



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20543

BEST DOCUMENT AVAILABLE

B-130618

The Honorable Dante B. Fascell
House of Representatives

Dear Mr. Fascell:

We are responding to your December 12, 1975, letter supporting Professor Jan B. Luytjes' request that the General Accounting Office study the pricing of Bureau of the Census foreign trade data tapes. You stated that Professor Luytjes, School of Business and Organizational Sciences, Florida International University, Miami, Florida, is involved in a University study which he believes can contribute to a more favorable balance of trade for the United States.

In order to pursue the study, the University must obtain annual foreign trade data tapes for a 5-year period and quarterly updates of this information. The Bureau informed Professor Luytjes that costs for annual import and export data tapes for the 5-year period 1971-1975 would be approximately \$3,000. Although the Bureau does not produce quarterly updates, the Bureau will supply monthly noncumulative data on a reimbursable basis.

In accordance with discussions with your office, we limited our review to

- identifying the cost elements involved in the Bureau's charges for foreign trade data tapes and
- determining if they were calculated in accordance with regulations of the Office of Management and Budget (OMB) and the Census Bureau.

FOREIGN TRADE STATISTICS PROGRAM

The Bureau's foreign trade statistics program entails the compilation and dissemination of U.S. import and export data. The program is designed to serve the wide range of interests of Government and non-Government users. The program involves the dissemination of a variety of data, presented in many different arrangements, and released in

Copy microfilmed
was of poor quality.

099989

079989
~~76-0597~~
4/5/79
per telephone
S. Lamm

6/1/76 issue date
released - 6/4/76



LM099989

204

27

made
Budget 0403

~~702808~~ 099989 66 D-76-89
Tab assignment (1967)

B-180618

2, 3

several formats. The data may be obtained by subscription in reports, magnetic tapes, and microfilm. They are available for public reference use at field offices at the Department of Commerce and the United States Customs Service. 74

156

REGULATIONS ON CALCULATING
USER CHARGES

OMB Circular A-25 requires Federal agencies to establish charges for certain Government services. The charge should recover the full cost to the Federal Government for rendering such services. The costs should be determined or estimated from the best available records, and should cover both direct and indirect costs--including but not limited to--salaries, employee leave, travel expense, rent, cost of fee collection, postage, maintenance, operation and depreciation of buildings and equipment, and personnel costs other than direct salaries (i.e., retirement and employee insurance).

The Bureau has established a Service Rate Bulletin which provides a list of standard rates used to prepare cost estimates for reimbursable work.

COST ELEMENTS

The import data tapes (IA 245) present the information by commodity, country of origin, Customs District of entry, economic class, and method of transportation. Import data for the 5-year period 1971-1975 requires 30 magnetic tapes. The export data tapes (EA 622) include export statistics by commodity, country of destination, Customs District of export, and method of transportation. Five years of export data are contained on an additional 30 magnetic tapes.

The Bureau provided Professor Luytjes the cost elements which were used to develop the price. This information follows:

ELEMENTS OF COST FOR IMPORT AND EXPORT DATA TAPES

	<u>1971-1975 import data</u>	<u>1971-1975 export data</u>
Salaries	\$ 312	\$ 250
Computer	2,160	2,100
Tape use	92	105
Tape release	240	240
Overheads	<u>1,186</u>	<u>1,255</u>
Total	<u>\$3,990</u>	<u>\$3,950</u>

At our request the Bureau provided us with the following breakdown of the cost for copies of data tapes. This breakdown was not sent to Professor Luytjes.

COST ELEMENTS PER YEAR FOR IMPORT
AND EXPORT DATA TAPES

	<u>1975 annual import data</u>	<u>1971-1974 annual import data</u>	<u>1971-1975 annual export data</u>
Salaries	\$ 60	\$ 63	\$ 50
Computer	480	420	420
Tape use	24	17	21
Tape release	80	40	48
Overheads	<u>306</u>	<u>220</u>	<u>251</u>
Total	<u>\$950</u>	<u>\$760</u>	<u>\$790</u>

We examined the cost elements for 1975 annual import and export data tapes to test the method used in estimating the charges. We compared these elements to the standard charges ^{1/} shown in the Bureau's Service Rate Bulletin and discussed them with Bureau officials. For example, the 1975 charges for annual import data were developed as follows. The figures were rounded by the Bureau to the nearest dollar.

^{1/}We did not verify the validity of the standard charges which are developed for use throughout the Bureau, but limited our test to their application in pricing the data tapes.

SalariesDirect salaries

Programing	\$ 11	
Program planning and direction	5	
Para-professional	<u>8</u>	\$ 24

Indirect salaries

Leave application (18.5 percent x \$24)	\$ 4	
Employee benefits (10 percent x \$24)	2	
Use of equipment and supplies (0.2 percent x \$24)	<u>1</u>	\$ 7

Subtotal, salaries (note a)		\$ 31
-----------------------------	--	-------

Computer

Computer time (note b)	\$509	
Tape use (note c)	24	
Tape release--\$8.00 per tape for replacement of tapes delivered to the customer (10 tapes x \$8 = \$80)	<u>80</u>	\$613

Overheads

Operating support	\$135	
Space expense	77	
General administration	73	
Postage	12	
Commerce overhead	4	
Government overhead	<u>5</u>	\$306

Total		<u>\$950</u>
-------	--	--------------

a/The preceding chart for 1975 annual import data listed total salaries as \$60. The supporting cost estimate worksheet prepared by Bureau officials showed total salaries amounting to \$31. The amount of \$60 is overstated by \$29 (\$60 - 31). The correct estimated charge for salaries is \$31.

b/The computer cost is based on a rate of \$29.95 per central processor minute. Import data takes approximately 17 minutes to run costing \$509 (17 x \$29.95). The \$480 computer cost listed on the preceding chart for 1975 annual import data was understated by \$29. The correct amount is \$509.

c/Tape use is a charge for tape handling by the tape library staff. This fee includes obtaining tapes from storage locations, transporting them back and forth to the library, and depreciation of the tapes. The Bureau's cost estimate worksheet showed 14 reels of tape (14 x \$1.72 = \$24).

CONCLUSIONS

After examining the cost elements for 1975 import and export data, we concluded that the cost elements used in calculating the charges were consistent with OMB Circular A-25 and were applied as specified in the Bureau's Service Rate Bulletin. There were compensating errors in the computations of salaries and computer charges which did not affect the total cost of the data tapes.

We examined the cost elements for 1971-1974 and found the elements were the same as in 1975. We discussed the charges with Bureau officials and were told the method used to estimate the charges was the same as that used for 1975. We were not able to examine the cost estimate worksheets for 1971-1974 charges because they were not available.

We reviewed the Bureau's fiscal year 1975 summary of requests for foreign trade data and found 11 other non-Federal users requesting foreign trade data on magnetic tapes. In each case the charges for the tapes were similar to the estimate provided Professor Luytjes.

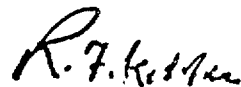
We discussed our findings with Bureau officials and after reviewing a draft of this letter they agreed with our conclusions.

- - - -

We appreciate Professor Luytjes' concern with the Bureau's pricing policies and his bringing this matter to our attention. Although we limited this review to examining cost elements for foreign trade data tapes, we will consider a more comprehensive study of the Bureau's pricing policies in planning future work.

As agreed with your office, we are sending a copy of this letter to Professor Luytjes.

Sincerely yours,



ACTING Comptroller General
of the United States