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BY THE COMPTROLLER GENERAL  
**Report To The Chairman, Committee  
On Environment And Public Works  
United States Senate**  
OF THE UNITED STATES

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# **Foresighted Planning And Budgeting Needed For Public Buildings Program**

This report supplements GAO work that has encouraged legislation requiring long-term planning and budgeting for public buildings managed by the General Services Administration. GAO draws on experience of many other organizations to discuss foresighted managing of the public buildings program.



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

B-200234

The Honorable Jennings Randolph  
Chairman, Committee on Environment  
and Public Works  
United States Senate

Dear Mr. Chairman:

In your July 14, 1980, letter, you requested information on the work we have done on planning and budgeting practices in industry and Government. Your particular concern is to know whether the capital budgeting procedures in the General Services Administration (GSA) and the authorization procedures in the Congress reflect or encourage rational, foresighted planning and management for the public buildings program. You asked that we share our preliminary observations from our ongoing capital budgeting study, if they can be instrumental in your efforts to reform and reorganize planning in the public buildings program. This report supplements our earlier testimony and reports on planning and budgeting for public buildings by GSA. 1/

In very broad terms, we can compare the major features of successful capital investment planning and budgeting with the practices of the Federal Government in its public building programs:

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1/Testimony on S. 2080 before the Senate Committee on Environment and Public Works, January 29, 1980; "General Services Administration's Lease Versus Construction Present-Value Cost Analyses Submitted to the Congress Were Inaccurate," LCD-80-61, June 20, 1980; "Costs and Budgetary Impact of the General Services Administration's Purchase Contract Program," LCD-80-7, October 17, 1979; "The General Services Administration Should Improve the Management of Its Alteration and Major Repairs Program," LCD-79-310, July 17, 1979; "Repairs and Alteration of Public Buildings by General Services Administration-- Better Congressional Oversight and Control Is Possible," LCD-78-335, March 21, 1979.

1. Effective processes include long-term and short-term planning for the entire program or organization, but for public buildings there is no coordinated, overall planning. GSA plans one budget cycle in advance.
2. Effective processes include capital investment priorities that are established at the program or organizational level and consider all requirements, but for public buildings a project-by-project prospectus procedure is used.
3. Effective processes include a direct link between planning and budgeting, but for public buildings budgeting is not linked to an overall plan and is not linked to the prospectuses.
4. Effective processes include a high priority for maintenance along with a recognition that funds are sometimes quite limited, but, despite the fact that the condition of buildings has improved, a large backlog of repairs and management problems for public buildings still exists.

In the remainder of this report, we first present our method and then discuss each of the four features--coordinated plans, capital investment priorities, links between planning and budgeting, and maintenance--of the capital investment and planning process. Recommendations to the Congress relating to your concerns are also contained in this report.

#### SCOPE AND METHODOLOGY

To answer your questions, we summarize in this report applicable principal findings and conclusions from two of our published reports: "Streamlining Zero-base Budgeting Will Benefit Decisionmaking" (PAD-79-45, September 25, 1979) and "Budget Formulation: Many Approaches Work But Some Improvements Are Needed" (PAD-80-31, February 29, 1980). We also offer preliminary observations of our ongoing comparison of selected public and private capital planning, budgeting, and control systems, including some in the Federal Government. Enclosure II contains a list of the organizations we visited in the three studies we draw our data from.

In this report, we discuss the current planning and budgeting practices of the Federal Government for public buildings. We also point out and comment on successful planning and budgeting practices in a number of private and public organizations that we have studied. As might be

expected, what people believe and what they practice are often different.

Using the findings and conclusions in our zero-base budgeting (ZBB) and budget formulation reports and the preliminary observations from our ongoing capital budgeting study, we are able to say how well the public buildings program and the attendant congressional authorization procedures establish program priorities, link planning and budgeting, provide for effective maintenance, and, in general, support the best long-range interests of the Government in economy and efficiency. Between the two published reports and our ongoing work, we studied 39 organizations, as follows:

	<u>ZBB</u>	<u>Budget formulation</u>	<u>Capital budgeting</u>	<u>Total</u>
Private corporations	6		4	10
Federal agencies	3	3	7	13
State Governments	7		4	11
County governments	1		4	5
City governments			4	4
Regional authorities			1	1
	—	—	—	—
Total	17	3	24	44

Although the list shows a total of 44 organizations, we actually studied 39. Two corporations, one State Government, and two Federal agencies are counted twice because they participated in both the ZBB and the capital budgeting studies.

In the ZBB report and the capital budgeting study, we used a blend of survey and field study methods. We developed case studies in the budget formulation report, focusing on ten programs in three Federal agencies. In the two published reports and our current study, we reviewed the current literature and also gathered information from the Office of Management and Budget, other Federal agencies, and budget specialists outside these organizations. More detail on our methods can be found in the two published reports and in the forthcoming report on capital budgeting.

In general, we found that while many factors, including resources, affect organizations' abilities to effectively manage their physical capital, the more successful organizations have extensive planning systems that feed directly to budget formulation. In our working definition, capital budgeting is the way organizations decide to buy, construct, renovate, maintain, control, and dispose of capital assets. 1/ When these decisions are combined, they produce a capital budget, usually a document or part of a document containing management's recommendations for acquiring, expanding, or modernizing capital items at a given point in time.

### PLANNING

The basic objective-setting and planning for several capital asset programs in the Federal Government is accomplished by legislative authorization. Today the Congress must authorize many individual Federal capital acquisition projects before they can be funded. Some authorization legislation grants agencies the general authority to acquire, operate, maintain, and dispose of physical capital assets, subject only to appropriations actions that provide the funds. For some programs, however, the law requires individual project authorization before funds can be appropriated. The public buildings program is one of these.

#### Authorization procedures for public buildings

Section 7 of the Public Buildings Act of 1959, as amended (40 U.S.C. 606), precludes the appropriation of funds to construct, alter, purchase, or acquire public buildings that cost more than \$500,000 unless the action has been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives. This prohibition also applies to leases and lease renewals for space whose annual rental costs more than \$500,000.

In the same section of the Act, the Administrator of General Services is required to submit to the committees a prospectus for each project. The prospectus describes the location and cost of the project. The priorities among various projects are not discussed, since there is no requirement in the statute to prepare annual or multiyear plans.

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1/To avoid monotonous repetition, we use the terms "physical capital," "capital item," "capital stock," and "capital infrastructure" interchangeably with "capital assets."

Prospectuses are approved by each committee separately; they are not subject to the committee conference process. Thus, there is no legislative process available to reconcile differences between the two committees. Moreover, the committees approve projects without regard to whether funds are available for them. As a result, GSA has a backlog of projects that have been approved and are pending but will cost about \$664 million to complete. The funds in the Federal Buildings Fund will not sufficiently cover the costs of any appreciable construction over the next several years.

Public Buildings Services officials told us that planning and authorization of public buildings depends on the multiyear plans of the Federal agencies GSA supports. To the extent agencies are unable to document their multiyear housing requirements as based on their multiyear program needs, the needs of agencies can only be assumed. When choosing alternatives, lack of precise assessments of future needs complicates decisionmaking.

Legislation passed the Senate on June 20, 1980, that would change the authorization procedures for public buildings projects. Senate bill 2080 provides for an annual authorization bill to replace the current method of authorizing projects by prospectus. The bill would require GSA to prepare and submit to the Congress each year a program of construction, renovation, and acquisition along with a 5-year plan for accommodating the space needs of Federal agencies. The annual plan would constitute the basis for an annual authorization bill, similar to that for military construction, putting the Congress in a better position to assess project priorities. The plan would also give the two Houses of the Congress the opportunity to reconcile differences in legislative conference. In addition, it would link the authorization and budget processes, encouraging authorization of only projects that fit within the likely funding level of the coming year.

#### Authorization procedures for other Federal programs

In our ongoing capital budgeting study, we are looking at the U.S. Postal Service and the Veterans Administration (VA), both of which acquire and manage capital facilities similar to GSA's but under different authorization procedures. Individual projects of the Postal Service do not have to be authorized by the Congress. When the Post Office Department was converted to an independent agency by the Postal Reorganization Act in 1970, it was given general authority to construct, operate, lease, and maintain facilities, equipment, and other

capital improvements without further congressional authorization. Under the Act, final decisionmaking authority was vested in an eleven-member Board of Governors. Since becoming an independent agency, the Postal Service has increased its investment in capital assets from an average of about \$200 million annually to about \$532 million annually (about \$233 million and \$438 million in 1972 constant dollars). It has obligated over \$4 billion for capital investment in facilities and equipment since 1971.

From 1931 to 1979, the authority to establish VA hospitals and health care facilities rested solely with the President, subject to the appropriation of funds by the Congress. The VA Administrator determined the location and need for facilities, subject to Presidential approval. The only restraint put on the VA by the Congress was that the funds be made available in the annual appropriation acts. This process was changed in 1979 by the Veterans' Health Care Amendments of 1979 (Public Law 96-22).

Title III of this Act (38 U.S.C. 5004), which was patterned after Title 7 of the Public Buildings Act of 1959, provides that no appropriation can be made to construct, alter, or acquire a medical facility that costs more than \$2 million unless the project is first approved by a resolution of the Committee on Veterans' Affairs in both the House and the Senate. The same provision applies to leased facilities whose annual rental costs more than \$500,000. The VA must now submit a prospectus to both committees describing the details of a project, including the cost of equipment to operate it. In a significant departure from the Public Buildings Act, however, the Congress required the VA to submit to the committees a 5-year plan for constructing, replacing, and altering facilities. The plan must contain information on the cost and location of each project and a list of the ten hospitals that the VA needs most to construct or replace.

As the Congress gains experience with long-term planning for public buildings, it might appropriately consider a multiyear authorization process for the public buildings program. The executive branch, for example, in response to legislation passed in 1976, has prepared a Five-Year Outlook for science and technology that could serve as a first step toward multiyear budgeting for research and development. In both 1979 and 1980, hearings were held on the need to move toward multiyear R&D authorizations. House bill 7689, the Research and Development Authorization Estimates Act, responds to this need.



Authorization procedures  
in non-Federal organizations

Organizations outside the Federal Government authorize projects in a variety of ways. Some do not separate their authorization and funding procedures. Others authorize plans that cover many years beyond the next fiscal year. Still others develop a general or very broad mission plan that substitutes for authorization.

The most appropriate authorization procedure is the one that best fits the organization within its political, social, and economic environment. The best procedure, however, is most likely to satisfy the organization's future needs if it contains a long-range plan that addresses the organization's specific missions as well as its policies. Current procedures for authorizing public buildings do not do this.

SETTING PROGRAM PRIORITIES

Officials in most organizations that successfully use zero-base budgeting believe that decisionmaking gets too complicated unless it is done in phases. Most of them believe that objectives and broad policy priorities should be determined first. Then alternative program strategies should be analyzed and selected. Finally, program priorities can be set and alternative funding levels can be determined. When these phases occur simultaneously, they become confused, and substantive analysis and evaluation lose out to the requirement to come up with a budget.

Officials from one of the Federal agencies (not GSA) in our budget formulation report noted that their agency plans, which are geographically oriented and developed in each field office, are not designed for direct use in budget formulation. The plans do not identify priorities among programs or outline annual program and budget objectives. In short, they are not linked to the budget. Our preliminary observations from our capital budgeting study identify similar situations in other organizations.

Practices notwithstanding, most policymaking officials believe that it is very important to establish formal capital investment priorities. Generally they plan because they believe planning helps them direct the organization, measure progress, use resources well, and design a blueprint for accomplishing their mission. Most of them also say that in their organizations they often have to select projects that

provide short-term relief rather than long-term benefits. They are able to do this knowingly, however, because they have a plan.

The prospectus procedures GSA currently uses for building projects are not conducive to establishing program priorities. Each prospectus demonstrates the need for a particular project, but it does not show the project in relation to other projects. In the absence of long-term plans, this forces the congressional committees into making decisions without knowing all pertinent information. Broad policy priorities should be set within the context of a long-range plan before budgets are formulated. More specifically, short-term program priorities should be determined within a long-range plan during budget formulation. In the case of GSA, its program priorities should be submitted to the authorizing and appropriations committees.

LINKING PLANNING, BUDGETING,  
AND REASSESSING

In the Federal Government, planning, budgeting, and reassessing should be firmly linked and carefully timed. Nevertheless, these activities are often carried out by organizational units that do not communicate with one another. Moreover, the guidelines--laws, Executive orders, OMB circulars, agency regulations, and so on--that define these activities pay little or no attention to the fact that planning, budgeting, and reassessing should be linked, timed, and fed into decisionmaking.

We have already seen that organizations that use ZBB successfully carefully phase and link their planning, budgeting, and reassessing. Preliminary observations from the capital budgeting study also show that these activities and their phases should be linked and timed. The Federal Government could do this, too, but setting up the phases and their timing requires coordinated management. Changing the laws, directives, and regulations so that they would require this kind of management would help.

In the organizations that we have studied that use ZBB successfully, extensive planning systems feed into their fiscal year budget formulation. Planning diminishes their exertion and paperwork in the budget process. They reassess their programs and activities continuously. Their reassessments cover performance and reflect how well programs are operating and being managed. The results help them determine what changes they should make, and this, in turn, influences both their planning and their budgeting.

## Planning

During planning, top managers set Federal objectives and broad policy priorities. In doing so, they consider assumptions and projections about the range of future political, social, and economic situations expressed by various specialists such as planners, economists, and evaluators. This is an essential step in a good budget process.

After the managers have developed their objectives and broad policy priorities, they can analyze alternative approaches to meeting their objectives and enacting their policies. (This is a ZBB concept.) They can schedule their analyses flexibly so that they can review issues when issues warrant review, but they should insure that they review all all areas within a given number of years. Their analyses of alternative approaches should be integrated with their setting of objectives and broad policy priorities. In our budget formulation report, we stated that

Systematic planning is a key to sound budget formulation. Without adequate planning and program evaluation, budget development may become a haphazard exercise that directs funds to areas of lesser need or programs of lesser effectiveness. Furthermore, planning processes need to produce plans that can be used in budget formulation. These plans, when based upon an assessment of needs and congressional actions, identify for a multi-year period annual program priorities and realistic budget objectives. 1/

Our capital budgeting study shows that in most of the organizations we have visited there is either a formal or an informal correlation between long-term plans and the budget. Policy officials from more than half of the organizations believe that correlation greatly facilitates planning, and the others say that it facilitates planning somewhat. Most believe that short-term planning is of very great use in managing their capital assets, and many feel the same about long-range planning that looks 3 to 5 years ahead.

About a third of the organizations link current operating budgets to planning in more than half of their program areas.

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1/"Budget Formulation: Many Approaches Work But Some Improvements Are Needed," U.S. General Accounting Office, PAD-80-31, February 29, 1980, p. 3.

Most of the rest coordinate all relevant areas. In addition in about half of the cases we have studied, officials review both their operating budgets and their capital budgets regularly, and they usually update them as conditions change.

### Budgeting

Budgeting as a phase contains putting together both next year's budget and whatever future projections are desired for analysis. The planning that precedes it provides a foundation that helps give continuity to the various budget decisions that the agencies, OMB, the President, and the budget, authorizing, and appropriations committees make. During this phase, funding and other descriptive information is developed for each program, project, or activity set in the planning phase. Different programs and activities require different kinds of information, depending on what they are and whether they will be extensively reviewed.

### Reassessing

Reassessing program operation and management feeds back to planning and budgeting. It goes on continuously. The results of reassessing, however, should be timed carefully with the decisions to continue, discontinue, or modify programs. In addition to its other advantages, this could reduce paperwork during budgeting for programs that are no longer justifiable or are not going to be changed.

GSA does not link its planning, budgeting, and reassessing. The authorization procedures for approving individual projects do not encourage a coordinated long-range plan. Project prospectuses are prepared for authorization case by case. The congressional committees must, therefore, approve or disapprove prospectuses in the same manner. GSA's backlog of projects costing \$664 million, approved or pending but unfunded, illustrates the gap between authorization and planning and the budget.

GSA should coordinate its planning, budgeting, and reassessing. These three phases should be carefully linked to legislative authorization. In this way, the Congress can understand how each project fits into the whole public buildings program.

### MAINTENANCE

To function efficiently, an organization must maintain its capital assets. Ideally, organizations try to maintain all their capital stock at the optimum level, meaning that

they want to put forth minimum resources to provide a reasonably safe, healthy, productive, and predictable environment. Some organizations and some programs within organizations naturally require a higher maintenance effort than others. Life-monitoring computers, for example, require a quite different kind of attention from seldom used roads.

When an organization considers acquiring capital assets, the decisionmakers should analyze long-term budgetary effects and the predictability of funds. Life-cycle cost and operating cost implications should be analyzed. When funds are unpredictable, decisionmakers should think about capital investments that require less rather than more upkeep.

GSA officials have told us that because more money is now available for repairs and because they have turned over the post offices to the Postal Service, their buildings are in better condition than 10 years ago. GSA's backlog of repair and alterations, however, has grown tremendously. It is up 233 percent since 1962. Between 1962 and 1979, this backlog grew from \$370 million to \$1.2 billion. In constant 1972 dollars, \$525 million grew to \$746 million, an increase of 42 percent.

GSA directs its attention first to lease and purchase contract payments (both of which entail legal obligations) and to building operations, including routine maintenance. Alterations, major repairs, and new construction come last. Many of the major repair items are authorized by the prospectus procedure and are subject to the problems associated with it. GSA advises us that since the Public Buildings Service activities are funded from a revolving fund that has congressionally imposed limitations on the use of income, GSA must, in its budgeting process, first of all provide for the activities it is legally bound to pay for. Capital items are generally funded to the extent that money is estimated to be available after the rest of the activities have been funded. GSA believes capital improvements and new additions can be delayed if adequate funds are not available.

GSA maintains a computerized inventory of alteration and major repair work requirements that it has developed in part from buildings inspections. This provides a multiyear ranking system for identified repair and alterations needs. GSA advises us that it establishes project priorities within funding limitations, which provide a blueprint for submission of prospectuses for authorization by the Congress. In a report entitled "The General Services Administration Should Improve the Management of Its Alterations and Major Repairs Program" (LCD-79-310, July 19, 1979), we pointed to several

deficiencies in GSA's inventory. These include delinquent building inspections, unreliable data, and unreported work requirements.

GSA has also had problems when prospectuses were not submitted to the public works committees until after the budget had been presented to the Congress. In the past, the Congress has appropriated funds for alterations and major repairs before the prospectuses were approved, with the understanding that GSA would not begin work without the approval of both authorizing committees. However, GSA's 1980 budget request of \$180 million for alterations and major repairs was reduced to slightly less than \$146 million by the Appropriations committees because the prospectuses on several proposed projects had not been approved. The authorizing committees take several months, in some cases more than a year, to consider and approve prospectuses for major repairs and alterations. A project for which the prospectus has not yet been submitted at the time the budget is presented to the Congress has little chance of being undertaken in a timely manner.

We did not examine maintenance of capital assets in either our ZBB or our budget formulation report. Preliminary observations of capital budgeting experiences show that some organizations do determine their maintenance, repair, alteration, and replacement needs and feed this information into their planning, budgeting, and reassessing. Some organizations, for example, link simple maintenance and major replacement or alteration needs to planning and budget formulation, whereas they link necessary changes in maintenance levels, cycles, or approaches to the process of maintenance management itself. In one organization that has systematized this assessment function, a separate engineering unit not only carries out this responsibility but also reports as an auditing and evaluation unit to all levels of management as need arises. In addition, the unit reviews and evaluates standards and guidelines at their conception and while they are in use.

Most of the organizations we have studied gather information periodically on the condition of their capital assets, and they use it to identify maintenance needs and new item requirements and develop their capital plans and budgets. They use it also in developing operating plans and budgets. Few organizations maintain a complete and up-to-date inventory of their assets and their current condition. Most have some type of inventory for some parts of the organization. The Federal Government has no such inventory across the board. GSA attempts to maintain one.

Many organizations we have looked at analyze life-cycle costs. Officials in a few organizations have noted that they would buy differently if they thought their resources would continue to grow. For example, they buy carpet if they can vacuum every day but linoleum or tile if they cannot. (Linoleum and tile can be brought back by cleaning and waxing after being ignored; carpet deteriorates rapidly with little or no attention.) GSA considers life-cycle costs case by case and it does not look at them broadly. Moreover, no mechanism exists that insures that even the case-by-case information can be fed systematically into its budget formulation process.

Officials in most of the capital budgeting cases we have studied believe that the condition of their capital infrastructure is very important, but almost all say also that the availability of funds is very important in determining their maintenance effort. On the other hand, more than half believe that how they carry out the organization's objectives depends on the level at which they desire to maintain service and the degree to which the capital asset matters to them.

Officials in all the organizations have told us that deferred maintenance leads to increased future costs for rehabilitation, replacement, or renovation. About half say that there is no specific type of asset for which deferred maintenance makes little or no difference in the long run, and almost all say that some assets cannot tolerate deferred maintenance if reliability or safety are to be maintained. Most officials we talked to relate their maintenance needs to short-term planning and, in turn, they relate their maintenance planning to their budgeting.

An organization's maintenance of its capital stock is very important to its ability to function efficiently. Maintenance also protects its large capital investment. Without proper maintenance, an organization's capital stock will deteriorate until only extensive investment will renovate or replace it.

## CONCLUSIONS

GSA's public buildings program does not adequately establish program priorities, link planning to budgeting, or provide for effective maintenance and major repair. The existing congressional authorization process does not require GSA or the Congress to establish priorities or to link authorization and planning to budgeting.

GSA's case-by-case submission of prospectuses under current authorization procedures forces decisionmaking with

no knowledge of a particular project's place in the overall program mission. Because these procedures do not link planning and authorization to budgeting, the funds that are available may not go to carrying out the highest priority. Case-by-case decisionmaking also prohibits judicious analysis of alternative approaches to meeting program objectives.

The Administrator of General Services stated in testimony before the Senate Committee on Environment and Public Works that GSA has no comprehensive facilities acquisition plan. He said that GSA is taking steps to alleviate this by developing a balanced facilities acquisition plan that includes a cost-effective mix of construction, leasing, and purchase alternatives. The Public Buildings Service, in commenting on our draft report, said that it has begun a new management planning system that will be implemented for the fiscal year 1983 budget cycle. GSA advises us that the new system addresses the four major features we have cited in this report and also identifies the personnel resources that will be required for the system. The Administrator stated that GSA's submission of a 5-year plan, as required by Senate bill 2080, would enable the public works committees of the Congress to assess its whole public buildings program at one time rather than as a series of unrelated prospectuses.

If GSA is to implement an effective public buildings program and if the Congress is to make more informed authorization decisions, the Congress should require that: (1) public building needs be identified and assessed, (2) plans be prepared for meeting those needs, (3) priorities be established for meeting them, and (4) planning be firmly linked to the budget.

Officials from most of the organizations we have studied and are studying say that a broad plan that lays out future needs, the status of previously approved projects, the current condition of capital assets, and a plan for addressing needs is of very great use. In the past, some of our Nation's well-known problem areas, like some of our major cities, have had no such plans. Plans exist in many organizations that are well known for successfully managing their capital plant. Such plans have not existed for the Federal public buildings program, although GSA advises us that such a system is being developed.

Plans identifying broad priorities should be available to the congressional committees when they review and authorize specific projects. Setting next year's priorities is a part of budget formulation. Federal agencies set these priorities



during their ZBB process. They should be linked to the broader plan.

MATTERS FOR CONSIDERATION  
BY THE CONGRESS

We stated in testimony on January 29, 1980, before this Committee and we continue to believe that the proposed authorization and planning procedure in Senate bill 2080 is an improvement over the current piecemeal prospectus authorization procedure. The current procedure does not consider the relations among projects, priorities, timing, and funds. The procedure that the Senate bill proposes should provide the Congress with a better view of GSA's entire buildings program.

Specifically regarding planning, the Congress should require that GSA provide information periodically for the public buildings program that:

- identifies long-range public building needs from assessments of current conditions,
- identifies the status of projects that have already been approved,
- sets forth GSA's plans for meeting program needs,
- establishes priorities among the individual projects,
- links planning for projects and priorities directly to the budget process and the anticipated availability of funds to carry out an effective annual public buildings program.

AGENCY COMMENTS  
AND REPORT DISTRIBUTION

We showed GSA officials a draft of this report, obtained comments from them, and made changes to the draft to more completely reflect in the report the long-range planning system that the Public Buildings Service is implementing (page 14). GSA said it is also concerned that many of the problems attributed to GSA are a function of congressionally mandated procedures and the appropriations process.

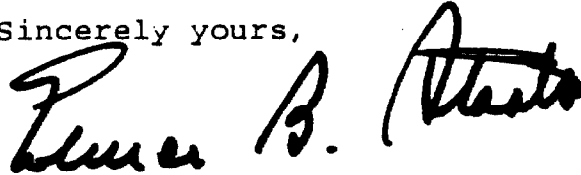
We believe that GSA's planning initiative, together with congressional actions such as those called for in

Senate bill 2080, could improve the Government's acquisition and maintenance of public buildings.

As we arranged with your office, we will distribute copies of this report immediately to GSA, the Director of OMB, interested congressional authorizing and appropriations committees, and others who may be interested.

We hope that this report will assist you and the Committee in your work.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Luther B. A. [unclear]". The signature is written in a cursive style with a large initial "L" and a prominent "B".

Comptroller General  
of the United States

Enclosures - 2

JENNINGS RANDOLPH, W. VA., CHAIRMAN  
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## United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
 WASHINGTON, D.C. 20510

July 14, 1980

The Honorable Elmer B. Staats  
 Comptroller General of the United States  
 441 G Street, N.W.  
 Washington, D.C. 20548

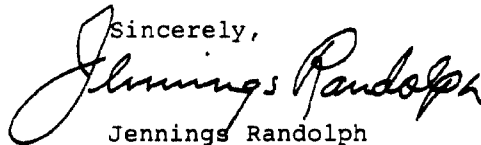
Dear Mr. Staats:

The Committee on Environment and Public Works continues to be concerned over the operation of the public buildings program of the General Services Administration. In particular, we question whether capital budgeting procedures in the GSA and authorization procedures in the Congress either reflect or encourage rational, foresighted planning and expenditures for the public buildings program.

We understand that the Program Analysis Division of the General Accounting Office is studying and comparing selected Federal, other public, and private capital planning and budgeting systems. We are very interested in the light this study may shed on the comparative efficacy of the GSA public buildings program and the attendant Congressional authorization procedures in establishing program priorities, linking planning and budgeting, providing for effective maintenance, and, in general, supporting a program in the best long-range interests of economy and efficiency in government.

Our oversight and legislative activities in this area are tightly scheduled. Although I understand the report of the Program Analysis Division may not be complete before the end of the year, any preliminary findings that you can share by the beginning of September could be instrumental in our efforts to reform and reorganize planning in the GSA public buildings program.

Sincerely,



Jennings Randolph  
 Chairman

ORGANIZATIONS EXAMINED  
AND LOCATIONS VISITED

We studied zero-base budgeting at the following locations:

FEDERAL GOVERNMENT

Department of Housing and Urban Development  
Washington, D.C.

Department of Labor  
Washington, D.C.  
Arlington, Virginia

Environmental Protection Agency  
San Francisco, California  
Washington, D.C.  
Seattle, Washington

STATE GOVERNMENTS

California  
Los Angeles  
Sacramento

Idaho  
Boise

Kansas  
Lawrence  
Topeka

New Jersey  
Trenton

New Mexico  
Santa Fe

Rhode Island  
Providence

Texas  
Austin

COUNTY GOVERNMENT

San Mateo County  
Redwood City, California

INDUSTRY

American Telephone and Telegraph Company  
Basking Ridge, New Jersey  
New York, New York

The Boeing Company  
Kent, Washington  
Seattle, Washington

New York Telephone  
New York, New York

The Parsons and Whittemore Organization  
New York, New York

Texas Instruments, Inc.  
Dallas, Texas

United Virginia Bankshares, Inc.  
Alexandria, Virginia  
Richmond, Virginia

We studied budget formulation at the following locations:

FEDERAL GOVERNMENT

Department of Defense  
Washington, D.C.  
Atlanta, Georgia  
Fort Campbell, Kentucky  
Langley AFB, Virginia  
Norfolk, Virginia

Department of Health, Education, and Welfare  
San Francisco, California  
Denver, Colorado  
Washington, D.C.

Department of Interior  
Denver, Colorado  
Golden, Colorado  
Washington, D.C.  
Boise, Idaho  
Portland, Oregon  
Seattle, Washington  
Spokane, Washington

We studied capital budgeting at the following locations:

FEDERAL GOVERNMENT

Department of Housing and Urban Development  
Washington, D.C.

Department of Transportation  
Washington, D.C.

Environmental Protection Agency  
Washington, D.C.

General Services Administration  
Washington, D.C.  
Auburn, Washington

Office of Management and Budget  
Washington, D.C.

U.S. Army Corps of Engineers  
Washington, D.C.

U.S. Postal Service  
Washington, D.C.

Veterans Administration  
Washington, D.C.

STATE GOVERNMENTS

California  
Sacramento

Michigan  
Lansing

Ohio  
Columbus

Pennsylvania  
Harrisburg

COUNTY GOVERNMENTS

Arlington County  
Arlington, Virginia

Howard County  
Ellicott City, Maryland

Maricopa County  
Phoenix, Arizona

Oakland County  
Bloomfield Hills, Michigan  
Pontiac, Michigan

CITY GOVERNMENTS

San Jose, California

Baltimore, Maryland

Detroit, Michigan

Cleveland, Ohio

INDUSTRY

American Telephone and Telegraph Company  
Basking Ridge, New Jersey  
New York, New York

The Boeing Company  
Seattle, Washington

The General Motors Corp.  
Detroit, Michigan

The Republic Steel Corp.  
Cleveland, Ohio

REGIONAL AUTHORITY

Port Authority of New York and New Jersey  
Jersey City, New Jersey  
New York, New York







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