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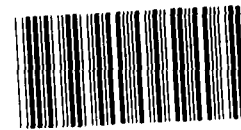
Report To The Congress

OF THE UNITED STATES

GSA's Cleaning Costs Are Needlessly Higher Than In The Private Sector

The General Services Administration is spending several million dollars more per year than is necessary to clean office buildings. Because of high wages and low productivity, GSA spent, in four regions studied, over 50 percent more to clean offices with its own custodians than with contractors, and almost twice what GSA landlords paid to clean Federal leased space. GSA is slowly converting to contract cleaning, but at the present rate this will take about 15 years. During this time, GSA may spend about \$250 million more than necessary to provide cleaning services with its more costly, less productive custodians.

GSA needs to make comparative cost studies to determine whether cleaning services should be provided by its in-house staff or by contract personnel, and implement the results. Also, GSA should take specific actions to foster greater productivity and reduce costs of contract cleaning.



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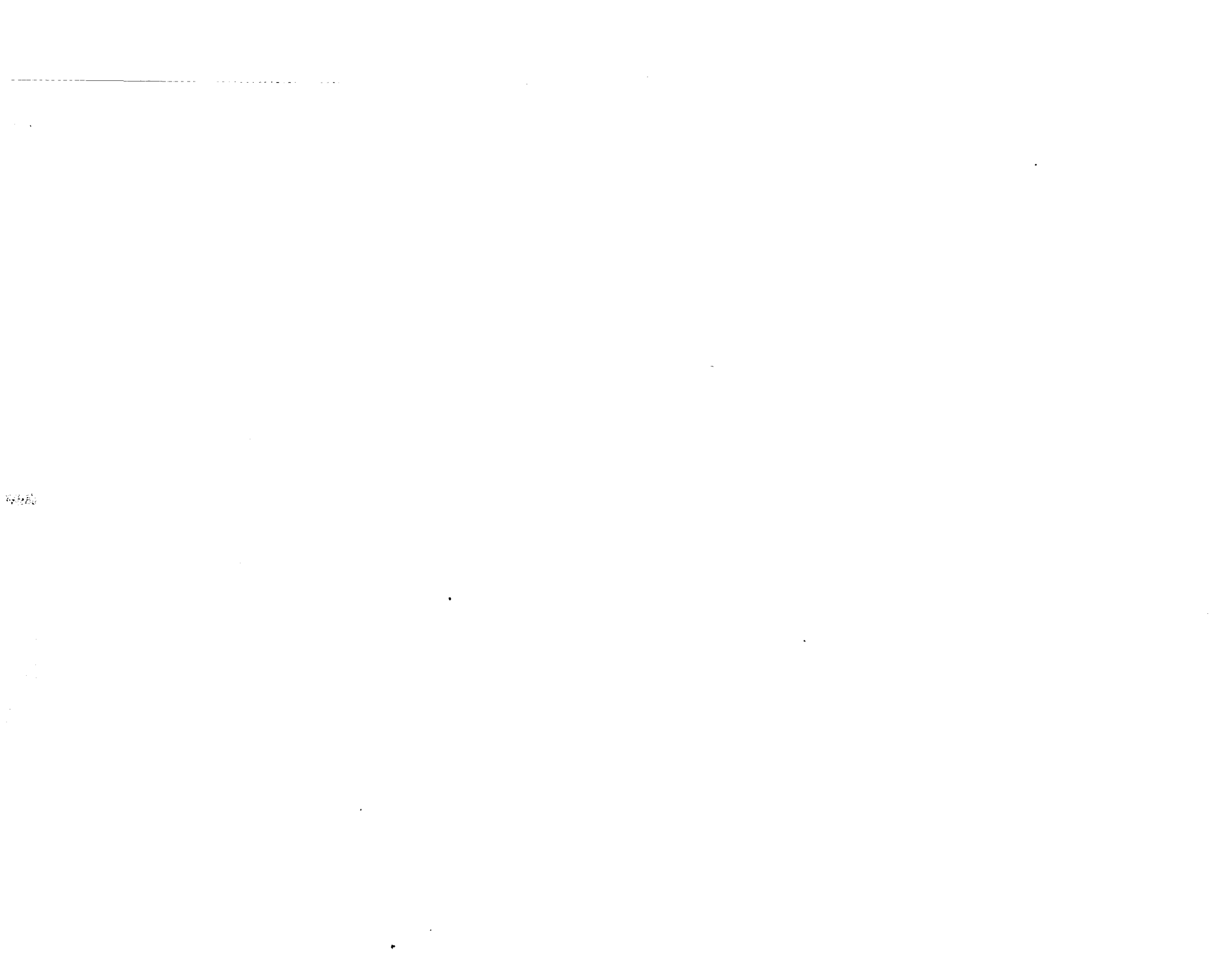
To the President of the Senate and the
Speaker of the House of Representatives

This report demonstrates that the General Services Administration's in-house costs for cleaning office-type space are considerably higher than costs incurred using contractors. The report recommends specific courses of action to better manage the cleaning operation, including ways to improve the agency's comparatively efficient contract cleaning program.

We are sending copies of this report to the Administrator of General Services and to the Director, Office of Management and Budget.

A handwritten signature in black ink that reads "Milton J. Fowler".

Acting Comptroller General
of the United States



D I G E S T

GAO performed this review because it believed it could demonstrate that a strong potential exists for the General Services Administration (GSA) to achieve large cost savings in one of its main activities--the cleaning of office buildings. This report joins a series of high-yield studies GAO has made using a similar approach; namely, comparing certain Government functions with like functions performed in the private sector. By examining the productivity of GSA's custodians and comparing their performance to that of private sector custodial firms, GAO was able to identify areas where improvement could yield important cost savings.

The General Services Administration is spending considerably more than necessary to clean approximately 195 million square feet of Federal office space. GSA uses three methods to provide cleaning that meets its commercially equivalent specifications, and these methods differ greatly in cost. The methods are: using its own in-house cleaners, contracting for cleaning, and having cleaning provided by its landlords (firms leasing it office space). It cost GSA, at four regions studied, over 50 percent more to clean with its in-house staff than with contractors, and nearly twice as much as its landlords paid to clean leased Federal offices. (See pp. 4 and 5.)

GAO estimates that in four regions studied, GSA could have saved approximately \$16 million during 1980 had it contracted for cleaning being done by its own custodians. (See p. 8.)

Low productivity and high wages are the primary causes for the cost differentials. GSA pays higher wages than its contractors do and both generally pay higher wages than do GSA landlords. (See p. 6.) Compounding the cost difference due to wages, GSA's in-house custodial staff cleans fewer square feet per hour than GSA contractors do, and both clean fewer square feet per hour

than do landlords cleaning leased Federal space. (See p. 7.) Because GAO is separately studying wages for both Federal blue collar employees and contractors, the recommendations in this report deal with productivity and other issues affecting cleaning costs.

ACTIONS NEEDED TO REDUCE
GSA'S CLEANING COSTS

Inherent in GSA's mandate to clean Federal buildings is the responsibility to provide acceptable quality cleaning at the lowest practicable cost.

Federal executive branch policy, revised and reissued in March 1979, also stresses economy. This policy, contained in Office of Management and Budget (OMB) Circular A-76, requires GSA to contract for cleaning when it is more economical than in-house cleaning, and provides guidelines for comparing costs to make such determinations. The policy also encourages GSA to organize and staff its in-house operations for the most effective performance before making a cost comparison. OMB has specified that GSA is to have completed the required cost comparisons by September 1982. (See app. II.)

Despite the Federal policy and GSA's knowledge that it costs more to clean with its in-house custodial staff, GSA has taken little action to reduce in-house cleaning costs. GSA has not

- issued an order implementing Circular A-76,
- completed any comparative cost studies, or
- improved the productivity of its in-house staff in preparation for the required comparative studies.

Instead of actively pursuing the spirit of A-76, GSA is only slowly converting to contract cleaning as attrition reduces its in-house custodial work force. If GSA proceeds at the same rate as it did between 1972 and 1979, conversion will take approximately 15 years. During this period, GSA could spend about \$250 million more for cleaning than would be necessary if it improved the productivity of its in-house staff and contracted for cleaning where its in-house staff is not cost competitive. Given the magnitude of the

added costs, GAO does not believe GSA can afford the luxury of continuing to act so slowly. (See p. 11.)

To facilitate preparation of A-76 cost comparisons, which is rigorous and time consuming, GAO believes that GSA should explore with the Office of Management and Budget the possibility of using a streamlined approach to compare in-house and contract cleaning costs. Since GSA has in many cases actual experience and cost data readily available for comparison, a formal A-76 analysis may be more burdensome than beneficial. (See p. 11.)

ACTIONS THAT WILL IMPROVE
GSA'S CONTRACT OPERATIONS

GSA's contract cleaning operation is less costly and more productive than its in-house program, but GAO's figures show that its contract cleaners are not quite as productive as custodial firms cleaning for GSA landlords. GAO identified two major factors:

- GSA contractors are required to clean mainly during the day while its landlords' custodians clean at night. Industry sources indicate night cleaning is 20 to 30 percent more productive. GSA agrees that night cleaning is more efficient. It switched to mainly day cleaning to conserve energy but has no data indicating whether the switch was cost effective. (See p. 12.)
- GSA requires its cleaning contractors to provide a minimum number of staff hours on each contract to help ensure quality. GAO believes this required minimum is not accomplishing its objective. What it does do, if set too high, is eliminate the incentive for contractors to improve productivity and save hours. Recent tests in the National Capital Region confirm that contractors can accomplish satisfactory work at production rates comparable to lessor-provided cleaning when they are not required to provide a minimum number of hours. To ensure quality, GAO believes that GSA should rely on preaward screening surveys of low-bid contractors as well as effective on-site cleaning inspections. (See p. 12.)

GSA follows several additional contracting practices which, if modified, GAO believes can make GSA's contracting program more efficient. Each is discussed below.

- GSA awards 1-year cleaning contracts. GAO believes multiyear contracts provide incentives for contractors to maximize efficiency and quality that 1-year contracts do not provide. Further, multiyear contracting costs less. Both GAO and GSA are on record as favoring multiyear contracting authority and congressional action has been solicited. Until multiyear authority is granted, however, GAO favors the use of contracts with option clauses that allow cleaning contracts to be extended up to 2 years for good performance. (See p. 15.)
- To ensure that a fair portion of its Federal contracts go to small businesses, GSA awards all cleaning contracts to small businesses. It should consider loosening this restriction. Private sector sources stated that small contractors often lack the resources and expertise to attain the same levels of productivity and quality as large contractors. Furthermore, this policy deprives GSA of valuable comparative data that could be used to set productivity and cost reasonableness benchmarks. (See p. 17.)
- GSA negotiates contract prices with disadvantaged firms under a special program. The average custodial contract awarded to such firms under this program costs over 30 percent more than average low-bid contracts, according to GSA data. GAO believes that so large a deficit is often unwarranted and that GSA should take steps to moderate these costs. (See p. 17.)

RECOMMENDATIONS

To reduce GSA's cleaning costs and improve its custodial productivity, GAO recommends that the Administrator of General Services:

- Explore with OMB the use of a streamlined approach for performing Circular A-76 cost comparisons for cleaning activities.

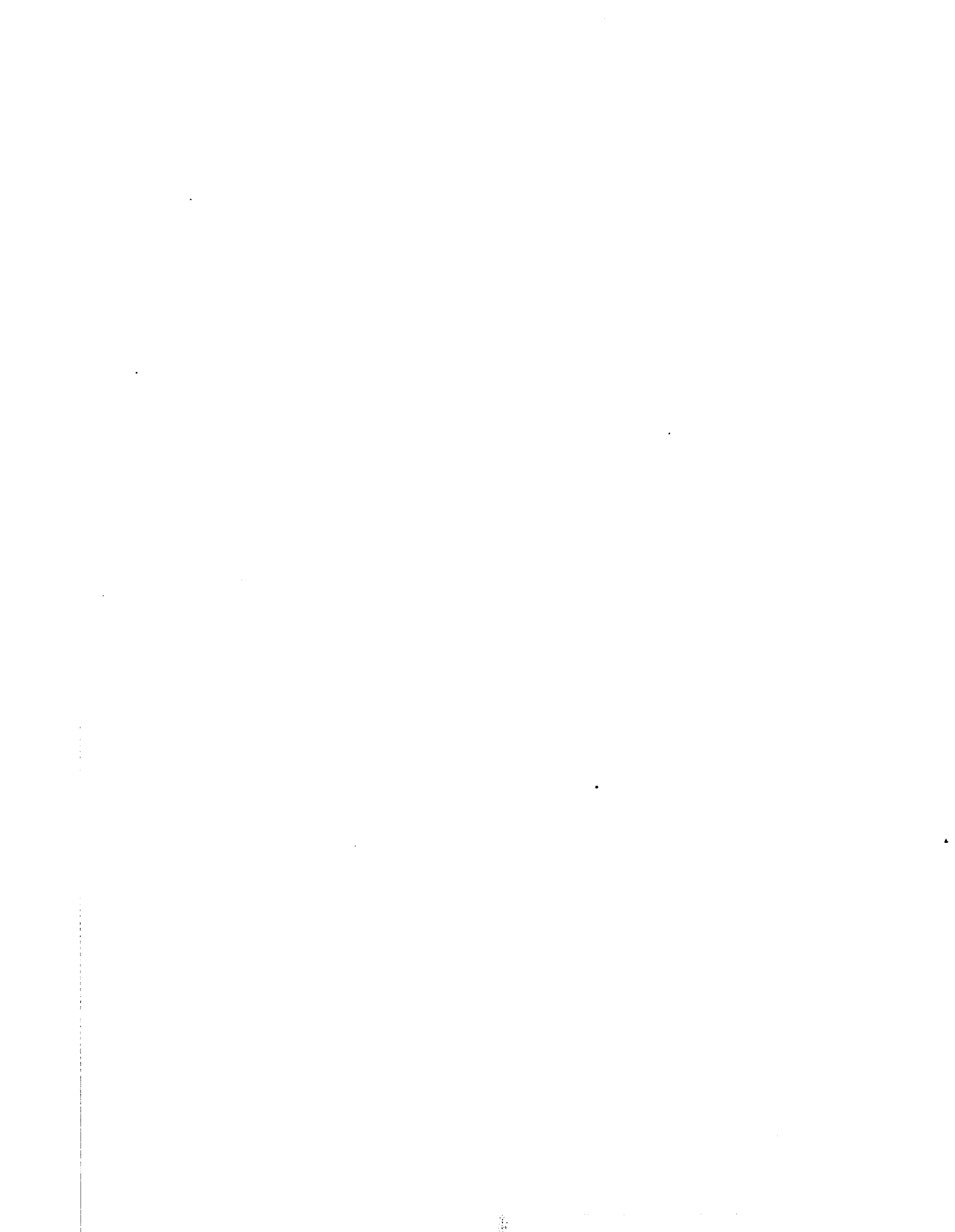
- Complete the cost comparisons required by Circular A-76 as rapidly as possible to determine whether cleaning services should be provided by in-house staff or contract personnel, and develop a plan to implement the study results.
- Allow contractors the flexibility to clean when they deem it most productive. Daytime cleaning constraints should not be imposed unless the cost effectiveness can be documented.
- Eliminate the minimum labor hour requirement from cleaning contracts. Thorough preaward surveys and on-site inspections that utilize random sampling techniques should be used to ensure quality.

To further lower cleaning costs in ways that are less directly related to productivity, GAO also recommends that the Administrator:

- Use renewal options, at least on a pilot basis, in cleaning contracts.
- Revise the set-aside determination for small businesses so that large contractors can bid on some cleaning contracts, especially those for larger buildings.
- Require that cleaning contracts with disadvantaged businesses be obtained at a cost reasonably close to that of competitively bid contracts.

AGENCY COMMENTS

The Administrator of General Services expressed his favorable reaction to the report and said that an action plan will be prepared to comply with GAO's recommendations. (See app. IV.)



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ABBREVIATIONS

BOMA	Building Owners and Managers Association, International
GAO	General Accounting Office
GSA	General Services Administration
NCR	National Capital Region
OMB	Office of Management and Budget

CHAPTER 1

INTRODUCTION

The General Services Administration (GSA), under the Federal Property and Administrative Services Act of 1949, as amended, and Reorganization Plan No. 18 of 1950, is responsible for cleaning general-purpose Government owned and leased buildings. Other agencies normally arrange for cleaning special-purpose space, such as hospitals and military base facilities. GSA accomplishes its cleaning mission in three ways: by using its own in-house employees, by contracting, and by having owners of leased space (landlords) provide the cleaning. Landlord-provided cleaning is performed solely by the private sector with virtually no Government involvement. Cleaning in all cases is to be done to similar GSA specifications.

According to its records, GSA managed about 195 million square feet of owned and leased office space in fiscal 1980 (129 million square feet owned and 66 million square feet leased). It reported cleaning 67 million square feet with its own cleaning staff and 71 million square feet with contractors; landlords cleaned about 57 million square feet. It reported spending about \$156 million for office cleaning in fiscal 1980. Of this, approximately \$83 million was for in-house cleaning and \$73 million was for contract cleaning. Costs for cleaning leased space are included in the lease price and not separately identified.

Three organizations within GSA's Public Buildings Service have responsibility for various aspects of cleaning:

- The office of buildings management has overall responsibility for the cleaning program. Within this office, the headquarters component sets cleaning specifications and staffing standards, and regional office building managers have day-to-day responsibility for managing the in-house cleaning staff and for inspecting all types of cleaning to see that it meets specifications.
- The office of contracts is responsible for awarding cleaning contracts, with guidance provided by the office of buildings management.
- The office of space management is responsible for procuring leased space and for including cleaning specifications in leases. It is GSA's policy to contract where possible for fully serviced leased space where landlords provide cleaning.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives in making this review were to determine the cost incurred and productivity being obtained by GSA in cleaning office space, and to explore if and how productivity can be increased and cleaning cost reduced. Previous reports indicated

problems and a cost differential between GSA's cleaning staff and its contract cleaners. (Pertinent GAO reports are listed in app. I.)

We selected four GSA regions for this review: National Capital Region (NCR), Washington, D.C.; Region 1, Boston; Region 4, Atlanta; and Region 5, Chicago. We arrived at a judgmental sample of buildings in each region; the criteria for this sample were that the buildings be large--most having an area of at least 100,000 square feet--and consist primarily of office space. Our sample included office space cleaned by GSA staff, contractors, and landlords. For each of these categories we sampled at least 10 percent of the office space cleaned in each region in order to compare costs and productivity. The data consisted of square footage, staff-hours, and overall costs; and was derived from cleaning contracts, interviews, and GSA records. (We used BOMA square feet 1/ in our comparisons.) To arrive at square footage cost and productivity figures, we used standard statistical techniques.

We also were concerned with the comparability of cleaning quality provided by contractors, landlords, and GSA's in-house staff. Because of weaknesses in GSA's inspection system 2/ we were not able to quantitatively assess cleaning quality. GSA officials acknowledge that most contractors do acceptable cleaning, as good or better than the in-house staff. However, some GSA officials believe the quality of cleaning provided by landlords is more often of marginal quality.

We obtained private sector cost and productivity data in each of the four regions. To ensure that this data was representative of cleaning quality comparable to or better than that specified by GSA, we obtained the data from managers of selected prestigious commercial office buildings and from custodial firms reputed to be high quality cleaners. The reputation of the latter was conveyed to us by local trade associations and building management companies. In interviewing persons from these companies, we obtained their

1/BOMA square feet is a standard method of floor measurement used by the Building Owners and Managers Association, International. It includes all areas within outside walls except space not actually available to the tenant for furnishings or personnel, such as stairwells, elevator shafts, and utility closets. Toilet rooms and corridors are included in the measured area. Other measures used by GSA are usable, occupiable, and gross square feet. Where these measures were used, we converted them to BOMA square feet.

2/See our report "The General Services Administration Needs To Improve Its Cleaning And Guard Contracting Activities" (LCD-80-21, Mar. 12, 1980).

views on a wide range of cleaning matters, such as how high productivity can be achieved and factors that make it difficult for contractors to maximize productivity when cleaning for GSA.

For added perspective, we discussed these cleaning matters with representatives of selected trade associations, labor unions, and custodial consulting firms. We then obtained views on these same cleaning matters from GSA officials in the Public Buildings Service.

For comparison purposes, we gathered information concerning custodial operations in the Department of Defense. This was accomplished through interviews with Office of Secretary of Defense and service department officials, reviews of pertinent regulations, and visits to several military installations.

CHAPTER 2

GSA'S CLEANING COSTS

ARE HIGHER THAN NECESSARY

GSA is spending more than it should to clean office buildings to its specifications for two reasons--higher wages and low productivity. At four regions studied, it cost GSA over 50 percent more to clean offices with its in-house staff than with contractors, and almost twice what GSA landlords paid to clean leased Federal space. One reason for this is that GSA pays higher wages than its contractors, and both generally pay higher wages than do landlords. The other reason is that GSA's in-house staff cleans fewer square feet per hour than GSA contractors, and both clean fewer square feet per hour than landlords cleaning leased Federal space.

Because of the higher costs, in 1980 GSA paid approximately \$16 million more in the four regions studied to clean offices with its less productive in-house staff than it would have had it done the cleaning by contract. Possible actions for improving productivity and reducing cleaning costs are discussed in chapters 3 and 4.

GSA PAYS MORE FOR CLEANING OFFICES THAN DO PRIVATE FIRMS

Inherent in GSA's mandate to clean Federal buildings is the responsibility to provide acceptable quality cleaning at the lowest practicable cost. GSA's policy is to provide commercially equivalent cleaning, and it has established cleaning specifications intended to accomplish this. Its in-house staff, its contractors, and its landlords are required to maintain these specifications.

GSA has not been keeping as low as possible the cost of cleaning offices to its specifications. Our comparison of predominantly fiscal 1980 1/ cleaning costs in four GSA regions showed that overall GSA was paying over 50 percent more to clean office space with its own staff than with contractors. Also, it generally paid more for cleaning done on contract than its landlords were paying for cleaning. 2/

Average annual cleaning costs per square foot for GSA's in-house staff, its contractors, and landlords in the four regions studied are shown in the following chart. Costs by building and

1/Region 4 GSA in-house costs are based on fiscal 1979 data.

2/Cost data for landlords were obtained from the janitorial firms cleaning for these landlords or from the landlords themselves.

by cities within regions varied considerably. As noted in the table, we included the significant cleaning operating costs in our analysis. ^{1/}

<u>Cleaning mode</u>	<u>Average annual costs per BOMA square foot</u>				
	<u>Region 1</u>	<u>Region 4</u>	<u>Region 5</u>	<u>National Capital Region</u>	<u>Weighted average</u>
In-house staff (note a)	\$1.19	\$1.05	\$1.25	\$1.20	\$1.18
Contractors (note b)	.75	.67	.91	.72	.73
Landlords (note c)	.58	.47	.88	.57	.63

a/Includes wages plus premium pay and benefits (11%) for all field office personnel. Excludes headquarters and region program direction costs and expenditures for major equipment.

b/Total contract costs including profit. Does not include GSA contract administration costs, estimated at 4%.

c/Total costs cited in contracts or by landlords. Excludes landlord overhead for contract administration or direction of in-house cleaning staff.

The above figures are not perfect comparisons. For example, wages differ by region and by location within region, and regions vary in staffing GSA-cleaned buildings to GSA standards. Also, some buildings because of their design and use are more difficult to clean; thus more staff may be required to clean them. The tasks performed by custodians differ somewhat and, to the extent possible, we adjusted for this. Notwithstanding these variances, the figures reflect the relative difference in cost between GSA's in-house staff, its contractors, and its landlords, that persisted at each of the regions.

PART OF THE COST DIFFERENTIAL
IS ATTRIBUTABLE TO WAGES

Part of the difference in cleaning costs is attributable to higher wages paid by GSA and its contract cleaners. In only one city, Chicago, within the four regions studied did we find local wages higher and then only when compared with GSA's starting wage.

^{1/}The Office of Management and Budget has prescribed procedures for Federal agencies to follow in making cost comparisons of in-house and contract operations (discussed on p. 10). Our regional cost analysis does not substitute for such cost comparisons.

The following table compares GSA's starting wages with the standard private sector and contractor wages in the principal city in each region studied. Because most GSA workers are paid above the starting wage the actual wage differential will in most cases be greater than indicated by the table.

	Starting wage rates (note a)			
	<u>Atlanta</u>	<u>Boston</u>	<u>Chicago</u>	<u>Washington</u>
GSA wage board	\$4.57	\$5.17	\$5.56	\$4.97
GSA contractors	3.72	3.97	5.69	4.31
Private sector (note c)	<u>b/3.10</u>	3.95 (FTU) 3.70 (PTU)	4.00 (NU) 6.35 (U)	<u>b/3.10</u>

a/Rates exclude fringe benefits. FT = Full Time; PT = Part Time; NU = Non Union; U = Union

b/Minimum wage prior to Jan. 1981, when it was increased to \$3.35--the prevailing rate paid by most firms contacted.

c/Wage rates obtained from union contracts and discussions with industry officials.

GSA has little or no control over wage rates. The Office of Personnel Management prescribes the policies and procedures for setting wage scales for GSA's "blue collar" employees in accordance with the Federal Wage System (5 U.S.C. 5343 (a)). The Department of Labor sets minimum wage rates for Government contractors in accordance with the Service Contract Act. This act requires contracts and bid specifications to state the minimum wages to be paid to employees of contractors and subcontractors furnishing services to Federal agencies.

We have been studying the wage issue for a number of years. In 1979 we issued a report on the need for changes in the provisions of the Federal blue collar law that cause Federal wage rates to exceed local prevailing rates. 1/ Legislation (S. 1340 and H.R. 4477) introduced in the 96th Congress to correct these provisions was not enacted. We will soon complete a study of the Service Contract Act and our findings will be reported to the Congress. Because we are separately studying wages, the recommendations in this report deal with the subject of productivity and other issues affecting cleaning costs.

1/"Wages for Federal Blue-Collar Employees Are Being Determined According to the Law, But Improvements Are Needed" (FPCD-80-12, Oct. 29, 1979).

PART OF THE COST DIFFERENTIAL IS
ATTRIBUTABLE TO DIFFERENCES IN PRODUCTIVITY

The other part of the difference in cleaning costs between GSA's in-house custodians, its contractors, and its landlords is attributable to the lower productivity GSA obtains from its custodians and from its contractors. Cleaning productivity is measured by the number of square feet cleaned per staff hour. The fewer square feet that are cleaned per staff hour the higher the cost.

According to production rates we compiled in four regions, GSA's in-house staff cleans fewer square feet per staff hour than either GSA's contract cleaners or custodial firms cleaning for GSA landlords. The in-house staff was cleaning an average of 9.8 percent less area per staff hour than were contractors, and an average of 17 percent less than custodial firms cleaning for landlords. While we could not objectively assess the relative quality of cleaning, GSA officials acknowledge that most contractors do acceptable cleaning--as good or better than the in-house staff.

GSA also gets lower production from its contractors than its landlords get. According to our figures, GSA contractors were cleaning an average of 7.1 percent fewer square feet per hour than custodial firms cleaning for GSA landlords. Some GSA officials stated that the quality of cleaning provided by landlords is more often of marginal quality. While this may be true, and while productivity can be increased and costs reduced at the expense of quality, we believe the landlord productivity rates are realistic. GSA contractors operating under experimental contracts have provided acceptable cleaning quality at cost and productivity rates comparable to those of landlords.

Average hourly production rates for GSA's in house staff, contractors, and landlords are shown below. These figures were compiled using direct labor hours and BOMA square feet.

<u>Cleaning mode</u>	<u>Average cleaning production rate</u>			
	<u>Region 1</u>	<u>Region 4</u>	<u>Region 5</u>	<u>National Capital Region</u>
	----- (sq. ft. per hr.) -----			
In-house staff	1910	2157	2213	2196
Contractors	2157	2410	2428	2474
Landlords	2700	2764	a/2463	2566

a/Productivity rates may be limited by a union agreement in Chicago (Region 5) that firms cannot decrease the number of janitors in a building without union approval.

These rates must be considered reasonable approximations rather than precise measures of performance. Available data were not precise, and for us to accumulate such data on our own was not cost effective. Nonetheless, the rates we compiled reflect the relative differences in existing productivity rates.

Productivity in cleaning is affected by a number of factors. Management expectations, good supervision, use of up-to-date equipment and supplies, employee motivation, night versus day cleaning, and restrictions on staffing levels are major factors cited by GSA officials and private sector representatives as raising or lowering productivity. These factors are discussed further in the following chapters.

CLEANING COSTS CAN BE REDUCED
BY SEVERAL MILLION DOLLARS PER YEAR

Because of the higher cost of cleaning with its in-house staff, GSA is paying several million dollars more per year for cleaning than necessary. Using the average costs we developed, we estimate that GSA paid approximately \$16 million more in 1980 to clean offices, in the four regions studied, by cleaning with its in-house staff rather than by contracting. For all 11 regions the added cost would be about twice this, assuming an average cost differential between GSA's in-house staff and its contractors of 45 cents per square foot as shown by our study in regions 1, 4, 5, and the National Capital Region.

CHAPTER 3

GSA SHOULD ACT TO REDUCE THE COST OF IN-HOUSE AND CONTRACT CLEANING

GSA knows that it costs more to clean offices using its in-house staff than using contractors. It has, however, done very little to decrease these costs. GSA needs to either (1) increase the productivity of its in-house staff to make them competitive with its contractors or (2) use contractors to perform the work where it is more economical. GSA apparently has chosen the second course of action, but it is only slowly converting to contract cleaning as attrition reduces its work force. At the present rate this conversion will take about 15 years. During that period GSA may incur an estimated \$250 million in added cost to clean with its more costly, less productive in-house staff.

The course of action being followed by GSA is not in accordance with Federal executive branch policy that work be done in the most economical way--whether in-house or by contract. GSA needs to promptly complete the comparison studies of in-house and contractor costs to determine where its in-house staff can be competitive, and then promptly implement the study results. GSA should explore with the Office of Management and Budget (OMB) a possible streamlined approach for making the cost comparisons OMB requires.

GSA's contract cleaners are less costly and more productive than its in-house staff, but because of GSA restrictions they are not quite as productive as custodial firms cleaning for GSA landlords. GSA can foster greater productivity and thus reduce the cost of cleaning done on contract by eliminating, where possible, its requirements for contractors to clean during the day and to use a minimum number of staff hours. Instead of using minimum staff hours to help ensure quality, GSA should establish (1) an effective preaward survey to identify and preclude the award of contracts to unreliable contractors and (2) a good inspection system to control quality. Other actions for reducing contract cleaning costs, less directly related to productivity, are discussed in chapter 4.

ACTIONS ARE NEEDED TO REDUCE COST OF CLEANING DONE BY IN-HOUSE STAFF

To reduce the cost of cleaning offices now cleaned by GSA's in-house staff, GSA needs to either increase the productivity of this staff to be cost competitive with contractors or contract for cleaning where it is more economical. As required by Federal

executive branch policy set forth in OMB Circular A-76, 1/ GSA should determine if its in-house staff can be competitive with contractors. This should be determined building by building.

Federal agencies are required by Circular A-76 to review certain in-house activities during the 3 years following the March 1979 issuance of the revised circular. Decisions to continue in-house activities must, in most cases, be based on comparative cost analyses of in-house versus contractor performance. By letter of April 8, 1981, OMB gave GSA until September 1982 to complete its cost analyses. (See app. II.) Implementing guidance from OMB urges (but does not require) agencies to first organize and staff their in-house operations for the most effective and efficient performance, and then prepare the comparative cost analyses.

Despite this policy and the knowledge that it costs more to clean with in-house custodial staff, GSA has done little to reduce its in-house cleaning costs. GSA has not

- issued an order implementing A-76, which was to be done by July 1979;
- prepared the first comparative cost study; or
- acted to improve the productivity of its in-house staff in preparation for the required comparative studies.

Reluctance to act should give way
to active implementation of Circular A-76

Apathy on the part of GSA managers is apparent in their lack of action toward improving custodial operations. This apathy is most manifest in their failure to actively pursue implementation of A-76 and to maintain up-to-date staffing standards based on the latest technology in cleaning methods, supplies, and equipment. Standards are important since they reflect management's expectation of performance. GSA's standards were developed in the mid-1960s and have been changed little since, even though it is GSA's stated policy to continuously monitor and revise them to reflect the latest technology. In our opinion, the standards are outdated. Private sector comments, GSA's application of the standards to its

1/OMB Circular No. A-76 (Revised) and a supplemental cost comparison handbook were issued Mar. 29, 1979, and required implementation of the new policy within 90 days. "A-76" is a long-established but somewhat controversial executive branch policy, and the procedures established to implement it have not been totally accepted by interested parties. While having concerns about implementation, we support the general policy precepts A-76 sets forth, one of which is that the Government choose where practicable the most economical method of performing required operations.

contracting operations (see p. 12), and our limited analysis of the standards all support this conclusion. Our limited analysis indicates, for example, that it is possible with new equipment to vacuum up to three times more area per staff hour than is required by the GSA standards. (See app. III for further examples.) We believe that establishment of up-to-date staffing standards coupled with good supervision and issuance of procedures utilizing the latest equipment and supplies are necessary steps to improve the productivity of GSA's in-house custodial staff.

Instead of actively attempting to improve the productivity of its custodians and reduce cleaning costs, GSA is slowly converting to contract cleaning as attrition reduces its in-house staff. (It has made these conversions without performing formal A-76 cost comparisons; it knows from its data on hand where contract cleaning is less expensive.) In 1972, GSA had about 7,800 custodial staff; in 1979 it had about 5,500. At this rate, another 15 years will pass before most of the cleaning is done on contract. During this period we estimate that GSA could, if the productivity of its staff is not improved, spend about \$250 million more for cleaning than necessary. This estimate is based predominantly on 1980 cost figures and an annual conversion rate of 6 percent, leaving a residual in-house staff of approximately 500. Given the magnitude of this expense, we do not believe GSA can afford the luxury of continuing to act so slowly. GSA needs promptly to either increase the productivity of its in-house staff to make them cost competitive with its contractors or use contractors to perform the work where it is more economical.

Consultation with OMB could facilitate preparation of cost comparisons

To facilitate preparation of A-76 cost comparisons, which are rigorous and time-consuming, we believe GSA should explore with OMB the possibility of using a streamlined approach to compare in-house and contract cleaning costs. At the close of our review, GSA buildings management officials said they had begun to move but it would probably take about 5 years to study all the buildings. This time will not only exceed OMB's deadline of September 1982, but seems unduly long since GSA already has a lot of the needed information available.

We believe GSA should meet with OMB to determine whether it is possible to forego some of the detailed analysis required in an A-76 cost comparison. For example, the requirement to get contractor bids for cost comparison might be deleted where GSA is already contracting for cleaning and has actual data for comparison. A simplified cost comparison approach would seem appropriate.

ACTIONS ARE NEEDED TO REDUCE COST OF CLEANING DONE BY CONTRACT

GSA's contract cleaning operation is less costly and more productive than its in-house program; even so, our figures show

that this contract cleaning is not, in most cases, as productive as custodial firms cleaning for GSA landlords. We identified two factors under GSA's control which we believe may be major reasons for this--(1) daytime cleaning and (2) minimum labor hour requirements.

Work scheduling flexibility should be allowed

GSA contractors are required to clean mostly during the day while landlord custodians clean at night. Night cleaning is acknowledged in the industry and by GSA officials as being more efficient. Several industry sources stated it was 20 to 30 percent more efficient to clean at night than during the day. One GSA regional office advised us that night cleaning was 15 percent more productive. GSA switched to mainly day cleaning in 1973 to conserve energy but has no data to show whether the productivity decrease caused by the change was offset by energy savings.

Minimum labor hour requirements should be eliminated

The other factor that can restrict contractor productivity is GSA's policy of requiring its cleaning contractors to furnish a specified minimum number of staff hours under each contract. Currently, GSA's central office guidance to regions is that they include in contracts a minimum labor hour requirement that is 80 percent or less the amount specified by GSA's staffing standards. Prior to May 1980, contractors were required to provide, as a minimum, approximately 90 percent of the productive hours specified by GSA's standards. The adjustment downward of the 90-percent figure represents an important improvement by GSA; however, a problem persists due to a specific number of hours being required. The objective of the minimum hour requirement is to ensure acceptable quality. We don't believe it necessarily does. What it does do, if set too high, is eliminate the incentive for the contractor to improve productivity and save staff hours. GSA policy requires deductions from contractors' payments for failing to provide the required staff, even when the cleaning provided was of acceptable quality.

Recent GSA tests in the National Capital Region confirmed that contractors operating without these constraints can perform satisfactory work at higher production rates--rates comparable to those achieved in lessor-provided cleaning. For example, two different contractors, who performed about half their cleaning at night and were not required to provide a minimum number of hours, satisfactorily cleaned a building over a 3-year period. The two contractors accomplished the cleaning with approximately 70 percent of the labor hours that would have been prescribed by GSA staffing standards for cleaning the building with GSA workers.

Instead of using minimum staff hours to try to ensure quality, GSA should establish:

--An effective preaward survey to identify and preclude awarding contracts to unreliable, nonresponsible contractors.

--A good inspection system to control cleaning quality.

Preaward surveys

One measure that could help GSA obtain acceptable cleaning quality is to ensure that contracts are not awarded to firms that are unreliable or have a record of doing poor cleaning. A standard procedure for identifying such firms is a preaward survey. These surveys are performed on the lowest bidders before awarding contracts. Although GSA makes such surveys, we were told by GSA's Office of Inspector General that they are not being performed very thoroughly. They reported that, as a consequence, some contracts have been awarded to unreliable, nonresponsible contractors.

Because of the Inspector General's current examination of the preaward area, we decided not to pursue this matter further during this review.

Inspections

A good, reliable inspection system can also help obtain acceptable cleaning quality by providing information on contractor performance which can be used to apply sanctions or rewards. In an earlier report, 1/ we stated that GSA was not properly inspecting the cleaning performed by contractors because GSA had too few inspectors, and those were not adequately trained. GSA has taken steps to provide training to its inspectors--the central office has issued a training manual and NCR has developed its own manual as well as a training course. But this will solve only half the problem. To compensate for an insufficient number of inspectors, we believe GSA should consider adopting a random sampling inspection system requiring fewer persons.

The Air Force has developed such a system. It is called the "quality assurance surveillance plan," and it involves random sampling followed by payment deductions based on the degree of contractor nonperformance. Services are sampled over a given period to determine if a contractor's level of performance is acceptable. The contract specifications state the allowable error rate below which deductions are made. This method, in providing a valid and time-efficient way to assess contractor performance, has two important benefits--(1) it reduces the cost of contract administration, and (2) it permits a smaller inspection staff. The Office of Federal Procurement Policy included this method in its recent guidelines for administering service contracts.

1/"The General Services Administration Needs To Improve Its Cleaning And Guard Contracting Activities" (LCD-80-21, Mar. 12, 1980).

CONCLUSIONS

GSA, to date, has not acted to ensure a cleaning operation of maximum efficiency. Although GSA officials recognize that contract cleaning is less costly than in-house cleaning, they have not taken positive action to either (1) quickly convert to less costly contract cleaning or (2) improve the productivity and efficiency of the remaining in-house work force. Rather, GSA management has been gradually converting to contract cleaning without attempting to make in-house operations more competitive, which could cost an additional \$250 million.

This gradual conversion to more efficient contracting is also not consistent with the requirements imposed by OMB. GSA needs to (1) promptly complete the comparison studies of in-house and contractor costs required by A-76 to identify those in-house cleaning operations that contractors can perform more efficiently and (2) then promptly implement the study results. To facilitate completion of the cost comparisons, GSA needs to explore with OMB ways to streamline the studies. Progress possibly could be made by comparing GSA in-house cleaning costs with contract cost data that GSA already possesses.

We also believe there are several steps GSA can take to make its relatively efficient contract cleaning operation even more efficient.

RECOMMENDATIONS

We recommend that the Administrator of General Services:

- Explore with OMB the use of a streamlined approach for making Circular A-76 cost comparisons for cleaning activities.
- Complete the cost comparisons required by Circular A-76 as rapidly as possible to determine whether cleaning services should be provided by in-house staff or contract personnel, and develop a plan to implement the study results.
- Allow contractors the flexibility to clean when they deem it most productive. Daytime cleaning constraints should not be imposed unless the cost effectiveness can be documented.
- Eliminate the minimum labor hour requirement from cleaning contracts. Thorough preaward surveys and on-site inspections that utilize random sampling techniques should be used to ensure quality.

AGENCY COMMENTS

The Administrator of General Services expressed his favorable as well as "shocked" reaction to our findings and said that he is requiring the Public Buildings Service to prepare an action plan for complying with our recommendations. (See app. IV.)

CHAPTER 4

POTENTIAL WAYS TO FURTHER REDUCE THE COST OF GSA'S CONTRACT CLEANING OPERATION

In the previous chapter we discussed actions GSA could take to foster productivity improvement by its contract cleaners--(1) eliminate minimum staffing requirements and (2) permit cleaning at night. We identified three other factors, which, though less directly related to productivity, substantially affect contract cleaning costs. These factors, and the actions GSA should take regarding them, are:

- Using 1-year contracts. Make greater use of renewable cleaning contracts in lieu of 1-year contracts. Renewable contracts provide incentives for contractors to do good work and can reduce GSA's contracting costs.
- Limiting cleaning contracts to small businesses. Allow large custodial firms to compete for some cleaning contracts so that the Government can capitalize on any added efficiency such firms might offer.
- Negotiating contract prices with disadvantaged firms. Lower the price level at which disadvantaged custodial firms tend to obtain contracts, so as to bring the high costs of such contracts closer to those obtained in unrestricted small business competition.

ONE-YEAR CONTRACTS ADD TO GSA'S COSTS AND PROVIDE CONTRACTORS LITTLE INCENTIVE TO BE PRODUCTIVE

In most cases, current law does not permit contracting with 1-year funds in advance of the year in which the procurement need arises; thus, GSA awards primarily 1-year cleaning contracts.

Such contracts, however, provide few of the advantages that multiple-year contracts offer. In a January 1978 report we concluded that these advantages outweigh the disadvantages associated with multiyear contracting. ^{1/} These advantages, which are recognized by GSA, are:

- Higher quality performance. Under the current system, good performance in no way guarantees that a contractor will be awarded a followup contract. The contract can simply be lost the next year to a lower bidder. Furthermore, cleaning firms that are so inclined can skimp on quality and

^{1/}"Federal Agencies Should Be Given General Multiyear Contracting Authority For Supplies And Services" (PSAD-78-54, Jan. 10, 1978).

have little fear of termination for default within the year because of sometimes lengthy termination procedures. Multi-year contracts would create a different environment; firms would realize that GSA, due to the greater time period, could effectively threaten termination for poor quality.

--Administrative savings. Contract administration costs associated with proposal preparation, advertisement, bid evaluation, and contract award would be reduced if contracts were awarded every 3 years, for example, rather than annually. Savings would occur simply because these things would not be done as often.

--Increased competition. More firms might bid on longer term contracts because they are more attractive. They offer security and stability that 1-year contracts do not. Also, small firms are in a better position to compete for such contracts because in bidding they know equipment required to perform the contract can be amortized over 3 years, and their ability to secure business loans is improved.

--Reduced contract costs. Increased competition plus other cost savings derived from longer term contracts should reduce contract costs. With 3-year contracts, contractors would be able to (1) spread startup costs over a longer period, (2) amortize equipment over a longer period, and (3) realize increased operating efficiency through stabilizing operations. GSA estimates that multiyear service contracts would reduce contractor bids by 3 percent.

The private sector, in contrast to the Government, uses cleaning contracts that are annually renewable if both parties are satisfied and contain cancellation clauses in case either party is not. Thus, good performance is rewarded by continuous service.

GSA has tried for some time to obtain legislation that would provide multiyear authority. Its latest attempt resulted in Senate bill 2328, introduced in February 1980. 1/ Since multiyear contracts are not yet permitted in most instances, however, the use of renewal options--under recently adopted provisions of the Federal Procurement Regulations--may offer an interim measure. We recently affirmed the use of such options by the Department of Defense (under its regulations) in dining service contracts. 2/ OMB Circular A-76 encourages where appropriate the use of renewal options in contracts.

1/ Proposed legislation addressing the issue of multiyear contracting will be presented to the Congress in October 1981 when the Office of Federal Procurement Policy makes recommendations regarding a uniform procurement system.

2/ Comptroller General decision B-198427.2, Oct. 3, 1980.

At the time we were concluding our review, the National Capital Region advised GSA's central office that it was planning to use option years in its custodial contracts. In our opinion, GSA, if it has not already so acted, should begin using such contracts at least on a pilot basis.

GSA SHOULD ALLOW BIDDING BY LARGE
BUSINESSES ON SOME CLEANING CONTRACTS

GSA contracts exclusively with small businesses to clean buildings. This practice is intended to help GSA fulfill the Small Business Act requirement that a fair proportion of Government contracts for property and services be placed with small businesses. ^{1/} We were told by various private sector parties that small custodial firms often do not possess the needed resources and expertise--especially in supervision--to clean a large building at the same productivity, cost, and quality level as large firms. Also, several individuals from private sector firms told us that only large cleaning firms have consulting staffs that test new machines and materials and evaluate cleaning methods, which leads to increased productivity and decreased cost. GSA's determination that large firms should be prohibited from bidding on any custodial contracts, especially those for larger buildings, deprives GSA of valuable comparative data which could be used to set productivity and cost reasonableness benchmarks. For these reasons, we feel that the total exclusion of large firms from GSA custodial contracts is not prudent management and that GSA should revise its determination that a 100-percent set-aside of custodial contracts is necessary to fulfill its responsibilities under the Small Business Act.

HIGH COST OF CLEANING BY DISADVANTAGED
BUSINESSES CAN BE MODERATED

Although most of GSA's cleaning contracts are competitive, fixed-price awards, it does negotiate other types to meet Federal socioeconomic goals. One such type falls under the Small Business Administration's "8(a) program," which is designed to stimulate the growth of disadvantaged businesses. ^{2/} Under this program, GSA selects a specific building to be cleaned and then contacts the Small Business Administration, which in turn identifies a disadvantaged business it considers qualified to do the custodial work. Acting as the prime contractor, the Small Business Administration negotiates with GSA for a final price.

^{1/}The Small Business Administration defines a small custodial business as having no more than \$4.5 million in annual sales for 3 consecutive years.

^{2/}Section 8(a) of the Small Business Act, as amended.

GSA officials we interviewed stated that they were satisfied with the quality of cleaning being performed under the 8(a) program, but acknowledged that they were paying a higher price. According to March 1979 data provided by GSA (the latest available during our review), the average nationwide cost for these contracts was 32 percent higher than the average for competitively bid contracts. Our sample showed the same trend, as is indicated below.

<u>Type of contract</u>	<u>Annual cost per sq. ft. (note a)</u>
Competitive low bid	\$.78
Negotiated SBA 8(a)	1.03

a/Based on GSA footage figures; not BOMA square feet.

We believe that so large a difference is unwarranted, particularly for experienced firms. The National Capital Region has recently initiated procedures that should moderate the cost of its 8(a) cleaning contracts. At price negotiation meetings, the region is to keep the final proposed price within 10 percent of the region's estimate of a reasonable contract cost. This is a good step forward. In our opinion, GSA should strive to obtain contracts with disadvantaged firms that are reasonably close in price to competitively bid contracts.

We recently reported on the Small Business Administration's overall 8(a) program. ^{1/} We suggest that GSA, in deciding how it might want to improve its 8(a) contract cleaning efforts, use this report as a supplemental source of ideas.

RECOMMENDATIONS

We recommend that the Administrator of General Services:

- Use renewal options, at least on a pilot basis, in cleaning contracts.
- Revise the set-aside determination for small businesses so that large contractors can bid on some cleaning contracts, especially those for larger buildings.
- Require that cleaning contracts with disadvantaged businesses be obtained at a cost reasonably close to that of competitively bid contracts.

^{1/}"The SBA 8(a) Procurement Program--A Promise Unfulfilled" (CED-81-55, Apr. 8, 1981).

AGENCY COMMENTS

The Administrator of General Services expressed his favorable reaction to our findings and said that he is requiring the Public Buildings Service to prepare an action plan for complying with our recommendations. (See app. IV.)

LIST OF PRIOR GAO REPORTSRELATIVE TO GSA CLEANING ACTIVITIES

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Management of Building Services by the General Services Administration Needs Improvement	Administrator of General Services	Feb. 28, 1972	B-118623 CD

Federal agencies occupying buildings managed by the General Services Administration are not provided uniform and equitable building services. Agencies making direct payments to GSA for building services receive superior work to that received by agencies that do not reimburse GSA for such services.

The Administrator of General Services should strive to provide equitable building services to all federally occupied buildings. Standards for cleaning and painting Government-owned and Government-leased buildings should be uniform and work should be inspected to ensure compliance.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Improving the Pay Determination Process for Federal Blue-Collar Employees	Congress	June 3, 1975	FPCD-75-122

GAO concluded that the blue-collar wage determination process does not achieve comparability as well as it should. Blue-collar wage rates often exceed local prevailing rates, in part because the Federal pay range has multiple steps. Most private sector employees are paid under single-rate pay schedules. When multiple-step schedules exist, many have fewer steps than the Federal system. The second Federal step is equated to the prevailing private sector rate, but most Federal employees moved to the fifth step in May 1975--placing them 12 percent above market.

GAO recommended changes in legislation and administrative policies and practices to improve the pay setting process to ensure closer pay comparability with the private sector.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Practices in Providing Cleaning and Guarding Services in Federal Buildings	Senate Committee on Appropriations	Aug. 18, 1975	LCD-75-337

GSA supplements its in-house work force for cleaning and guarding by contracting for these services. Contracting is generally

cheaper but is done only when the workload exceeds the in-house capability. GAO was unable to determine if contract cleaning was of lower quality and if pilferage was an added cost. GSA generally feels contract cleaning is inferior.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Federal Agencies Should Be Given General Multi-year Contracting Authority For Supplies and Services	Congress	Jan. 10, 1978	PSAD-78-54

Most Federal agencies operating with annual appropriations are prohibited from contracting for more than 1 year. GAO reassessed the advantages and disadvantages of multiyear procurement and found that it would be an advantageous procurement method.

GAO recommends that the Congress enact legislation authorizing general multiyear contracting authority for Federal agencies and provide for the Office of Federal Procurement Policy to develop appropriate criteria to guide Federal agencies in its use.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Increased Competition Can Reduce Elevator Maintenance and Cleaning Service Contract Costs	Congress	June 14, 1978	PSAD-78-115

In keeping with its responsibility for maintaining Federal office buildings, GSA contracts for some elevator maintenance and cleaning services. It has used noncompetitive contracts for most elevator maintenance services for years, and uses a cost-plus-award-fee contract for some cleaning services. The use of these types of contracts has resulted in contract costs significantly higher than the costs attained under advertised contracts.

GAO believes that competition for these services is available and practical, and greater use of advertised contracts would provide savings of millions of dollars annually. GSA has taken some steps recently to encourage greater use of advertised contracts for elevator maintenance and cleaning services.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Development of a National Make-or-Buy Strategy-- Progress and Problems	Congress	Sept. 25, 1978	PSAD-78-118

This report contains GAO's assessment of the executive branch's policies and programs for obtaining commercial or industrial products and services for Government use. It discusses the history and evolution, the overall perceptions, the status of implementation, the major problems and influences, and the proposed changes to the current policy.

GAO is particularly concerned that without a firm national policy the future for this program will be a repetition of the past--confusion, controversy, and ineffective implementation.

A make-or-buy policy is necessary to achieve economical, efficient, and effective procurement. The policy must be stable and must appropriately balance many issues of national significance. It needs both legislative and executive branch endorsement and support.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
Wages for Federal Blue-Collar Employees Are Being Determined According to the Law, But Improvements are Needed	House Subcommittee on Compensation and Employee Benefits, Committee on Post Office and Civil Service	Oct. 29, 1979	FPCD-80-12

Asked to investigate complaints of Federal employees that their hourly wage rates were not being set according to law, GAO did so and concluded the Federal wage-setting system is being used legally. However, certain administrative changes should be made in the system. Also, proposed legislative changes should be adopted to help the system better achieve its objectives and to alleviate the problems that gave rise to the complaints.

<u>Title</u>	<u>Addressee</u>	<u>Date</u>	<u>Publication number</u>
The General Services Administration Needs to Improve its Cleaning and Guard Contracting Activities	Administrator of General Services	Mar. 12, 1980	LCD-80-21

GSA needs to improve its basis for paying and retaining cleaning contractors in regions 3, 4, and 8. More frequent inspections and additional inspectors are needed, better inspection reports should be prepared, and a formal inspector training program should be conducted. Also, GSA should provide cost efficient incentives in cleaning contracts rather than deducting for minimum labor hours not worked.

In region 3, guard contracts should be awarded on a competitive basis. Because of problems in administering these contracts, GSA, as of March 31, 1979, had extended 87 percent of its active contracts with incumbent contractors. To avoid recurring extensions of guard contracts, GSA needs to prepare timely specifications, award new contracts not affected by bid protests, and continue pursuing legislation permitting multiyear contracting.



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

APR 8 1981

Mr. Ray Kline
Acting Administrator
of General Services
Washington, DC 20405

Dear Mr. Kline:

One of the major goals within this Administration centers on maximizing the efficient expenditure of funds. OMB Circular A-76, "Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government," provides you with one of the necessary tools to achieve this goal. This Administration strongly supports the general policy of reliance on competitive private enterprise to supply the products and services needed by the Government. Through proper and effective implementation of the Circular you will be able to achieve economies and efficiencies in operating commercial-industrial type activities by:

- Determining the least cost method of providing essential services (contract or in-house).
- Streamlining existing Government organizations ensuring they are organized and staffed for the most efficient performance.
- Reducing long-range fiscal obligations through reductions in the Federal workforce when cost comparisons show a contract operation is more cost effective.
- Enhancing productivity through the development of measurable job standards.

The Circular provides that when private performance of commercial or industrial activities is feasible and no overriding factors require in-house performance, a rigorous comparison of contract costs versus in-house costs will be made, using the Circular's Cost Comparison Handbook, to determine whether the work will continue to be performed by in-house personnel or converted to a contract operation. The Circular contains several provisions that give appropriate consideration to affected Federal employees. Among the more significant ones are that:

- Existing in-house activities will not be converted to contract performance on the basis of economy unless it will result in a savings of at least 10 percent of the estimated Government personnel costs for the period of the comparative analysis; and
- Federal employees displaced as a result of the conversion to contract performance will be given the right of first refusal for employment openings in the contract operation.

I recently reviewed your implementation of Circular A-76 and note that it has been in a vacuum for almost two years. I understand that one of the reasons the Circular has not been implemented within your Agency is due to the lack of a

formal implementing order. Although such an order is not required by the Circular, our primary concern is that since the effective date of the Circular in all agencies was May 1, 1979, your agency has not reviewed a single in-house activity for possible conversion to contract performance. This gravely concerns us in view of the obvious savings that can be effected through reliance on the private sector.

In reviewing your inventory, I believe that the opportunity exists for you to conduct OMB Circular A-76 cost comparison studies on the four functions listed below which comprise over 13,000 personnel positions. These functions are:

Guard Services	3,000
Custodial	5,000
Building Maintenance	4,000
Motor Vehicle Operations and Maintenance	<u>1,000</u>
Total	13,000

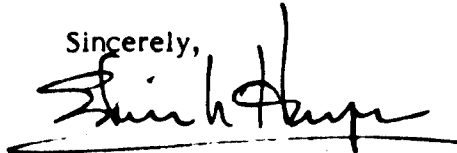
Therefore, these functions shall be scheduled for cost comparison studies in FY 1981 and completed by September 1982. Accomplishment of these studies in that timeframe will move us closer to the realization of this Administration's goals. I look forward to your response regarding your specific plans to review the above listed functions.

One of the actions required to ensure uniform implementation of the Circular in the civilian agencies is the modification of the Federal Procurement Regulation (FPR). Your assistance is requested in publishing appropriate clauses and contract provisions thereby enacting uniform procurement procedures. The recently published draft Federal Acquisition Regulation A-76 coverage should be the basis of the procedures incorporated into the FPR. We would appreciate this being accomplished within 60 days.

Both the Circular and other instructions, limiting Federal civilian employment, are complementary. The instructions preclude the use of contracting with firms and institutions outside the Government solely to circumvent personnel ceilings. Agencies that contract out for goods and services under the structured and deliberate process prescribed by OMB Circular A-76 are doing so because it is cost effective and reduces the growth in Government spending.

In light of the trust and responsibilities placed in us by the American people, it is essential that we join together in forming a partnership to ensure OMB Circular A-76 is implemented in an effective and timely manner. Please be assured that my staff and I will work closely with you in this endeavor.

Sincerely,



Edwin L. Harper
Deputy Director

COMPARISON OF EQUIPMENT SPECIFIEDIN GSA CLEANING GUIDELINESWITH THAT AVAILABLE IN THE MARKETPLACE

- Corridor Vacuuming - GSA cleaning guidance requires custodians to vacuum 40,100 square feet of corridor space in 8 hours using an 18-inch or larger commercial upright brush-type vacuum cleaner. Material provided by a vacuum manufacturer shows it produces three upright vacuums which clean between 67,200 square feet and 134,400 square feet in 8 hours.
- Machine Sweeping and Scrubbing of Garage Space - GSA cleaning guidance requires custodians to machine sweep and scrub 100,000 square feet and 25,000 square feet, respectively, of garage space in 8 hours. Data provided by a cleaning equipment manufacturer indicates it produces equipment that will sweep between 100,500 square feet and 1,005,000 square feet of garage space a day, depending on the size of the machine. A sweeper is shown on the next page. Data pertaining to scrubbers shows an 8-hour production rate of between 120,600 square feet and 469,000 square feet.
- Spray Buffing Corridors - The GSA production standard for spray buffing corridors is 15,300 square feet per 8-hour day. This rate (1) includes corridor sweeping before and after buffing and spot mopping any spills and (2) is based on slower floor machines than those on the market today. Data provided by a cleaning equipment manufacturer indicate it produces high-speed buffing machines that are at least 30 percent more productive. Because of the multiple tasks involved in spray buffing we were unable to compute the exact effect of a 30-percent increase on GSA's overall production rate. It would be substantial, however.
- Stripping and Refinishing Corridors - The corridor stripping procedures contained in GSA cleaning guidance require dust mopping of the corridor, application of a stripping solution, agitation of the solution with a floor scrubbing machine, and wet vacuum pick-up of the agitated solution. A mop is then used to rinse the floor twice with clear, cold water. After the floor dries it is ready for the first of four coats of floor finish. The GSA production rate of 1,700 square feet

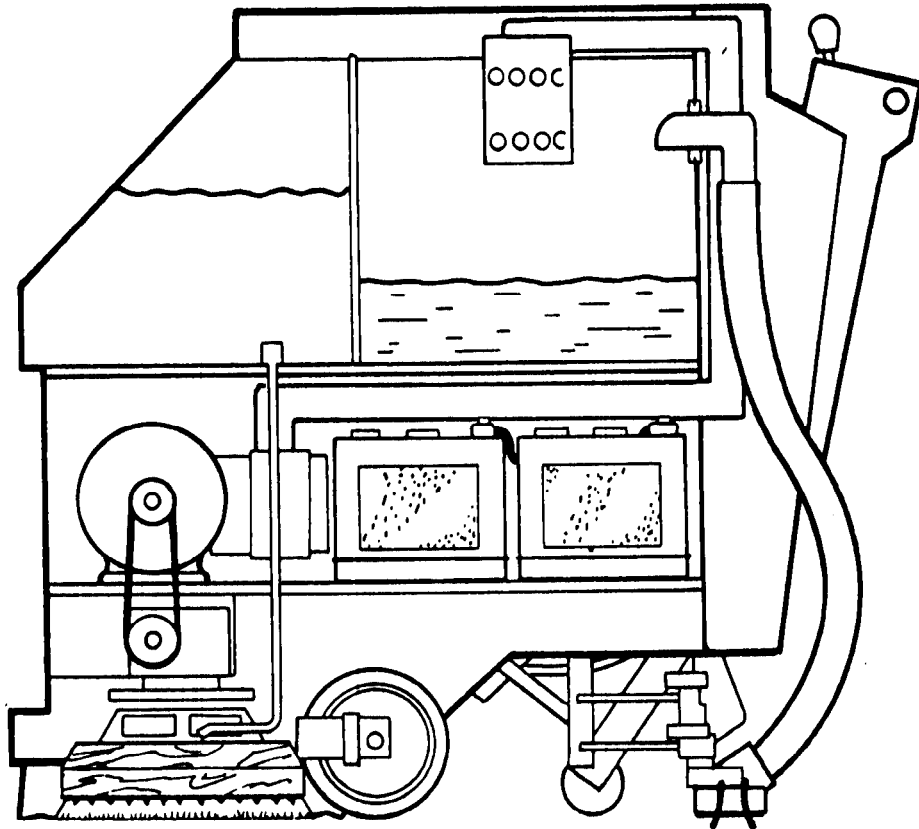


Thirty-six-inch sweeper. Production rate per 8-hour day: 180,800 square feet.

for this procedure is based on performing each of these steps separately. Machines are available that will perform several steps simultaneously. For example, a machine of the type shown below, according to data provided by its manufacturer, will apply the solution, agitate it, and vacuum it up in one step at a production rate, depending upon machine size, of between 22,300 square feet and 51,500 square feet per 8-hour day.



Twenty-six-inch automatic floor scrubber/polisher. Production rate per 8 hours of floor stripping: 31,600 square feet.



Crossview of an automatic floor scrubber/polisher.

Because stripping is one of several steps incorporated into GSA's corridor stripping and refinishing production rate of 1,700 square feet per 8-hour day, we could not directly compare that rate with the production rate of the 26-inch automatic scrubber. However, we are convinced GSA's daily production rate could be increased if it were based on custodians using multifunction machines such as the one shown above. (Note: The equipment manufacturer production rates are approximations and are adjusted to allow for non-productive time.)

(Photographs and accompanying information are courtesy of Advance Machine Company, Spring Park, Minnesota.)



General
Services
Administration

Washington, DC 20405

JUL 22 1981

Honorable Milton Socolar
Acting Comptroller General
of the United States
Washington, DC 20548

Dear Mr. Socolar:

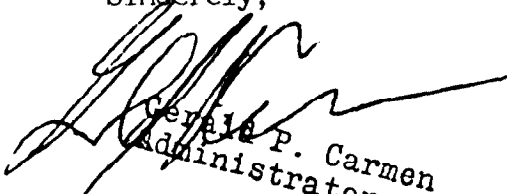
This is in response to the General Accounting Office Draft Report entitled "GSA's Cleaning Costs Are Needlessly Higher Than in the Private Sector."

As a new GSA Administrator, I found the report very informative, and useful to my decisionmaking. Very frankly, I was shocked by the significant variation in the costs of cleaning by GSA in-house staff, contractors, and landlords.

We are currently completing comprehensive implementation of OMB Circular A-76, with our entire planning process geared toward implementation of cost effective contracting as quickly as possible.

I am requiring the GSA Public Buildings Service to prepare an action plan for complying with the audit recommendations, and will be pleased to share it with you when completed.

Sincerely,



Gerald P. Carmen
Administrator

(910310)



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