



Highlights of [GAO-03-1110T](#), a testimony to Committee on Small Business, House of Representatives

Why GAO Did This Study

The location of an organization's facilities has far reaching and long-lasting impacts on its operational costs and ability to attract and retain workers. The Rural Development Act of 1972 has required federal agencies to give first priority to locating new offices and other facilities in rural areas. Rural areas generally have lower real estate and labor costs, but agency missions often require locations in urban areas.

Telework, also called telecommunicating or flexiplace, is a tool that allows employees to work at home or another work location other than a traditional office. Benefits of telework include reducing traffic congestion, improving the recruitment and retention of workers, and reducing the need for office space. Telework could allow federal workers who live in rural areas to work in or near their homes, at least some of the time.

This testimony summarizes and updates work GAO has previously done on the progress in and barriers to the federal government's efforts to locate its operations and workers, when possible, in rural areas.

www.gao.gov/cgi-bin/getrpt?GAO-03-1110T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Bernard Ungar at ungarb@gao.gov.

FACILITIES LOCATION

Progress and Barriers in Selecting Rural Areas and Using Telework

What GAO Found

Even though federal agencies have been required since 1972 to develop policies and procedures to give priority to locating new offices and other facilities in rural areas, this requirement has not been an important factor in location decisions. In September 1990 we reported that there were multiple laws and regulations to guide federal agencies in selecting facility locations, but they did not always provide for consideration of the best financial interest of the government as a factor in the decision-making process. In July 2001 we reported that many agencies had not issued policies and procedures to give rural areas priority when considering the location of new facilities. Only about 12 percent of federal workers were located in nonmetropolitan statistical areas, a percentage that remained unchanged from 1989 to 2000. Agencies said the need to be near clients, primarily in urban areas, dictated the location of most operations in urban areas. In spite of not having policies to give priority to rural areas, agencies sometimes locate their operations in rural areas to serve clients in those areas. Also, some functions, such as research and development, supply and storage, automated data processing, and finance and accounting, can be located in rural areas. Rural areas can offer lower real estate costs, improved security, reduced parking and traffic congestion problems, and better access to major transportation arteries. Potential barriers to locating in rural areas include the lack of public transportation, lack of available labor, location far from some other agency facilities, and sometimes insufficient infrastructure for high-speed telecommunications. In our July 2001 report, we made several recommendations to the General Services Administration and Congress to improve location decisionmaking. Congress and the General Services Administration subsequently took action to stress the requirements of the Rural Development Act.

Congress has promoted telework in several ways, including authorizing of telework centers in the Washington, D.C., area, requiring agencies to establish a policy under which employees may participate in telecommuting to the maximum extent possible, and encouraging the development of high-speed Internet access in rural areas. However, only about 5 percent of the federal workforce is currently teleworking. In our July 2003 report, we recommended that the General Services Administration and the Office of Personnel Management improve their coordination and provide agencies with more consistent guidance on telework and assist agencies in implementing key practices we identified. The agencies generally agreed with our recommendations and committed to implement them. In addition, the Congressional Research Service reported in July 2003 that about 85 percent of U.S. households have broadband access, although rural, minority, low-income, inner city, tribal, and U.S. territory consumers are particularly vulnerable to not receiving this service. Technological barriers, such as the lack of access to high-speed Internet connections, could have a detrimental effect on the ability of some federal workers in rural areas to take advantage of telework.