly skilled professionals, who generally prefer to work with the most modern and up-to-date hardware available. Furthermore, available GSA personnel may not be familiar with the current state of technology because they have had no opportunity for direct experience with it. GSA's internal reliance on outdated equipment and software has caused many user agencies to be skeptical of the capability of ADTS to help them with their own needs.

GSA's internal usage of computer systems for management purposes has not inspired confidence in the ability of the agency to provide adequate assistance to others. There is little doubt that other major GSA functions such as supply management could be vastly improved with the development and implementation of automated systems for supply management which reflect the current state-of-the-art.

ADTS operations in the ADP area have been concentrated primarily in the review and assessment of agency procurement requests. ADTS does little actual procurement of ADP equipment itself. Generally, agencies do their own procurement once their requests have been received and approved by ADTS. The review of requests has been considered ADTS's main means of achieving its objectives of insuring economy and efficiency by identifying opportunities for facility sharing and by confirming agency need for requested equipment. ADTS also attempts to ensure that competitive bidding requirements are enforced and that the equipment obtained by the agencies is the least costly equipment capable of meeting user needs.

ADTS has tended to become bogged down in the operation of this procurement review process. Few of the specialized data centers to provide expert assistance in different areas to customer agencies have actually been established, and those that have been account for a very small portion of the ADTS overall workload.

ADTS relations with customer agencies have been characterized by conflict and frustration. To some extent, this is a natural condition resulting whenever one agency

has responsibilities which have control over the future plans and efforts of another agency. However, the natural tension which might exist in the best of conditions is aggravated by the perception of many user agencies that ADTS lacks the technical competence to be of genuine assistance. The most common complaint, heard from a range of user agencies with differing degrees of internal expertise in ADP, is the length of time required to obtain approval from ADTS for equipment procurement. This process may take anywhere from two to five years for major acquisitions. For a dynamic field where the basic technology is changing so rapidly, this means that by the time approval is obtained for a purchase of one piece of equipment, that particular item may no longer be the best equipment available to meet the user's needs.

Some user agencies have also noted what they perceive to be a conflict of interest in the ADTS review process. When ADTS provides a service directly, the user agency may feel forced to take advantage of that rather than endure the long wait required to get approval for its own acquisition. They suggest that it is, therefore, not necessarily in the interest of ADTS to speed up the approval process. This complaint is characteristic of others which suggest possible conflict between the ADTS regulatory role and the role of service provider. Many agencies believe that they are better qualified to make decisions, not only about what are their own data processing needs, but also about the most efficient and economical means of meeting those needs.

Many Federal agencies have personnel with significantly greater ADP skills than does ADTS. Many also have staff members with the management and economic skills required to engage effectively in competitive procurement in the highly sophisticated high technology market. In addition to lacking people with ADP technical skills, ADTS tends to be very short of people with such economic talents. Both user agencies and industry representatives have pointed to this lack of expertise in competitive procurement practices as an ADTS problem.

Recent Changes

While all of these issues remain significant for ADTS, a number of changes initiated by the current Administrator are specifically directed toward improving some of these major problems. While it is too early to assess how successful these initiatives will be, a number of people in user agencies and in the regions have noted with approval the impact of these efforts.

The current Commissioner was appointed at the beginning of the Carter Administration. With one exception, he has held the position longer than any previous Commissioner and has thus brought some degree of leadership stability to the office. He has been able to attract to ADTS several key people with appropriate technical qualifications, and with their help has reorganized the ADTS central office and redirected much of the work of the office.

Specifically, ADTS is committed to accenting its regulatory role and strengthening its management areas so that it can provide oversight. An office of Policy and Planning was created with responsibilities for up front planning and coordination for both ADP and telecommunications. This office also is charged with developing policy and regulatory proposals and with providing planning assistance to the agencies in ADP and telecommunications.

ADTS has made a significant effort to delegate authority, particularly in the procurement area, to customer agencies. ADTS wants to shift its efforts from approving procurement requests to planning, requirements analysis and developing appropriate regulations to govern the acquisition phase. Agencies will be given responsibility for much of their own acquisition of equipment and services consistent with the regulations developed by ADTS. Prior approval for purchases under \$350,000 will no longer be required. ADTS will assume an oversight role and direct additional personnel resources to auditing agency compliance. Since the backlog of approval requests and the length of time required to clear a request have been major sources of agency dissatisfaction, the

new procedures should result in a substantial dividend in improved relationships with other agencies.

Like the other service functions, ADTS is under instruction to decentralize to the GSA regions. As with the user agencies, significant authority for acquisition decisions will be shifted to the regions, with the Central Office exercising control through the development of the regulations governing the process. The regions should be out of the regulation area and into the provision of services.

To provide for substantially increased assistance to agencies to help them identify agencies' information processing requirements and satisfy them in an effective, efficient manner, ADTS has created an Agency Liaison Officer (ALO) program to assist agencies in the acquisition and application of information processing technology. Through this program, ADTS hopes to help agencies deal with their immediate needs, but also to improve agency capability for managing their own information processing needs and resources.

These changes that have occurred in ADTS are fully consistent, in letter and intent, with the more comprehensive reorganization of Federal ADP policy mandated in HR 6410, the Paperwork Reduction Act of 1980. This bill was developed in response to the recommendations of the Paperwork Commission Reports and to the Administrative Services Reorganization Study and the Federal Data Processing Reorganization Study. These studies all point to the importance of formulating a comprehensive information management approach to developing and implementing policy in areas of ADP, telecommunications and records management. HR 6410 mandates establishing within OMB an Office of Information and Regulatory Affairs with government-wide policy-making responsibilities in this area. The role of GSA in the management of information resources, in enforcing standards and in providing services should also be strengthened.

Future Trends

It is now widely accepted that some comprehensive approach to information management should be adopted. Such an approach must be based on a full appreciation of the current state of ADP and telecommunication technologies and should incorporate some institutionalized capability for anticipating future technological trends.

At the moment, it seems likely that changes in the next decade are likely to be evolutionary rather than revolutionary. Increasing integration of the ADP and telecommunication technologies are almost certain. Within government, with its continuing emphasis on economy and improving productivity, more extensive and more informed usage of these new technologies offers one promising route for improving performance without increasing costs. Considerable effort and attention need to be directed to examining and eliminating existing barriers to progress in this area and to providing assistance to agencies and individuals in the application of appropriate information management technologies.

CHANGES IN GSA PERFORMANCE IN THE PAST YEAR

It has been a little over a year since Admiral Freeman became GSA Administrator. Almost without exception, both within and without the Agency, his efforts to reorient and improve GSA's performance have received praise.

Among the many initiatives taken by the Administrator, the Panel is particularly impressed by:

- o A vigorous effort to decentralize operational authority to Regional Administrators, thereby freeing Headquarters staffs to perform their proper roles of planning and supervision.
- o Expansion and strong support for in-service training—both technical and managerial.
- o Initiation of long-range operational planning to replace ad hoc decision making.

- o Improvement in internal audit procedures to control and detect mismanagement and fraud.
- o Strong efforts to professionalize contract management.
- o Recognition of the desirability of increasing delegations to user agencies and the concomitant responsibility of GSA to train personnel in those agencies and to oversee the performance of the delegated functions.
- o The recruitment of a number of highly talented senior executives.

Most senior user agency officials voiced appreciation regarding the announced policies and directions of the present Administrator, his immediate staff and the new Commissioners. They also indicated that when contact is made directly with that group, satisfactory resolution of problems can frequently be achieved. In practice, however, they felt that the current Administrator's philosophy had not yet been fully reflected in agency services or practices. Findings by the Administrative Services Reorganization Project in 1977 which indicate user agency dissatisfaction were largely replicated in our current interviews.

That this apparent anomaly exists is not at all surprising. The management problems which have been confronted by the Administrator are of a very fundamental nature and, in any large organization, are extremely difficult to solve. In addition to the relatively short time-frame, one must recognize that the communication problem alone is a formidable task within a national organization of 38,000 people. Furthermore, as we point out elsewhere in this report, there is a pathology in GSA that appears to resist change and the probable cause of that malady is the frequency of change in the past. The idea that a series of edicts alone can effect substantive change under these circumstances is clearly wrong.

Hence, the Panel concludes that much has been undertaken and most of it has been in the right direction. There is much left to be done, both in follow-up and education. And even if the current improvement programs are vigorously pursued, all of the visible results will not be apparent for several years.

In addition, as we discuss in Part IV of this report, there are a number of changes which lie beyond the power of the Administrator to make. These, too, will take time—first to bring about and then to implement.

PART III — FUTURE DEVELOPMENTS IMPORTANT TO FEDERAL

ADMINISTRATIVE SERVICES

Recommendations for improvements in the delivery of administrative services to the Federal government not only must derive from an understanding of the past history and current problems of GSA but also must take into account the future. In this part, some of the projected societal and governmental trends of particular significance for GSA during the next decade are briefly examined. These trends are discussed in more detail in Appendix VI.

Societal Trends

Five areas of projected societal change need to be considered: 1) the moderate growth of the national economy, 2) shifting patterns of the national labor force, 3) adaptations to the energy problem, 4) changes in data processing and communications, and 5) organizational and managerial change.

Projections of economists for the coming decade show a period of moderate growth of the economy, averaging no more than 3 percent annually. Endemic high inflation and possible recurrent energy supply problems will continue to be major dangers. As indexing to price increases becomes more widespread throughout the economy, financing mechanisms such as mortgages will change, shifting risk from lenders to borrowers. The 3 percent growth rate is predicated upon an expected reversal in the trend of declining U.S. productivity growth. Improving productivity is a major emphasis on all planning agendas and will be the impetus for increased investment and the resumption of economic growth in the coming years.

As private companies increasingly recognize the need to improve their productivity in an inflation-plagued, lower-growth economy, there will be pressure on government agencies to raise their productivity as well. In fact, the difficult problem of measuring white collar and particularly government workers' productivity is increasingly

being discussed, particularly because office automation will be a prime area of change in the future. The public will expect the government to take the same measures, both in capital investment and in motivation techniques, that private industry is introducing. As the major agency charged with efficiently providing government-wide supplies and services, GSA should provide government-wide leadership in these areas.

Significant changes will take place in the work force in the 1980s, although the growth rate will be below that of recent years. Reflecting the declining birth rates of the past two decades, the young entrants into the labor force will be a significantly declining proportion. This loss will be more than offset by an expected rise in labor force participation by women and older workers.

White-collar jobs are expected to continue to expand with the greatest growth occurring in the managerial and clerical areas. Automation and computerization will also shift some jobs from blue-collar to technical areas particularly in service industries, and computer programmers are likely to remain in short supply.

Changes in the composition of the workforce toward a higher proportion of women and a heavier concentration of the more highly educated workers of the post war generation will bring strong pressure for changes in personnel policy toward greater flexibility in work place, time and compensation. These changes could create a more receptive climate for increased union activity among white-collar and service workers.

Energy problems will continue to have a major impact in the eighties and constitute a potential source of dramatic discontinuity should oil sources be cut off for a substantial period. Barring such a dramatic change, increasing attention to energy conservation and to developing alternative energy sources should ensure that energy problems will not overwhelm economic growth. Efforts to conserve energy will have a strong influence on the location, construction, maintenance and use of office buildings and factories. Conservation will increasingly require substantial investment in energy efficient buildings and equipment. Work patterns may change to permit more intensive

use of buildings at night and on weekends and to enable greater dispersion of work to the home. These possibilities hold promise for reducing energy usage for transportation as well as for building maintenance. Energy savings tie in with labor force needs to make flexitime and flexiplace options viable for the future.

Many of the changes predicted for the coming years are made possible by the revolution which has taken place in the field of information processing and communications. Changes in computer technology are giving rise to a vast array of new products and services that will make many present-day devices obsolete or at least position them far lower on the product priority scale. These new products will be merchandised in a competitive environment characterized by a wide choice of computer/telecommunications alternatives, both in office operations and the home. The availability of sophisticated wideband communications permits decentralization of large computers and their operations. It is now possible to access very large-scale data bases and manipulate information at locations remote from computers. This has spawned totally new industries based on information and its movement. It has facilitated the linking together of large-scale computers to create massive computational and communications capacity. While the pace of change in the development of new hardware is likely to abate somewhat in the coming decades, rapid increase in the scope of usage and the range of applications is expected.

If society is to accommodate these changes predicted for the coming decades, it will also have to undertake substantial organizational and managerial changes in both the private and public sector. Rapid technological changes will both necessitate and make possible many of these changes. Widespread availability of computing and telecommunications will challenge managers to ensure the development of systems of control appropriate to the new technologies. The managerial challenge in selecting and installing systems will be made more difficult by the definite trend today toward distributed data processing as opposed to the use of a central mainframe computer. This

development is being fostered by the dramatic drop in the cost of minicomputers and microcomputers. Economies of scale make it no longer necessary to centralize services in one large data processing center; separate computers can be used to provide specific services in different locations. Communications developments are also making possible the linking of distributed computers into an information system network. Both the decentralization and the network aspect require careful system design to meet the information needs of the users. A major pitfall is the tendency to merely transfer manual information procedures as they exist to computers. This runs the risk of maintaining possibly inefficient or unnecessary procedures indefinitely and runs counter to the goal of increasing productivity.

Government Trends

Each of the societal trends mentioned above will have strong influence on the operation of the government in the next decade. The future direction of Federal programs and their associated expenditures and employment will be a major factor determining the need for Federal administrative services. Five anticipated trends will be examined: 1) declining growth rates for Federal programs, 2) changes in the Federal workforce, 3) increasing attention to energy questions, 4) increasing impact of applied technology, and 5) organizational shifts toward greater participation.

Concern about the impact of increased public spending and expanding governmental programs, already widespread, is expected to increase in the next decade. There will be continuing interest on the part of many political groups and individuals to cut government spending. Nevertheless, Federal purchases of goods and services are expected to grow in absolute terms. While spending in some program areas may be curtailed or eliminated, spending is expected to increase as new programs are developed in the growth areas of energy, defense and research and development. The emphasis on improving governmental productivity is likely to attract even wider attention as a means of preserving and promoting valued government programs in a cost-cutting environment.

Changes in the Federal workforce will parallel many of the changes in the entire national labor force. In some areas, such as increased opportunity for women to advance to managerial roles, the Federal government is expected to outdistance the private sector. The total Federal labor force is not expected to grow substantially in the coming decade. However, the Federal worker of the future is increasingly likely to be female, older, well-educated, a union member and concerned about wider participation in decision-making and opportunities for self-fulfilling work.

In the immediate future, the impact of the Civil Service Reform Act will be of substantial interest to government workers. The composition of the Senior Executive Service and the opportunities for rewarding excellence could have an important impact on government performance.

There is little doubt that governmental concern with energy problems will increase in the coming decade and that government energy conservation measures will have widespread impact on how government conducts its business. This is particularly true in the area of public building policy and transportation policy. In the case of public buildings, it is anticipated that current efforts to reduce energy use through more energy-efficient construction and operations will receive even higher priority, with GSA in a leading role. The need to obtain greater utilization of more costly government space will exert pressure on Federal managers to expand significantly the hours of agency operation. This imperative, along with more extensive use of flexitime and flexispace, will hasten the adoption of new management and personnel policies.

Higher transportation costs are likely to force greater attention on this cost item in Federal budgets. As communications costs hold relatively steady, there will be vast incentives to substitute the less expensive option.

Throughout the Federal government, the 1980s and 1990s are likely to witness an increasing reliance on applied technology, particularly in the information process area. Despite the fact that most of the business of government can be described as information

processing, the government has been slow to take full advantage of the advances in computing and telecommunications in the immediate past. Continuing changes in the information technology will provide even more opportunities for change in how the government organizes and how it conducts its internal operations. More information, of wider variety and greater complexity, can be collected, stored, analyzed and used to support government's many functions. Technology will affect how agencies organize the roles of officials within organizations, and the number and kinds of individuals that are able to participate in governmental decision-making. Given developments which have already occurred in networking and telecommunications it is necessary to rethink traditional management concepts such as centralization/decentralization.

The question of how rapidly government will consider and adopt new organizational and management forms appropriate for dealing with new problems and taking advantage of new technology will become a critical issue for public administration in the 1980s.

Implications for GSA

Each of these conditions projected for the future has important potential consequences for GSA—for the definition of its mission and for structural, management and operational changes which would facilitate better performance of its objectives. But a particularly important need of GSA is that it develop internally the institutional capability for forward planning and for estimating the impact of alternative future conditions on the needs of government for administrative services. It is essential that GSA have access to research and development capability and that it have an active rather than reactive role in predicting the future of Federal administrative services.

PART IV -- THE ALTERNATIVES, RECOMMENDED ACTION AND IMPLEMENTATION

In this Part IV the Panel reports its consideration of how best the Federal government can provide for satisfactory administrative service to its many and varied program agencies. On all sides, knowledgeable people in both the Executive and the Legislative branch agree universally that the present arrangements are simply not working even adequately. The government has changed substantially since the General Services Administration was created, in size, in scope, in variety and to some extent in its nature. But the GSA has not been changed much in what it is or how it is operated, and events have overtaken it. Some people both in and out of GSA fear that unless change occurs quickly, the situation can only worsen with serious effect on all government operations.

Whether that is so or not, the Panel became convinced at an early stage in its deliberations that major change was needed. It explored a wide variety of possibilities, and in the pages to follow will discuss the active options and present the reasoning process which led to its recommendations.

Before examining the options themselves, however, it will be useful to recapitulate briefly some of the principal problems facing the agency, and to express the criteria which the Panel set out to guide its examination of the various alternatives.

PROBLEMS

Whatever is done to improve administrative services to the Federal government, it will be necessary to cope with the problems of GSA in 1980. (These are discussed in Part II of this report.) The Panel, in listing what appear to be a series of indictments of GSA, wants it clearly understood that most—if not all—of these matters are well known to the current management of the Agency. In fact, in his initial briefing of the Panel, the Administrator enumerated his concern about many of these issues. In most cases, action

programs are underway directed toward resolution. At the present moment, however, these deficiencies—either from the view within GSA or from the perspective outside the Agency—continue to hinder adequate performance.

In abbreviated description, some of the most important of those problems are:

1. Apparent non-responsiveness to many customer needs
2. High hidden costs imposed on customers
3. Unfavorable GSA image among customers, OMB and Congress
4. Inordinate delays and costs in space-acquisition
5. Extensive Congressional involvement in GSA decisions
6. Impact of the high turnover rate of senior GSA executives
7. Insufficient emphasis on management training and executive development
8. Confused overlapping of the roles of GSA and OMB
9. Stringent OMB control over GSA funds and personnel spaces
10. Overemphasis by GSA on crisis-handling and operating functions, with a consequent underemphasis on its regulatory role
11. Incomplete decentralization of operational authority to GSA regions
12. Tension between GSA headquarters and Regions
13. Lack of GSA forward planning, especially to identify agency needs and policy voids
14. Insufficient use of GSA authority to delegate operating authority to agencies
15. GSA lag in ADP technology
16. Low state of technical training and professionalism among many GSA people
17. Exodus from GSA of high-potential manpower

18. Resistance by GSA mid-managers to leadership
19. Numbing effect of repeated GSA reorganizations
20. Weak coordination between major elements within GSA
21. Poor communication between GSA and supported agencies
22. History of corruption and mismanagement in GSA
23. Poor GSA relations with Congress
24. Insufficient capacity to exploit external R & D contributions
25. Weak internal data and management information systems

THE CRITERIA

Any list of problems to be faced will by its very nature be negative and partial. It can be a highly valuable checklist against which to test options, to ensure whether most or all of the difficulties are actually addressed. Indeed, after reaching its conclusions in this Part IV, the Panel will test the selected option against the list of problems above and report detailed results in an appendix. But the design specifications against which to construct the solutions to these problems need to be in positive terms. The characteristics which the Panel sought to embody in its proposals for change are shown in the six criteria discussed below.

1. Quality of support provided to programs. How promptly and fully will the needs of customer agencies be met? Will the program execution by these agencies be impeded and delayed less, while overcontrol through excessive or over-rigid standard-setting is avoided? How simple and efficient will be the system for asking and getting support? Will the system adapt flexibly to new or changing service needs, and take advantage of R&D? Will small agencies be treated as responsively as large ones? Will customer agencies participate sufficiently in policy determinations?

2. Cost. Will the overall manpower engaged in administrative support throughout the Federal government be the minimum needed for effective functioning? Will fullest

advantage (consistent with quality of support) be taken of the real (not theoretical) economies of scale, and of competition? Will program leaders be the ones who judge whether special administrative costs are worth incurring in order to avoid greater costs of impaired program performance? (NOTE: Inadequacies of administrative service support now impose important hidden costs upon the federal government. For example, a major new program with a legislated deadline was delayed in starting, and ultimately cost more, because of very long response time in acquiring building space. Similarly, during a multi-year computer acquisition process, an agency operates with less productive, less efficient systems, while building operation problems elsewhere have lowered the productivity and obliged hiring more people to do the same work. If these hidden costs were identified in dollar terms, they would far outweigh, the Panel believes, the "economies" which OMB and the Congress have been imposing upon GSA and which often give rise to such hidden costs. In applying the criterion of cost the Panel therefore seeks to consider the whole range of costs, hidden as well as visible.)

↓ 3. Minimization of corruption. While responding fully to Administration policy and to legislation by the Congress, will the service organization(s) be free to manage personnel, do procurement, let contracts and otherwise conduct business on the merits? Will the structure tend to reduce the likelihood of improper or unlawful action?

4. Personnel quality. Will the people who make policy and who provide administrative services be competent? Will they be motivated primarily toward improved service, and will recipients of the service have suitable influence over motivating factors? Will the conduct of career development programs be stimulated? Can management remove poor performers and replace them with better people? Will stable continuity of high-level management be encouraged?

5. Public confidence. Will the public perceive the Federal government as operating more efficiently? Will the public perceive fewer corrupt, extravagant or unreasonable actions within government? Will the new arrangements visibly improve

Executive and Congressional oversight over the mission and its execution?

6. Attainability. How complex, difficult and protracted will be the support-building, administrative and legislative steps needed to bring this alternative about? Would any groups oppose it strongly?

WHAT SHOULD NOT BE DONE

Before consideration of positive improvement programs which the Panel recommends, it is necessary to comment briefly on a number of proposals for change which the Panel considered and rejected.

Steady As She Goes

Positive leadership is being applied by the current Administrator and his staff in well-chosen directions, all of which should contribute something toward satisfying the above criteria. To continue vigorous pursuit of internal reform along the same lines is essential, so that the momentum so painfully acquired can be sustained.

But the measures now being taken are not enough. The external environment in which GSA now operates, as illustrated by the problems enumerated above, simply presents too formidable and slippery a challenge. Unless major change occurs and new action is taken the administrative services provided to the Federal government are going to get worse and worse, despite bootstrap improvements within GSA; meanwhile the hidden costs will mount.

Simply to continue with current improvement efforts within a GSA doing what it does now is therefore not, in the Panel's judgment, an acceptable line of action. That line points surely toward a very slow and perhaps unacceptable recovery.

Departmental Status

There have been, in the past, various studies recommending that GSA be elevated to Departmental status. Presumably, such a change in status would be accompanied by

additional responsibilities for administrative services. The Panel would not recommend expansion of the agency's functions—primarily for the reason that it is necessary for GSA to perform well its presently assigned duties before adding to its mission. The energy available to manage the present duties should not be diluted by excursions into new areas.

The Panel is also aware of the argument that Departmental status would enhance the status of the Agency, add to its influence in the Federal community and create more prestigious positions to attract presumably more competent personnel. We are not persuaded, however, that these desirable results would necessarily come to pass. In fact, the instability of top leadership associated with Departmental status would be contrary to the stable professional climate which appears to be GSA's greatest need. Furthermore, we see no real justification for violating the cardinal rule which reserves Departmental status for organizations responsible for the delivery of primary governmental programs. GSA's role is to service these mission oriented agencies—not to join them.

The Vertical Cut

The Panel considered the alternative of a vertical division of GSA's functions. Specifically, the public buildings function could be hived off and done by a separate organization independent of the one doing the remaining central services. Actually, some definite advantages would flow from such highly visible concentration on the public buildings function, now GSA's most troubled area. But the Panel concluded that there were pronounced disadvantages as well. Among the disadvantages are the further discontinuity between the components of what should be an integrated administrative support program and the addition of yet another independent organization within the Executive Branch which requires EOP oversight. The Panel felt that these problems made vertical separation not fruitful to pursue in more detailed analysis.

GSA as a Regulatory Agency

One of the options which the Panel was initially asked to consider was that of transforming GSA from a largely operating entity to one which issued regulations on space, supply, etc. The procurement and related operations would, under this scheme, be performed by the user agencies.

Before we can deal intelligently with this proposal, it is necessary to provide some definitional distinction between Policy, Regulation and Operations. We hold no particular brief for our definitions but it is important for the reader to understand how we are using these terms in the GSA context. Briefly stated, we define the words as follows:

Policy — Basic decisions on the objectives and undertakings of the enterprise; the manner in which performance is to be measured; and, where appropriate, prohibited action.

Regulation — The detailed description of, and elaboration on, the policy decision to be implemented and how it is to be accomplished. Regulations may vary from extensive explanation of policy intent and means of accomplishment to relatively simple instructions on how and when to execute the predetermined decision.

Operations — Those activities and functions which produce end-products or services and which are carried out in pursuance of policy guidelines and in accordance with applicable regulations.

The Panel did, in fact, examine the implications of transforming GSA into a regulatory agency. We concluded that the literal adoption of such a proposal would not be beneficial. In the first place, a central operating entity is necessary for certain public buildings functions, telecommunications and the administrative support functions of many small and newly activated agencies. The assignment of such support activities to mature or "lead" agencies elsewhere in government would create a series of problems and is not recommended by the Panel as a means of handling the administrative support needs of the new or small agency.

In addition, the difficulty of locating the fine line between policy setting and regulation which now besets the GSA/OMB relationship could only be exacerbated in a situation in which GSA's only role was the issuance of regulations.

OMB as the Regulatory Agency

One possibility for resolving the Policy/Regulations conflict would be to assign the entire package to OMB. A variation of this approach would be to give these functions to a new office in the Executive Office of the President which would include the OFPP. A second variation would be to create an OPM-type independent auxiliary agency (again including OFPP) charged with both functions.

The latter two variations were discarded by the Panel on the theory that as long as OMB retains its overall responsibility for management and its control over funding, it will and should remain in the business of setting administrative service policy, and either one of the two newly established offices would find itself in much the same confused relationship with OMB as GSA now experiences.

The Panel did consider the remaining reorganization, which would move all policy and regulation into OMB and leave GSA as a purely operating agency, to be a worthy enough contender to deserve detailed analysis. Such a reorganization was therefore compared with the other two contending alternatives, using the criteria previously defined (see Appendix VII for detailed analysis). The comparison showed that the other contenders, which were a revitalized GSA and a government corporation, were decidedly preferable.

The reasons for that conclusion were many. For instance, if OMB did acquire all the policy and regulatory functions, leaving to GSA only the operating duties, then GSA's ability to attract and retain good people would decline further. Moreover, OMB's relatively remote position removed from operational reality would not favor the development of useful regulations. In addition, GSA would then be more vulnerable to

any exterior influences that were seeking to affect its operations so as to serve their own interests. To strip regulation out of GSA would entail major reorganization, creating turbulence and therefore an inevitable decline in the quality of GSA performance. Because that performance is already so inadequate and the resulting hidden costs are so high, it is questionable whether much margin exists for tolerating such a decline, even though temporary. Importantly, also, such assignment to OMB could well distort that agency's functions from its fundamental and vital purposes. Finally, the reorganization would substantially increase the size of the EOP; historically Presidents have resisted even clearly justified increases in this office.

In Sum

For all the above reasons plus others more detailed, the Panel rejected from further consideration the alternatives of:

1. Limiting corrective actions to those already under way.
2. Giving the agency Departmental status.
3. Spinning off PBS as a separate government corporation.
4. Transforming GSA into a primarily regulatory body.
5. Removing regulatory responsibility from GSA and assigning that function to OMB (or to some similar top-level staff).

WHAT SHOULD BE DONE

The Panel undertook its assignment believing that it would be necessary to choose a "best" model from among several alternatives. As our analysis proceeded it became evident that a number of the possible courses of action were either clearly not acceptable or not really competitive with the more attractive alternatives. Two feasible alternatives remained: the revitalized GSA with unchanged responsibility, and the Government corporation.

In the course of doing extensive interviews, discussing the results, and rejecting the less desirable alternatives, the Panel had concluded that certain requirements were essential to the success of any future arrangements for handling the government's administrative services. These requirements were:

- o During a period of restricted budgets, it is essential that people and resources available for both support and delivery of programs be used with maximum effectiveness. The many hidden costs which the current administrative services system creates must be materially reduced.
- o The central services organization should do less operating, while program agencies do much more for themselves, using authority delegated in the context of standards, training, and post-audit from outside. Before receiving delegation of authority, however, an agency should demonstrably possess the capacity to use it effectively. Objective conditions for delegation should be set in such areas as organization, agency control systems, personnel training standards and the means of ensuring compliance with applicable statutes and regulations. Means should be found to give GSA incentive to promote delegation to agencies.
- o The relationships of the central service organization with the Congress must be transformed toward a mutually trustful situation in which the common aim is pursued of having central services help the program agencies to carry out their legislated, funded programs.
- o The relationship between GSA and OMB must be more clearly defined and OMB must be encouraged to be more supportive of GSA's mission. GSA and OMB must agree upon their respective roles in the Policy/Regulation continuum and work together to make their efforts more productive.
- o Stable continuity of professional and executive leadership of central services must be assured.

As it considered what must be done to achieve those requirements, the Panel came to realize that the two apparent alternatives were not mutually exclusive, and indeed were very closely related to each other. Many executive actions had to be taken in order to revitalize GSA, but they also had to be taken in order for the government corporation to be truly effective. The revitalization could not be completed, moreover, unless certain laws which constrain GSA were altered, and the legislative action to bring

What about had much in common with the legislative action needed to create a government corporation.

The difference between what once had seemed to be contrasting strategies was now recognized as only a tactical difference. The strategy was really the same: an operating organization revitalized so far as possible by executive action, and then legislative change to complete the revitalization. The lines of action were initially identical. All that was different came later, in how the revitalized administrative services organization, much strengthened by newly legislated capability, finally emerged. One tactical route toward legislative change would bring it out as a government agency, and the other route would yield a government corporation.

Then how should the revitalization proceed? The measures which the Panel believes necessary in order to improve administrative services group themselves according to who has authority to make the changes. Some measures are within the existing authority of the GSA Administrator, and others are within the President's authority. These are shown below as Program A and Program B, respectively. Whether the ultimate organization is to be an agency or a corporation does not matter to Programs A and B; all the measures specified there need to be taken for either one. But there are other measures necessary which require new legislation, and these are shown below in Program C. Within Program C the tactical difference will be seen.

Program A - GSA

The GSA Administrator¹³ should undertake to:

- a. Install sound, up-to-date management control and information systems.
- b. Conduct sustained executive development and management training programs.

13. As indicated elsewhere the Administrator has undertaken most of the corrective efforts listed here. The Panel's intent is to endorse those initiatives which have begun, urge their continuation and suggest some additional activities.

- c. Pursue energetically higher standards of vocational competence and professionalism among its employees, especially through training.
- d. Achieve extensive delegation to program agencies of authority to perform their own administrative services in conformance with OMB policy and according to GSA rules, standards and oversight.
- e. Conduct extensive training programs for customer agency people who will be performing delegated functions.
- f. Decentralize operating control fully to GSA Regions.
- g. Make fullest possible use of all performance flexibility allowed in industrial/stock/revolving funding.
- h. Develop a research element able to take full advantage for the government of R&D results achieved elsewhere. Special consideration should be given to the use of one or more Federal Contract Research Centers in this effort.
- i. Institute systematic long-range planning at several levels both in the central office and in the Regions, ensuring its integration into current decision-making.
- j. Improve customer relations through such means as market research and establishment of a single point of agency contact.
- k. Improve GSA's relations with Congress through both demonstrated performance and positive outreach.

Program B - EOP

The President and the various components of the EOP should proceed as follows:

- a. Announce publicly a commitment to revitalize the government's administrative services, in order to increase efficiency and reduce hidden costs.
- b. Appoint a managerially and professionally qualified head for GSA and keep him in office, hopefully, until the position is made tenured by law.
- c. Ensure that key GSA executive posts are filled by able managers chosen for professional and not political qualifications.
- d. Ensure that OMB will wholeheartedly support revitalizing GSA.
- e. Assist with development of improved relationships between GSA and Congress.

- f. Clarify definitively the respective roles of OMB and GSA, with OMB to set government-wide administrative services policy, including policy on delegation to program agencies, on post-audit and on sanctions for non-compliance. GSA to issue implementing regulations.
- g. Reduce impediments to GSA efficiency by maximizing (within the limits of current executive authority) the flexibility in use of revolving funds and minimizing the use of personnel ceilings in connection with them.
- h. Support wholeheartedly GSA's training and executive development programs through funding and personnel ceiling allowances.
- i. Create an influential customers' advisory council for GSA.
- j. Identify the hidden costs to customer agencies which flow from inadequacies of administrative services and weigh these costs against those required for adequate services.

The above Program A and Program B measures toward revitalizing GSA are, in the Panel's judgment, absolutely essential to any line of action aimed to bring administrative services up to satisfactory levels and staunch the hemorrhage of hidden costs within the Federal government.

Program C - Legislation

But measures in Program A and B alone are not enough, for some major obstacles would still remain, obstacles which could be overcome only through legislation. Laws now on the books, and procedures which flow from them, are among the chief contributors to hidden costs, insufficient support, and delays. Remedy could be sought via one of two methods.

- a. Either specific legislation to support and complete the revitalization of a GSA with current functions could be sought, such as:
 - Setting a fixed term for the GSA Administrator, as the sole Presidentially-appointed official in GSA

- **Moving the policy function for administrative services into an OMB element which absorbs the present OFPP**
- **Substituting for the present lease-prospectus process some process more responsive to Congress' and GSA's needs, such as the plan-submission proposed in the Moynihan Bill**
- **Authorizing GSA to use true revolving fund arrangements with full costing for goods and services provided to customers**
- **Allowing GSA needed additional flexibility through appropriations that provide multi-year financing and reduce other restraints associated with the current appropriations structure**
- **Releasing GSA, and program agencies exercising delegated authority, from outmoded and artificial constraints such as in the Economy Act and the Public Buildings Act and raising the monetary thresholds for triggering Davis-Bacon and specific Congressional approval actions**
- **Re-naming GSA, as a symbol of new challenge and opportunity**

b. Or, legislation to create a government corporation to operate administrative services under policy direction of OMB. In addition to the managerial and legislative improvements cited above, the characteristics of such a corporation, in the Panel's view, should be:

- **Board of Directors appointed by the President**
- **Chief Executive Officer selected and appointed by the Board and compensated not in excess of Executive Level I (alternatively, the President could appoint the Chairman of the Board who would also serve as the CEO)**
- **Employees to be civil service but the corporation exempt from the provisions of the Classification Act**
- **Responsible to determine the propriety and necessity of its expenditures**
- **No personnel ceilings externally imposed**
- **Retention and use, without appropriations action, of revenues received from charges imposed on user agencies**
- **Business-type budgeting, use of true revolving funds, authority to borrow from Treasury**

- Issuance of instruments of indebtedness under terms approved by the Secretary of the Treasury
- Commercial-type audits by the General Accounting Office with no provision for GAO exceptions to individual outlays
- Corporation can sue and be sued

Comparison and Choice

Both the pure legislative reform actions and the corporate model fit the political calendar. The new Administration could promptly begin to revitalize GSA by taking steps within Executive authority that are essential to either line of action. Meanwhile, legislative proposals can be made to Congress just as the first effects of the revitalization measures are becoming visible and during the early period when the new Administration presumably has greater influence on Congressional action.

To choose between the two alternatives of seeking a corporation now or instead seeking a package of legislative reforms, the Panel applied its criteria (see Appendix VIII for detailed analysis) and agreed upon the following pros and cons:

- o A government corporation would offer several definite advantages. Among them are the public perception that a "business-like" entity can perform "business-like" functions more capably than a government bureaucracy, and the greater attraction for able personnel that marginally higher compensation would bring. Moreover, the Panel believes that the corporate form would probably help to reduce the amount and degree of external interference into operational performance.
- o The possibility exists that delay in seeking corporate authority would lose the opportunity to capitalize on a new Administration's early influence with Congress.
- o Most of the flexibility that can be achieved through the corporate form is also available (if enacted) for a traditional government entity.
- o In addition to the substantive issues (multi-year financing, fully funded revolving funds, etc.) which require legislative approval, both the concept and characteristics of a corporation are in and of themselves potentially controversial issues which could delay Congressional action.

- o Either legislative proposal would necessarily consume a significant portion of the time and attention of senior management until Congressional action is completed. But for the corporate approach this portion would likely be somewhat greater, and the process would last somewhat longer, than for the simpler legislative solution. Hence the leadership energy available to concurrently carry out revitalization would be less with the corporate approach.
- o The Panel has some reservations about whether the volume of business remaining after substantial delegation to user agencies would be sufficiently great to support a viable self-sustaining corporation.

The Panel concluded that the wiser course of action was to seek the first-mentioned legislative solution at once and defer decision on the corporation for a period of three or four years. The Panel has verified that this legislative approach in Program C, together with the measures in Program A and Program B, will bring potentially effective corrective action to bear against each of the problems listed on pages 76-77 (see Appendix IX for detailed analysis). At the end of a three or four year period an assessment can be made of the actual results and the remaining difficulties of the newly constituted agency. If it appears at that time that the corporate model would contribute substantially to the solution of these problems, that the volume of business is sufficiently large and that the likelihood of favorable Congressional action is adequate, the Panel would support this further effort.

IMPLEMENTATION

Actions Within Current Executive Branch Authority

As we have sought to make clear in our discussion of the alternatives and the recommended course of action, a number of immediate steps can be taken—particularly in the light of a new administration's assuming control of the Executive Branch in January. Although it is true that a number of the corrective actions will have fairly long

gestation periods (e.g., the implementation of a comprehensive executive development program), it is equally true that any delay in getting started merely prolongs the fulfillment of the objective—a viable and credible GSA.

We therefore recommend that at the earliest possible date, the Administrator of GSA transmit to the President (through the OMB) a complete statement of the non-legislative actions underway and proposed for revitalization of GSA.

Such a transmittal by the Administrator should include identification of those matters which the Administrator has underway and would propose to undertake. In addition, he should enumerate those which are within the current authority of, and require action by, the President (or OMB or others). The Administrator should also propose an implementation schedule which would be undertaken by GSA upon approval by the President.

It is further suggested that Presidential approval—in advance of public announcement—be communicated to those members of the Congress whose committee assignments involve oversight of GSA, or portions thereof.

Finally, of course, the appropriate public announcement should seek as much media coverage as possible. The Panel does not feel competent to prescribe the complete public relations package, but does emphasize the importance of a well-designed effort.

Actions Requiring Congressional Concurrence or Approval

The Panel does not know, but assumes, that the new Administration will seek authority to restructure parts of the Executive Branch under a new Reorganization Act. If such is the case, some objectives can be achieved through this device rather than

through positive Congressional enactments. Regardless of method to be employed, however,

We recommend that in conjunction with the proposals included in the "revitalization" program (but as a separate part), the Administrator transmit to the President a legislative package.

The areas in which Congressional action and/or acquiescence are recommended by the Panel are set forth in the discussion on page 87 of this report. The specific legislation and/or Executive Order drafts should, of course, accompany the proposals.

Disclosure of these legislative proposals should be included in the public announcements undertaken in connection with the steps to be pursued within existing Executive Branch authority.

The immediate and urgent need is to obtain Presidential approval for a program to revitalize and upgrade the administrative support functions of the Federal Government.

APPENDIX I

SUMMARY OF FINDINGS AND RECOMMENDATIONS
ADMINISTRATIVE SERVICES REORGANIZATION PROJECT
Taken from 1978 Draft Report

Supply and Support Services

1. National Supply System

Findings: Independent supply systems are run by GSA, VA, Defense Logistics Agency, and each military service.

Alternatives: Agencies agreed with the concept of a coordinated National Supply System.

2. Federal Supply Service Operations

Findings: Operations crowds out policy at FSS HQ. Policy making is fragmented among four FSS HQ offices. Operations is fragmented among several HQ offices, ten GSA regions, and three commodity centers.

Alternatives: Centralize policy making under a deputy FSS commissioner. Consolidate operations outside of Washington in a single national commodity center, several centers, or in regions.

3. Customer Service

Findings: The customer support questionnaire indicated a broad degree of customer acceptance and satisfaction with GSA's centralized system. Some unhappiness with order processing and customer delivery was expressed.

Alternatives: Give customers the option of local buying, and provide more GSA retail outlets. Use standard forms and simpler procedures.

4. Vendors and FSS Procurement Process

Findings: Complex procedures, specifications.

Alternatives: Establish uniform dollar levels for application of all social and economic policies, with a provision for future adjustments.

5. GSA Regulatory Activities

Findings: Little customer agency participation in development of regulations; little customer feedback; little GSA oversight.

Alternatives: Centralize regulatory functions on GSA administrator's staff.

6. **Interagency Training of Administrative Service Personnel**
Findings: Fragmentation between CSC and GSA.

Alternatives: Consolidate in GSA or CSC.
7. **Advisory Services to Agencies**
Findings: Need in GSA for a group of high quality consultants.

Alternatives: Establish an organization on the GSA Administrator's staff or in the GSA services to manage advisory services.

Real Property

1. **Centralization/decentralization of authority to lease, construct, operate, and dispose of federal real property and to regulate the exercise of these authorities**
Findings:
 - a. GSA spends 489 staff years managing 226 million square feet of leased space. Other federal agencies devote 2455 space management/leasing staff years to 597 million square feet of agency-owned and leased space. Other agencies spend 931 additional staff years on liaison with GSA for space management/leasing services.
 - b. Fifty-five organizations in 22 agencies procured \$5.78 billion of direct federal construction in FY 1976—DOD (including corps), \$3.4 billion; DOI, \$.5 billion; DOE, \$.4 billion; VA, \$.3 billion; GSA, \$.3 billion.
 - c. GSA building operations costs compare favorably to Buildings Owners and Managers Association averages.

Alternatives: Divide regulating and operating responsibilities between GSA and agencies. Agencies prefer to let GSA manage: (1) large amounts of space, (2) office space, (3) buildings in areas of high concentration of federal agency activities (urban centers). Agencies want to manage themselves: (1) small amounts of space, (2) mission-oriented buildings (military bases, corps projects, laboratories), and (3) buildings outside urban areas. Agencies also want a generally more responsive attitude from GSA.
2. **Fixed limitations**
Findings: Inefficiencies result from the need to satisfy, even for small projects, requirements aimed at promoting various national goals (for example, the Davis-Bacon Act requires payment of prevailing local

wages on federal construction contracts in excess of \$2000). Also, Congress must approve construction in excess of \$500,000.

Alternatives: Raise thresholds triggering application of conditional laws (e.g., raise Davis-Bacon trigger from \$2000 to \$40,000), and need for congressional approval (\$500,000 to \$2.5 million).

3. Funding Mechanism

Findings: Agencies pay GSA's Federal Buildings Fund (FBF) the standard level user charges (SLUC) for space and service. OMB and Congress limit GSA's use of FBF income. GSA can't reprogram among FBF activities—rental, operations, purchase, program direction, construction, and repairs. Agencies complain about inadequate explanation of SLUC charges.

Alternatives:

- a. FBF as a true revolving fund—allow reprogramming and remove it from the annual appropriations process.
- b. Retain present FBF with modifications.
- c. Abolish FBF and return to direct appropriations.

Agencies are insistent that some improvement in SLUC be made.

Telecommunications

1. Management

Findings: Dispersion of policy making and management authority in federal government among OMB, National Telecommunications and Information Administration (Commerce), GSA, DOD, the National Communications System (NSC), and other agencies. There is little evidence of the linking together of agency facilities into a national communications system. For its part, GSA seems preoccupied with minutia and does not make the big decisions; giving little policy guidance to agencies.

Alternatives: Clarify the status quo with OMB, the chief policy formulator and overseer; NTIA, doing policy R&D for OMB; and GSA, having implementation responsibility for acquisition and management, or consolidate responsibilities in one of the existing organizations, or establish a new organization.

2. Procurement

Findings: Agencies buy on their own.

Alternatives: Centralize in GSA, decentralize in agencies, or have GSA do common user procurement and agencies do specialized procurement.

3. Common user versus agency-operated telecommunications systems

Findings: Now GSA and DOD operate common voice and message networks while agencies continue to expand their own systems and use their own switchboards.

Alternatives: Coordinate the DOD and GSA common networks; have GSA or a new single service organization actively promote and provide common use systems; and consolidate switchboards.

4. Financial Management

Findings: Lack of cost control; inadequate accountability for the use of GSA services by agencies.

Alternatives: Use of sensitive pricing; restrict types of calls on certain lines; better budget control.

APPENDIX II

GSA TOP MANAGEMENT TENURE

OFFICE OF THE ADMINISTRATOR

Robert Kunzig	3/69-10/72
Arthur Sampson	5/73-11/75
Jack Eckard	11/75-3/77
Robert Griffin (acting)	2/77-4/77
Joel Solomon	4/77-3/79
Paul Goulding (acting)	3/79-6/79
R. G. Freeman	7/79-Pres.

DEPUTY ADMINISTRATOR

John W. Chapman	3/69-7/70
Rod Krieger	9/70-9/72
Michael Timbers	9/72-5/73
Dwight Ink	5/73-12/75
Terry Chambers	1/76-12/76
Wallace Robinson (acting)	12/76-3/77
Robert Griffin	5/77-7/78
Paul Goulding	8/78-3/79
Clarence Lee (acting)	4/79-7/79
Ray Kline	8/79-Pres.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

Ted Trimmer (acting)	7/72-5/73
Shy Meeker	5/73-7/74
Warren Burton (acting)	7/74-6/75
Theodore Puckorius	6/75-2/77
Warren Burton (acting)	2/77-7/77
Frank J. Carr	7/77-Pres.

FEDERAL SUPPLY SERVICE

Lewis Spangler (acting)	12/69-2/70
H. Abersfeller	3/70-5/71
Lewis Spangler (acting)	6/71-12/71
M. Shy Meeker	1/72-6/73
M.J. Timbers	6/73-10/75
Jay Bolton (acting)	11/75-2/76
Wallace Robinson	2/76-1/77
Jay Bolton (acting)	1/77-6/77
Robert P. Graham	7/77-10/78
William P. Kelly	10/78-5/79
Reuben Morgan (acting)	6/79-6/79
David Walden (acting)	6/79-6/79
H.D. Harvell (acting)	6/79-1/80
Thomas Morris	1/80-10/80
Herbert McCarthy	10/80-Pres.

PUBLIC BUILDINGS SERVICE

Arthur Sampson (acting)	12/2/69-3/7/70
Arthur Sampson	3/8/70-1972
Larry Rousch (acting)	1/9/73-?
Gerald Turetsky (acting)	10/13/73-11/13/73
Walter Meissen (acting)	10/2/74-9/75
Nicholas Panuzio	9/16/75-4/77
Thomas Peyton (acting)	5/77-6/77
J.B. Shea (on detail to Board of Contract Appeals from 12/78-3/79)	6/77-12/78
Dennis Kielman (acting)	12/78-7/79
Albert Marschall	7/79-Pres.

APPENDIX IIIGSA Leased Space Acquisition Steps
and Time Requirements

<u>STEP</u>	<u>AUTHORITY</u>	<u>TIME RANGE (WORKING DAYS)</u>	<u>MEAN TIME</u>
START — RECEIVE CERTIFIED REQUEST FOR LEASED SPACE			
1. Review Request		1 Day	1 Day
2. CBA Analysis/Waiver	EO 12072 & FPMR	0-10 Days	5 Days
3. Prepare/Mail Ad	PBS P 1600.1 (1600.1)	1-4 Days	2 Days
4. Notify Advisory Council on Historic Properties	1600.1 & PL 94-541, Cooperative Use Act	1-2 Days	2 Days
5. Receive Listings		5-15 Days	10 Days
6. Survey Market/Inspect	1600.1	1-10 Days	7 Days
7. Determine Vending Requirements	PL 93-516, Randolph Sheppard Act	1-15 Days	10 Days
8. Prepare SFO	1600.1	2-6 Days	3 Days
9. Obtain Agency Concurrence	1600.1	2-15 Days	10 Days
10. Legal Review of SFO	ADM 2857.1	2-15 Days	7 Days
11. Issue SFO	1600.1	1-3 Days	2 Days
12. Lessors Prepare Offer		10-15 Days	12 Days
13. Receive Offers		1 Day	1 Day
14. Prepare Price Analysis of Offers	1600.1	1 Day	1 Day
15. Buildings Management Review of Costs		2-10 Days	7 Days
16. Construction Management Review of Systems, Structures, etc.		2-15 Days	7 Days
17. Safety Survey		2-10 Days	7 Days
18. Energy Analysis	1600.1	2-10 Days	3 Days

<u>STEP</u>	<u>AUTHORITY</u>	<u>TIME RANGE (WORKING DAYS)</u>	<u>MEAN TIME</u>
19. Analyze Handicapped Provisions	PL 90-480, Architectural Barriers Act	1-3 Days	2 Days
20. Negotiate —Special Alteration Requirements, Unit Costs, Overtime, Base Rate for Escalation, Overall Rental Rate		1-15 Days	10 Days
21. Request/Receive Best & Final Offers	FPR	5-10 Days	8 Days
22. Prepare Final Analysis of Offers		1 Day	1 Day
23. EEO Compliance Review	41 CFR 60-1.20(d)	10-20 Days	15 Days
24. Sole Source Waiver	APD 2800.7	4-10 Days	5 Days
25. Small Business Subcontracting	PL 95-507	5-40 Days	25 Days
26. Request/Receive Appraisal	40 USC 278a	5-30 Days	20 Days
27. Price Negotiation Memorandum	APD 2800.1A	1-3 Days	2 Days
28. Statement of Award (S.R. 1036)	GAO	2-3 Days	2 Days
29. Financial Responsibility Check	1600.1	5-15 Days	10 Days
30. Prepare Award		2-3 Days	2 Days
31. Agency Concurrence Location		2-10 Days	5 Days
32. Legal Review of Lease	ADM 2857.1	4-15 Days	8 Days
33. Prepare Contract Clearance Package	APD 2800.1A	2-10 Days	5 Days
34. Contract Clearance Process	APD 2800.1A	5-15 Days	12 Days
35. Layouts Prepared		5-15 Days	10 Days
36. Award/Notify Unsuccessful Offerors	1600.1	2-3 Days	2 Days

<u>STEP</u>	<u>AUTHORITY</u>	<u>TIME RANGE (WORKING DAYS)</u>	<u>MEAN TIME</u>
17. Fully Execute Lease		5-15 Days	10 Days
18. Preparation of Space		0-130 Days	30 Days
19. Inspect Space/Accept for Occupancy		1-10 Days	5 Days
20. Authorize Payment		2-5 Days	<u>4 Days</u> 238 Working Days

APPENDIX IV

THE ROLE OF CONGRESS

Kenneth Duberstein
Vice President
Committee for Economic Development
Washington, D.C.

Elsewhere in this study attention is given to the Federal Property Act of 1949, the Public Buildings Act of 1959, and other statutes granting GSA broad authority to provide administrative services and facilities to the Federal Government. This portion of the report focuses on the critical role Congress plays in determining how GSA fulfills its mandated responsibilities. For Congress impacts significantly—some say too stringently—on how GSA performs its policy and operational functions.

Fundamental to consideration of the relationship of the Congress to GSA is a clear understanding of their duties. At first glance, primary congressional control is held by the House Government Operations and Senate Governmental Affairs Committees, which have legislative and oversight responsibilities based, in large measure, on the Federal Property Act and the "Brooks Act"; the Senate Environment and Public Works and the House Public Works and Transportation Committees, which have legislative and oversight responsibilities based, in large measure, on the Public Buildings Act; the Armed Services Committees, which have jurisdiction over the stockpile of strategic and critical materials; and the Appropriations Subcommittees on Treasury, Postal Service, and General Government, which handle GSA funding (with the exception of funding for GSA's Consumer Information Center, which is handled by the HUD-Independent Agencies Subcommittees).

In reality, however, every Congressional committee impacts on GSA's performance. In authorizing an agency's program and personnel, a Congressional committee commits payments to GSA for space to house the program's staff. When a Congressional committee authorizes computer acquisition, and the Congress appropriates the necessary funds, GSA's delegation of authority is required before the procurement can proceed. When a new program is authorized or an existing one expanded, GSA is responsible for its administrative activation—furniture, telephone service, equipment, etc. When a Congressional committee determines that an agency's property is no longer required, it is GSA which has responsibility for its alternate utilization or its disposal.

GSA is responsible for serving the administrative needs of the Executive Branch efficiently, effectively, and at the lowest cost to the taxpayer. In the best of times and with proper management, this is a thankless but necessary assignment. In these worst of times—buffeted by sometimes overlapping jurisdictions and contradictory directives—this responsibility is next to impossible to fulfill. With rampant allegations of abuse, political favoritism, scandal, and mismanagement, and with rapid turnover of key personnel, GSA has received scant support from the Congress, OMB, and the White House during the last several years, and has lost, in the eyes of many, its ability to do its job.

There are those in Congress who feel GSA has done little to deserve even minimal support for its programs. They may have a case, but not one sufficient to justify the increasingly broad interventions by committee after committee, by Congressman after Congressman, by staffer after staffer, into the daily operation and management of the agency. Congressional guidance, offered judiciously through oversight and legislation, is

certainly legitimate and proper. But sitting almost constantly as prosecuting attorney, judge, and jury on a broad range of day-to-day management decisions is an improper overstepping of Congressional authority. And yet, because of the allegations, the management turnover, the abuses, and the occasional failures to heed Congressional policy advice, GSA has yielded to Members and their staffs much of the routine decision making which should rightfully be reserved to the agency.

As a consequence, it is easy to perceive that the more GSA is hindered from carrying out its statutory mission by action or inaction of the Congress, the more difficult it is to recruit highly qualified managers; the more frequently policy changes are made, the less incentive or ability there is for the GSA to perform well its responsibilities; and the more Congress is dissatisfied, the more Congress continues to "take charge." It is a vicious cycle. GSA, the Congress, the other Executive Branch agencies, and the public all suffer.

A review of GSA's primary functions and the areas of Congressional intervention demonstrates amply the impact Congress has on the manner in which GSA carries out its responsibilities.

Public Buildings Service

The largest component of GSA is the Public Buildings Service (PBS). With 18,000 employees managing more than 10,000 owned or leased facilities, PBS is responsible for the design, construction, leasing, renovation, cleaning, guarding, and operation of most Federally controlled space in the nation. It receives much of its broad authority from the Public Buildings Act of 1959, which includes the following language:

In order to insure the equitable distribution of public buildings throughout the United States and with due regard for the comparative urgency of need for such buildings . . . no appropriation shall be made to construct, alter, purchase, or to acquire any building which involves a total expenditure in excess of \$500,000 if such construction, alteration, purchase, or acquisition has not been approved by resolutions adopted by the Committee on Public Works of the Senate and House of Representatives respectively. . . .

In fulfilling this responsibility, GSA submits prospectuses to the Congress, which are referred to the House Public Works and Transportation and the Senate Environment and Public Works Committees for their review and consideration. This would be a fundamentally sound procedure if the Congressional decision-making process were orderly; but it is not. In addition, the members of the subcommittees with primary jurisdiction are not, by and large, well versed on the overall program, needs, and goals of the Public Building Service.

With recent budget stringencies, the Federal buildings "pork barrel" has diminished significantly and there are few, if any, chits or votes to be gained for authorizing new buildings, renovations, or lease renewals. The Public Buildings and Grounds Subcommittees traditionally have been filled by junior members who await their allotted time to move up to other more substantive and attractive subcommittees. Recently, the Senate has even abolished its Subcommittee and informally appointed two members to serve as a reviewing panel for prospectuses. As a consequence, what continuity and

expertise there is in the Committees is supplied predominantly by the staff with a loose rein of authority from the members.

The staff, in turn, spend an inordinate amount of time requesting detailed justifications for renewal of leases, why a Federal building should be located in one congressional district rather than another, or why a specific renovation is more pressing than another. Each delay—and there continue to be too many—in Congressional approval results in cost escalations due to inflation and other causes. It is understandable that in anticipating normal delays, PBS has learned to build in additional inflation and cost escalation factors for each prospectus. But the committee staffs often chastise PBS for what may seem to be extravagant and unnecessary costs contained in the prospectus justifications. The burden on PBS is multiplied if there are continuing delays which result in an increase of more than 10% over the original total project cost estimate. According to the terms of the 1959 Act, PBS must submit a revised prospectus and the congressional decision-making process begins again.

There are several other complications. Foremost is the role of the Appropriations Subcommittees on Treasury, Postal Service, and General Government, which handle GSA's funding. It is the Appropriations Committees which hold the ultimate authority over which buildings are built and how much is allotted for renovations and leasing. Although the law requires prospectus approval prior to appropriation, there have been several occasions when the appropriation for construction of a facility has preceded (and thus obviated) the need for Public Works authorization. A \$1.2 million pedestrian tunnel linking a Federal building to a metro concourse in Oklahoma City, in the district of the chairman of GSA's House Appropriations Subcommittee, is one example. Recognizing the primacy of the purse strings, the Senate Public Works Committee (although not the House Committee) has recently decided that "action by this Committee need not precede the negotiation and execution of any lease by the General Services Administration, so long as the GSA has obtained an appropriation sufficient to meet the government's obligations under the lease."

A second complication can arise from other Executive Branch agencies. Not infrequently, agencies in need of specialized space and dismayed with the lack of action (or ability) by GSA to fulfill their requirements, or just displeased with a GSA site selection, have requested authority and funding from their own Congressional committees to build or lease their own facilities. Such Congressional granting of this authority to other agencies fragments GSA's responsibility as the government's landlord. The Public Works and Appropriations Committees then fault GSA for its inability to perform its real property management role, in spite of their likely contribution to the delay or the lack of resources which originally caused the agency's request for special authority.

In order to remedy some of GSA's management deficiencies in its space planning, acquisition, and utilization, and to clean up a backlog of sixty-three authorized but unfunded Federal buildings, GSA proposed and the Congress passed the Public Buildings Amendments of 1972 (P.L. 92-313). Under the law, the Federal Buildings Fund was established as a modern management system to meet Federal space needs and GSA was granted a three-year "purchase contract" authority to construct the sixty-three buildings. Both programs have had some success, but the implementation was poorly managed and contributed heavily to the erosion of the GSA-Congressional relationship.

In practice, the purchase contract authority removed the need for appropriations for construction. GSA was simply required to give the Appropriations Committees thirty days notice of intent to enter into a purchase contract for construction of a building.

Because of this elimination of their authority over the construction of facilities, Appropriations Committee members vigorously opposed the legislation on the floors of both Houses.

During the first year of GSA's purchase contract authority, the Appropriations Committees provided \$203 million for the direct construction of thirteen of the sixty-three buildings in the backlog. At OMB's direction, GSA decided against using the \$203 million in appropriated funds and instead issued purchase contracts for the thirteen buildings. The Appropriations Committees criticized this management decision and severely rebuked GSA in the following fiscal year. At that time, as part of GSA's budget request, OMB directed the agency to ask for reprogramming authority for the \$203 million. The House Appropriations Committee disallowed the request, and accordingly, reduced the funds available for operation of the Public Buildings Service. GSA claimed the reduction would cut back essential services and some of the monies were ultimately restored; but the episode was an omen of the Appropriations Committees' increasingly close scrutiny of the way PBS was handling its new Federal Buildings Fund.

Under the terms of P.L. 92-313, all Federal agencies located in space under GSA management responsibility are assessed a Standard Level User Charge (SLUC) for that space. The SLUC procedure was developed by GSA and subsequently revised by OMB. During the first year of its operation, the Appropriations Committees reduced each Federal agency's SLUC figure to 90% of the determined amount, thus effectively reducing the entire PBS budget by 10%. GSA had not done an effective job explaining the SLUC method for agencies to defend in their own budgets, and the Appropriations Subcommittees found the 10% reduction an easy way to cut budgets. Having had their power diminished by the GSA leadership's decision on using purchase contracts, the Treasury, Postal Service, and General Government Subcommittees had no incentive to defend GSA's budget requests or to assist GSA in making their SLUC case to the other Subcommittees. The Appropriations Committees further restricted PBS by directing that any excess of anticipated receipts over expenses not remain in the Federal Buildings Fund for future construction, as had originally been envisioned in the legislation, but be returned to the miscellaneous receipts of the Treasury. In addition, the customary 2% transfer authority between line items in the PBS budget (for management flexibility) was removed. Both provisions remain in effect today, and fundamentally the 2% transfer authority ban has been extended to all of GSA.

In establishing the Federal Buildings Fund, the Congress intended for it to cover the costs of new construction and renovations for existing facilities after the expiration of purchase contract authority. But with the 10% mandated decrease in receipts, with the inability to accumulate unexpended balances, and with the overall budgetary environment, GSA has been left with little in new construction or renovation funds. From approximately \$2 billion in anticipated income in FY 1981, there is less than \$30 million for new construction and less than \$200 million for renovations. The backlog of each is considerably greater.

To solve these deficiencies and in order to have a new construction program, the Public Works Committees have increasingly requested "11(b) reports" from PBS. Such a report (section 11(b) of the 1959 Act) is a request by the Congress for GSA to survey the Federal space needs in a specific community and recommend how agencies should be housed. In several instances, the results of such a survey have determined that there are no new or additional space needs. Despite these findings and a detailed report to the Public Works Committees, the Committees have, on several occasions, approved a space project.

In addition, it is likely the Congress will approve a "time-financing" (i.e., purchase contract) program for new construction in the foreseeable future. The "Moynihan bill," S. 2080, has passed the Senate and H.R. 8075 has been approved by the House. Both bills include time-financing provisions, but the Senate bill also includes reform of the authorization process for PBS projects, as well as some sorties into what can be termed day-to-day GSA management decisions. The Senate bill reflects the increased scrutiny the Public Works Committees are now giving the PBS program. For example, in addition to the time-financing provision, the legislation:

- o mandates a yearly authorization process for PBS through legislation which must be approved by the full Congress, as opposed to the present Public Works approval-of-prospectuses process;
- o requires GSA to submit an annual report of buildings operations and an annual buildings plan, including a five-year projection of needs;
- o requires that any delegations of GSA authority to other agencies must be in accordance with this legislation, and such agency must give GSA all necessary information for inclusion in GSA's annual reports;
- o prohibits lease construction, which has been used by GSA in tight budget years and in the interest of speed;
- o mandates that consolidation be done under certain guidelines (GSA could no longer do the consolidations of several unrelated agencies; rather, consolidation priority would be given to offices of one agency and offices of related agencies. Only when absolutely necessary would large consolidations be undertaken, and then in existing buildings, if possible.);
- o authorizes leasing only to be done in emergencies, or when needs do not justify a full building (within ten years, 60% of agency space is to be in Federally constructed buildings; within twenty years, 75% is to be in Federal space);
- o requires GSA to give a copy of the lease agreement to each Federal agency head in the leased building; and
- o requires GSA to provide the Committees the name of and biographical information on the principal owners for every proposed lease and lease renewal sent to the Congress for authorization.

Some of the above items are valuable reforms and will allow Congress to better fulfill its oversight responsibilities. Others, such as the prohibition of lease construction, smother GSA's management options for accomplishing its mission of efficiently providing agency space.

Federal Supply Service

With 4,500 employees, Federal Supply Service (FSS) has the mission of economically and efficiently providing the Executive Branch with approximately \$3 billion worth of goods and services needed for day-to-day operations each year. FSS purchases everything from typewriters to carpet cleaning, from office furniture to toilet paper.

The central procurement responsibilities and procedures of FSS were established in the Federal Property Act of 1949 (chiefly in titles I, II, and III), and subsequent Federal procurement regulations issued by GSA Administrators in accordance with the Act.

Although many of its programs have shown marked improvement during the last several years, the FSS is today an agency deep in turmoil. It has been the focal point for broad criticisms of abuse, scandal, inefficiency, waste, and corruption. These allegations of a major procurement scandal in GSA by the media, the Congress, the Justice Department, other executive agencies, and industry observers snowballed in early 1978 during Administrator Jay Solomon's term of office. The media implied the "biggest scandal in government since Teapot Dome" with billions of dollars of fraud and corruption.

Understandably, the Congress launched an immediate investigation and the Subcommittee on Federal Spending Practices and Open Government, Senate Governmental Affairs Committee, began an ongoing series of hearings. There has been a predictable pattern to these hearings: a few sensational examples of fraud and mismanagement with FSS, the demand for reform, and the repentant GSA providing another new plan to expedite this reform.

There is no doubt that the Subcommittee's investigations into GSA have produced a tale of low level corruption and incompetence. A major kick-back scandal was uncovered in the Washington metropolitan area among the managers of the FSS self-service stores and some local office supply contractors. Further, a major GSA furniture supplier has been criticized for providing defective and sub-standard merchandise over many years.

However, after nearly two and a half years of intensive investigation, the situation at the Federal Supply Service hardly seems significantly improved. There have been six FSS Commissioners in the past four years and the management problems at FSS appear unresolved, at least to the satisfaction of the Senate Subcommittee and its staff. Policy changes continue to occur, seemingly on a weekly basis. Except for a number of GSA lower level employees who have actually been tried and convicted of fraud, the investigations at FSS have seemed to create more turmoil than significant reform.

A prime example of this policy and management turmoil—and the not incidental role Congress is playing in the decision-making process—is the controversy over the multiple awards schedule system.

The multiple awards system is a procurement technique that has been utilized in government procurement for many years in one form or another. It involves a contracting method whereby vendors offering commercial products subject to constant technological change offer the Federal Supply Service their product at a discount from their commercial prices. Federal agencies needing these products (e.g., copiers, electric

typewriters) are then able to purchase the item that best meets their needs at the lowest delivered price.

This system precludes the need for detailed government specifications and requires relatively few contracting officers to contract for the commercial product needs of most of the government agencies. It also assures that the government receives the lowest possible price for the quantities that are purchased at a given time because contractors must certify that the government is the most preferred customer.

The Senate Subcommittee has correctly pointed to a number of items—such as party favors and hand-held calculators—that should never have been in the multiple award contracting system and whose procurement was, in fact, not cost effective. Unfortunately, the Subcommittee has failed to point out that the type of items singled out probably account for a very small percentage of the total volume involved in the GSA system. The remainder of the GSA contracts involved in the multiple award schedule are sophisticated, high technology office equipment and the like on which the government appears to have been receiving preferential prices.

It is important to note that despite media attention, the furniture scandal mentioned earlier is not directly connected with the multiple award schedule controversy. That problem concerned a non-commercial furniture vendor producing furniture solely to government specifications, while the multiple award system is not based on government specifications.

During hearings this year before the Subcommittee on Federal Spending Practices and Open Government, Senate Governmental Affairs Committee, the GSA Administrator pledged to abolish 50% of the multiple award contracts and replace them with single award contracts based on government specifications. At the urging of the Subcommittee and its zealous staff, the Administrator has also put a moratorium on all furniture contracts. The former action has been criticized as uneconomical to the government, and impractical as well. The latter has caused consternation throughout the executive agencies while GSA surveys the government's furniture supply (and agencies elude the GSA freeze by purchasing their own furniture).

FSS finds itself almost incapable of resisting the directions of the Subcommittee for constant reform. The chairman of the Subcommittee on Federal Spending Practices and Open Government also chairs GSA's Appropriations Subcommittee in the Senate. The implicit threat of funding restraints and restrictive report language appears to dictate the manner in which FSS conforms in its daily management to the instructions of both subcommittees.

For its part, the Government Activities Subcommittee, House Government Operations Committee, appears to have been more policy oriented and far less involved in the operational problems of FSS than its Senate counterpart.

Beaten down by scandals and allegations of abuse, hurt by the almost constant turnover of top-level management and the resultant policy shifts, and with its staff demoralized, FSS finds it difficult to reassert its centralized contracting function which in the past has produced large savings to the Federal Government. The necessary reforms will take time. During this period it is vital for FSS to have the encouragement, not the daily intervention, of the Congress if it is to reestablish itself as the chief purchasing agent for the government. That is a goal of FSS that certainly should be shared by the Senate Subcommittee.

Automated Data and Telecommunications Service

Automated Data and Telecommunications Service (ADTS) and its 2,500 employees are authorized and directed under an amendment to the Federal Property Act of 1949 "to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies."

The provisions of this amendment (P.L. 89-306, known as the "Brooks Act") accomplish the following:

- o directs GSA to provide ADPE to any Federal agency "through purchase, lease, or transfer," maintain and repair equipment by contract or otherwise, provide for joint use, and establish and operate equipment pools and centers;
- o allows GSA to delegate the above authorities to other Federal agencies; and
- o authorizes the establishment of an appropriation of capital for a revolving fund available for personal services, procurement, and maintenance expenses on a reimbursable basis and requires the preparation of an annual report to the Congress on equipment inventory, utilization and acquisition, and costs.

The Brooks Act also limits GSA authority by prohibiting GSA from questioning agencies' determination of needs and sets up the Office of Management and Budget as the arbiter of disputes between GSA and the affected agencies.

In short, ADTS's role is to provide the government with more adequate management information, achieve optimum utilization, and obtain economic acquisition of ADPE.

There is no statutory requirement for Congressional approval of GSA's ADPE procurements or its delegations of this authority to other agencies. Yet, the House Government Operations Committee maintains paternalistic control over GSA's ADP activities. GSA submits and the Committee staff reviews all requests for delegations over \$250,000 for non-competitive bids, and all requests for delegations over \$500,000 for competitive bids. In FY 1979, of 424 requests (totalling \$2.3 billion) by agencies to GSA for delegations of procurement authority, 388 were ultimately granted, many after review by the House Government Operations Committee staff. The Committee has no statutory authority, but it can ask questions. In reality, its "review" is crucial to a procurement's processing. If the Committee staff requests a "hold" on a procurement, the procurement is frozen. If the staff finds fault with an agency's determination of need, the procurement is delayed or cancelled. There is no recollection of GSA proceeding with a delegation or with one of its own procurements over the opposition of the Government Operations Committee.

This informal review procedure requires considerable staff resources at the highest level of ADTS on a continuing basis, resources which should be applied instead to the ongoing management and planning of ADTS.

It can be argued with some justification that the House Committee has become so extensively involved because (1) GSA has been given insufficient budgetary and personnel resources to review agency requests and fulfill its other responsibilities under the Brooks

Act; (2) OMB has failed to exercise sufficiently firm policy guidance; (3) agencies have been allowed too much freedom in determining their ADP wants by their authorizing and appropriations subcommittees and by OMB; (4) GSA has been given too little support in the role it should play; and (5) Federal agencies have often attempted to circumvent the intent of the law and have, on occasion, failed to cooperate with GSA.

But this argument is flawed. In the mid-1970s, in accordance with the Brooks Act, GSA proceeded on a joint procurement with the Department of Agriculture for an automatic data processing system, data communications network, and related software and services. In light of privacy concerns, this procurement (commonly known as FEDNET) and "any other common user shared facilities" were specifically prohibited in the FY 1975 GSA appropriations bill (P.L. 96-74). A similar prohibition has been included in all subsequent GSA appropriations acts.

As a result of this controversy, GSA was criticized for its mismanagement of the government's ADPE procurements, for its lack of judgment on privacy considerations, and for its inability to evaluate properly the ADPE requests of other agencies. The House Committee proved of little assistance to ADTS during this time. The Committee, if it wanted to be legitimately supportive of GSA's authority and management, while still not opposing the specific prohibition, could have pointed out that joint use of ADPE is mandated by the Brooks Act; GSA has no authority (also under the Brooks Act) to question the requirements of other agencies; and the joint procurement was never intended to be a national data bank, but rather a joint project in the interest of economy and efficiency (as required by the Brooks Act) to meet existing program needs. By its silence, the House Committee affirmed other committees' indictment of ADTS's ineptitude on this procurement and failed to promote ADTS's continuing efforts to provide economically and efficiently for the government's ADPE needs. It was not until much later that the House Committee began to urge deletion of the appropriations language as being contradictory to the Brooks Act.

In addition, the Committee has chosen not to consider a GSA-proposed and Senate-passed bill which was recommended by GAO to allow the agency to enter into multi-year leases through use of the ADP Fund without obligating in the first year the total anticipated payments to be made under these leases. This legislation was designed to allow GSA to take advantage of manufacturers' and suppliers' discounts. Since most government-leased ADPE is used for three or more years, this authority would maximize use of GAS's limited funds for acquiring ADP equipment. In 1976, GAO estimated a possible savings of \$70 million per year under three-year leases and \$155 million per year under five-year leases. Regardless, the House Committee still has never approved the legislation. GSA, accordingly, has been denied this management flexibility at a significant cost to taxpayers.

In summary, it is apparent that ADTS needs more budgetary resources and professional personnel, more management flexibility, and more firm support from OMB if it is to ensure the Executive Branch's optimum utilization and attain cost-effective acquisition of ADPE. It also needs less intervention by the Congress and especially the House Government Operations Committee into its ongoing decision-making process. Constant and daily evaluation by Congressional staff appears to be seriously impeding management initiative without commensurate benefits.

Federal Property Resources Service

The Federal Property Resources Service (FPRS) and its over 1,000 employees administer the sale, reutilization, donation, and repair of Federal excess and surplus real

and personal property according to the provisions of the Federal Property Act of 1949, as amended.

One provision requires GSA to receive the fair market value (with some exceptions) for the negotiated sale or exchange of surplus property. A further provision requires GSA to prepare "an explanatory statement of the circumstances of each disposal by negotiation of any real or personal property having a fair market value in excess of \$1000. . . . Each such statement shall be transmitted to the appropriate committee of the Congress in advance of such disposal. . . ."

In compliance with this requirement, GSA, during FY 1980, submitted forty negotiated sales to the House Government Operations and Senate Governmental Affairs Committees totaling over \$86 million.

The legislative history of the Act clearly demonstrates that this requirement is a mechanism for informing the Congress of proposed sales. For many years, however, the Committees, and especially the House panel has interpreted the provision to give the Congress de facto decision-making authority. For its part, GSA has informally agreed to withhold automatically consummation of all such transactions for at least thirty-five days following submission of the explanatory statement. During this period, the Committee staffs review GSA's documentation and often examine the property appraisal to determine if GSA is receiving the fair market value. Other than the Chairman, individual Representatives are rarely involved in this review, and even more rarely does a subcommittee formally meet to consider specific transactions.

The detailed examination by the Committee staffs often results in staff requests for additional time for consideration. GSA routinely grants these extensions. Meetings are held, additional documentation is provided, and occasionally costly re-appraisals are performed at the direction of the Committee staffs to make sure that GSA's procedures and legal justifications are sufficient to withstand close Congressional scrutiny.

When the Committee staff is satisfied, the "hold" is released and GSA can consummate the transaction. In some instances, a year or more may have gone by from the original submission. Yet, GSA, even in the interest of efficiency or economy, does not proceed until the staff has no objection.

Only once can knowledgeable observers recall GSA proceeding without the approval of Congressional staff, and it did so only after more than a year's review.

The controversial negotiated exchange involved government-owned property in El Segundo and Los Angeles, California. The government properties, valued at \$19.5 million, were being disposed of in accord with a Defense Department policy dating back to the early 1960s regarding no-longer-needed government-owned, company-operated facilities. The property being acquired by GSA was contemplated as a Federal office building which would enable GSA to cut back and consolidate expensive leasing in the metropolitan Los Angeles area and to provide for the government's increasing space needs.

GSA transmitted the required explanatory statement for the exchange on March 6, 1973. The Senate Governmental Affairs Committee voiced no objection, and the House Government Operations Committee supported the exchange; but the House Governmental Affairs Subcommittee requested a delay in consummation.

The delay lasted more than a year. In several meetings with the Subcommittee staff and in many exchanges of correspondence, GSA responded to numerous substantive and political questions raised in the name of the Subcommittee membership. The Subcommittee never held a hearing, and no minority members or staff were involved in the examination or in any of the meetings. During this period, a House Armed Services Subcommittee met to discuss Defense Department excess real property procedures and GSA's role in these disposals. Due to the delay, agencies previously committed to the Laguna Niguel facility renewed leases in other locations. Because of the criticism by the Governmental Affairs Subcommittee staff other agencies expressed reluctance to occupy the facility.

Ultimately, the Subcommittee instructed GSA to terminate negotiations or receive formal authorization to acquire the Laguna Niguel facility under the Public Buildings Act of 1959 from the Public Works Committees. It was the opinion of the House Public Works Committee that the acquisition did not require formal authorization. A 1975 GAO opinion agreed that the exchange did not require approval by the Congress.

Accordingly, after more than a year's review by the Congress, GSA's Administrator directed consummation of the transaction. In so doing, GSA helped establish the climate which continues today for even closer and more critical scrutiny of all its negotiated property transactions over \$1000. In light of the Laguna Niguel matter, a subsequent GSA Administrator issued a policy directive prohibiting exchanges of real property with private corporations or individuals. The House Government Operations Committee, in a 1976 report which followed hearings on GSA's handling of the transaction, recommended statutory changes in GSA's authority to acquire property by exchange.

In addition to the Government Operations Committees interventions, there has been from time to time specific language in GSA's appropriations bills expressly forbidding the agency to dispose of a particular property for utilization contrary to a Member's desires. For example, in 1974 the chairman of the Senate Appropriations Committee had language inserted prohibiting private aviation as a use for the excess Sandpoint Naval Base in Washington.

Likewise, appropriations language has been used to direct GSA to consummate specific exchanges in contradiction of its policy directives and in spite of the opposition of the House Governmental Affairs Subcommittee to property exchanges with corporations or individuals.

The Federal Property Resources Service is a victim of this intense and often dilatory Congressional interest in property utilization and disposal. Sound and prudent business decisions often must await judgment on appraisal procedures or political considerations. GSA is subjected to criticism for the time it takes to dispose of unneeded property. Yet it is interesting to note that of the forty negotiated sales explanatory statements submitted to the Congress between October 1, 1979 and September 30, 1980, ten transactions involving \$22 million of property remain pending before the staff of the House Government Activities Subcommittee.

A Potpourri of Congressional Involvement

As caretaker for the nation's stockpile of strategic and critical materials, GSA is the lead agency when the Administration determines that certain quantities of commodities are no longer needed. It is, however, to the Joint Chiefs of Staff that the

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Armed Services Committees look for determinations that the materials are not essential for national security. Congressional consideration will only proceed upon that assurance. GSA's role is secondary, restricted to that of custodian, not policy maker.

GSA is expected to play a leadership role in procurement preference, small business set-aside, minority business enterprise, labor surplus area, and a host of other socio-economic programs. The House and Senate Small Business Committees vigorously pursue GSA's implementation of these programs. While agreeing that the preference programs are important, GSA's primary Congressional committees do not encourage indeed GSA giving the programs the priority attention expected by the Small Business Committees.

GSA is guardian of the important papers and artifacts of the government. While the National Archives has long been under the GSA umbrella, it is considered by many as an independent body. It can be argued that its records management functions belong as part of GSA's government-wide administrative services. But having the Administrator of GSA determine the disposition of presidential papers, as occurred with those of President Nixon, is not in accord with Congressional sentiment. Committees treat the National Archives as an entity separate from GSA and have expressed their dismay with incursions by GSA into the Archives operation.

As the government's innkeeper, GSA has significant legislated involvement in programs for energy conservation, historic preservation, the physically handicapped, environmental safeguards, art in architecture, and improving the socio-economic climate of the neighborhoods in which the Federal facilities are located. Each step in the space acquisition process requires a balanced judgment of these factors by GSA. At each juncture there are Members and staff ready to offer their sometimes conflicting advice. And as GSA complies with all these Congressional mandates, it must, according to law, acquire space efficiently and at least cost to the taxpayer.

As the government's telephone company, GSA manages the Federal Telecommunications System. This responsibility, too, sometimes places GSA in conflict with Members of Congress. Even when it is an important member of one of the agency's primary Congressional committees who is seriously delinquent in paying a phone bill, GSA is still obligated to collect--sometimes at great risk to a pending building prospectus or legislative request of the agency.

This brief and non-comprehensive survey of other points of contact between GSA and the Congress indicates both the pervasiveness of GSA's mission and the detailed interest by the Congress in how the agency carries out its broad and varied responsibilities.

A Congressional-GAS Partnership

GSA's management has been seriously deficient in recent years in recognizing how important a sound relationship with the Congress is to its ongoing operation. Frustrated by growing congressional visibility, GSA has failed to take advantage of the opportunities this increased interest presents. There are a number of sound, innovative, efficiency-promoting, and cost-saving programs which GSA has initiated. But they have been undertaken, by and large, with an antagonistic and defensive attitude adopted by the agency's leadership toward the Congress.

With the excessive high-level management turnover at GSA, there is little continuity in relationships with its primary Congressional committees. Its Congressional

affairs staff exists, almost, in name only. The position of Director has been vacant for more than two years. The office's staff appears to have little rapport with the operating heads of GSA's Services. Others in the agency sense that the office has no close relationship with the Administrator. Accordingly, they see no need to coordinate and keep the staff informed of Congressional contacts. The Congressional relations function has been so dispersed within the agency, that it has little centralized policy or operational control over any dealings with the Hill. Ongoing cultivation of its principal committees has been replaced with defensive reaction to crises. The apparent disintegration of this office is an unfortunate reminder to the Congress of the low priority GSA's top management has placed on good Congressional relations.

Fundamental to improved management at GSA are innovative and sound policies administered with integrity and continuity by highly qualified managers. Central and essential, as well, to restoring trust and confidence in GSA's management is an understanding by its leadership of the crucial need for a partnership with the Congress. If that goal is met, Congress may again become a prudent advocate for the agency rather than a dominating adversary.

APPENDIX V

Excerpt from PROPOSAL FOR A UNIFORM PROCUREMENT SYSTEM, draft of August 29, 1980, prepared by the Federal Office of Procurement Policy of the OMB and submitted to the Congress in October, 1980.

Management Structure. OFPP will implement and manage the Uniform Procurement System in coordination with other elements of OMB and through two interagency councils, the Federal Acquisition Regulation (FAR) Council and the Federal Supply Management Advisory Council. The Council on the Uniform Procurement System (CUPS), established in April 1980 and consisting of senior procurement officials from twenty-three departments and agencies, will play an important consultative and advisory role.

OFPP. OFPP will maintain prime responsibility for the implementation of the UPS and will provide leadership in the development and implementation of all policies, procedures, regulations and forms that transcend the programs or problems of any one agency or which are subject to interagency conflicts. OFPP will be the focal point for policy, reform, direction and management of the UPS.

OMB. Many procurement policies impact budgetary, management and other Government-wide policies. Accordingly, major UPS policy decisions will be coordinated prior to promulgation with the Director of OMB. This will ensure consistency, compatibility and uniformity of procurement policies with other Government-wide initiatives and directives.

GSA. As the lead civil agency in Federal procurement, GSA will play a major role in the Central Management System to be developed for the UPS. In addition, GSA will help implement and enforce the UPS through its roles on the FAR and FSMA Councils. These are major roles and will lead to uniform and consistent application of UPS policies.

FAR Council. The FAR Council, established in July 1980, has oversight responsibility for development and maintenance of the FAR and for operation of the FAR system. The FAR System consists of the FAR and agency implementing regulations and procedures. The FAR Council is chaired by the Administrator for Federal Procurement Policy and is composed of the senior acquisition officials of eight agencies, plus a representative of the Small Business Administration. Specific statutory authority for this Council will be provided in the consolidated procurement statute.

Federal Supply Management Advisory Council. This Council, established in July 1980, is chaired by the Administrator of General Services, and has representatives from all agencies including ex officio membership from OFPP. Operating

through a steering committee chaired by the Commissioner of the Federal Supply Service, and with six agency members, the Council's mission is to implement the supply support and property management aspects of the Uniform Procurement System, and to maintain the Federal Supply Management Regulation (FSMR). Specific statutory authority for this Advisory Council will be provided in the consolidated procurement statute.

Agency Procurement Management Structure. Agency procurement management structures will vary depending upon the scope of the procurement program, and its relationship to the mission of the agency. The organizational level of the procurement function within the agency must in all cases, however, be high enough to provide direct access to agency heads and the heads of organizational components, so that effective advice on procurement matters can be offered.

APPENDIX VI

FUTURE DEVELOPMENTS IMPORTANT TO FEDERAL ADMINISTRATIVE SERVICES

The Futures Group
Glastonbury, Connecticut

Growth in the National Economy

The general consensus of economists is that, at best, economic growth in the 1980s will be moderate, averaging no more than 3 percent annually. This degree of expansion can be attained as slower labor force growth is more than offset by an expected increase in productivity. The projected pace of GNP growth approximates the 2.9 average annual advance of the 1970s but falls considerably short of the 3.9 rate of the 1960s and the 3.3 rate of the 1950s.

Cyclical ups and downs will occur, as always, and the principal danger is that these may be more volatile than in the past because of endemic high inflation and possible recurrent energy supply problems. Inflation is now embedded in our system because a large portion of the economy is formally or informally indexed to price rises, and consumer and investment decisions made in anticipation of inflation become self-fulfilling prophecies. It does not seem likely that there will be any significant decrease in the current high inflation rate in the next decade as gains continue in energy prices, food prices, and unit labor costs. Consequently, indexing will become even more widespread, and there will be particular changes in financing mechanisms such as mortgages as the risk is transferred from lenders to borrowers. Building owners and tenants will be much more immediately affected by changes in interest rates as long-term fixed rate mortgages become a thing of the past.

The estimate of 3 percent GNP growth for the next decade is based on the assumption that the recent accelerating deterioration in United States productivity growth will be reversed. (The latest figure, showing a 1.4 percent advance in productivity for the third quarter of 1980, gives some promise of this reversal, although it may be just the usual temporary rise connected with the end of a recession.) The slowdown in productivity began in the second half of the 1960s after a previous rapid rise of 3 percent a year between 1950 and 1965. After 1973, the decline in productivity growth became dramatic; the rate averaged only .9 percent between 1973 and 1978, and actually turned negative in 1979. This dismal performance has slowed economic growth, fostered inflation, prevented the standard of living from rising as much as in previous years, and reduced the ability of the United States to compete in world markets.

However, the issue of productivity improvement is now found at the top of all planning agendas--at the national, industrial, and company level, and the probability is that the rate of gain will increase to an average of 1.5 - 1.8 in coming years. The Joint Economic Committee of Congress calls productivity the "economic linchpin of the eighties" and states that "the solution for stagflation lies in the adoption of policies aimed at expanding the supply side of the economy by raising America's productive potential." It is highly likely that public policy will lean toward stimulation of investment to improve productivity. Since the primary sources of capital for investment are individual savings and internal cash generation by business, these are the areas in which tax policy is likely to be changed. Some steps have already been taken toward investment tax credits, lowered capital gains taxes and increased tax exemptions for investors savings, and more and more attention will be given to these "supply side"

measures in order to boost productivity and promote the "reindustrialization of America."

As private companies increasingly recognize the need to improve their productivity in an inflation-plagued, lower-growth economy, there will be pressure on government agencies to raise their productivity as well. In fact, the difficult problem of measuring white collar and particularly government workers' productivity is increasingly being discussed, particularly because office automation will be a prime area of change in the future. The public will expect the government to take the same measures, both in capital investment and in motivation techniques, that private industry is introducing. (This subject will be discussed further in the sections on labor force and data processing.)

The increased investment spending to increase productivity will be one of the driving forces in resumption of economic growth after the current recession and into the years beyond. Energy needs will also provide a strong boost to investment. There will be heavy capital spending in energy production—coal, oil, gas, and utilities—as well as huge investments in energy efficient equipment in all sectors. And, in addition, underinvestment in plant and equipment in the 1970s has resulted in a very high capacity utilization in some industries, necessitating more expansion and replacement of obsolete facilities and equipment in the future.

Thus it appears that moderate growth can be sustained in the next ten years, despite continuing inflation and barring an extended energy cutoff. The standard of living will consequently improve, but will be held back somewhat from the level implied by overall growth because of the increased relative prices of necessities—housing, energy, and food. The consumer will be increasingly aware of limiting factors in most areas of his life, and this may include the perception that limits on government activity are also appropriate.

Growth in Government Activities

Since the "Great Society" was instituted in the mid-60s, government programs at all levels have burgeoned. During this era of "entitlement," government has assumed greater and greater responsibilities in all facets of its citizens' lives, providing extensive social services, environmental protection, and business regulation. Although the greatest increases in expenditures of funds have originated at the Federal level, gains in government employment have been concentrated at the state and local level. This state and local employment growth stemmed principally from two sources: the spurt in education needs based on demographic forces and the future of Federal funds to states and localities under grant-in-aid programs for revenue sharing and CETA programs.

The level of Federal employment has responded to changing program emphasis. After a sustained period of slow growth, employment spurted upward in 1965-67 because of defense-related civilian employment associated with the Vietnam War and the simultaneous "war on poverty." Since then, there has been a steady decline in defense-related employment, but the shift to social services has produced offsetting gains, with particular increases in HEW, the Department of Labor, and the judiciary. The Department of Energy also provided a new area of growth.

The future direction of Federal programs and their associated expenditures and employment will determine the need for Federal administrative services. Major private econometric models and the Bureau of Labor Statistics model project that Federal spending will increase less rapidly than GNP in the next decade, primarily because of slow population growth. Federal purchases of goods and services are expected to grow in

absolute terms, at about 1 to 1.5 percent a year, but will decline as a percent of GNP from the current level of slightly over 7 percent down to the 6 percent range. The projections also depict some reduction from the recent explosive growth rate of transfer payments, although they will continue to grow substantially in absolute amounts and edge upwards with only currently mandated programs. By the end of the decade it is conceivable that a balanced budget may be attainable because of inflation-bolstered tax receipts and the windfall oil tax, combined with the somewhat lower growth of expenditures.

Particular areas of growth in Federal real dollar purchases of goods and services will be in energy, defense hardware, and R&D. These will all be the result of increased international tensions as energy supplies become even more tenuous, military threats escalate, and international trade competitiveness increases. In the social area, however, it is likely that program expansion rates will level off. The reason for this goes beyond the demographic influence of slower population growth and a more mature population; strong attitudinal changes are also under way.

A review of various surveys* shows that Americans are beginning to face the need for trade-offs between economic growth and the desires that surfaced in the 60s and 70s for vastly expanded social services, decreased emphasis on the work ethic, and an improved environment. The number of Americans who think we are entering a period of enduring shortages increased from 40 percent in the mid-seventies to 62 percent in the late seventies. At the same time that the realization is growing that there are finite limits to how many goals can be simultaneously attained, polls show that general confidence in government has been strongly declining. For instance, 77 percent of the public in 1978 believed that "the government wastes a lot of money we pay in taxes," as opposed to 42 percent in 1958; 40 percent in 1978 had faith in the competence of government officials as compared with 69 percent in 1964; and 29 percent in 1979 believed "you can trust the government in Washington to do what is right most of the time," as compared to 56 percent in 1959.

The distrust in government has been exemplified by the proliferation of tax initiatives since Proposition 13 passed in California (13 major tax initiatives are on state ballots in 1980) and by the various recent proposals for constitutional amendments or acts of Congress to limit Federal expenditures in some way. However, it appears that many supporters of such measures believe that only government "waste" will have to be cut; they are not usually in favor of extensive elimination of programs. In fact, in the wake of Proposition 13, Proposition 9 to slash California's income tax in half was defeated this summer because, as the polls indicated, voters were afraid it would lead to other forms of tax increases, deterioration in public services, or both. It is also well-documented in national surveys that the public will not give up widely accepted programs to which it feels entitled such as social security, unemployment compensation, veterans benefits, and Medicare.

The net result of these trends—the perception that we do not possess the resources to do everything we would like, the distrust in government, the desire to maintain the generally entrenched social programs—is likely to be that the established programs will continue to flourish, but the programs with lesser support, although unlikely to be discontinued, will probably not be expanded, and new types of social programs will not be instituted. In line with the new emphasis on energy supply and

* Daniel Yankelovich and Bernard Lefkowitz, "National Growth: The Question of the 80s," Public Opinion, December/January 1980.

industrial revitalization, new programs are more likely to be in this area. It is also possible that such programs may be increasingly outside the standard administrative framework, as in the case of the Synthetic Fuels Corporation.

Trends in government regulatory patterns will also affect administrative and employment needs. The recent moves toward deregulation of transportation and communications will no doubt continue, and it is likely that there will be slower expansion of OSHA and EPA. However, the response to the recent attacks on the high cost of regulation and its deleterious effect on productivity are more likely in most cases to be modifications of regulation and introduction of more flexibility rather than elimination of regulation. Although public opinion polls on regulation are probably suspect because of general unfamiliarity with specifics, the preponderance of opinion is affirmative when the public is asked whether the added costs of regulation are worth it in various areas. It is coming to be increasingly accepted that it is the role of government to ensure a relatively risk-free society.

In fact, new measures recently passed or proposed to ameliorate the effects of regulation will actually increase the regulatory workload although they may lighten the burden on regulated industries. These include required economic impact statements for new regulations, more flexible regulations for small businesses, and a proposed "regulatory budget" under which agencies could not exceed the imposing of a given level of compliance costs.

Emerging Labor Force Conditions

The United States labor force surged upward in the postwar era, outpacing the growth rate of the working-age population. The civilian labor force now numbers slightly over one million, 70 percent larger than it was in 1948, although the noninstitutional population over 16 has grown by only 56 percent. The most dramatic change, however, has occurred in labor force composition. A spectacular rise in the women's participation rate to 50 percent has transformed the configuration of the labor force, making it 42 percent female, and the coming of age of the baby-boom generation in the late 60s and 70s flooded the market with new entrants. At the same time, there was a continual drop in male labor force participation rates because of earlier retirements and growth in disability programs. Occupational composition also shifted significantly as the service sectors of the economy showed the strongest growth. Since 1960, white-collar employment has increased by 73 percent and blue-collar employment only by 33 percent.

Significant changes will take place in the work force in the 1980s, although the growth rate will be below that of recent years. About 125 million people will be working or looking for work in 1990. Reflecting the "baby bust" of the 60 and 70s, new entrants aged 16-24 will drop in numbers, but this loss will be more than offset by an expected rise in the female labor force participation rate from 50 to 60 percent. The two-income family will become the standard in the future, with even mothers of young children tending to work at least part-time. The participation rate for women in their 20s, 30s, and 40s could reach 70-80 percent as endemic inflation continues and a higher proportion of women are college graduates, who tend to work regardless of their husband's income.

Another source of labor force increase will be older workers. It is quite possible that the participation rate for men 55 and over will reverse its previous declining trend as men either stay at their jobs longer or take new jobs after retiring. Precipitating factors could be continuing inflation that erodes pension values and the higher educational and health levels of the "young old." The participation rate of prime age men 25-54 will probably continue to edge downward as more wives become permanently

attached to the labor force and allow their husbands more flexibility.

The maturing of the baby-boom generation will dominate labor force changes in the next decade. The flood of new entrants will begin to advance from the 1980 level of 35. Although the 25-34 year olds will still be the dominant group numerically and will continue to grow, greatest labor force increases will take place in the 35-44 year old group. This gain in the proportion of age groups with greater work experience and higher educational levels will be a positive factor in increasing the nation's productivity rate, since a portion of the productivity drop in the past decade has been attributed to the heavy influx of inexperienced and untrained workers, both youths and women. It also bodes well for a secular decrease in unemployment, since youths and women reentering the labor market have higher unemployment rates than other segments of the labor force.

At the same time, those employers dependent on workers under 24 years old will be faced with a declining pool of recruits. It should be pointed out, however, that although the number of 18-24 year olds will drop sharply after the 1980 peak, the 1985 level will still approximate that of 1975, and the 1990 level will be slightly above that of 1970. Because of the high proportion of unemployment currently prevailing in this group, there should be sufficient availability of applicants even if the total number is smaller. The nature of the pool may change, however. Since the birth rate of blacks and Hispanics remained higher than that of whites during the "baby bust," a greater proportion of teenagers in the 1980s will be from minority groups. This may imply a maldistribution of applicants for jobs that are outside of central cities or their close-in suburbs. There is a possibility, however, that older people wanting part-time jobs may substitute for young workers. In addition, there is the tremendous though uncounted number of illegal immigrants who many believe will take low-level unskilled jobs that native Americans no longer want. Another adaptation to the reduced number of young entrants may be increased mechanization of the service industries.

White-collar jobs are expected to continue to expand substantially in numbers and to increase somewhat from their current percentage of almost half of all jobs. The increase in business concentration will continue to foster growth in white-collar employment at all levels, with the greatest growth occurring in the managerial and clerical areas. Automation and computerization will also shift some jobs from blue-collar to technical areas, and computer programmers are likely to remain in short supply. Growth of white-collar workers at state and local government levels will become more restrained as taxpayer pressures continue to mount and educational needs decline.

Employers will find that the change in the composition of the labor force toward a higher proportion of women and a heavy concentration of baby-boom generation workers in the prime age group will require adaptations in their personnel policies. Much has been written about the better-educated and permissively reared "new breed" of workers, who want meaningful tasks as much as material reward, who highly value leisure time and scheduling flexibility, and who want a voice in decision-making on the jobs. Surveys indicate that workers holding these values comprise about 17 percent of the labor force and tend to be most numerous among young professionals. Although this trend bears watching and there may be more of a movement toward "quality of worklife" programs, a more pervasive problem for the baby-boom generation and their employers will be the high degree of competition for advancement and widespread underemployment. Because this age cohort is so crowded and is, at the same time, the most highly educated generation that ever existed, there will be fewer professional, technical, and managerial jobs available than there are qualified applicants for, and few proportional promotion opportunities. Affirmative action plans and enhanced individual and group expectations

will add to the pressures. Feelings of frustration are likely to be widespread, and new methods may be developed by human resources departments to deal with them. These could include lateral transfers, mid-life sabbaticals, greater recognition of civic activities, or extensive retraining and outplacement programs. Women will have special problems of underemployment since 70 percent of women college graduates are now taking clerical jobs.

The greater presence of women in the labor force and their more permanent attachment to it will accelerate the incipient trend toward more flexibility in the workplace. The major thrust will be toward flextime—individual choice of work hours around a central core. This is advantageous for working mothers (and fathers) and early experiments indicate that it improves productivity for all workers since it enables them to operate on their own biological time clock. Flexibility can also extend to sabbaticals, released time for additional schooling, work-sharing, phased retirements, and other innovations that break for all workers the standard lockstep of full-time schooling, full-time work, and full-time retirement.

The above described changes in the labor force could create a more receptive climate for increased union activity among white-collar and service workers. The frustrations of workers whose jobs are below their aspirations and the probable failure of the pay of white-collar and service workers to keep up with blue-collar advances will be the themes on which labor organizers will dwell. In addition, as women perceive themselves as more permanently attached to the labor force, their attitudes will become more similar to those of male workers. An announced thrust of unions in the 1980s is for "equal pay for comparable work" for women in traditional low-paying women's jobs. Other issues that will be stressed in recruiting women for unions include pregnancy disability, child-care programs, and occupational safety and health protection. A major trend in the 1980s, either with or without gains in unionization, will be a significant increase in relative wages for women. There also will probably be more concerted attempts to organize part-time workers and to achieve for them full prorated benefits. Because more mature workers will constitute the bulk of the labor force, employers who formerly provided low benefits for either part-time or casual full-time workers will have to expand benefit packages. There may be legislative efforts to provide unorganized employees with the major noneconomic feature of union contracts—the grievance procedure. If white-collar unions do expand in the private sector, federal unions who do not now have the right to collectively bargain for wages may more actively pursue legislation to enable them to do so.

Whether in a union or nonunion context, employee benefits will continue to expand. Not only will unions press to increase benefits, but nonunion employers will add them to satisfy the needs of their unorganized employees. Benefit packages will be more varied and flexible to accommodate the greater diversity of household structures. New and expanded benefit areas could include dental and vision services, legal services, auto coverage, subsidized education, and, particularly because of the expected increase in births, maternity benefits and job guarantees following maternity leave.

There will be a continuing trend toward more paid days off, particularly in industries that are being automated, as well as longer vacation time. Both the pressure to spread the work for job security reasons and social factors will be the driving forces. Today's young worker is more accustomed to leisure pursuits, particularly travel, and union officials are more aware of the longer vacations customary (and legislated) in Europe. The increased time pressure on the dual-income family also increases the need for more days off for home maintenance.

Adaptations to Energy Problems

The United States is deep into the transitional stage of adjustment to energy realities under the pressure of an increase in payments for imported oil from \$8.4 billion in 1973 to an estimated \$82 billion in 1980. Voluntary energy conservation in response to skyrocketing prices has taken hold faster and produced larger energy savings than anticipated by almost all previous projections. Total United States energy consumption, which averaged gains of 3.5 percent a year from 1950 to 1973, showed continuously smaller increases of 2.5 percent in 1977, 2.3 percent in 1978, and 0.8 percent in 1979, and actually dropped by -2.6 percent in the first five months of 1980.

These lower growth rates reflected conservation in all sectors. Industry is estimated to have increased its energy efficiency by about 20 percent since 1973, and residential and nonresidential buildings in high energy cost areas have reduced their consumption considerably. In transportation, the mandated phasing in of higher mileage cars and consumer choice is beginning to cut the long-term growth in gasoline usage. Consumption of gasoline is believed to have peaked in 1978, and even with fewer cars on the road, less gasoline will be used in passenger cars in future years than today.

These relatively favorable consumption figures by no means indicate that energy problems will not be substantial in the coming decade. We are still heavily dependent on erratic foreign sources of oil, and there is little prospect that domestic production of oil and gas can do much more than maintain current levels. Heavy cost, logistic, and environmental problems inhibit rapid expansion of direct use of coal; synthetic fuels are a long-range option with many technological problems; and expansion of nuclear power is currently very uncertain. In addition, the early steps we have taken toward conservation have been the easiest. Many have been "foregone consumption" measures such as changing thermostat settings or "housekeeping" measures that have cut obvious waste.

However, a consensus seems to be growing that the United States can manage to "muddle through" the energy crisis in the next decade, provided that a sustained oil cutoff does not occur. This period will be marked by high and rising oil prices that will inhibit economic growth to some extent (though not as seriously as was formerly believed) and by the start of conversion to coal-based fuels and renewable resources. Conservation will be recognized as a major component in filling the energy supply/demand gap, but will increasingly require substantial investment in efficient equipment and buildings to progress beyond its early stages. Government incentive programs will be needed in some cases to encourage this investment. The United States will continue to depend on the automobile for mobility, but it will be a much more fuel-efficient car, and mass transit will show some gains in areas where population density makes it feasible.

The government emphasis on energy conservation will have a strong influence on location, construction, maintenance, and use of Federal buildings. Both for cost reasons and demonstration purposes, energy efficiency will be a paramount consideration. An example of this is the current DOE program to fund the design, construction, and installation of a variety of solar systems in more than 800 Federal government buildings. The intent is to encourage more rapid commercialization of market-ready systems. It can be expected that in the future other innovative systems will be encouraged in this way.

New office buildings will be designed for energy efficiency through use of passive solar heat, tighter construction, more natural light, and incorporation of innovative energy-using and retaining equipment. Older buildings will be retrofitted to improve

energy performance. (It should be noted that indoor air pollution because of air-tight buildings is a growing problem.) A plethora of energy conservation devices are currently pouring into the market, ranging from external heat scanners for detecting energy loss to heat recovery devices that recoup energy from lighting and office equipment. Cogeneration systems to produce a building's electricity and heat simultaneously will be given a substantial boost by provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA) that require utilities to purchase extra electricity generated in this manner. Another provision of PURPA will accelerate adoption of time-of-use pricing by electric utilities. This will sharply boost rates for commercial users, whose heaviest use is generally at peak-pricing periods. Some responses to these higher prices may include use of demand-limiting systems, which prevent a building from drawing more than a certain preset level of power at any given time, or expanded use of night shifts for clerical workers.

New microprocessor and communications technology will be incorporated into building operations and use under the stimulus of energy conservation requirements. The early computer-based energy management systems have been succeeded by a new generation of smaller, microprocessor-based systems now on the market. These are cheaper (starting at about \$15,000 as compared to \$100,000 for computer-based systems), more easily programmed and installed, and geared to smaller users. It is also likely that more office buildings will have video-conferencing facilities to reduce business travel. Although the concept has been discussed for years, it is only now that it is beginning to gather momentum as business travel becomes increasingly expensive because of higher gasoline and jet-fuel prices. Video-conferencing typically uses two or more locations outfitted with video cameras and large video screens. Until recently most of the operational conference rooms throughout the world have been centrally located public rooms with services provided by the country's telephone company. Holiday Inns in the United States is now starting to operate video-conferencing rooms using the satellite facilities originally installed to provide Home Box Office movies. Congress has also experimented with video-conferencing for hearings and meetings. A number of United States firms such as ATT, GTE, Exxon, IBM, ITT, Westinghouse, and RCA are all either currently offering video-conferencing systems or will in the near future. Their marketing emphasizes the travel substitution advantage. It would seem likely that the Federal government would install a network of such systems to link administrative personnel.

Location of government facilities will probably be influenced by energy considerations. There will be more pressure to locate in downtown areas accessible to mass transit. This will tie in with social needs, since the United States poverty population is increasingly concentrated in the cities and the need to provide jobs in densely populated areas will become more acute. (However, at the same time the general trend for the nonpoverty population is dispersal to smaller cities and rural areas, which may present some problems of providing service for those agencies that deal directly with the public.) The energy situation will also combine with urban needs to encourage renovation and conversion of older buildings for Federal use. Government buildings may be used as anchors for redevelopment projects. Extending the now-permitted concept of government renting space to private tenants, it is conceivable that parts of government buildings could be sold as condominiums to private firms. Commercial condominiums appear to be an emerging real estate trend.

Intensity of use of government buildings may also be altered by energy conservation needs. Although the four-day week was widely touted at the start of the energy crisis as a method of saving fuel, it does not appear to be a widely applicable concept. In general, experiments with the four-day week, whatever the reason for

institution, have not been especially successful. The schedule has proved difficult for workers with children and surveys have shown that the fifth day is usually spent on chores that were not able to be accomplished on the four long working days. In the case of government employees, it would also pose a problem to be unavailable to the public for one day a week. It is more likely that energy problems will promote more intensive use of buildings at night and on weekends. This would reduce the need to provide energy for additional buildings. It would also tie in with labor force needs, since many working wives with children welcome the opportunity to work during hours when their husbands are at home to care for the family. Flexible starting and leaving times are also a method of saving gasoline by allowing commuting in non-rush hours.

The most dramatic effect of energy problems on office buildings would be implementation of the widely predicted dispersion of work to the home. This concept is predicated upon the belief that new data processing and communications technology will allow workers at home to be linked to their offices. Although it is conceivable that this may be more widespread in the long-term, it does not appear to be a viable near-term possibility. It would probably be more feasible technologically than from a managerial and social point of view. The managerial problems would be enormous, and the social and operational benefits of personal interaction with fellow workers would be lost. This is not to say that certain workers may not be able to work at home more easily now that they can pack a computer in their briefcase or tie into a word processor at the office, and provisions for communications to the home will probably be made in future office buildings. As costs of office space and building operation escalate, it is conceivable that equipping a work station in an employee's home might be cheaper than adding additional traditional office space.

Changes in Data Processing and Communications

The electronics revolution—the rapid development of highly reliable, compact, and inexpensive digital circuitry—is changing the structure of both information processing and communications, and is giving rise to a vast array of new products and services that will make many present-day devices obsolete or at least position them far lower on the product priority scale. These new products will be merchandized in a competitive environment characterized by a wide choice of computer/telecommunications alternatives, both in office operations and the home.

Computer technology is one of the driving forces in the telecommunications revolution. Computers are undergoing three important interlocking, simultaneous, and reinforcing trends: their power in terms of computational ability and memory capacity is increasing; access to computers is being decentralized as a result of the advent of inexpensive minicomputers, terminals, and simplified programs; and large-scale data banks and wideband communications systems are crystallizing geographically diffused computers and information storage depots into vast and powerful computer networks.

The availability of sophisticated wideband communications permits decentralization of large computers and their operations. It is now possible to access very large-scale data bases and manipulate information at locations remote from computers. This has made it possible to interconnect banks, dispersed offices, point-of-sale terminals, reservations systems, credit check systems, inventory control systems, and large-scale data bases; it has spawned totally new industries based on information and its movement; it has facilitated the linking together of large-scale computers to create massive computational and communications capacity. Commercial and experimental networks are in operation around the world, including, for example, Arpanet, Telenet, and Tymenet in the United States.

The use of digital information on a communication link allows in-process error correction to preserve the accuracy of information being transmitted over long distances. Various multiplexing schemes permit single communication channels to be shared among sources and users. Most important, packet switching has come into recent use. In packet switching, each data bundle sent over a communications channel carries its own address so that it is routed to and uniquely received by the equipment to which it is addressed. Optical transmission through ultratransparent glass fibers is expected to reinforce the already-existing trend to digitized telecommunications networks. It presents the potential for one fiber to carry voice, data, and video signals simultaneously.

A major new development in computers is their growing ability to interact with humans. It is now possible to use light pens and digitizer pads to enter information into the computer, and even to communicate with the computer by merely pointing at the screen. Voice output synthesized by the computer is already available. Voice input is more difficult. Current systems require large memories, fast processors, usually have to be "trained," and are expensive. It is not known when voice input will be perfected to the point where the computer can be used as a voice-input typewriter, but it will be a major development within the next few years.

The same kind of rapid progress that has taken place in computer hardware and in data transmission has characterized advances in communication satellites. During the 1970s, approximately 100 satellites had been launched successfully; since the first launching in the late 1960s there has been a factor of 10 increase in communication capability of satellites, 2 orders of magnitude increase in radiated power, and a decrease in cost by a factor of 100. The increase in power has been important since it has permitted a simplification of the required earth stations, down today to 5 meter dishes to be used with \$30,000 stations. Cost of ground stations is expected to drop even further. Several commercial systems are based on the possibility of users with their own individual dishes communicating via satellite with each other or with some central computer or data source. Home Box Office transmits information to community TV systems in this way today. In Japan and Canada, experimental direct broadcasting satellites carry programs that can be received by special small antennas on the top of buildings or windowsills.

Because of all these rapid technological advances, data processing, office equipment, and communications markets are being transformed and the lines between them are increasingly blurred. "Office of the future" and new information management concepts are leading the way to product replacement, driven by the need to improve productivity and save energy. The potential of advanced integrated data processing/telecommunications systems as a cost-cutting tool is becoming a spur to their adoption; the goals are to extend management control by providing as much decision-making information as possible and to improve productivity by using information to optimize resource utilization. There is also growing recognition of the role of synthesized information as a policy planning tool.

The problem facing both the private sector and government today is what path to follow to eventually attain the "office of the future." It is necessary to define operational needs, identify products, and determine how they should be combined into systems. Many corporations, both equipment suppliers and users, are currently undertaking studies of these issues. Because of the escalating importance of information collection, processing, and distribution systems, decisions regarding their installation and use are increasingly being made at the corporate rather than at the individual establishment level. The largest corporations are combining word processing, data

processing, and communications under a single executive in order to consolidate the system. These information decision-makers frequently have a high degree of technical training. They are likely to come from a data processing background and to have the ability to design their own systems and to mix and match components.

The managerial challenge in selecting and installing systems will be made more difficult by the definite trend today toward distributed data processing as opposed to the use of a central mainframe computer. This development is being fostered by the dramatic drop in the cost of minicomputers and microcomputers. Economies of scale no longer make it necessary to centralize services in one large data processing center; separate computers can be used to provide specific services in different locations. Communications developments are also making possible the linking of distributed computers into an information system network. Both the decentralization and the network aspect require careful system design to meet the information needs of the users. A major pitfall is the tendency to merely transfer manual information procedures as they exist to computers. This runs the risk of immobilizing possibly inefficient or unnecessary procedures indefinitely and runs counter to the goal of increasing productivity.

Availability of software—the set of instructions that tells the computer how to process the data—is a critical factor in designing any data processing operation. The Wall Street Journal reports that software "now is one of the key differentiating factors in the marketplace, and that differentiation is growing." Because most available software has to be adapted for individual users, shortages of computer programmers are often the limiting factor in computerization. Computer makers are now working on developing software that will let anyone be able to use computers without having to learn special languages. It will also be possible eventually to provide software that will lead a user without programming skills through the steps of creating a program. Other approaches are putting the utility function of software right on the computer's silicon chips and "software components" which can be assembled for a custom program.

Another factor in designing data processing/communications systems is the problem of human adaptability. In manufacturing, additional capital investment usually ensures higher productivity, and that productivity is finite and measurable. It is not easy to increase the productivity of professionals, administrators, and clerical workers by capital investment. The addition of computerized equipment in the "office of the future" may not necessarily increase output (assuming one could accurately measure output). It might change the nature of the service, augment it, add to convenience, but not necessarily eliminate workers or service more clients. The major challenge for both users and suppliers of equipment is to ensure that the new technologies do not result in electronic paper shuffling and that they actually do contribute to productivity growth or alternately, if that is the goal, to expanded services.

The Federal government has not taken the lead in instituting the latest in distributed and stand-alone data processing/telecommunications systems because of the above-enumerated uncertainties common to all potential large users. However, it is possible to move toward an eventual integrated system by starting with some components and then building either backwards or forwards as long as specific, existing interface standards are adopted (RS 232/IEEE488/etc.). Alternatively, interface adapters can be used in the future; these adapters linking components having different standards will be ubiquitous and relatively inexpensive in the future. An important point with regard to human adaptability to computers is that a gradual approach is best. If components of the system are added gradually, the personnel dealing with them will be able to build up their skills to the sophisticated level needed for the full use of the system. The danger in

the government holding back on adoption of new technology is that it abdicated its role in stimulating the process of the computer industry. In the past, the government supported industry development by purchasing large mainframe computers. It could perform the same function in improving price/performance levels and worker productivity with distributed data processing/communications systems.

APPENDIX VIICOMPARISON OF THE STRUCTURAL OPTIONS

This Appendix compares the three alternative organizational structures for central handling of administrative services which are mentioned on page 82 of the basic report. The comparison is made in terms of the Panel's six criteria which are defined in some detail on pages 77-79. The three structural options which are compared are:

Option I	A Reformed (or Revitalized) GSA
Option II	A Regulatory Agency plus an Operating Agency
Option III	An Operating Government Corporation plus a Regulatory Agency

The principal conclusion which the Panel drew from this analysis was that Option II was decidedly inferior to the other two options and therefore merited no further consideration.

CRITERION 1: QUALITY OF SERVICE PROVIDED TO PROGRAMSOption I - A Reformed (or Revitalized) GSAAdvantages of Option I

- + No interruption of current upward momentum, since no reorganization.
- + Because of continuity, more leaders and managers are farther up along the learning curve.
- + Senior management stays focused continuously on servicing customers and is not diverted onto transition problems.
- + Programs for training and executive development can be pursued without delay.
- + Customer agencies have only one central service organization to deal with, instead of two.

Disadvantages of Option I

- Operations tend to preoccupy senior management, to the detriment of rule-making, standard-setting, and post-audit.
- Decisions on delegation to customer agencies, being made by the operating organization, are inherently less objective.
- Remains more vulnerable to undue Congressional involvement in operations, since existing organization and linkages are perpetuated.
- Leaves in place, undisturbed, the sources of passive resistance to decentralization.

Option II - A Regulatory Agency plus an Operating AgencyAdvantages of Option II

- + Allows more concentration upon managing operations, since regulations are handled elsewhere.
- + May encourage more responsiveness to new or small agencies.

Disadvantages of Option II

- Suffers disruption through reorganization, which consumes energy of senior management.

- Complicates the situation of customer agencies, which have two agencies to deal with instead of one.
- Diminishes the regulator's closeness to and familiarity with operational realities.
- Maximizes vulnerability to undue Congressional involvement in operations, since the operating organization is smaller, weaker and less visible.
- Does little to dislodge the sources of passive resistance to leadership by senior management.

Option III - An Operating Government Corporation plus a Regulatory Agency

Advantages of Option III

- + Better long-run prospects for high-quality management.
- + Flexibility, multi-year financing, and use of true revolving funds reduce the risks of undue Congressional involvement in operational detail while still allowing fully informed Congressional oversight.
- + Prompter, less distorted responses to customer agency needs, both routine and special.
- + Customer agencies have influence through Board of Directors.
- + Permits dislodging the sources of passive resistance to decentralization.

Disadvantages of Option III

- Suffers disruption through reorganization, which consumes energy of senior management.
- Complicates the situation of customer agencies, which must deal with two central service organizations.
- Diminishes the regulators' closeness to and familiarity with operational realities.

CRITERION 2: COST

Option I - A Reformed (or Revitalized) GSA

Advantages of Option I

- + Lowest transition costs, since least change.
- + Improves cost-effectiveness soonest, by keeping management attention concentrated on that instead of on planning and executing reorganization.
- + By improving management systems the soonest, gains cost-avoidance the soonest.

Disadvantages of Option I

- Tends more to perpetuate existing patterns, hence hidden costs.

Option II - A Regulatory Agency plus an Operating Agency

Advantages of Option II - none.

Disadvantages of Option II

- Makes little change in existing patterns, so hidden costs are diminished little if any.
- Total manpower on government rolls and budget may increase.

Option III - An Operating Government Corporation plus a Regulatory Agency

Advantages of Option III

- + Since manpower allocations are made on a businesslike basis, with agency decisions based on consequences for their programs, hidden costs will be sharply reduced.
- + Better management will improve the matching of employee levels with the workload.
- + Linkage between customer agency and supplier of services is primarily in economic terms, so customers can express their priorities accurately, in light of how the services will affect program results for which they are responsible.

Disadvantages of Option III

- Somewhat higher costs of transition.

CRITERION 3: MINIMIZATION OF CORRUPTION

Option I - A Reformed (or Revitalized) GSA

Advantages of Option I

- + Stable leadership and professional management reduce the opportunity for corruption and strengthen ethical attitudes opposing it.

Disadvantages of Option I

- Continues in place the existing networks of people who do not necessarily expect the merits of a case to prevail and who are habituated to outside linkages.

Option II - A Regulatory Agency plus an Operating Agency

Advantages of Option II

- + After short transition, stable leadership and professional management reduce the opportunity for corruption and strengthen ethical attitudes opposing it.
- + Slight and temporary loosening of existing networks.

Disadvantages of Option II

- Being smaller, less powerful and less visible, is even more vulnerable to external influence.
- Essentially continues, after slight loosening, the existing networks and linkages.

Option III - An Operating Government Corporation plus a Regulatory Agency

Advantages of Option III

- + After a longer transition, stable leadership and professional management reduce the opportunity for corruption and strengthen ethical attitudes opposing it.
- + More direct control over its people gives it better ability to deter, prevent and detect corruption.
- + Permits breaking up existing networks of people and the linkages through which competition with the merits may arise.

- + Because Congressional oversight tends to concentrate on results, rather than on intervention into operating details, the merits of a case will more often govern.

Disadvantages of Option III - none.

CRITERION 4: PERSONNEL QUALITY

Option I - A Reformed (or Revitalized) GSA

Advantages of Option I

- + Leadership continuity, professionalism, executive development and training improve both the competence and the motivation of employees.
- + Personnel quality improvement programs are not delayed.

Disadvantages of Option I

- Existing groups persist intact, with their own interpretations of objectives and standards, in some cases resisting top leadership.
- Relatively slower development of a motivation toward responsiveness.
- Residual GSA reputation impairs the attraction for high-potential people.

Option II - A Regulatory Agency plus an Operating Agency

Advantages of Option II

- + After an interruption for organizational transition, both the competence and the motivation of employees are improved by leadership continuity, professionalism, executive development and training programs.
- + A one-time opportunity for re-locating people occurs during the organizational adjustment.

Disadvantages of Option II

- Existing groups persist largely intact, with their own interpretations of objectives and standards, in some cases resisting top leadership.
- Loss of the regulatory role plus the residual GSA reputation diminish the operating organization's attraction for high-potential people.
- Personnel quality improvement programs are interrupted or delayed by reorganization.
- Relatively slower development of a motivation toward responsiveness.

Option III - An Operating Government Corporation plus a Regulatory Agency

Advantages of Option III

- + After a longer transition, both the competence and the motivation of employees are improved by leadership continuity, professionalism, executive development and training programs.
- + Initial manning allows culling.
- + Innovative nature makes it more attractive to high-potential people.
- + Board chooses CEO on basis of results expectable, not political considerations.
- + More freedom to draw upon private sector talent, via lateral entry.
- + More flexibility in suiting the grade structure, and hence pay, to the actual requirements.
- + More latitude in people-managing yields better executive development.

Disadvantages of Option III

- Personnel quality improvement programs are delayed by reorganization.

CRITERION 5: PUBLIC CONFIDENCE

Option I - A Reformed (or Revitalized) GSA

Advantages of Option I

- + Organizational continuity will minimize error or malfeasance in program agencies which are using delegated authority, and thus will minimize adverse publicity.
- + Current oversight arrangements not interrupted.
- + Long-run public perception of satisfactory performance yields confidence.

Disadvantages of Option I

- Short-run adverse perception of no real change.

Option II - A Regulatory Agency plus an Operating Agency

Advantages of Option II

- + Public's short-run perception, that something is being done, is slightly favorable.
- + More tightly focused organization, allowing better policing of delegations to program agencies, will somewhat constrain misadventures which create adverse publicity.
- + Oversight is facilitated by clearer visibility of separated functions.

Disadvantages of Option II

- Congressional oversight will tend to include intervention into operations.
- Long-run public perception of insufficient improvement will impair confidence.

Option III - An Operating Government Corporation and a Regulatory Agency

Advantages of Option III

- + Positive initial reaction to what public sees as a business-like, proper move.
- + Greater unity of control over finance and personnel will minimize misadventures in both the corporation and the program agencies.
- + Clearer visibility of separated functions facilitates oversight, yet corporate form minimizes outside intrusion into execution.
- + Long-run public perception of satisfactory performance yields confidence.

Disadvantages of Option III - none.

CRITERION 6: ATTAINABILITY

Option I - A Reformed (or Revitalized) GSA

Advantages of Option I

- + Much can be done even without any new legislation.
- + Failure to achieve all elements of the legislative proposals would not thwart but only limit the degree of potential success.

- + Because no change in Congressional committee relationships is proposed, support-building will be easier.
- + Since no reorganization planning is needed, and legislative proposals are simpler, senior management's attention and energy will suffer less diversion away from improving the current performance.

Disadvantages of Option I - none.

Option II - A Regulatory Agency plus an Operating Agency

Advantages of Option II - none.

Disadvantages of Option II

- Requires significant new legislation which would alter Congressional committee arrangements and therefore probably be resisted.
- To prepare legislative proposals will involve some months of analysis, planning and support-building, and will thus divert the attention of senior management away from improving current performance.

Option III - An Operating Government Corporation plus a Regulatory Agency

Advantages of Option III

- + Assuming their representation on the Board of Directors is proposed, program agencies can add materially to the support-building effort.
- + Since a part of the initial costs can be met outside the Federal budget, some resistance otherwise expectable can be avoided.

Disadvantages of Option III

- Requires major new legislation which is inherently controversial and would alter Congressional committee arrangements, so opposition can be expected.
- To prepare legislative proposals will involve some months of analysis, planning and support-building which heavily divert senior management's attention away from improving the current performance.
- Might prove to be an all-or-nothing choice in the Congress.

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APPENDIX VIII

COMPARISON OF ALTERNATIVE LINES OF ACTION

Two alternative lines of action are described on pages 85-88 of the basic report. The first alternative involves taking executive measures and proposing legislative measures to revitalize GSA, then accumulating 3-4 years of experience with the results, and only thereafter considering whether to seek creation of a government corporation to do the operating. This first alternative will be referred to below by the short title "Legislative Reform." The second alternative is to ask Congress now to legislatively create a government corporation to do the operating; its short title below will be "Corporation."

Some discussion of how these two alternatives compare appears on pages 89-90 of the basic report. What follows is an explicit comparison of the two in terms of the Panel's criteria as defined on pages 77-79.

CRITERION 1: QUALITY OF SUPPORT PROVIDED TO PROGRAMS

Legislative Reform

- + Avoids interruption and sustains momentum in the various improvement programs.
- + Yields faster improvement during at least the first year or two, especially in the areas of training, executive development and management control.
- + Provides (if enacted) most of the flexibilities and capabilities of a corporation.
.... BUT, has a leader who, even though tenured, is politically appointed.

Corporation

- + May yield better results by the 3-4 year mark, if enacted.
- + Possesses added flexibility because of the Congressional custom of allowing greater latitude to government corporations than to agencies.
- + Has Board of Directors which chooses CEO on basis of results, and directs policy.
.... BUT, to achieve would consume more time and energy of senior management, at the expense of effort toward improving the performance.

CRITERION 2: COST

Legislative Reform

- + Attacks hidden costs sooner and, during first year or two, more energetically.
- + Sustains management concentration upon functions rather than on reorganization, so that management control and cost-avoidance will get priority.
.... BUT, may tend to maintain some existing patterns of operation which contribute to incurring hidden costs.

Corporation

- + Might achieve, over the long-run, lower costs.
- + Offers the possibility for some off-budget capitalization which, although not cheaper for the taxpayer, could be politically lubricative.
.... BUT, involves higher transition costs.

CRITERION 3: MINIMIZATION OF CORRUPTION

Legislative Reform

- + Develops the issues sooner and less dramatically, so that Congressional assent may come easier.
.... BUT, leaves in place the networks through which external influences come to bear.

Corporation

- + Gives fuller assurance of independence from external pressures.
- + Breaks up the networks and linkages for external influence.

CRITERION 4: PERSONNEL QUALITY

Legislative Reform

- + Achieves improvements in management capability sooner, through training, executive development and management control programs which proceed unimpeded by reorganization.
- + Keeps open the option to seek later a corporate arrangement in which employees are not civil service but are compensated at market rates, should that be necessary to secure needed quality.

Corporation

- + Permits more flexible personnel control, yielding greater satisfactions for its people by reducing anomalous situations and improving overall performance and reputation of the organization.
- + May attract people of higher quality and potential.
.... BUT, interrupts personnel development programs by reorganizing.

CRITERION 5: PUBLIC CONFIDENCE

Legislative Reform

- + Makes some improvement quickly in attitudes of public, which sees reform activity beginning swiftly.
- + Will elevate public confidence a little through earlier improvement in results actually achieved.
- + Should forestall, through tighter oversight of delegation, some program agency problems which otherwise would bring adverse public reaction.

Corporation

- + Gains quite favorable public reaction from the outset, through a business-like approach to business-like activities.
- + May have won greater public confidence by the 3-4 year mark through more efficient performance.
 - BUT, could suffer more episodes of adverse publicity about program agency misadventures in formative early years.

CRITERION 6: ATTAINABILITY

Legislative Reform

- + Runs smaller risk of interruption to steady progress of reform.
- + Offers a better chance to gain some of the necessary legislated reform, in the event of Congressional resistance to the whole of the Administration's proposals.
 - BUT, risks the gradual erosion of potential support for the corporate form, through subsidence of what is now a high-visibility problem.

Corporation

- + Takes advantage, if legislative proposal is swiftly made, of Congress's usual receptivity to programs of an incoming Administration.
 - BUT, runs a greater risk of Congressional rejection, being inherently more controversial.

APPENDIX IX

TEST OF THE PREFERRED LINE OF ACTION

Having tentatively chosen its preferred line of action, the Panel undertook to verify that each of the problems identified on pages 76-77 of the basic report would be dealt with by the measures within that line of action. Listed below for each problem in turn are the potentially effective corrective actions contained in Program A (GSA), Program B (EOP) and the first-mentioned legislative approach of Program C.

1. Apparent non-responsiveness to many customer needs will be countered by most of the changes proposed. Extensive delegation of operating authority to program agencies, for example, will let these agencies handle many of their needs directly. This will mean GSA's tasks will be fewer and more manageable. Meanwhile, GSA's management effectiveness will be improved through leadership continuity, professional key executives, executive development programs, updated management control systems and other steps. Attitudes within GSA will respond positively to leadership continuity, to improved control over resources, to intensive technical training, to the use of an advisory council and to customer liaison arrangements.

2. High hidden costs imposed on customers will also be attacked in many different ways. OMB's explicit identification of hidden costs will make their reduction easier to accomplish. To eliminate or even merely to ameliorate the lease-prospectus process will yield major savings. Such business-like procedures as multi-year financing and true revolving funds will help significantly. To have the provision of administrative services correspond more closely to the real priorities and needs of program agencies will reduce hidden costs, and this will be sought through extensive delegation, through the customer advisory councils, through customer liaison and through the many measures aimed at improving GSA management. The main effect of the delegation will be that a great deal of the administrative service work will be done and controlled by the agencies with responsibility for program results; they can key their priorities and costs to those programs directly.

3. Unfavorable GSA image among customers, OMB, and Congress. The visible Presidential emphasis will begin a process of change, which Congressional support for revitalization will sharply accelerate. The real turnaround, however, will come from the perception of better performance of administrative services. Toward this perception many such steps as improved management, elevation of skill-levels and professional attitudes and faster handling of public buildings matters will all contribute.

4. Inordinate delays and costs in space acquisition will be approached by delegations to program agencies, decentralization of operating control to GSA Regions, true revolving funds and the easing of OMB constraints. Some contribution will also come from improved management control systems, better long-range planning, executive development programs and leadership continuity. The most decisive step, however, will be Congressional relief from the lease-prospectus process.

5. Extensive Congressional involvement in GSA decisions will ultimately be corrected only by Congressional actions, most of them non-legislative. The Presidential emphasis on revitalizing GSA will influence those actions somewhat, as will OMB's identification of the hidden costs, for Congressional committees may conclude that more GSA freedom of action will likely reduce costs in their areas. Key steps will be eliminating or at least easing the lease-prospectus process, financing on a multi-year

basis, and the use of true revolving funds. An improvement in GSA's relations with Congress will contribute materially.

6. Impact of the high turnover rate of senior GSA executives will be met initially by a Presidential commitment to continuity for the GSA Administrator and later by legislative enactment of a fixed term for that post. Major supporting measures will be to man key positions on a professional and not political basis, to conduct executive development programs and to reduce GSA's workload by delegating functions to program agencies. Two routes toward slowing the voluntary departures will be improved GSA relations with Congress and improved GSA performance which yields a better image.

7. Insufficient emphasis on management training and executive development will be corrected by GSA's attaching a high priority to conducting such programs, by wholehearted OMB support for the revitalizing of GSA and by specific EOP support for management training and executive development within GSA.

8. Confused overlapping of the roles of GSA and OMB will initially be handled by explicit clarification of these roles and by Presidential emphasis upon OMB's support to GSA revitalization. The definitive resolution will be legislation which lodges the policy function in OMB.

9. Stringent OMB control over GSA funds and personnel spaces will be eased by Presidential emphasis upon OMB support of GSA revitalization, by maximizing the flexibility GSA has in use of revolving funds and by minimizing the use of personnel ceilings in connection with them. Long-range planning in GSA will assist.

10. Overemphasis by GSA on crisis-handling and operating functions, with a consequent underemphasis on its regulatory role, will be primarily countered by extensive delegation and decentralization. The delegating of operating authority to program agencies will reduce GSA's workload and hence its crises. The decentralization to Regions of operating control for what GSA still does will allow the central office to put more emphasis on regulating. The many management improvement measures will also help, as will systematic long-range planning whose results are integrated into current decision-making.

11. Incomplete decentralization of operational authority to GSA Regions will be met by fully decentralizing operational control to the Regions, by fullest possible use of revolving fund flexibility, by executive development programs which yield a more informed and broader outlook, by improved management systems and by better GSA relationships with Congress.

12. Tension between GSA headquarters and Regions will not be eliminated, for headquarters-field tension always exists in any deployed organization. But the tension will be reduced by decentralization of operating authority with appropriate fiscal control to the Regions, by continuity and professionalism of leadership and by the easing of external constraints in the public buildings area. Executive development and management training programs will also help.

13. Lack of GSA forward planning, especially to identify agency needs and policy voids will be remedied by instituting systematic long-range planning at several levels and ensuring its integration into current decision-making. Management training, executive development and the customer advisory council will all nurture the process.

14. Insufficient use of GSA authority to delegate operating authority to agencies will be corrected by GSA's delegating such authority extensively to program agencies. GSA will support the delegations by extensively training the agency people who will do the work, and also by the range of management improvements that will permit it to focus more effort on the regulatory role.

15. GSA lag on ADP technology will be addressed by Presidential emphasis on appointing professionally able managers, by intensive training and executive development programs and by GSA's developing a research element capable of drawing on R&D results gained elsewhere. Leadership continuity will assist the catch-up process.

16. Low state of technical training and professionalism among many GSA people will be met directly by intensive training programs, by executive development programs and by OMB's support for these. Leadership continuity will also contribute, and the improving image of a GSA performing more efficiently will stimulate motivation.

17. Exodus from GSA of high-potential manpower will be countered by the Presidential commitment to revitalization, by OMB support for revitalization, by executive development programs, by professional manning of key GSA executive positions and by the overall improvement in GSA performance.

18. Resistance by GSA mid-managers to agency leadership will be corrected initially through Presidential emphasis on continuity of leadership and then Congressional enactment of a fixed term. Having key executives who are professionals will help greatly, especially since the extensive delegations to program agencies, along with decentralization to Regions, will let senior management attention be concentrated on the problem. Even re-naming the agency may assist to a degree.

19. Numbing effect of repeated GSA reorganizations will be addressed by the positive adoption of a clear, Presidentially-backed line of action, by the continuity of leadership, by having professionals in key executive posts and by systematizing long-range planning. A decisively clear set of patterns for the future conduct of administrative services will have been set when the Congress completes its action on Administration proposals.

20. Weak coordination between major elements within GSA will be approached through improved management control and information systems, training and executive development programs, integration of long-range planning considerations into current decision-making and continuity of leadership. Again, wide use of delegation will reduce GSA's own work and make more time and energy of management available for this problem area.

21. Poor communication between GSA and supported agencies will be remedied by new emphasis on customer relations and advisory councils, by GSA training for program agency people, by improved GSA management controls and by leadership continuity. Widespread delegations of authority to program agencies may increase the attention mutually paid to each other by those agencies and GSA.

22. History of corruption and mismanagement in GSA, or rather the threat of its recurrence, will be countered by continuity of leadership, up-dated management control systems, professional manning of key executive positions, executive development programs and intensive training programs.

23. Poor GSA relations with Congress will be remedied by a conscious GSA effort, with OMB help, to improve Congressional relations, and also by improved management control systems, systematic long-range planning, relief from the lease-prospectus process, full use of revolving funds and continuity of leadership. In principle, the more effectively GSA works, the better will be its relations with Congress.

24. Insufficient capacity to exploit external R&D contributions will be addressed directly by developing a research element able to do so. A supportive climate for it will be cultivated by emphasis upon executive development and upon long-range planning that is linked to current decision processes.

25. Weak internal data and management information systems will be remedied by a priority effort to install up-to-date management control and information systems. Emphasis on executive development and management training programs will yield steadily better discrimination and accuracy in gathering and using data. Leadership continuity and professionalism in key positions will reinforce the overall improvement.

A CAUTIONARY NOTE

What appears above is a survey of the potential for correcting the problems cited. The correcting will not occur automatically, however, no matter how adequately the proposed programs cover the problems. It is the skill, energy, and persistence with which the plan is executed that will really count, more than the plan itself.

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**GSA SUPPORT
TO THE
CIA**

October 28, 1980

EXECUTIVE SUMMARY

The Agency's enabling legislation and General Services Administration's (GSA's) statutory mission overlap in the areas of supply, procurement, real estate, and facilities. Precedence has been established over the years wherein the Agency now relies on GSA to satisfy most domestic requirements; but there is increasing criticism of, and dissatisfaction with, the performance of GSA. However, given GSA's statutory authorities and presence, the Central Intelligence Agency's (CIA's) General Counsel has been reluctant to use the Director of Central Intelligence's (DCI's) authorities domestically except in limited circumstances. A more liberal utilization of the DCI's authorities provided by Sections 8A and 8B of the CIA Act of 1949 would allow the equilibrium between CIA and GSA to shift to CIA being more self-sufficient. Self-sufficiency would reduce GSA's workload, in turn relieving, somewhat, their chronic problems of being both understaffed and underfunded. Decentralization would increase the responsiveness of service to the ultimate customer and, as developed later in this paper, should increase overall governmental efficiency.

This paper will identify each service furnished by GSA and will provide a background and problem statement that discusses the issues and provides a recommendation for improvement. *The recurrent theme and recommendation is that overall governmental efficiency and responsiveness can be greatly improved through the judicious and controlled delegation of specific authorities by GSA to the Agency.* Requested delegations are summarized in the following matrix:

Category	Existing Arrangement	Proposed Arrangement
Acquisition of leased space	GSA has delegated authority to acquire up to 5,000 square feet.	No square foot restriction, only communications with GSA and adherence to the FPMR.
Reimbursable work. (Improvement, alteration, and new construction)	GSA responsibility, with delegations to the Agency on a case-by-case basis.	Agency responsibility; work accomplished through GSA if responsive, otherwise through direct Agency contract.
SLUC (operations, maintenance, and housekeeping)	GSA responsibility, with Agency often providing supplemental funds.	GSA publish standards for SLUC-funded services; where services are not commensurate with standards, Agency will contract directly, adjusting the SLUC payment accordingly.
Cafeteria and vending machines	Services provided through the GSA, by GSI for cafeteria, and Va. Comm. for blind for vending machines.	No change.
Supply and Procurement	Interfaces, responsibilities, and authorities clear. ADPE procurement is delegated to the Agency.	No major changes. System tuning recommended.
 NPIC	Under GSA control.	Under Agency control.
Protective Services	The limited FPS services provided by SLUC are augmented on a reimbursable basis.	Conduct a systems analysis to determine the best mix of options to meet requirements.

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The delegation of Automated Data Processing Equipment (ADPE) procurement authority demonstrates that mission support does improve and that laws and regulations are honored. GSA has audited this delegation on three occasions since granted in 1973 and complimented the Agency's exercise of the authority each time. This ADPE delegation represents the direction proposed for the first three categories of the above matrix and is the direction the Agency believes the National Academy of Public Administration study should recommend. If the shift of responsibilities proposed in the matrix is not possible and it came to a choice of either the Agency or GSA to perform the services, we would recommend the delegations of the entire set of operating authorities and the transfer of appropriate resources to the CIA. We cannot continue the current pattern of unresponsiveness.

BACKGROUND

In the early days, the Agency's enabling legislation was focused on the overseas mission, with domestic needs modest and adequately served by GSA. As the Agency grew, consolidation through construction at Langley was approved and funded by the Military Appropriation Committee, thus allowing the potential for subsequent services to be provided internally, via contract, via the military, or through GSA. GSA was selected, and through an exchange of correspondence in 1959 between the DCI and the Administrator of GSA, it was agreed that GSA would perform services incident to the operation, maintenance, protection, and repair of the CIA Headquarters Building.

This arrangement went unaltered until 1972 when passage of Public Law 92-313, an amendment to the Property Act of 1949, provided GSA authority to bill Federal agencies for furnished space and services. This billing was identified as a Standard Level User Charge (SLUC), designed to provide GSA with reimbursement for the provision of a standard level of service plus an amount for a Federal Building Fund to provide for acquisition of new Federal buildings. In anticipation of the adverse effects that PL 92-313 might have on the CIA, the DCI, in November 1973, forwarded an appeal to GSA for exemption of the Headquarters complex and the National Photographic Interpretation Center (NPIC) facility [redacted]. This appeal was denied by GSA. Consequently, all Agency properties subject to the provisions of PL 92-313, including Headquarters [redacted] were identified to GSA, thus establishing the basis for our current relationship.

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The remainder of the paper concerns shifts of responsibilities present in the GSA/CIA arrangements. There is one area, [redacted] where the disparity between GSA's capabilities (and track record) and our support requirements is so great that we recommend that total responsibility for the facility be transferred to the CIA. The justifications and rationale for this recommendation are the subjects of a separate study. However, as the recommendation represents the most sweeping solution to the problems of GSA support that permeate this report, a synopsis of the situation is included in the next paragraph.

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GSA's organization has been, and is, primarily structured to support the routine requirements of a standard office building. This has impacted on the

Agency most in the area of building management. [redacted] has always been unique and has a special purpose, primarily housing technical equipment which requires special support—support above and beyond GSA's standard services. The Headquarters complex has each year evolved from a standard office building to more of a light industrial park, housing ever-increasing amounts of technical equipment; and, [redacted] requires special, responsive, and efficient support services. Although GSA has historically not been able to provide the necessary support to our operational requirements in either building in the area of facilities management, we have been able to cope in the less critical area of support to the Headquarters complex. Coping in Headquarters is also facilitated by the physical location of GSA shops in the Headquarters building, a condition that NPIC does not enjoy. The need for reliable, time-critical, responsive, and controlled facilities support [redacted] is non-negotiable in order to meet the mission—a dynamic mission dependent on the availability of precise complex and sensitive electro/mechanical/optical equipment. GSA does not have the capability or apparent inclination to meet Agency requirements at [redacted] and it is, thereby, recommended that [redacted] be transferred from GSA control to CIA control.

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DISCUSSION

The GSA organization is of gargantuan proportions, is bureaucratic, and provides most services on a monopolistic basis. Size, bureaucracy, and monopoly combine to aggravate managerial and administrative considerations that are common to all organizations, i.e.:

- There are few standards or feedback mechanisms to evaluate responsiveness, effectiveness, and efficiency; therefore, there is no signal when GSA is performing poorly.
- There are few incentives for good management and few disincentives for poor management.
- There is a general lack of a sense of urgency or importance, to the extent that even telephone communication is often time-consuming or impossible.
- By their perceptions, in which we are in agreement, they are often understaffed, are often underfunded, and the personnel are often underpaid and/or undermotivated.
- There is a lack of authority and willingness to make decisions, particularly in the wake of the recent disclosures of dishonesty and fraudulent behavior.
- There can be lengthy delays due to the plethora of confusing and restrictive central regulations and congressional directives, oversight committees, etc.

The efficiency of centralized service, with the potential attendant savings to the taxpayer, is often realized at a cost in responsiveness to the customer. In our case, the centralized GSA service has become both relatively costly and unresponsive.

This Agency's involvement with GSA is multidimensional, involving the operations, maintenance and alteration of facilities, engineering, housekeeping, procurement, supply, and transportation. Relations have been good, with interpersonal relationships at the individual level excellent. Most GSA representatives are eager to be responsive. Nonetheless, although there are many examples of organizational success, it is also common for the GSA system to preclude responsiveness. *This Agency does observe a strong correlation between unresponsiveness and monopoly; those areas where this Agency must go to GSA for services are usually the areas in which GSA is least responsive.* Poor response has forced this Agency to use its staff to help GSA help us—professional personnel that could be more effectively utilized in directly accomplishing tasks through existing Agency authorities.

The world situation is fluid and mission requirements often cannot be anticipated; specific support requirements, therefore, cannot be incorporated into long-range plans. Mission duration is often less than the time GSA requires to respond to our requests for services. To meet our mission, either GSA must become more responsive or delegations from GSA are necessary, delegations with the appropriate constraints and procedures for audit.

The recurrent theme that permeates the following examples is that both overall governmental efficiency and responsiveness of service can be greatly improved through the judicious and controlled delegation of specific authorities by GSA to this Agency. The delegations are in the best interest of the government not only for the improvement of efficiency and responsiveness but also because stronger checks and balances to the process of providing services are possible, thereby reducing the potential for abuses. The relative smallness of the Agency allows complete internal auditing procedures. Aggressive auditing and a manageable scope of operations inherently provide reasonable checks and balances. Repeated Congressional investigations could not find abuses in the Agency's support or financial operations. Investigations of GSA disclosed sweeping abuses and dishonesty. The above facts and observations lead us to suggest that the Agency can inherently offer better safeguards against abuse in the provision of goods and services.

The remainder of this paper will identify in more detail the categories of services received from GSA. The organization of the paper will be to identify the category of service, provide and introductory narrative (background), and then identify the issues, followed by a recommendation for improvement. Typical of most customers who receive services from others, the bulk of the narrative is concerned with GSA services that lack some combination of effectiveness, efficiency, responsiveness, or adequacy. Service that is responsive is often taken for granted and not documented and studied. There are many examples where GSA has performed above and beyond the call of normal duty to be responsive to our needs, particularly at the individual and working levels.

Category: Acquisition of Lease Space

Background: Although the Agency has, under the provisions of its enabling legislation, authority to lease real property, utilization has been restricted to acquisition of "operational" real estate. Thus the Agency must rely on GSA

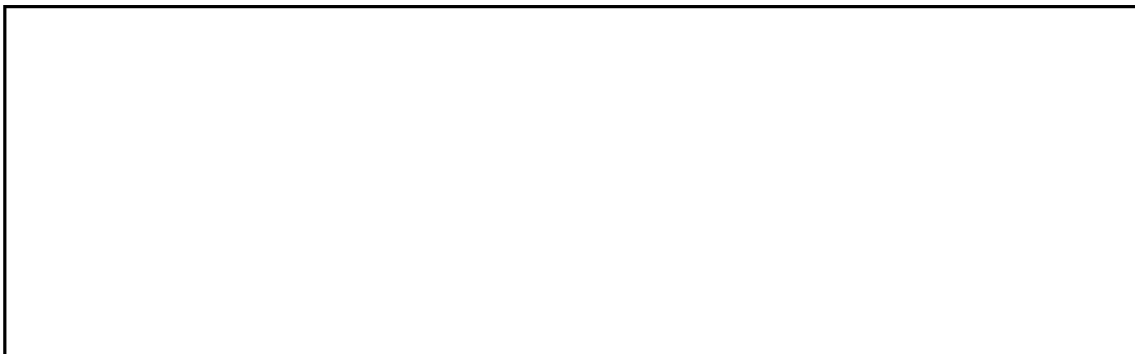
to satisfy its needs for "administrative" property. Unfortunately, most of the Agency's requirements are for relatively small offices which, although falling within the "administrative" definition, have operational and security characteristics which dictate location, type of space, and time frame. GSA has proven to be uniformly unable to respond in a timely manner to these requirements.

Problem: GSA appears to be both overworked and understaffed. This problem is exacerbated by an internal bureaucracy which requires many levels of both vertical and lateral approval before a lease may be signed. In addition, GSA has become the executive agency responsible for a myrial of social and economic programs designed to revitalize urban areas, employ minorities, aid the handicapped, conserve energy, improve the environment, balance the budget, reduce the size of the Federal work force, etc. While worthwhile, the total impact of these programs is to grind the leasing process to a virtual halt. Real impact may be achieved through these programs when applied to large-scale Federal space programs. Unfortunately, these conditions are applied across the board and affect this Agency's attempts to obtain an 800-square-foot office to debrief various refugee groups as well as construction of a major Federal center.



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Recommendation: The 5,000 square foot restriction on the recent delegation for leasing should be removed and future leasing should only require coordination with GSA and adherence to the Federal Property Management Regulations. The 5,000 square foot delegation has proven to be quite workable. By virtue of its overseas and other operational responsibilities, this Agency has a professional cadre of engineers and realty officers. These personnel are competent to design and lease office space. Use of the delegation has cut leasing delays from literally years to weeks.

Category: Reimbursable Work—Improvements, Alterations, New Construction

Background: The Agency requests reimbursable services outside of those provided under SLUC by means of GSA Work Authorization Form 2957. Supposedly, GSA provides the Agency “detailed estimates”; but, in fact, only overall figures for labor, material, and total are reflected and those figures in absolutely no detail. Wide variations in material quantities, oversights, duplication between shops, and other discrepancies are possible and likely, with no verification possible. Costs significantly higher than Agency estimates, little control over GSA work schedules, and quality of work often cause reimbursable services to be unresponsive.

Problem: Where construction is involved, GSA is not responsive. Most construction is preceded by a feasibility study, construction drawings and specifications (design), and finally, after award, construction. This assumes that the Architect and Engineer selection process (which takes usually eight months), Congressional prospectus process (if the project is of significant size), which may take from two to five years, and the budget process are all satisfied. Given the GSA staffing and competition for those limited resources from other agencies, only the highest priority projects get attention, and important projects continually slide further behind. Limited resources available to the Agency are consumed in trying to prod GSA into action.

Since the Agency is a captive customer and must deal with GSA without the benefit of competition, it ultimately faces a “take it or leave it” bargaining situation. It is necessary that the Agency be able to judge the adequacy of transactions. Estimates in sufficient detail to show materiel lists and man-hours per job element must be prepared and used at negotiation sessions. Alternatives must be given the Agency if agreement cannot be reached in cost or response.

Pros: There are certain projects which can be forecast far enough in advance to get GSA moving in an acceptable time frame. Useful life of capital improvements can be predicted and replacements set in motion. In some instances, GSA can, and occasionally does, program the necessary funding. It is advantageous when this Agency can provide guidance and prodding, with GSA administrating the projects. Where fiscal year funds are involved, arrangements can occasionally be made in sufficient detail to obligate Agency funds, with GSA performing the majority of the actual project administration.

Cons: When an operational exigency exists, GSA more often than not cannot respond. Only utilization of maximum Agency influence at the highest level can achieve improved response and then only in extremely rare cases. Installation of major equipment, even when it is provided by the Agency, takes years to accomplish and then with only minimum efficiency and coordination evident, as seen in the installation of emergency generators at the power plant. It is clear that GSA is deficient in areas vital to this Agency's operational integrity.

Recommendation: It must be clearly established that this Agency has the responsibility and authority to accomplish necessary repairs, improvements, alterations, and new construction through its own resources, and that work may be accomplished through direct Agency contract or through GSA; the decision to be made solely at this Agency's discretion.

Category: SLUC—Building Operation, Maintenance (SLUC—Custodial—Covered in Next Category)

Background: GSA supposedly provides a habitable environment for a normal 40-hour workweek under the provisions of the Public Buildings SLUC process. Funds over and above the actual amount required for normal operation are collected for the purpose of providing increased maintenance, repair, or manning. Much of the funding collected by GSA from client agencies flows outside the system. It is usually necessary for an agency to provide additional funds for any service falling outside of the narrowly defined standard services. Our Agency has responsibilities that require 24 hours per day, 365 days per year support. Utilities must be continuously available to computers and communication equipment. Backup equipment must be provided, maintained, and operated to preclude either scheduled or unforeseen events from interrupting critical functions.

Problems: GSA is either unwilling or unable to provide the 24-hour level of reliable service required. Even though reimbursed to provide the necessary resources, GSA allows emergency equipment to become and remain inoperative, preferring to trust that the primary equipment stays on line. Important equipment may remain inoperative for years, such as the #3 1500-ton chiller in the power plant, the Dunham Bush 500-ton chiller in the Headquarters Building, and the central control air compressors in the Headquarters Building. After years of "recruiting" the diesel technicians and electricians to operate the multimillion dollar emergency power system, the system is still not staffed to have the necessary personnel available for 24-hour coverage at the minimum acceptable level.

Pros: The bad state of affairs just described has few advantages beyond the fact that there are usually a few GSA mechanics around when an emergency occurs. GSA seems emergency breakdown oriented and responds reasonably well when the last operable piece of equipment fails. When things are going well, they do handle their own personnel and administrative headaches without burdening Agency resources.

Cons: Communications, data processing, and other activities directly contribute to national security and must have reliable and responsive support. GSA support to critical activities is the weak link of an otherwise strong chain. Continuity of service is jeopardized for the entire building under the SLUC system. Poor support reliability, especially in utility systems, is not compatible with Agency requirements.

Recommendation: In those instances where the Agency determines the level of services received are not commensurate with the amount for which reimbursement has been provided, the Agency must be able to contract directly for an acceptable level of service using whatever source of funding is appropriate, including adjustment to the ongoing SLUC funding. Although it is acknowledged that no alternative appears demonstratively superior to a competent GSA, it is clear that GSA is deficient in areas vital to this Agency's operational integrity. This Agency must be able to obtain those vital services for which Agency funds are budgeted and/or which appear in the SLUC account.

Category: SLUC Housekeeping/Custodial

Background: Through an exchange of correspondence in 1959 between the DCI and the Administrator of the GSA, it was agreed that GSA would perform services incident to the operation, maintenance, protection, and housekeeping of the CIA Headquarters Building. Although GSA was invited to provide housekeeping and related services, time has institutionalized the arrangement and GSA now considers the Headquarters Building as a public building, and therefore under GSA control.

Problem: Support provided by GSA to this Agency under the SLUC arrangement has never measured up to Agency expectations, particularly in the custodial area, although this has, no doubt, been due in part to the thankless nature of the services provided. However, over the past several years, the quality of these services has deteriorated primarily due to the lowering of custodial standards by GSA.

Pros: Although responsiveness suffers and difficulties arise due to the inherent crossing of GSA/CIA organizational lines and perceived prerogatives, GSA is convenient and is saddled with the complexities of hiring, motivating, and controlling a blue collar work force.

Cons: GSA is not responsive. However, the task is onerous and we do not think anyone could provide better service under the same constraints.

Recommendation: In those instances where the Agency determines the level of services received are not commensurate with the amount for which reimbursement has been provided, it must be able to contract directly for an

acceptable level of service using whatever source of funding is appropriate, including adjustment to the ongoing SLUC funding. Responsibility and control remain with GSA. However, similar to the recommendation for the other areas covered by SLUC (operation and maintenance), this Agency must be able to obtain those services for which Agency funds are budgeted and/or which appear in the SLUC account.

Category: Supply and Procurement

Background: The Code of Federal Regulations, Title 41, Part 101, subchapter E, prescribes regulations, policies, procedures, and delegations of authority pertaining to property management and the supply and procurement of goods and services. The Agency interfaces with GSA for the provisioning of both overt and covert services. Services include: (a) [redacted] (b) acquisition and disposal of property, (c) transportation, and (d) motor vehicle acquisitions. Covert services have historically been responsive, and we attribute this fact to the special one-on-one relationships that have evolved over the years. Overt services have been less responsive with our problems similar to those experienced by other Government agencies.

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It should be noted that the overlapping of Agency and GSA authorities have never impacted on the Agency's abilities to meet mission requirements. GSA has historically accepted the legitimacy of the Agency's procurement authorities [redacted] and has recognized that GSA is but one of several alternatives to obtain goods and services. Further, unlike construction, operations, and maintenance activities which involve a physical GSA presence, supply and procurement are of low profile and generally conducted without GSA presence or awareness. However, should GSA become aggressive and insist on participating in our procurement and supply endeavors, the Agency's ability to provide responsive service would deteriorate and a problem would exist.

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In the area of ADPE acquisition, GSA has delegated its exclusive procurement authority for ADPE and related services to the Agency to accommodate its requirements and those of any activity under Agency operational and technical control. The delegation was formally granted to the DCI on 7 December 1973 by the Commissioner, Automated Data and Telecommunication Service, GSA. It was amended in September 1978 to update the regulatory citations which limit this authority of the Agency, and to include ADP management and procurement on a Government-wide basis (i.e., all Federal agencies). They can be found generally in FPR 1-4.11 and FPMR 101-35 and 36. In addition, the delegation provides for an annual GSA review of ADPE procurement actions as a means of assessing compliance with regulatory procedures.

The delegation from GSA for ADPE has proven to be advantageous to the Agency for obvious reasons, not the least of which has been the effect of reducing the time required to conduct procurements by eliminating the GSA review and approval process that would be required in advance of mailing an award. GSA apparently has found this arrangement satisfactory, since they not only extended the delegation in 1978, but also expanded it to include ADP services. This type of delegation enables services to be more responsive, increases Gov-

ernment efficiency, and provides checks and balances to minimize the potential for abuse.

Problems: With the delegation for ADPE, the GSA/CIA supply and procurement entities have generally been responsive to mission requirements. It is noted that the system for property disposal is awkward from our point of view, requiring storage of the material for extended periods of time, but as in other areas where we have similar perceptions, like vehicle acquisitions, we would only recommend GSA review its system to cut current time standards in half.

Pros: GSA provides effective [redacted] acquisitions and is a reasonably effective source of overt goods and services.

Cons: Efficiencies could be improved by fine tuning the system.

Recommendations: Specific improvements to the existing GSA/CIA interface follow:

1. Minimum Order Limitations (MOL)

We suggest that GSA permit procuring agencies to waive the MOL by unilateral determinations when critical operational requirements or exigencies prevail. This would eliminate the sometimes rather lengthy approval process when critical operational requirements exceed the MOL.

2. Mandatory Nature of Federal Supply Schedules (FSS)

We suggest that GSA allow procuring agencies to negotiate better pricing based on "similar or identical items" rather than solely for "identical items". This would enable agencies to take full advantage of the on-the-spot conditions affecting price in the marketplace.

3. GSA-Improved Management Controls

GSA recently imposed management controls on specific commodity groups, e.g., furniture, paper, etc. We suggest that GSA permit agencies to continue to procure these items to meet their specific minimum requirements rather than attempt to "force fit" Government-wide standards on all agencies.

Category: Protective Services

Background: Protective services for Agency buildings in the Washington area, including the Headquarters compound, are provided by the Federal Protective Service (FPS) of GSA. Federal Protective Officers (FPO's) are assigned to Agency buildings from five separate FPS zones, one of which is totally dedicated to the protection of the Headquarters compound, [redacted]

[redacted] The working relationship between FPS and the Agency has been generally cooperative over the years. With the formation of FPS in 1971, FPO's have not only provided physical protection but have served as onsite police authority at our installations.

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A small portion of FPS coverage of the Headquarters compound and certain other Agency buildings is provided by GSA under the SLUC umbrella. This minimum amount is determined by GSA in the context that Agency buildings require only basic protection services similar to nonsensitive Government facilities, e.g., the Department of Agriculture.

The sensitive nature of Agency facilities and operations dictates that this basic SLUC coverage be dramatically augmented to meet our security requirements. This augmentation is accomplished with GSA cooperation but within the limits of available FPS manpower on a reimbursable basis—sometimes at an overtime rate. Reimbursement charges for FPS services in recent years have been escalating; at the present time GSA's regular hourly rate of reimbursement is \$12.82 and the overtime rate is \$19.23.

Problem: As in other areas, GSA/FPS appears to be overworked and understaffed in providing protective services. In addition, the FPS seems philosophically moving in the direction of becoming a police support organization, while the vast majority of Agency protective requirements continue to be of the guard service variety. Further, as noted in other GSA support activities, FPS has been in a monopolistic position in serving our needs. This monopoly has encumbered the responsiveness of FPS to serve our requirements. At least on one occasion FPS has unilaterally decided to reduce protective coverage of Agency installations without even advance notification. It has also inhibited our ability to respond in an immediate fashion to emergency coverage requirements. In the past several months, FPS requested that the Agency immediately implement a severe reduction in its protective coverage, simply because FPS was unable to recruit a full complement against its own established billet ceiling.

Our General Counsel has acknowledged the responsibility of FPS to provide protective coverage to GSA buildings. He has also advised that this FPS responsibility does not inhibit nor encroach upon the Agency's own responsibility and authority to establish access controls for Agency installations and to use alternative resources to FPS to implement these controls. Use of such alternatives would not include their exercise of police powers.

Recommendations: Our review of this function does not result in a recommendation for any change of the FPS. Rather, we believe CIA needs to conduct a thorough, updated analysis of the protective service requirements of its Washington area installations to seek a more cost-effective and responsive method for satisfying our needs. Depending upon the results of this analysis, we may exercise the option of providing protective services using methods and resources in addition to, or other than, the FPS.

CONCLUSION

The delegations of the authorities identified in the matrix located in the Executive Summary of this report will improve overall governmental efficiency, greatly improve the responsiveness of support to the Agency's mission, and decrease the potential for abuse in the provision of goods and services.