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Standardized Federal Regions: Little Effect on Agency Management of Personnel. FPCD-77-39; B-178319. August 17, 1977. 24 pp. + 5 appendices (27 pp.).

Report to Bert Lance, Director, Office of Management and Budget; by Elmer B. Staats, Comptroller General.

Issue Area: Personnel Management and Compensation (300).
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One of the objectives of the Office of Management and Budget (OMB) in establishing a standard Federal region policy is to improve management and economies of personnel which could result in savings among Federal departments.
Findings/Conclusions: OMB has not stressed management improvements among departments and agencies, and standardizing regional boundaries has been limited to a few agencies with little effect on management and use of personnel and facilities. Action has not been taken on opportunities offered by standardization for consolidating support service facilities and reducing personnel. The coordinating groups, Federal Executive Boards and Federal Regional Councils, have promoted some common service operations, but their proposals for management improvement must be approved by OMB and the affected agencies. The General Services Administration (GSA) has authority to develop and provide common services, but agencies seem reluctant to participate in programs in which they would relinquish some control. Neither OMB nor GSA has pressed agencies to develop common service programs. Recommendations: OMB, with participation of GSA should: (1) reevaluate emphasis on providing opportunities for management improvements and economies under the standard Federal region policy, giving adequate consideration to the President's plans for reorganizing the executive branch; (2) formulate, initiate, and direct an aggressive program to consolidate or centralize common administrative support and central supporting services where practicable, and obtain commitment of top-level officials to the programs; (3) encourage agencies to identify functions practicable for consolidation; and (4) reevaluate and redefine responsibilities of Federal Executive Boards and Federal Regional Councils. (Author/HTW)

REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Standardized Federal Regions--Little Effect On Agency Management Of Personnel

Office of Management and Budget
General Services Administration

Opportunities exist for improving use of Federal personnel by

--consolidating common Government services in Federal regions throughout the country and

--centralizing other elements essential for improvement that are missing.

One of the objectives of the Office of Management and Budget in establishing a standard Federal region policy is to improve management and economies of personnel, resulting in savings among Federal departments. GAO focused on this objective to find what effect establishing standard Federal regions has had on agencies' management and use of personnel. So far a great deal remains to be done.

FPCD-77-39

AUGUST 17, 1977

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-178319

The Honorable Bert Lance
Director, Office of Management
and Budget

Dear Mr. Lance:

This report discusses opportunities for improving use of personnel resources by consolidating or centralizing common services and elements essential for improvement that are missing.

In this study we focused on one of your objectives of establishing a standard Federal region policy: to provide greater opportunities for securing management improvements and economies among Federal departments. Particularly, we wanted to find what effect establishment of standard Federal regions has had on agencies' management and use of personnel resources. So far, as the report shows, a great deal remains to be done.

This report contains recommendations to you on pages 23 and 24. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs no later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Administrator of General Services; the Chairmen, House Committee on Government Operations, Senate Committee on Governmental Affairs, and the House and Senate Committees on Appropriations; and the heads of departments and agencies included in our study.

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States

REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES

STANDARDIZED FEDERAL REGIONS--
LITTLE EFFECT ON AGENCY
MANAGEMENT OF PERSONNEL
Office of Management and Budget
General Services Administration

D I G E S T

For many years Presidents and the Office of Management and Budget (formerly the Bureau of the Budget) have directed Federal agencies to increase their effectiveness and efficiency. President Carter, in requesting and obtaining from the Congress authority to reorganize the executive branch, reflects a similar purpose.

Up to now, elements essential to achieving such improvement have been missing. For example, in February 1977 the Advisory Commission on Intergovernmental Relations reported "the lack of a strong and steady White House commitment to management improvement."

GAO focuses on one of the objectives of the Office of Management and Budget in establishing a standard Federal regional policy to achieve better management and savings among the Federal departments in their activities in the country at large and outside of the National Capital. Specifically, GAO tries to determine what effect establishing a Federal regional system has had on agencies' management and use of personnel.

In establishing a standard Federal region policy (Circular A-105), officials of the Office of Management and Budget said the primary objective has been to:

"Provide more responsive Federal support for State and local officials by establishing a more consistent and compatible Federal field structure and increasing opportunities for intergovernmental coordination."

Tear Sheet. Upon removal, the report cover date should be noted hereon.

These officials acknowledged, however, that the Office has not stressed the objective of securing management improvements among the departments and agencies. Standardizing regional boundaries has been limited to a few agencies and appears to have had little effect on agencies' management and use of personnel and facilities. (See p. 22.)

By standardizing regional or agency boundaries, opportunities are increased for consolidating or centralizing support service facilities and reducing the number of personnel needed to provide common services. Yet, action has not been taken to seize these opportunities. (See p. 22.)

The coordinating groups--Federal Executive Boards and Federal Regional Councils--occupy pivotal positions in their respective cities or regions. Members of both groups are the highest Federal officials in the field. In some instances they have promoted common service operations as an acceptable alternative to individual agency operations. (See p. 22.)

However, the members serve primarily to formulate proposals for management improvement which may be carried out only if approved by the Office of Management and Budget and the agencies that would be affected. (See p. 22.)

Having broad responsibilities for encouraging improvements in management and promoting savings, the Office of Management and Budget could stimulate consolidation of common services by evaluating and monitoring agency operations as part of the budget process. (See p. 23.)

The General Services Administration has statutory and regulatory authority to develop and provide common services. It also has a standard regional structure consistent with that required in Circular A-105. However, agencies seem reluctant to participate in common service programs in which they would relinquish some control. (See p. 23.)

Neither the Office of Management and Budget nor the General Services Administration has pressed agencies to develop common service programs. But they must exercise their management responsibilities if programs for consolidating common Federal services are to be effective. Otherwise, agencies are likely to continue to operate without regard to potential benefits resulting from consolidating or centralizing, including more effective or economical use of personnel and equipment. (See p. 23.)

GAO has serious questions regarding the present method of funding Federal Executive Boards and Federal Regional Councils. The Office of Management and Budget disagrees. The Office should bring this matter to the attention of the Congress so that clarifying legislation may be enacted if necessary.

If the management improvement objective of the standard Federal region policy is to succeed, it must have the commitment of top-level executives, adequate administrative support, and appropriate financing. (See p. 23.)

RECOMMENDATIONS

The Director, Office of Management and Budget, as the President's agent and with the participation of the Administrator of General Services, where appropriate, should:

--Reevaluate the emphasis being placed on the objective of providing greater opportunities for securing management improvements and economies under the standard Federal region policy, giving adequate consideration to the President's plans for reorganizing the executive branch.

--Formulate, initiate, and direct an aggressive program to consolidate or centralize common administrative support and central supporting services where practicable.

--Obtain the commitment of top-level department and agency officials to this program.

--Encourage the agencies to identify and experiment with additional functions that appear to be practicable for consolidating or centralizing with opportunities for savings of personnel and funds.

--Reevaluate and redefine the responsibilities and authority of Federal Executive Boards and Federal Regional Councils in this effort. Develop, and submit to the Congress for approval, proposals for adequate administrative support independent of the agencies and for appropriate financing.

AGENCY COMMENTS

Office of Management and Budget officials said the Office's primary objective has been to provide more responsive Federal support for State and local officials. They acknowledged that the Office has not stressed management improvements among the departments and agencies. (See p. 22.)

The Office of Management and Budget and the General Services Administration must exercise their management responsibilities if programs for combining common services are to be effective. Otherwise, agencies are likely to continue to operate haphazardly, without regard to potential savings. (See p. 23.)

Contents

ABBREVIATIONS

FEB	Federal Executive Board
FRC	Federal Regional Council
GAO	General Accounting Office
GSA	General Services Administration
GTR	Government travel request
OMB	Office of Management and Budget

CHAPTER 1

INTRODUCTION

For several decades Federal officials and independent organizations have been concerned about improving the organization and effectiveness of the Government's agencies. In its February 1977 report on "Improving Federal Grants Management," the Advisory Commission on Intergovernmental Relations said:

> "The desirability of standardizing and coordinating the tangle of Federal field offices and jurisdictions had been recognized for years. As early as 1934, the National Resources Board had indicated that there were far too many systems of Federal administrative regions, many of which appeared
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> > ". . . to have no justification beyond the traditions of the bureaus by which they are used. If coordinated planning is to be successful, some degree of order must be brought out of the present chaos of regions and districts. It seems reasonable to suppose that a large number of Federal agencies could use the same regional divisions without serious detriment to their work.
>
> "In 1935, the organization recommended that the Federal government consolidate its regional offices into about ten to 12 regional centers.
>
> "Standardization of regional boundaries was attempted during the Eisenhower Administration. This plan was blocked, however, by the appropriations committees of the Congress."

The Bureau of the Budget, now the Office of Management and Budget (OMB), attempted to develop a cohesive Federal field organization. In 1943 it established four regional offices to promote program coordination in the field and to encourage consultation with State and local officials. The field offices were abolished in 1954 as an economy measure.

In November 1961 President Kennedy established Federal Executive Boards (FEBs). 1/ In his memorandum to heads of departments and agencies, the President said:

> "As an integral part of present steps to increase the effectiveness and economy of Federal agencies, I want coordination of government activities outside of Washington significantly strengthened. That is to include improvement of the management and direction of Federal offices throughout the country by the chief departmental officials in Washington, and provision for an inter-agency working group for closer coordination across department and agency lines in important centers of Federal activity outside of the National Capital area.
>
> "More than ninety percent of all Federal employees work outside of the Washington area."
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> * * * * *
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> "Although each Executive agency and its field organization have a special mission, there are many matters on which the work of the departments converge. Among them are management and budgetary procedures, personnel policies, recruitment efforts, office space uses, procurement activities, public information duties, and similar matters. There are opportunities to pool experience and resources, and to accomplish savings. In substantive programs there are also opportunities for a more closely coorindated approach in many activities, as on economic problems, natural resources development, protection of equal rights, and urban development efforts."

In 1967 the Bureau of the Budget proposed to President Johnson that standardized regional boundaries and Federal office locations be developed. Although the President initially

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1/Federal Executive Boards are now located in 26 metropolitan centers: Albuquerque-Santa Fe, Atlanta, Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Dallas-Ft. Worth, Denver, Detroit, Honolulu, Houston, Kansas City, Los Angeles, Miami, New Orleans, New York, Newark, Philadelphia, Pittsburg, Portland, St. Louis, San Francisco, Seattle, and Twin Cities (Minneapolis-St. Paul).

endorsed the effort, no action was taken because of the anticipated political and economic consequences of the wholesale relocation of Federal personnel. However, in 1968 councils comprised of representatives of the Departments of Health, Education, and Welfare; Housing and Urban Development; and Labor; and the Office of Economic Opportunity were established on a pilot basis in four cities where all had field offices--Atlanta, Chicago, New York, and San Francisco.

On March 27, 1969, President Nixon directed selected domestic Federal departments and agencies to adopt a uniform field structure of 8 regions (increased to 10 regions in May 1969) with common boundaries and common headquarters locations. He also expanded the regional council concept from the four cities to all of the new regional centers. The departments and agencies were instructed to work with the Director, OMB, to implement this directive as rapidly as feasible.

Executive Order 11647, February 12, 1972, established a Federal Regional Council (FRC) for each of the 10 standard Federal regions. Each council was to constitute a body within which the participating agencies were to conduct their grant-making activities in concert to the maximum extent feasible. OMB was assigned responsibility for assisting the President in developing efficient coordinating mechanisms to implement Government activities and to expand interagency cooperation.

Executive Order 11731, July 25, 1973, broadened the mandate of the FRCs to include coordinating direct Federal program assistance to State and local governments and designated the Deputy Director, OMB, as Chairman of the Under Secretaries Group for Regional Operations, which provides policy guidance to the councils and is responsible for the proper functioning of the system.

OMB Circular A-105, April 4, 1974,

"* * * formally establishes ten standard Federal regions, uniform regional boundaries, and common regional office headquarters locations, as a long-range goal for all Federal domestic agencies."

The circular (see app. I) provides:

"<u>Coverage</u>. This Circular applies to all domestic Federal departments and agencies, and to any new Federal departments or agencies that may be created, except as exempted. Departments and agencies currently exempted from the provisions of this Circular and criteria for determination of any future exemptions are listed in Attachment 2.

"Objectives. The establishement of a standard Federal region policy is designed to:

"a. Enhance the effectiveness and efficiency of individual Federal departments and agencies in the achievement of their basic mission by increasing the opportunities for coordination with complementary actions by other Federal agencies with related missions.

"b. Provide greater opportunities for securing management improvements and economies among Federal departments and agencies, including establishment of common administrative support and central supporting service facilities, consistent with the provisions of GSA [General Services Administration] Federal Management Circular 73-4 (formerly OMB Circular No. A-68).

"c. Create a more consistent basis for establishing and strengthening Federal interagency coordination mechanisms such as Federal Regional Councils.

"d. Provide more responsive Federal support for State and local officials by establishing a more consistent and compatible Federal field structure and increasing opportunities for intergovernmental coordination."

OMB recently completed a study of FRCs and is considering possible changes to make them more effective.

SCOPE OF STUDY

In this study we focused on one of OMB's objectives of establishing a standard Federal region policy: to provide greater opportunities for securing management improvements and economies among Federal departments and agencies. Particularly, we wanted to find what effect establishing standard Federal regions has had on agencies' management and use of personnel resources.

We inquired into changes in common administrative support and centralized support services resulting from establishing standard regional boundaries and field headquarters locations in the Denver region (Region VIII). We selected the Denver region--which has one FEB and one FRC (Mountain Plains)--because it is large (six States) and has scattered concentrations of Federal employees and installations. We studied establishment of standard boundaries and development of centralized services in the Denver region. We obtained similar information from Federal officials in Albuquerque, New Mexico (Region VI); Kansas City, Missouri (Region VII); San Francisco, California (Region IX); and Portland, Oregon, and Seattle, Washington (Region X).

We also inquired into OMB and GSA policies, procedures, and practices for establishing and administering standard regional boundaries and centralized services.

CHAPTER 2

OPPORTUNITIES FOR IMPROVING

USE OF PERSONNEL RESOURCES

Establishing standard Federal regions appears to have had little effect on agencies' management and use of personnel. Aggressive implementation of the standard Federal region policy objectives by the Office of Management and Budget could enhance the Government's opportunity to achieve more effective use of its personnel resources and other benefits.

One objective of establishing a standard Federal region policy (see app. I) is to:

> "Provide greater opportunities for securing management improvements and economies among Federal Departments and agencies, including establishment of common administrative support and central supporting service facilities. * * *"

Standardizing regional boundaries caused few changes in agency administrative support and central support facilities or functions in the Denver region. Only 5 of 27 agencies attributed any administrative benefits to standardizing their boundaries and field offices:

--Three agencies in the Department of Labor attributed staffing savings to establishing a regional administration and management office.

--Community Relations Service officials related administrative support staffing savings to a combination of standardization and budget reductions.

--Equal Employment Opportunity Commission regional officials said that although the quality of the administrative support service improved, staffing savings were not associated.

The remaining standardized agencies were unable to attribute any benefits in their management and use of personnel to standardizing. Some officials said no administrative changes occurred; agency organizations remained decentralized, as they were prior to standardization.

Opportunities for improved management and savings through consolidating of services within or among agencies should be greatest at locations where Federal personnel are concentrated. Consolidating common administrative support and central supporting service facilities, made possible by standard boundaries and regional office locations, should permit agencies to bring together fragmented services into single regional organizations. It should also reduce overlapping functions to make better use of personnel and reduce personnel costs. Examples follow.

COMMON SERVICES PILOT PROJECT, SEATTLE

In January 1971 the General Services Administration began providing common services on a reimbursable basis to five agencies in Seattle's Arcade Plaza Building. These were the Departments of Health, Education, and Welfare; Housing and Urban Development; Labor; and Transportation; and the Office of Economic Opportunity (now the Community Services Administration). The common services pilot project resulted from a coordinated planning and negotiating effort of OMB, the Seattle Federal Regional Council, GSA, and the agencies.

The parties agreed to consolidated services including printing and duplicating, mail and messenger procurement, receiving and shipping, laboring, and library services and a self-service supply room. This arrangement permitted a saving of four positions (25 percent) and increased the effectiveness of the services by:

--Concentrating functions--more highly qualified personnel could be used.

--Reducing personnel requirements--better use of cross training and idle time were initiated.

--Stabilizing workload--greater volume permitted more flexibility in use of people.

--Reducing administrative problems--larger operations eliminated downtime associated with rest periods, lunch, vacations, and absenteeism.

The project also permitted the participating agencies to concentrate more staff effort on their substantive programs and reduce administrative staff effort.

In March 1975 GSA made a formal evaluation of the Arcade Plaza experiment. It recommended that the arrangement be continued on a permanent basis and said:

"The common services arrangement is efficient, economical, and provides a high level of customer satisfaction. Agencies in the Arcade Complex are receiving common services more efficiently and economically than if they were providing their own individually."

GSA recommended that:

"* * * As a first step in the nationwide expansion of this concept, a common services arrangement patterned after the Seattle arrangement be established at a suitable location in each of the remaining nine standard Federal regions."

PRINTING AND DUPLICATING FACILITIES

In the Denver Federal Center, GSA operates a duplicating plant and the Government Printing Office operates a printing plant. GSA also operates a duplicating plant in the Denver Federal Building and printing plants in Salt Lake City, Utah, and Billings, Montana. Other agencies have their own duplicating machines.

The GSA handbook on "Centralized Field Duplicating Services," January 1976, says:

"The objective of the centralized field duplicating program is to provide centralized field reproduction services in multioccupant Federal buildings where economies in space, equipment, and personnel may be realized by centralization in lieu of individual agency operation of separate reproduction facilities.

"A feasibility study may relate to one Federal office building, a complex of Federal buildings, or a city-wide Federal operation area."

* * * * *

"Section 201(a) of the Federal Property and Administrative Services Act of 1949, as amended, 63 Stat. 383 (40 U.S.C. 481), provides for the consolidation of facilities by the Administrator of General Services when consolidation is advantageous in terms of economy, efficiency, or services.

"Executive Order No. 11512 of February 27, 1970, Planning, Acquisition, and Management of Federal Space, prescribes guidelines for the effective utilization of Federal space.

"Federal Management Circular 73-4, December 4, 1973, Central Support Services, establishes policies and procedures under which central supporting services may be established in Federal office buildings.

"FPMR [Federal Property Management Regulations] 101-5.2, Centralized Field Duplicating Services, prescribes guidelines and procedures for the establishment and operation of centralized field duplicating services on a reimbursable basis."

* * * * *

"Regional Public Buildings Service activities are responsible for continuing liaison with printing and distribution activities concerning buildings and Federal complexes where a GSA centralized field duplicating plant is under consideration, planned, or established."

The Federal Property Management Regulations, part 101-5.203-1, provide that:

"(a) Based upon available data on the proposed size, location, the number of agencies scheduled for occupancy, and other factors pertinent to a proposed new Federal building, GSA will determine whether or not to provide for a centralized field duplicating plant in the space directive covering the new building. * * * The final decision to provide centralized field duplicating services in a new Federal building will be subject to subsequent determination by the Administrator of General Services based upon the formal feasibility study.

"(b) Feasibility studies may be initiated by GSA in existing Federal buildings."

According to a GSA official in Denver, the GSA duplicating plant in the Federal building is not fully used. This confirmed findings reported by GSA in October 1975. GSA has not made a feasibility study of duplicating facilities in Denver for about 10 years.

In Helena, Montana, a new Federal office building is expected to house 27 agencies varying in size from 1 to over 100 employees. These agencies have 34 duplicating machines, including 2 offset presses, 24 copiers, and 8 mimeographs, representing 1 machine for each 12 employees.

Nine of the copiers produce less than 1,000 copies per month. Several of the 12 leased copiers are operated at levels so low that the minimum rental is paid. The 12 machines produce a total of about 71,000 copies a month at a cost of 3.3 cents a copy plus paper and operating costs. In contrast, the Regional Bureau of Reclamation office in Denver produces about 70,000 copies a month at a cost of about 1 to 1.2 cents a copy, plus the cost of paper.

Helena agency officials indicated willingness to cooperate in some form of centralized service. The Internal Revenue Service agreed to provide duplicating services for Treasury agencies on its floor. The Statistical Reporting Service, which already provides service to the Forest Service, volunteered to provide service for other agencies if GSA would make the appropriate arrangements.

Some agencies were dissatisfied with their equipment. The Forest Service and the Department of Agriculture Service Center were considering upgraded equipment for the new building, and the Social Security Administration said its equipment was totally inadequate. The Bureau of Mines, which does not have duplicating equipment, must obtain service commercially.

GSA has not made a study to determine the feasibility of a common duplicating facility, nor has it inventoried the duplicating equipment now in Helena Federal agencies.

On March 16, 1976, the President of the Helena Federal Executive Association 1/ requested GSA's assistance in establishing a centralized duplicating plant in the new Federal office building.

> "A centralized printing plant would enable agencies to consolidate printing equipment, office copiers, and other related equipment. This would save equipment purchases and reduce overall printing and copy costs. Space should be allotted in the building for this purpose and we believe the plant should be run by GSA."

1/Federal Executive Associations are located in about 100 metropolitan centers, which have smaller numbers of Federal personnel than centers where Federal Executive Boards are located.

On April 6, 1976, GSA responded:

"GSA does have a limited common services program for smaller Federal Office Buildings, with 1,000 employees or more; however, it has been handicapped due to the lack of personnel ceilings. * * * GSA provides the level of services required as determined by a committee of Federal agencies occupying the building. In view of occupancy level of the Helena Federal Office Building, we suggest that, if possible, the major tenant be asked to perform the common services on a reimbursable basis. Certainly there is savings to be achieved. * * *"

AIRLINE RESERVATIONS AND TICKETING

Congressional concern for an economical and efficient system for transportation and traffic management is expressed in the United States Code (40 U.S.C. 471 (1970)). The Congress assigned responsibility for traffic management to the Administrator, GSA, and in 40 U.S.C. 481 (Supp. V, 1975) directed him to

"prescribe policies and methods of procurement and supply of personal property and nonpersonal services, including related functions such as * * * transportation and traffic management * * *."

One method of reducing the administrative costs associated with airline reservations and ticketing is through use of teleticketing machines to transmit and receive airline tickets. The agency contacts the issuing carrier and provides flight information, and the issuing carrier activates the teleticketing machine in the agency travel office which supplies the ticket.

This method substantially reduces the staff time required to obtain tickets and eliminates much of the cost commonly incurred in processing Government travel requests (GTRs). The December 1969 Joint Agency Transportation Study Report sponsored by the Joint Financial Management Improvement Program claimed savings through use of appropriate teleticketing procedures. The report said that teleticketing would:

--Save half the cost of procuring, issuing, controlling, recording, handling, and mailing GTRs.

--Eliminate the need to record and maintain unliquidated obligation records for each GTR to each issuing airline.

--Eliminate the process of receiving, handling, and filing carrier vouchers.

--End the matching of supporting GTRs to vouchers.

--Result in the issuance of only one Standard Form 1166, Voucher and Schedule for Payments, for each reporting period to cover the contracting airline, not one entry for each issuing airline.

--Enable Treasury to issue one check to the contractor airline for the reporting period in lieu of a separate check to each issuing airline.

--Reduce audit work as it is easier to review fare calculations.

Federal Property Management Regulations require that GSA control the use of teleticketing machines. Part 101-40.109-1 requires GSA to "enter into term contracts for transportation and related services * * *." Consequently, GSA agreed to a master contract with the airline carriers to provide teleticketing services to Government agencies and established guidelines for the use of the machines.

GSA has not managed use of teleticketing machines in Denver. None of the six agencies with machines in the Denver area obtained regional GSA assistance, and none used the GSA guidelines to design local procedures. The regional GSA office did not know of the existence of three of the machines.

Problems have resulted in the Denver region from not using the GSA procedures. For instance, the Job Corps and the Federal Aviation Administration generally process one GTR for each ticket instead of processing one GTR for all tickets issued in an entire month. The cost of processing each GTR is $10 according to one estimate, and this practice has resulted in increased costs of more than $2,000 a month. The Environmental Protection Agency requires that employees seek reimbursement for each unused ticket instead of simply voiding unused tickets, substantially increasing administrative costs.

Each of the six machines is underutilized and could issue many times the number of tickets currently issued. Because none of the Denver machines is used for agencies of more than one department, agencies located in the same building or even on the same floor are without this service. Use of these machines as a GSA common service would permit more agencies to benefit and substantially reduce administrative costs.

We are currently making a more detailed study of teleticketing procedures.

PERSONNEL AND PAYROLL FUNCTIONS

Centralizing personnel and payroll functions, within or among agencies where feasible, should offer possibilities for considerable savings. We obtained data from eight agencies to ascertain the effect of establishment of standard Federal regions on costs of these functions.

Personnel and payroll systems differed among the eight agencies--three that conform with the standard Federal region structure and five that do not. Two agencies had centralized personnel functions and six had centralized payroll functions; the others had some form of regionalized function.

The data furnished to us by the agencies included estimated total costs of these functions at headquarters, regional, and local levels and numbers of employees serviced. In some instances the data applied to the entire department or agency; in other instances it related to an agency element or region. The data is of interest primarily because the average annual cost per employee is not directly related to (1) organization as standard or nonstandard regions or (2) the number of employees serviced, as summarized below.

The substantial differences in estimated average annual cost per employee indicate that opportunities for considerable improvement exist in agency management of personnel and payroll functions and savings in costs.

Department or agency	Estimated cost per employee	Approximate number of employees serviced	Standard Federal region	Centralized or regionalized function
Personnel function				
Agriculture				
Soil Conservation Service	$151	17,500	No	Centralized
Interior				
Bureau of Indian Affairs	210	1,500	No	Regionalized
Health, Education, and Welfare				
Office of Education	219	1,900	Yes	Regionalized
General Services Administration				
Public Building Services	243	37,600	Yes	Regionalized
Interior				
Bureau of Mines	415	3,200	No	Centralized
Energy Research and Development Administration	453	1,400	No	Regionalized
Interior				
National Park Service	541	2,900	No	Regionalized
Housing and Urban Development				
HUD Insuring Offices	568	600	Yes	Regionalized
Payroll function				
Interior				
Bureau of Indian Affairs	46	19,000	No	Centralized
Health, Education, and Welfare				
Office of Education	47	146,700	Yes	Centralized
Interior				
National Park Service	73	55,000	No	Centralized
General Services Administration				
Public Building Services	74	10,000	Yes	Regionalized
Housing and Urban Development				
HUD Insuring Offices	85	16,000	Yes	Centralized
Agriculture				
Soil Conservation Service	91	113,600	No	Centralized
Energy Research and Development Administration	91	1,400	No	Regionalized
Interior				
Bureau of Mines	114	27,000	No	Centralized

CHAPTER 3

MISSING: ELEMENTS ESSENTIAL

FOR IMPROVEMENT

Provisions have been made for improving the organization and effectiveness of the Government's agencies, but elements essential for improvement are missing. These elements are commitment of top-level executives, adequate administrative support, and appropriate financing.

COMMITMENT OF TOP-LEVEL EXECUTIVES

For many years Presidents and the Bureau of the Budget or its successor, the Office of Management and Budget, have directed agencies to enhance their effectiveness and efficiency. However, the commitment of top-level executives to achieving this objective has been questioned. For example, the Advisory Commission on Intergovernmental Relations said in regard to OMB:

> "The fact is that, despite official pronouncements, the agency's management activities have never come to be regarded as important as its budgetary role. * * * Management problems receive far less attention from the agency's leadership and from most of its staff.
>
> "Consequently - and despite OMB's image as a 'tough policeman' of the departments - the agency has in fact had limited success and has made a limited effort to obtain full compliance with its management initiatives."
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> *　　　*　　　*　　　*　　　*
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> "Several reasons are suggested for the continuing weakness of the management component. A primary consideration has been the lack of a strong and steady White House commitment to management improvement."

The Director, OMB, said the Office's function include the following (see U.S. Government Manual, 1976/77, pp. 87 and 88):

> "To aid the President to bring about more efficient and economical conduct of Government services;

"To assist in developing efficient coordinating mechanisms to implement Government activities and to expand interagency cooperation;"

*　　*　　*　　*　　*

"To conduct research and promote the development of improved plans of administrative management, and to advise the executive departments and agencies with respect to improved administrative organization and practice;"

*　　*　　*　　*　　*

"To plan, conduct, and promote evaluation efforts to assist the President in the assessment of program objectives, performance, and efficiency."

OBM Circular A-105, April 4, 1974 (see app. I), encouraged standardization of regional boundaries throughout the Federal Government. Unlike earlier Presidential directives, this circular was aimed at all domestic agencies unless specifically exempted. Although the circular did not require agency reorganization to comply with standard boundaries, it made any future nonconforming reorganization difficult. Nonconforming realignment requires OMB approval, and OMB officials said they have actively discouraged attempts to obtain this approval.

Although several agencies have requested information on requirements for changing from one nonconforming configuration to another, OMB has given permission to only four agencies--the Soil Conservation Service (Agriculture), the Defense Electric Power Administration (Interior), the U.S. Marshals Service (Justice), and the Federal Railroad Administration (Transportation). According to OMB officials, each of these agencies had demonstrated that its program responsibilities warranted a nonconforming configuration. Yet, relatively few departments and agencies have adopted standard regional boundaries. (See app. II.)

OMB should have considerable interest in promoting the consolidation of common administrative support and central supporting functions. OMB exercises control over the agency coordinating groups--Federal Executive Boards and Federal Regional Councils. OMB provides overall policy direction, prepares national objectives, and appoints local agencies to provide administrative support to FEBs. OMB provides operating support for and monitors FRCs. The Deputy Director, OMB, is Chairman of the Under Secretaries Group which provides leadership and policy guidance to FRCs.

Although FEBs and FRCs have responsibilities for management improvement, consolidating interdepartment or interagency support functions is not an explicit goal. FRCs have not specifically been directed to improve Federal agency management to promote economy and efficiency, but this responsibility seems implicit in the functions assigned the Council. Among other responsibilities, FRC members must act in concert to develop long-term regional interagency strategies for resource allocation, develop administrative procedures to facilitate day-to-day interagency cooperation, and evaluate programs in which two or more members participate.

The individual members of both FEBs and FRCs have management authority in the field for their agencies; but FEBs and FRCs, which include most of the agencies' upper-level field officials, have little authority.

OMB has oversight responsibilities for consolidated services. Federal Management Circular 73-4 on "Central Support Services" says that consolidation efforts should be considered in evaluating budget requirements:

> "The costs, staffing, and utilization of established central service facilities, similar facilities operated by nonparticipating agencies, and proposals for the establishment of new central services will be considered by the Office of Management and Budget in its annual review of budget requirements."

The circular requires the General Services Administration to provide OMB and the head of each executive agency affected with copies of all formal reports on agreements to establish common services. It also established the procedures or conditions under which GSA or another agency may control and operate common services for more than one agency.

Although GSA has provided various centralized services (office and storage space, supplies and materials, communications, records management, and transportation services), GSA issued Circular 73-4 to expand the number of services which, when combined, would result in economies. Other service facilities that might be centralized include health units, printing and duplicating shops, common training devices and facilities, centralized mail facilities, and multiple-use conference rooms.

Executive agencies are expected to cooperate in GSA feasibility studies of proposed centralized services and to discontinue similar services when centralized activities are installed. Agencies which cannot cooperate may explain their inability to participate in letters to OMB and GSA. Some agencies have used existing organizational structures to encourage coordinating and consolidating services. Some agencies, notably those in the Department of Labor, have used standardizing as a tool to increase management efficiency by establishing regional administration offices. Multiagency groups have demonstrated that agencies can unite to solve mutual problems. The Seattle FRC is the only Federal coordinating group that has developed a consolidated service arrangement. One reason for inaction may be that the coordinating groups must depend upon the agencies for voluntary support.

OMB and GSA occasionally have encouraged and promoted consolidated services while exercising their leadership responsibilities in directing consolidation. Yet, much more consolidating and coordinating common administrative support and central supporting services should be practicable. OMB, GSA, and the agencies that would benefit could encourage and implement these improvements but have not acted aggressively to consolidate operations carried on by agencies individually. Agencies which would be included in common service arrangements seem concerned that participation would diminish their control and decrease service.

OMB officials said that it is GSA's responsibility to determine feasibility of combined services and to act if costs can be reduced. These officials said agency resistance has made consolidation difficult.

GSA officials identified three major conditions that have obstructed successful consolidation of common services: lack of support by top-level agency officials, insufficient resources, and agency resistance to change. A GSA division director said he estimated that generally consolidating would save about 25 percent of staffing and more than 25 percent of space. Even these estimated savings have not been sufficient to incite action.

According to GSA officials, it is difficult to get from GSA's top management the commitment of staff resources necessary to evaluate the feasibility of consolidating services and to support consolidation programs once feasibility has been determined. They said GSA must use its personnel to staff its other functions, and personnel ceiling limitations make it difficult to staff common service functions also. A GSA Division Director said that OMB has shown little interest in transferring less than 50 positions to GSA from agencies that would be relieved by consolidating functions.

ADEQUATE ADMINISTRATIVE SUPPORT

The coordinating groups--FEBs and FRCs--must depend on the agencies for administrative and professional support because they are not provided separate appropriations by the Congress.

OMB designated the Air Force Accounting and Finance Center as the agency to support the administrative functions of the Denver FEB. This support provides two full-time employees (an executive assistant and a secretary) and printing, travel, and general office functions at an annual cost of about $40,000. OMB has designated other agencies to support the other FEBs.

OMB's designation of agencies to support FEBs is not related to the degree of agency participation. Although the Air Force Accounting and Finance Center is required to provide administrative support for the Denver FEB, the Center devotes an average of only 3 hours a month participating in FEB activities. Other agencies devote much more time. For example, GSA (the Denver FEB Chairman's agency) devotes an average of 1,369 hours a month, the Environmental Protection Agency, 193 hours; the Civil Service Commission, 149 hours; and the Small Business Administration, 120 hours.

The chairman of each FRC is designated by the President and serves at his pleasure. The chairman's agency finances the FRC's fixed administrative functions, including salaries and travel expenses of the full-time staff director and clerical personnel, rent, telephone, and duplicating and printing charges. The Department of Health, Education, and Welfare's Denver Regional Director is also the Mountain Plains FRC Chairman, and the Department has budgeted about $150,000 annually to support the Denver FRC's administrative functions.

The Under Secretaries Group's guidelines for FRCs say that

"The successful performance of each FRC depends largely upon the commitment of the individual members. * * * Each member agency will provide staff with appropriate expertise. * * *"

However, the member agencies are not equally committed to supporting FRCs.

Although the cost of supporting the Federal coordinating groups is significant, the major cost to the agencies is the staff time devoted to the groups' program activities. Agencies reported that they devoted 22 staff-years annually to the Mountain Plains FRC (about 8 staff-years by the Department of Health, Education, and Welfare) and 15 staff-years to the Denver FEB (about 8 staff-years by GSA). The estimated cost of agency support for the two Denver coordinating groups is more than $800,000 a year. This cost is absorbed by the agencies.

APPROPRIATE FINANCING

During the course of this study questions arose concerning agency use of funds appropriated to agencies to support FEBs and FRCs. As noted above, this support includes direct transfer of funds and personnel and other administrative assistance, and the cost of participating in program activities. There appear to be no direct appropriations for these interdepartmental organizations.

Various statutes appear to affect the funding of interagency groups such as FEBs and FRCs. For example, 31 U.S.C. 673 and 696 (1970) generally require congressional authorization for the expenditure of appropriations in connection with boards, councils, and other Government instrumentalities. More specifically, in 1971 section 609 of the Treasury, Postal Service, and General Government Appropriation Act, Public Law 92-49, 85 Stat. 108 (1970), made the restriction against using public moneys

> "to finance interdepartmental boards, commissions, councils, or similar groups under section 214 of the Independent Offices Appropriation Act, 1946 (31 U.S.C. 691) which do not have prior and specific congressional approval of such method of financing"

applicable to the appropriations in "this or any other Act." This restriction also appears in the appropriation acts of following years, most recently in section 608 of the Treasury, Postal Service, and General Government Appropriation Act, 1977, Public Law 94-363, 90 Stat. 963 (1976).

The Congress is aware of the existence of FEBs and FRCs and has acknowledged their usefulness. For example, FEBs and FRCs appear in the "Justification of Estimates for 1971, Bureau of the Budget, General Statement" and in the hearings for Public Law 92-49. In hearings on Department of the Treasury and Post Office and Executive Office Appropriations for 1971, a member of a subcommittee of the House Committee on Appropriations concluded that FEBs and FRCs could produce some outstanding achievements.

We have serious questions regarding the present method of funding FEBs and FRCs. We have been unable to find whether "prior and specific congressional approval" was ever obtained for the use of appropriations of member agencies to finance FEBs and FRCs. We requested OMB's views on this matter on March 17, 1977. (See app. III.) On July 8, 1977, OMB responded, stating that FEBs and FRCs do not violate the prohibition in section 608. (See app. IV.) While we have reservations concerning OMB's legal reasoning, we recognize that it has asserted an argument justifying the financing of FEBs and FRCs. Accordingly, we believe that OMB should bring this matter to the attention of the Congress, so that clarifying legislation may be enacted if necessary.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

Federal officials long have been concerned about improving the organization and effectiveness of the Government's agencies. President Carter has voiced his concern in requesting and obtaining from the Congress authority to reorganize the executive branch. However, top-level executives and their offices or agencies have not implemented some programs that could result in more effective and economical use of personnel and facilities.

In its Circular A-105, OMB identified four objectives in establishing a standard Federal region policy. (See pp. 3 and 4.) On June 1, 1977, we discussed our findings with OMB officials. They said OMB's primary objective has been to:

> "Provide more responsive Federal support for State and local officials by establishing a more consistent and compatible Federal field structure and increasing opportunities for intergovernmental coordination."

These officials acknowledged that OMB has not stressed the objective of securing management improvements among the departments and agencies.

Standardizing regional boundaries has been limited to a few agencies and appears to have had little effect on agencies' management and use of personnel and facilities. Standardizing regional or agency boundaries increases opportunities for consolidating or centralizing common administrative support and central supporting service facilities and reducing the number of personnel needed to provide common services. Yet, aggressive action has not been taken to make improvements in this area.

Federal coordinating groups--Federal Executive Boards and Federal Regional Councils--occupy pivotal positions in their respective cities or regions. Members of both groups are the highest Federal officials in the field. In some instances they have promoted common service operations as an acceptable alternative to individual agency operations. However, they serve primarily to formulate proposals for management improvement, which may be implemented only if approved by OMB and the agencies that would be affected.

The Office of Management and Budget has broad responsibilities for encouraging management improvements and promoting cost saving programs. It could stimulate consolidation of common services by evaluating and monitoring agency operations as part of the budget process.

General Services Administration has statutory and regulatory authority to evaluate, develop, and provide common services. It also has a standard regional structure which is consistent with that required in OMB Circular A-105.

Agencies seem reluctant to participate in common service programs in which they would relinquish some control. Neither OMB nor GSA has pressed them to develop common service programs.

OMB and GSA must exercise their management responsibilities if programs for consolidating common services are to be effective. Otherwise, agencies are likely to continue to operate without regard to potential benefits resulting from consolidating or centralizing, including more effective or economical use of personnel and equipment.

If efforts to achieve the management improvement objective of the standard Federal region policy are to succeed, they must have the commitment of top-level executives, adequate administrative support, and appropriate financing.

RECOMMENDATIONS

As part of the effort to secure management improvements and economies among the Federal agencies, we recommend that the Director, Office of Management and Budget, as the President's agent and with the participation of the Administrator of General Services, where appropriate:

--Reevaluate the emphasis being placed on the objective of providing greater opportunities for securing management improvements and economies under the standard Federal region policy, giving adequate consideration to the President's plans for reorganizing the executive branch.

--Formulate, initiate, and direct an aggressive program to consolidate or centralize common administrative support and central supporting services where practicable.

--Obtain the commitment of top-level department and agency officials to this program.

--Encourage the agencies to identify and experiment with additional functions that appear to be practicable for consolidating or centralizing with opportunities for savings of personnel and funds.

--Reevaluate and redefine the responsibilities and authority of Federal Executive Boards and Federal Regional Councils in this effort. Develop, and submit to the Congress for approval, proposals for adequate administrative support independent of the agencies and for appropriate financing.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 4, 1974 CIRCULAR NO. A-105

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Standard Federal Regions

1. Purpose. This Circular formally establishes ten standard Federal regions, uniform regional boundaries, and common regional office headquarters locations, as a long-range goal for all Federal domestic agencies. The Circular also provides guidelines for establishing or realigning field structures, regional offices, and sub-regional structures.

2. Background. On March 27, 1969, the President issued a directive instructing selected domestic Federal departments and agencies to adopt a uniform field structure of eight regions with common boundaries and common headquarters locations. The departments and agencies were instructed to work with the Director of the Bureau of the Budget, (now the Office of Management and Budget) to implement this directive as rapidly as feasible. Heads of other Federal agencies and independent offices were also requested to assure that any changes in their field organization structures were consistent with the ultimate goal of uniform boundaries and field office locations for all agencies requiring close interagency and intergovernmental coordination. This Circular is being issued pursuant to that directive.

The original directive was amended on May 21, 1969, to upgrade planned sub-regional offices in Seattle and Kansas City to full regional status. This provided two additional Federal regions, with minor adjustments in the original boundaries. Since that time, most domestic agencies, or major components of such agencies, have conformed to the standard Federal regions as described in Attachment 1.

3. Coverage. This Circular applies to all domestic Federal departments and agencies, and to any new Federal departments or agencies that may be created, except as exempted. Departments and agencies currently exempted from the provisions of this Circular and criteria for determination of any future exemptions are listed in Attachment 2.

4. Objectives. The establishment of a standard Federal region policy is designed to:

a. Enhance the effectiveness and efficiency of individual Federal departments and agencies in the achievement of their basic missions by increasing the opportunities for coordination with complementary actions by other Federal agencies with related missions.

b. Provide greater opportunities for securing management improvements and economies among Federal departments and agencies, including establishment of common administrative support and central supporting service facilities, consistent with the provisions of GSA Federal Management Circular 73-4 (formerly OMB Circular No. A-68).

c. Create a more consistent basis for establishing and strengthening Federal interagency coordination mechanisms such as Federal Regional Councils.

d. Provide more responsive Federal support for State and local officials by establishing a more consistent and compatible Federal field structure and increasing opportunities for intergovernmental coordination.

5. Responsibilities.

a. Federal departments and agencies. Domestic Federal departments and agencies are responsible for compliance with the standard Federal region policy as a long-range goal. A number of Federal agencies have complied with this policy already and others have made partial adjustments. There is no requirement for those not in full compliance to initiate changes in existing regional or sub-regional organizational structures solely for the purpose of complying with the provisions of this Circular. However, when other considerations dictate a need for changes, and law permits, compliance is required. Prior approval of the Office of Management and Budget is required only when proposed changes require a deviation or exception to a standard region policy.

In furtherance of the objectives of this Circular, departments and agencies should assure that other Federal agencies and State and local units of government which may be affected by proposed changes in regional and sub-regional structures are consulted prior to the agencies' final approval of such changes.

b. Office of Management and Budget. OMB will monitor standard Federal region policies through review of field organization charts submitted to GSA for publication in the Federal Register, and other selected reviews as required.

6. Definitions.

a. Region. A geographic area resulting from the primary division of the United States into groups of two or more States.

b. Standard Federal regions. Regions with boundaries conforming to the standard Federal regions (see Attachment 1).

c. Regional office. The office physically within the geographical boundaries of a region that has overall responsibility for the region. The regional office reports directly to agency headquarters, usually in Washington, D.C.

d. Sub-regional structures. Any Federal field structure or office that consists of subdivisions of regions into smaller geographic areas or districts. Includes field structures that consist of State level or smaller geographic areas that are not organized into regions as defined in paragraph 6a above. However, it does not include special purpose field installations such as laboratories, warehouses, public works, or test facilities and the like.

7. Guidelines.

a. Number of regions. The number of regions required to administer a particular program depends upon a variety of factors. As a general policy, departments and agencies are required to conform to ten standard regions or combinations thereof. The major objective is to achieve as much consistency and compatibility among agencies as is practical, rather than force all agencies into a completely uniform system. As a minimum, regional boundaries shall be established in such a manner as to either conform to or combine standard regions. Combinations of regions should also be accomplished on a uniform basis. The combinations of Region I (Boston) with Region II (New York), Region VII (Kansas City) with Region VIII (Denver) and Region IX (San Francisco) with Region X (Seattle), are acceptable when agency missions and economies warrant less than the ten regions. All other combinations require prior approval from OMB.

(No. A-105)

b. Location of regional offices. As a long-range goal, Federal departments and agencies are required to locate their regional offices in the standard regional headquarters cities listed in Attachment 1. In addition, regional offices should be located within close physical proximity to facilitate interagency and intergovernmental coordination as well as convenient access by State, local, and other officials dealing with a variety of Federal agencies. This policy applies only to regional office staff with overall program and management responsibility for the region. Current Federal policy requirements for location of all other Federal offices and installations in non-urban areas, whenever feasible, will continue to be complied with.

c. Sub-regional structures. Sub-regional office locations and boundaries should be established to maximize, insofar as possible, consistency and compatibility with the organizational structures of other Federal agencies, States, and local governments. As a minimum, sub-regional office boundaries within a region should be organized to maintain the integrity of the standard Federal region boundary system and State boundaries. In the latter instance, there are several organizational patterns by which State boundaries are adhered to while providing management flexibility to meet agency needs. The following represent options consistent with this policy:

(1) One or more offices located within a State but whose boundaries are all coterminous with the State boundaries;

(2) One office located within a State covering the complete territory of two or more States.

Establishment or realignment of sub-regional offices which will require deviation from this policy must be approved in advance by OMB.

Departments and agencies should also assure that sub-regional office boundaries are compatible, insofar as possible, with State-designated planning districts in furtherance of the objectives of OMB Circular No. A-95, Part IV. Prior to establishment or realignment of sub-regional offices and boundaries, departments and agencies are required to consult with the appropriate Governor or his designated agent responsible for OMB Circular No. A-95. In the event that a deviation from sub-State planning districts is determined to be necessary, a record of the circumstances and justification for a deviation should be retained by the department or agency.

(No. A-105)

d. Requirements for OMB approval of regional and sub-regional organization plans. Departments and agencies may establish or realign regional and sub-regional offices and boundaries without OMB approval except when such changes will result in deviations from the following policy requirements:

(1) Conformance to the ten standard regions or authorized combinations thereof as shown in Attachment 1.

(2) Uniform location of regional offices in standard regional headquarters cities as shown in Attachment 1.

(3) Conformance of sub-regional offices and boundaries to the standard regional boundary system.

(4) Conformance of sub-regional offices to State boundaries.

Agencies requesting OMB approval for any of the above deviations will provide the information required in Attachment 3 prior to final agency decisions being made and any public announcements. OMB will be responsible for acting on the request within 45 days of receipt.

8. Attachments. The following attachments are a part of this Circular:

a. Attachment 1. Standard Federal Regions and Standard Regional Office Locations.

b. Attachment 2. Exemptions from Coverage.

c. Attachment 3. Information Required for Requesting Approval of Deviation from the Guidelines.

9. Inquiries. Inquiries and all other matters concerning implementation of this Circular should be directed to the Associate Director for Management and Operations, Office of Management and Budget, phone 395-5156 (IDS Code 103).

ROY L. ASH
DIRECTOR

Attachments

(No. A-105)

Attachment 1
Circular No. A-105

Standard Federal Regions
and
Standard Regional Office Locations

. Region I (Boston) -- Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont;

. Region II (New York City) -- New York, New Jersey, Puerto Rico, and the Virgin Islands;

. Region III (Philadelphia) -- Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia;

. Region IV (Atlanta) -- Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee;

. Region V (Chicago) -- Illinois, Indiana, Minnesota, Michigan, Ohio, and Wisconsin;

. Region VI (Dallas) -- Arkansas, Louisiana, New Mexico, Oklahoma, and Texas;

. Region VII (Kansas City) -- Iowa, Kansas, Missouri, and Nebraska;

. Region VIII (Denver) -- Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming;

. Region IX (San Francisco) -- Arizona, California, Hawaii, Nevada, Guam, and American Samoa;

. Region X (Seattle) -- Alaska, Idaho, Oregon, and Washingon.

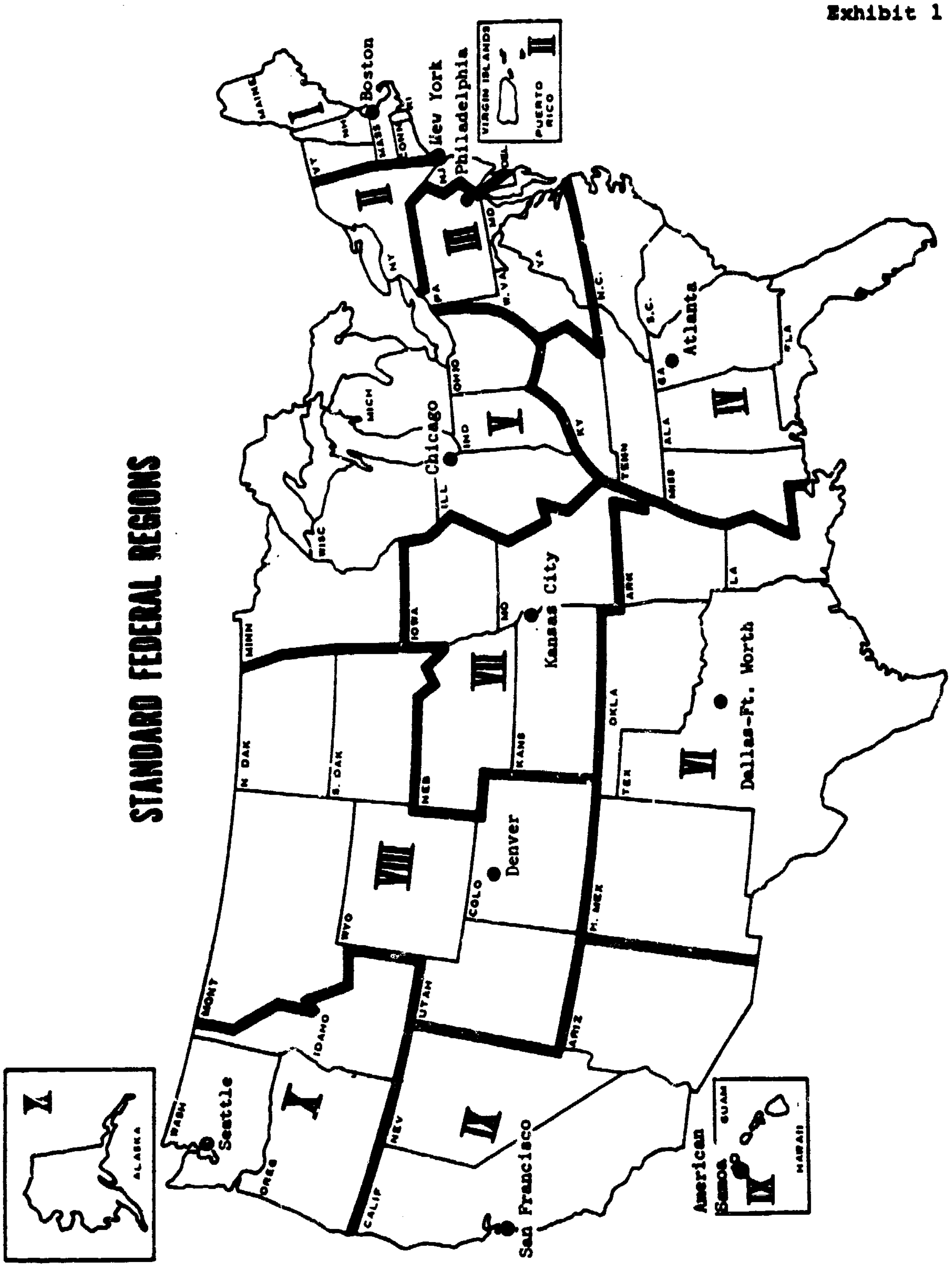
The Indian reservations which cross standard Federal regional boundaries are assigned to a single region as follows:

. Region VIII (Denver) -- Pine Ridge and Ute Mountain;

. Region IX (San Francisco) -- Navajo, Duck Valley, Fort McDermott, Goshute.

(No. A-105)

Exhibit 1


STANDARD FEDERAL REGIONS
I
Boston
II
New York
PUERTO RICO
VIRGIN ISLANDS
III
Philadelphia
IV
Atlanta
V
Chicago
VI
Dallas-Ft. Worth
VII
Kansas City
VIII
Denver
IX
San Francisco
American Samoa
GUAM
HAWAII
X
Seattle
ALASKA
MAINE
VT
NH
MASS
CONN
RI
NY
NJ
PA
DEL
MD
W.VA
VA
N.C.
S.C.
GA
FLA
ALA
MISS
TENN
KY
OHIO
IND
ILL
MICH
WISC
MINN
IOWA
MO
ARK
LA
OKLA
TEX
N. MEX
KANS
NEB
S. DAK
N DAK
COLO
WYO
MONT
IDAHO
UTAH
ARIZ
NEV
CALIF
OREG
WASH

Attachment 2
Circular No. A-105

Coverage

Criteria for determinations of exceptions from coverage include the following:

Activities involve very limited field operations and are inherently unsuited to a standard regional pattern.

Activities are almost exclusively Federal and single-agency in nature with minimal requirements for interagency or intergovernmental coordination.

Activities are dependent on geographic/technical factors such as location of public lands, boundaries for waterways, or air flow patterns.

This Circular applies to all executive departments and agencies <u>except</u> for the following:

All international departments and agencies
All government corporations
Department of Defense
Atomic Energy Commission
Farm Credit Administration
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Home Loan Bank Board
Federal Maritime Commission
Federal Mediation and Conciliation Service
Federal Power Commission
Federal Reserve System
Federal Trade Commission
Interstate Commerce Commission
National Aeronautics and Space Administration
National Labor Relations Board
Railroad Retirement Board
Renegotiation Board
Securities and Exchange Commission

In addition to the above, the following specific organizations are also exempt from the provisions of the Circular:

Maritime Administration
U.S. Coast Guard
National Transportation Safety Board
U.S. Attorneys

Attachment 3
Circular No. A-105

Information Required for Agency Policy Deviation Requests

Requests for deviations should contain the following basic information:

1. A specific description of the deviation involved including maps showing current and proposed regional and/or sub-regional boundary lines and office locations.

2. A comparative analysis of current and proposed staffing levels of regional and/or sub-regional offices affected by the proposed change.

3. An analysis, including financial data as appropriate, of various agency mission and workload factors which were major considerations in recommending a deviation be approved by OMB. These might include distribution of workload, location of clientele, travel requirements, consolidation of administrative support functions, and other such factors.

4. A five-year projection of cost requirements directly associated with the proposed change including office and personnel relocation expenses, changes in administrative and logistical support costs, and other related cost items.

5. A proposed schedule for implementing the proposed changes.

6. A summary of comments received from other Federal agencies, States, and local governments who were consulted on the proposed change.

DEPARTMENTS AND AGENCIES

ORGANIZED INTO STANDARD FEDERAL REGIONS

The Directory of Federal Regional Structure, August 9, 1976, published by the Office of the Federal Register,

--identified agency boundaries and regi nal field office locations;

--reported that the Department of Housing and Urban Development was the only totally standardized department;

--showed that agencies of the Departments of Health, Education, and Welfare and of Labor generally conformed and that these Departments and the Department of Transportation had either regional directors or secretarial representatives in each of the 10 standard regional cities; and

--listed several independent agencies which conformed to the standard regional boundaries.

Departments
- Health, Education, and Welfare 1/
- Housing and Urban Development

Departmental representatives or field offices
- Commerce
- Labor
- Transportation

Agencies
- Department of Justice
  - Community Relations Service
  - Law Enforcement Assistance Administration 1/
- Department of Labor
  - Employment Standards Administration 1/
  - Employment and Training Administration
  - Occupational Safety and Health Administration
- Department of Transportation
  - National Highway Traffic Safety Administration
  - Urban Mass Transportation Administration
- ACTION 1/
- American Revolution Bicentennial Administration
- Civil Service Commission

1/Exclusive of one division, office, or service.

Community Services Administration
Environmental Protection Agency
Equal Employment Opportunity Commission 1/
Federal Energy Administration
General Services Administration
Small Business Administration

1/Standard Regions VIII, IX, and X are included as one region.

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

B-147637 MAR 17 1977

The Honorable Bert Lance
Director, Office of Management
and Budget

Dear Mr. Lance:

The General Accounting Office has been reviewing the effectiveness and administration of Federal Executive Boards (FEBs) and Federal Regional Councils (FRCs). During the course of the review, several questions have arisen concerning the use of funds appropriated to member agencies to support the activities of FEBs and FRCs. The support given FEBs and FRCs includes both direct transfer of funds from member agencies and personnel and other administrative assistance.

Based on our preliminary review, we find the legal authority for the use of member agencies' funds to support FEBs and FRCs unclear. There appear to be no direct appropriations for the intergovernmental organizations, and section 608 of the Treasury, Postal Service, and General Government Appropriation Act, 1977, Pub. L. No. 94-363, 90 Stat. 963 (1976) prohibits the use of appropriations under any Act to finance interdepartmental groups "which do not have prior and specific congressional approval of such method of financial support."

Our tentative legal conclusions are contained in the draft analysis enclosed. Before our review is complete, we would like to obtain your comments on the enclosed analysis. In particular, we would like to know your interpretation of what constitutes "prior and specific congressional approval" for the use of member agencies' funds to support FEBs and FRCs and whether, and in what form, the requisite approval has been given. We would appreciate your response within 2 weeks of receipt of this letter since our review is in its final stages.

Sincerely yours,

Paul G. Dembling

Paul G. Dembling
General Counsel

Enclosure

B-147637-O.M.

ANALYSIS

PROPRIETY OF EXPENDITURE OF MEMBER AGENCIES' APPROPRIATED FUNDS FOR THE ADMINISTRATION OF FEDERAL EXECUTIVE BOARDS AND FEDERAL REGIONAL COUNCILS

BACKGROUND:

Federal Executive Boards, Federal Regional Councils

The facts as we understand them are as follows. On November 10, 1961, the President established the first 10 interagency Federal Executive Boards (FEBs) to improve internal Federal management practices and to participate as a unified Federal force in civic affairs of major metropolitan centers. There are now 26 FEBs in major centers of Federal activity.

On March 27, 1969, the President designated 10 standard regions of Federal activity, each of which was to contain a Federal Regional Council (FRC) to assure closer working relationships between member agencies and State and local governments, improve coordination of selected activities, and implement Presidential objectives.1/

Funding

Funds appropriated to member agencies are used to finance both FEBs and FRCs. The Office of Management and Budget coordinates this support, which takes the form of direct funding, assignment of agency personnel, and supply

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1/ Executive Order No. 11,647, 3A C.F.R. 146 (1972 Comp.) formally established the FRCs. FRC membership and activities were expanded under Executive Order No. 11,731, 3A C.F.R. 199 (1973 Comp.), which broadened their mission to include assistance to State and local governments through the coordination of Federal program grants and operations. Most recently, Executive Order No. 11,892, 3A C.F.R. 238 (1975 Comp.) increased FRC membership to its current level of 11 members.

B-147637-O.M.

of goods and services to the interagency organizations. We have been unable to find any specific congressional appropriation for any of these organizations.

While many FEB and FRC activities are clearly related to the functions of the member agencies, in some cases the connection is not so evident. For instance the Denver, Colorado, FEB, whose membership includes the Air Force, recently asked all members to contribute $100 to the FEB Minority Business Opportunity Committee.

MAY MEMBER AGENCIES USE THEIR APPROPRIATED FUNDS TO SUPPORT INTERDEPARTMENTAL GROUPS LACKING SPECIFIC PRIOR CONGRESSIONAL APPROVAL?

Statutory Provisions

In 1961, when the first interagency group, the FEB, was established, Congress had specifically authorized the use of appropriated funds of member agencies to finance interagency organizations. This authorization appears in section 214 of the Independent Office Appropriation Act, 1946, Pub. L. No. 79-50, 59 Stat. 106, (1945), now codified in 31 U.S.C. §691 (1970) as follows:

> "Appropriations of the executive departments and independent establishments of the Government shall be available for the expenses of committees, boards, or other interagency groups engaged in authorized activities of common interest to such departments and establishments and composed in whole or in part of representatives thereof who receive no additional compensation by virtue of such membership: Provided, That employees of such departments and establishments rendering service for such committees, boards, or other groups, other than as representatives, shall receive no

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> additional compensation by virtue of such service." 2/

However, in 1968 the House of Representatives, concerned about abuse in the diversion of appropriated funds to programs of interagency commissions not specifically authorized by Congress, 3/ enacted the following prohibition in section 508 of the Department of Agriculture and Related Agencies Appropriation Act, 1969, Pub. L. No. 90-463, 82 Stat. 639 (1968):

> "None of the funds in this Act shall be available to finance interdepartmental boards, commissions, councils, committees, or similar groups under section 214 of the Independent Offices Appropriation Act, 1946 (31 U.S.C. 691) which do not have prior and specific congressional approval of such method of financial support."

2/ Heretofore there had been a longstanding prohibition against the use of "public moneys or appropriated funds for payment of compensation or expenses of any commission, council, board, or other similar body, or any members thereof, * * * unless the creation of the same shall be or shall have been authorized by law * * *." Section 9 of the Act of March 4, 1909, Pub. L. No. 60-328, 35 Stat. 945, 31 U.S.C. §673 (1970).

3/ House and Senate conferees, meeting to consider the 1968 Agriculture appropriation legislation stated:

> "The conferees note with concern the growing practice in the executive branch of financing a portion of the cost of various special boards, councils, and commissions created by Executive action from assessments made against appropriations provided for specific programs and projects of the Department of Agriculture. * * * In the opinion of the conferees, this practice results in duplication and overlapping, permits the establishment of less essential programs at the expense of more valuable activities, and therefore should be discontinued. Each such proposed diversion of funds should have prior review and approval of Congress." (Emphasis added.) H. Rept. No. 746, 90th Cong., 1st Sess. at 11-12.

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A similar restriction, appearing in section 307 of the Independent Office and Department of Housing and Urban Development Appropriation Act, 1969, Pub. L. No. 90-550, 82 Stat. 937, was enacted October 4, 1968, over the objections of agency spokesmen that this legislation would appear to outlaw the financing of any kind of interagency operation. See Senate Hearings on Independent Offices and Department of Housing and Urban Development Appropriation for Fiscal Year 1969, May 22, 1968, at pp. 1143-46, 1408. Nevertheless, the language in section 307 has been included in appropriation acts for successive years since 1968.

In 1971, section 609 of the Treasury, Postal Service, and General Government Appropriation Act, Pub. L. No. 92-49, 85 Stat. 108 (1970), first made the restriction applicable to appropriations of "this <u>or any other Act</u>." (Emphasis added.) This provision also appears in the appropriation acts of following years, most recently in section 608 of the Treasury, Postal Service, and General Government Appropriation Act, 1977, Pub. L. No. 94-363, 90 Stat. 963 (1976).

<u>GAO Decisions</u>

Our Office has interpreted the restrictions on appropriations set forth above to prohibit the financing of interagency groups with funds appropriated to member agencies unless prior specific congressional approval has been obtained.

In response to the question whether GAO field managers or persons from other agencies incident to their FEB membership are subject to the above-cited prohibition against reimbursement for these costs from their agencies' appropriations, we stated:

> "In applying this prohibition we have held that unless specific congressional authorization has been given for such financing interagency groups may not be financed with appropriated funds. 49 Comp. Gen. 305 (1969). See also B-174571 of January 5, 1972. We see no possible alternative in the instant case to concluding the language of section 608 of Pub. L. 93-143, <u>supra</u>, similarly prohibits the GAO <u>and all other Federal agencies</u> from using

B-147637-O.M.

> their appropriated funds to provide administrative support, salaries, and reimbursement or payment of a member's assessments for Federal Executive Board activities. * * *" (Emphasis added) B-147637-O.M., December 12, 1974. 4/

We again took this position in letters B-179296; B-133209, dated June 13, 1975, and July 21, 1975, in which we advised that the financing of the then-defunct Intelligence Evaluation Committee (IEC), an interagency committee lacking requisite Congressional approval though supported with appropriated funds of member agencies, had violated section 609 of the Treasury, Postal Service, and General Government Appropriation Act, 1973, Pub. L. No. 92-351, 86 Stat. 471, 489 (1972) then in effect. We concluded that the use of funds of the agencies and departments participating in the IEC was in violation of relevant provisions of appropriation acts then in effect which prohibited the use of appropriated funds to finance interdepartmental committees or groups, established pursuant to 31 U.S.C. §691 (1970) but lacking prior and specific congressional approval of that method of support.

Conclusion

In light of the above, we must conclude that absent prior and specific congressional approval, the financing of interagency organizations, including FEBs and FRCs, with funds appropriated to member agencies is contrary to the plain language of section 608 of the Treasury, Postal Service, and General Government Appropriation Act, *supra*. It remains unclear, however, exactly what form the requisite prior specific congressional approval must take. Our research has uncovered no definition of the term. It is not certain whether the approval must be given by the entire Congress or by appropriate oversight or appropriations committees, or whether the approval should take the form of a statute or a less formal acknowledgment.

4/ It should be noted that we have taken the position that in issues of this nature, we see no significant difference between the use of appropriated funds directly and the use of persons whose salaries are paid from appropriated funds. B-173783.180, February 26, 1976.

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We note that Congress is aware of the existence of FEBs and FRCs and has acknowledged their usefulness. For example, FRCs and FEBs appear in the "Justification of Estimates for 1971, Bureau of the Budget, General Statement" and in the hearings for Pub. L. No. 92-49, 85 Stat. 108 (1970), the appropriations act that first extended the sanction against expenditures supporting interagency groups to appropriations contained in "this or any other Act." After FRCs and FEBs were defined and their activities discussed, Representative Howard W. Robinson of the House Subcommittee on Departments of Treasury and Post Office and Executive Office Appropriations concluded that FEBs and FRCs could produce "some outstanding achievements." Hearings on Departments of Treasury and Post Office and Executive Office Appropriations for 1971, H.R. 169000, Before the Subcomm. on Depts. of Treasury and Post Office and Executive Office Appropriations of the House Comm. on Appropriations, 91st Cong., 2d Sess. 214-215, 277-282. (Part 3, 1970).

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

GENERAL COUNSEL

JUL 8 1977

MEMORANDUM FOR: Paul G. Dembling, Esq.
General Counsel
General Accounting Office

FROM: William M. Nichols, Esq.
General Counsel

SUBJECT: GAO Study on Use of Appropriated Funds by Federal Executive Boards and Federal Regional Councils

This is in response to your letter of March 17, 1977, in which you requested (a) OMB's comments on your office's analysis of the use of funds appropriated to member agencies to support the activities of the Federal Executive Boards (FEBs) and the Federal Regional Councils (FRCs); (b) our interpretation of what constitutes "prior and specific congressional approval" for the use of member agencies' funds to support FEBs and FRCs; and (c) whether, and in what form, the requisite approval has been given.

GAO has tentatively concluded (a) that there appear to be no direct appropriations for these interagency organizations and (b) that existing legislation prohibits the use of appropriations of member agencies under any Act to finance interdepartmental groups, "which do not have prior and specific congressional approval of such method of financial support." Further, GAO tentatively concludes that the financing of the FEBs and FRCs has been in violation of Section 608 of the Treasury, Postal Service and General Government Appropriation Act even though GAO finds that "[i]t remains unclear ... exactly what form the requisite prior specific congressional approval must take."

We have reviewed the issues raised by the GAO memorandum, and have concluded that there is no legal infirmity presented by the current method of financing these interagency committees. There are three reasons for our conclusion:

1. Section 608 of the Treasury, Postal Service and General Government Appropriation Act (currently P.L. 94-363) was originally intended to be a limitation to the general application of 31 U.S.C. 691 which was a clarification of 31 U.S.C. 696. It is not clear that Section 608 was itself intended to have general applicability. Instead, it appears that the intent of the section was only to limit 31 U.S.C. 691. As a result, the applicable law would be 31 U.S.C. 673 and the FEBs and FRCs would clearly be "authorized by law" within the meaning of that provision.

2. Even assuming that Section 608 applies to the FEBs and FRCs, that section addresses only those extra expenses which are generated because of the existence and operation of the interagency committee and there are no such expenses generated by the FEBs and FRCs.

3. And finally, even assuming that these organizations are being funded in a manner which is subject to Section 608, funding has been sufficiently recognized and approved by the relevant congressional oversight committees.

A. Section 608 does not apply to the FEBs and FRCs.

The issues presented go beyond the interpretation of what constitutes "prior and specific congressional approval" of the interagency method of financing. A threshold question must be answered: Was Section 608 intended to have general applicability to all boards, commissions, and committees? A review of the history of Section 608 and the related provisions of Title 31 of the United States Code, leads to the conclusion that the general standard for a review of the legality of the funding of the FEBs and FRCs is whether those organizations are "authorized by law" as provided in 31 U.S.C. 673, not whether there has been prior and specific congressional approval of the interagency method of financing as provided by Section 608.

Section 608 was preceded by Section 508 of the Department of Agriculture and Related Agencies Appropriation Act, 1969, which stated that:

> "None of the funds in this Act shall be available to finance interdepartmental boards, commissions, councils, committees, or similar groups under Section 214 of the Independent Offices Appropriation Act, 1946 (31 U.S.C. 691) which do not have prior and specific congressional approval of such method of financing."

The aim of this provision was to prohibit the diversion of agency funds into interagency committees, as the GAO memorandum states:

> "... duplication and overlapping permits the establishment of less essential programs at the expense of more valuable activities, and therefore should be discontinued. Each such proposed diversion of funds should have prior review and approval of Congress." H. Rept. No. 746, 90th Cong., 1st Sess., at 11-12.

The history of Section 608 would be incomplete without a discussion of three provisions of Title 31 which concern entities such as these, by controlling the use of appropriated funds or by limiting the authority to create these commissions. These provisions are, in chronological order, (a) 31 U.S.C. 673; (b) 31 U.S.C. 696, the so-called Russell Rider; and (c) 31 U.S.C. 691 (Section 214 of the Independent Offices Appropriation Act).

Section 608 restricts the method of financing only of interagency committees which are subject to 31 U.S.C. 691. Section 691 provides that:

> "Appropriations of the executive departments and independent establishments of the Government shall be available for the expenses of committees ... or other interagency groups engaged in authorized activities of common interest to such departments and establishments and composed in whole or in part of representatives thereof who receive no additional compensation by virtue of such membership. <u>Provided</u>, that employees of such committees, boards, or other groups, other than as representatives, shall receive no additional compensation by virtue of such service."

31 U.S.C. 691 was originally enacted in the first supplemental appropriation bill for 1945 within one year of the Russell amendment. At the urging of the Bureau of the Budget, the provision became permanent law in the Independent Offices Appropriation Act of 1946 as Section 214. The only explanation of the provision appeared in the House hearings:

"Section 214 makes permanent law the provision which was inserted in the first supplemental appropriation bill for 1945 which was intended as a definition of what the Russell amendment covered. Inasmuch as that amendment itself is permanent legislation, the definition, we thought should also be made permanent."

In the Conference Report on the Agriculture Appropriations for 1968, congressional displeasure with transferring funds became clear, and the following year the House passed and the Congress adopted Section 508 of the Agriculture Appropriation Act of 1969. This provision is essentially the same as Section 608 of the Treasury, Postal Service and General Government Appropriation Act, 1977, except that Section 508 was modified to prohibit the expenditure of funds in all statutes, not just the Agriculture Appropriation Act.

The House Report on the 1969 Agriculture Appropriation Act stated that:

"The authority cited by the executive branch for this practice [the practice of transferring funds appropriated for one purpose to finance a portion of the cost of special boards] is Section 214 of the Independent Offices Appropriation Act of 1946. There is nothing to indicate this provision was to have general application. Thus we have provided a restriction on further use of such authority.

* * * * *

In order to make certain that the executive branch follows the congressional directives on this matter, the 1969 Agriculture appropriation bill carries language to prohibit unauthorized diversions of funds provided by Congress for specific projects and programs." H. Rept. No. 1335, 90th Cong., 2nd Sess., at 30.

The application of Section 608 to the FEBs and FRCs would thus appear to be opposite to the intention of Congress in enacting Section 608, i.e., to clarify and limit the administrative overreaching of another statutory provision. In other words, Section 608 was enacted to curb the "general applicability" of 31 U.S.C. 691 which Congress believed was undermining its appropriations responsibility by the unauthorized diversion of funds from "specific projects and programs." It does not appear that Section 608 itself was intended to have "general applicability" but instead it appears to be limited only to restricting the practice of diversion of funds under the authority of 31 U.S.C. 691. Since, as the GAO letter indicates, Congress is well aware of the FEBs and FRCs and has approved of them and appropriated funds for them, this can hardly be considered as a "diversion". Furthermore, the expenditure of funds for the FEBs and FRCs is not at the expense of "specific projects and programs", but instead is pursuant to them. It is therefore our opinion that it is not evident that Section 608 applies to the FEBs and FRCs and that the legislative history appears to support the proposition that the Section does not apply.

B. <u>The limitation contained in Section 608 applies only to those extra expenses which are required because of the existence and operation of the interagency committee</u>.

Section 608 requires prior and specific congressional approval of the method of financing of interdepartmental boards, etc., under Section 691. Section 691 speaks in terms of the use of appropriated funds for the expenses of interagency organizations and, from decisions of the Comptroller General, it would appear that this restriction applies only to the diversion of funds to an interagency organization which were appropriated for a specific, different purpose to another use.

For example, in B-81575 (December 15, 1948), the Comptroller General, in a decision on the use of money advanced from an appropriation account to cover expenditures of a secretary and miscellaneous supplies, the question of which expenses were subject to the prohibition was raised:

> "While Section 214 itself does not specifically define the type of expenses for which appropriations of Government departments and establishments shall be available, the fact that the funds here involved were advanced to the Department of Commerce by the War Department by means of a working fund <u>cannot operate to divert the funds so advanced of their identity as appropriated moneys or exempt them from the requirement that they be expended solely for the purposes for which originally made available</u> .... Consequently, inasmuch as the funds

> for the operation of the Air Corps ... do not appear to have been made available for printing and binding the proposed payment would not be proper for that reason." (Emphasis added.)

In an earlier decision those expenses incidental to the operation of an interagency committee were focused upon as the object of the Section 691:

> "... it has been stated that the purpose and effect of said statute is to prohibit the incurring or paying of expenses incident to the creation of commissions ... by the executive branch of Government through its inherent power to make appointments and incur expenses unless specific legislative authority for such commission, council, board, or similar body is first granted by appropriation or otherwise." 26 Comp. Gen. 354, at 356.

It would appear, therefore, that the Act addresses those expenses which are generated because of the existence and operation of the interagency committee. If there are expenses which the agency would have incurred in the absence of the interagency committee, and for which funds have been appropriated, Section 608 would not operate to require additional congressional approval for the use of those funds.

It is our view that the interagency missions of the FEBs and FRCs are clearly such that normal agency support is related to agency missions and does not institute an unwarranted diversion of agency funds. For example, all personnel in these activities are already on agency payrolls, and would be supported irrespective of the FEBs and FRCs. The prerequisite that funds be used solely for the functions for which they were appropriated is thereby satisfied.

We disagree with the position GAO has taken that there is no significant difference between the use of appropriated funds directly and the use of persons whose salaries are paid from appropriated funds. So long as those persons are performing duties which they would have undertaken in the absence of the interagency organization, they have not violated Section 608.

C. The interagency method of financing has been sufficiently recognized and approved by the congressional oversight committees.

As you have indicated, it is not clear whether Section 608 requires that congressional approval be given by the entire Congress, by appropriate oversight or appropriation committees, or if it should be granted by a statute. The GAO analysis concludes that the organizations have not received adequate approval. However, no evidence is provided by GAO to support this conclusion, nor does GAO attempt to identify what would constitute adequate approval.

The original version of the language of Section 508, which later became Section 608, required "prior and specific congressional approval of such [interagency] method of financing;" however, no explanation was given of the form such approval should take. If this were all the evidence there were to evaluate, the GAO interpretation of Section 608 might be acceptable. However, similar language appears in Section 696, language which has been interpreted very broadly.

The Russell Rider prohibits the use of appropriated funds if "Congress has not appropriated any money specifically for such agency or instrumentality or specifically authorized an expenditure of funds by it ...". This language as interpreted is not as restrictive as it would appear. The Comptroller General has held that an agency or instrumentality (specifically a Government corporation) did not have to be specifically named in the statute, but, that it was enough if the agency or instrumentality were specifically authorized by statute. It was sufficient, therefore, if the statute provided the general authority,for the type of undertaking in which the agency was engaged.*

(Note should be taken of the fact that since the Russell Rider addresses the question of congressional authority for the existence of executive branch entities, the decision speaks in terms of language required in a statute. Section 608, in contrast, requires "specific congressional approval of the method of financing" and, does not, in our opinion, indicate that this necessitates specific statutory approval.)

In fact, it is the traditional procedure to have program justifications presented to the appropriations committees and not to have it appear within actual appropriation

*24 Comp. Gen. 241, dated September 21, 1946.

language. It is clear that this process was followed for the FEBs and FRCs, each appears within the "Justification of Estimates for 1971, Bureau of the Budget, General Statement", and in the hearings for P.L. No. 92-49, 85 Stat. 908 (1970).

If this process is followed, Section 608 is clearly satisfied because there is no diversion of funds, instead the agency has identified its participation in the organization and has received congressional approval of the use of the funds appropriated.

APPENDIX V

PRINCIPAL OFFICIALS RESPONSIBLE FOR ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
OFFICE OF MANAGEMENT AND BUDGET		
Director:		
Bert Lance	Jan. 1977	Present
James T. Lynn	Feb. 1975	Jan. 1977
Roy L. Ash	Feb. 1973	Feb. 1975
GENERAL SERVICES ADMINISTRATION		
Administrator:		
Joel W. Solomon	Apr. 1977	Present
Robert T. Griffin	Feb. 1977	Apr. 1977
Jack Eckerd	Nov. 1975	Feb. 1977
Dwight A. Ink	Oct. 1975	Nov. 1975
Arthur F. Sampson	June 1972	Oct. 1975