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A . Report Title: FY 1998 Congressional Justification

B. DATE Report Downloaded From the Internet: 7 May 98

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #: General Services Administration

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by: DTIC-OCA, Initials: __PM__ Preparation Date: 7 May 98

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General Services Administration
FY 1998 CONGRESSIONAL JUSTIFICATION

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GSA InSite



**STATEMENT OF DAVID J. BARRAM
ACTING ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES**

March 20, 1997

Mr. Chairman and Members of the Committee:

I am Dave Barram, and I am pleased to be before you this morning to discuss the General Services Administration (GSA) and its budget request for fiscal year 1998.

Last year, I promised the Committee that the agency would be bold and begin to address fundamental and paradigm-shifting approaches to accomplishing its dual policy and operational roles within the Federal community. We are doing this, and it shows.

When I tell people about change at GSA, they sometimes give me a strange look, perhaps thinking that "this poor guy from California believes that a 50 year old agency will really change." Well, this is cynical and very unfair, because we are on a mission: a mission to show that we can be the best in every area in which we operate. I think three impulses drive us toward change.

First, we believe the customer is king. We're learning what that really means. We thrill our customers with *GSA Advantage!*, with less than 2 cents a network minute for long distance on-net telephone service, and with class A space at good rates. We're getting praise for fixing mistakes, for making vendors provide our customers what they agreed to, and for explaining our products. Our Office of Governmentwide Policy will also thrill customers by developing enlightened policies in new collaborative ways.

Second, GSA employees are taking more direct responsibility for their work, for their organization, and for the skills they need to flourish. When we decided *Can't Beat GSA Leasing* and *Can't beat GSA Space Alterations* made a lot of sense, GSA employees did it; we didn't go out and hire a bunch of high-priced consultants. Both programs re-engineer processes to achieve efficiencies and economies, while giving customers added options to meet their requirements in these areas. And, on behalf of the Vice President, I just announced the new Access America Plan that will give customers the ability to get services from the Government electronically; our Office of Governmentwide Policy is heavily involved in this initiative, and GSA is well positioned to make the Access America vision of electronic government a reality.

Third, where we work and how we work is changing, and the availability of technology will drive that change. The "office" we are used to will be different; workers will share space, have more than one "location," and have to be accessible wherever they are. We plan to be in front of that wave, to provide the workplace of the future. We are not just in the buildings, supply, or telecommunications business; we are in the business of providing Federal employees with great work environments that are effective, innovative, productive, and that anticipate the workplace of the future.

Perspectives

These impulses drive us and form our framework for action. Before moving on to specifics of the fiscal year 1998 budget, I would like to put some of GSA's programs and accomplishments into this framework, and provide an overall perspective that the Committee may find helpful.

Measured in obligations, our fiscal year 1998 program will be slightly over \$13.3 billion, much of which is in the form of funded requests from other agencies. This continued growth over the years reflects customer satisfaction and confidence, an outcome of successfully implementing initiatives to make GSA the most competitive and cost effective source for goods and services within the Federal community.

At the same time, budgeted employment of 14,403 full-time equivalents (FTEs) will be at a record low, down almost 29 percent since fiscal year 1993. This is also over 24,000 FTE below our peak workforce of the early 1970's, and 9,500 FTE below employment in 1950, our first year of operation. We are doing more with less, and we are doing it well.

Most GSA spending winds up in the private sector in some fashion. Of \$13.3 billion in expected fiscal year 1998 obligations under our own accounts, only \$919 million, less than 7 percent, is for personnel salaries and benefits. The balance represents orders that will be placed with commercial vendors, directly or through revolving funds, for goods and services.

In total, GSA's programs will influence over \$43 billion in Government financial transactions in the budget year. As one example, the agency will set in place contracts that other Federal agencies will directly use for an estimated \$14 billion in procurements. These provide goods and services at significant cost savings due to GSA's leverage as a central purchasing agent, shown in a number of fiscal year 1996 accomplishments:

GSA's contract for the IMPAC/VISA Government purchase card saved \$394M, and refunded \$1.6M to the Government.

GSA's contract with American Express for the travel charge card generated \$18M in refunds.

We obtained unrestricted airfares at about 56% off normal coach fare on 5,152 airline routes, and saved \$1.5 billion. Savings of \$2.4 billion are projected for fiscal year 1997.

The agency brought its lowest long-distance telephone rates down 35%, and saved more than \$200M a year.

Almost \$205M was saved on the purchase of office supplies.

GSA provided fleet automobiles for 20% less than commercial rates, saving \$51M.

Small package overnight delivery was provided for one-third below commercial rates, saving \$40M.

GSA also negotiated prices for shipping freight and relocating employee household goods that saved \$95M and \$74M, respectively.

As previously noted, we have accomplished a significant employment downsizing since fiscal year 1993 - over 5,800 FTE, or nearly 29 percent. This streamlining has been accomplished entirely without reductions in force or other adverse actions. Some has resulted from managed attrition, augmented by 4,270 buyouts planned for the fiscal year 1994 -1997 period.

In its operations, GSA has been rapidly moving from being a mandatory source to being a provider of choice, and is now effectively competing for customer purchases of supplies, fleet services, information technology services and, increasingly, real property services. For example, GSA's Public Buildings Service is finding new ways to become more competitive and customer-focused. Its *Can't Beat GSA Leasing* and *Can't Beat GSA Space Alterations* initiatives are reducing delivery times and enhancing cost effectiveness by cutting cumbersome procedures and offering greater competition and choice to Federal agencies.

Only fully underway for one quarter, *Can't Beat GSA Leasing* is already demonstrating efficiencies, and potential savings are estimated at tens of millions annually.

Can't Beat GSA Space Alterations is targeted to take up to 60 percent off of traditional delivery schedules, reduce administrative costs, and put vacant Government building space back into revenue-generating operation faster.

Our programs often involve meeting broad societal goals and improving the quality of life for Federal employees.

GSA is a leader in family-friendly workplaces. We opened 3 new child care centers in fiscal year 1996, bringing the total to 105 GSA-managed centers in Federal buildings, serving more than 6,500 children. We also established 15 telecommuting centers nationwide, used by 40 Federal agencies, to make it easier for Federal employees to do their work.

Last year, GSA launched its *Good Neighbor* program, a public/private partnership

with communities that enhances local efforts aimed at maintaining the vitality of American cities. The program supports the Clinton Administration's urban agenda by using GSA's authorities in real and personal property to revitalize downtowns and local communities across the country.

Under the Administration's Computers to Schools initiative, GSA donates its surplus computer equipment to schools and non-profit organizations, including community-based educational organizations. Particular preference is given to these entities in Federal enterprise communities and empowerment zones.

GSA celebrated a record-breaking year in contracting with small, minority, and women-owned businesses.

GSA manages the Federal Government's recycling program, which recycled 40,000 tons of recyclable material in fiscal year 1996. Besides saving trees, reducing waste, and avoiding pollution, the program earned more than \$500,000 from the sale of recovered materials, which, under legal authority, was returned to agencies to use for authorized purposes.

The Clean Air Act Amendments of 1990 require reduction in the production of ozone-depleting chemicals. GSA funds projects to replace or retrofit air-conditioning equipment that uses CFC's.

Under the Interagency Fleet Management Program, an increasing percentage of GSA's motor vehicle inventory is being replaced annually with alternative fuel vehicles, in accordance with Executive Order 13031.

Energy conservation laws and associated Executive Orders require all Federal agencies to reduce overall energy use by 20 percent from 1985 levels by fiscal year 2000. At present, we are on target to meet the goals and, in fiscal year 1996, captured nine Federal energy and water conservation awards presented by the Federal Interagency Energy Policy Committee and the Department of Energy.

The Fiscal Year 1998 Budget Request

In total, we are asking the Committee to provide GSA with \$224.6 million in appropriations and \$5 billion in Federal Buildings Fund (FBF) new obligational authority (NOA) for fiscal year 1998. This is summarized and compared with Committee action in prior years in the table, below.

THE FY 1998 BUDGET IN SUMMARY

\$(In Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
<i>Operating Appropriations:</i>			
Salaries & Expenses, Policy & Operations	\$ 119,214	\$ 118,173	\$ 104,487
Office of Inspector General	33,274	33,863	33,870
Allowances, Former Presidents	2,181	2,180	2,250
Expenses, Presidential Transition	0	5,600	0
<i>Subtotal Budget Authority/Appropriation</i>	<i>\$ 154,669</i>	<i>\$ 159,816</i>	<i>\$ 140,607</i>
<i>Federal Buildings Fund New Obligational Authority:</i>			
Construction & Acquisition of Facilities	545,002	758,711	0,000
Repairs and Alterations	659,250	639,000	434,000
Installment Acquisition Payments	163,663	173,075	142,542
Rental of Space	2,402,337	2,395,228	2,275,340
Building Operations	1,344,551	1,544,651	1,331,789
Authority for Prior-Year Projects/Activities ¹	<296,943>	<383,600>	680,543
<i>Subtotal FBF New Obligational Authority</i>	<i>\$ 5,114,803</i>	<i>\$ 5,510,665</i>	<i>\$ 4,864,214</i>
<i>Subtotal FBF Budget Authority</i>	<i>67,692</i>	<i>392,544</i>	<i>84,000</i>
<i>Subtotal FBF Appropriations</i>	<i>86,000</i>	<i>400,544</i>	<i>84,000</i>
TOTAL, TPO Action (BA and NOA)	\$ 5,269,472	\$ 5,670,481	\$ 5,004,821
<i>Budget Authority</i>	<i>222,361</i>	<i>552,360</i>	<i>224,607</i>
<i>Appropriations</i>	<i>240,669</i>	<i>560,360</i>	<i>224,607</i>

¹ Non-add entries in FY 1996 and 1997 reflect approved program that cannot be accomplished due to Rent shortfall.

Operating appropriations are a relatively small but important part of our program, supporting the Office of Governmentwide Policy, the Office of Inspector General, and a few remaining operating programs. The total request of \$140.6 million is \$19.2 million, slightly over 12 percent, below enacted levels for fiscal year 1997. This is basically attributable to the transfer of certain functions to reimbursable financing and termination of one-time fiscal year 1997 efforts.

There are several points that I want to highlight concerning the fiscal year 1998 FBF real property program. First, we are requesting no new construction projects, and only one major repair project. The latter is \$84 million for the third and final phase of the Interstate Commerce Commission/Connecting Wing/Customs renovation project. In the interim, GSA will continue to be very much involved in construction and major repair efforts, given that up to \$1.2 billion in previously- authorized projects remains available for design and/or construction award in fiscal years 1997 and 1998.

Second, we are asking for \$681 million in NOA in fiscal year 1998 to fund capital projects previously authorized by Congress, but which could not be accomplished due to Rent revenue shortfalls in fiscal years 1996 and 1997. This Committee provided for these projects in appropriations acts based on GSA estimates of Rent income that are now projected to be overstated by \$681 million. This resulted from a combination of technical factors, a market-driven reduction in Rent that we failed to fully account for in our estimates, overly optimistic assumptions on when new space would enter inventory, and generally underestimating the effects of Federal downsizing. Corrective measures have been taken to ensure that obligations do not exceed income through fiscal year 1997, and that similar errors in anticipated income do not occur in the future.

Third, the budget program for Rental of Space and Building Operations activities anticipates a net reduction of over \$100 million based on estimated savings from Federal downsizing and various cost containment strategies. This will be an impressive and very difficult challenge, but one that I believe we can meet.

Following the tragic Oklahoma City bombing of the Alfred P. Murrah Federal Building, GSA participated in the Vulnerability Assessment Study directed by the President and conducted by the Department of Justice. As a result of the study, GSA requested, and this Committee provided, increased funds in fiscal year 1997 for security enhancements at GSA-controlled facilities nationwide, and we will be adding over 370 police officers and 211 other positions, which will result in over 1,400 security personnel in addition to 3,000 contract guards. While the total for police officers alone will be increased to more than 700, based on recommendations of a staffing study by Booz-Allen, this is not consistent with a "floor" of 1,000 Federal Protective Officers (FPO's) established by a provision in the fiscal year 1989 Appropriations Act, and we are asking for its repeal.

Closing

About one-hundred years ago, Elbert Hubbard said, "the world is moving so fast these days, that the man who says something can't be done is generally interrupted by someone else doing it." If the need for adapting and changing was true a hundred years ago, it is even more so today.

We are doing it. We're changing our methods and our culture, and our budget and accomplishments show it.

Our Federal Supply Service keeps innovating and increasing market share. That's a new idea, increasing market share. Other agencies were starting to develop their own contracts. Now, they are abandoning them because we can serve them better.

The Federal Telecommunications Service continues to creatively lead. Nothing is more complex these days than the world of telecommunications. Just over one year ago, the Telecommunications Reform Act of 1996 was enacted, which set in motion dramatic changes in the telecommunications market. We're now in the midst of the acquisition of telecommunications services that will support the Federal community well into the next century.

And, we're doing it in the Public Buildings Service, too. *Can't Beat GSA Leasing* was a great step. *Can't Beat GSA Space Alterations* was another one. These initiatives are reducing delivery times and enhancing cost effectiveness by cutting cumbersome procedures and offering greater competition and choice to Federal agencies.

In summary, we are moving forward, and we feel a sense of urgency. The President talks about having less than 1,000 days before the turn of the Century. I would like to see us accomplish our goal of being the best well before the beginning of the next millennium. I know we want to, and I believe we can if we keep our vision as broad as we possibly can. You will be hearing even more GSA success stories when we come before you to discuss the budgets for fiscal years 1999 and 2000

Mr. Chairman, this concludes my formal statement, and I would be pleased to respond to any questions from the Committee.



General Services Administration FY 1998 BUDGET SUMMARY AND HIGHLIGHTS

 **FY 1998 Budget Presentation Charts & Graphs**

INTRODUCTION

The General Services Administration (GSA) was established by the Federal Property and Administrative Services Act of 1949. Its mission is to improve the effectiveness of the Federal Government by ensuring quality work environments for its employees.

The agency has dual policy and operational roles in providing buildings and facilities, real property services, supplies, motor vehicle fleet management and operation, real and personal property disposal, and information technology services.

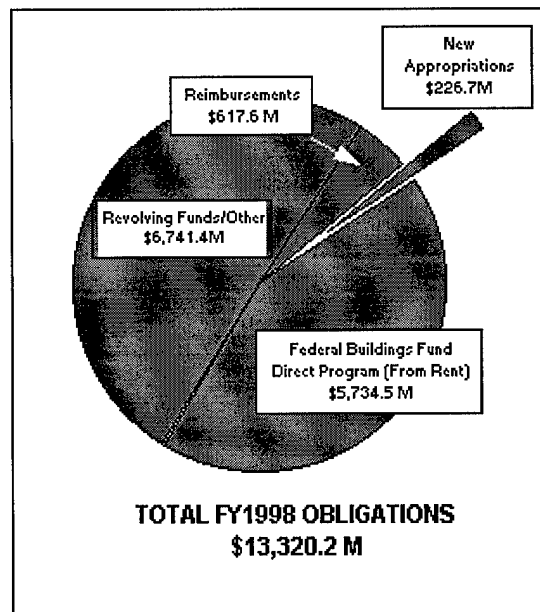
GSA is organized into three Services; the Office of Governmentwide Policy; and various staff offices that provide support to them. Geographically, operations are conducted through 11 regional offices throughout the country.

FUNDING TOTALS AND SOURCES

Measured in obligations, GSA's FY 1998 budget estimate totals over \$13.3 billion for programs under agency accounts. Most becomes available to GSA from customers through reimbursements, revolving funds for purchase of goods and services, or as Rent paid for space in GSA-owned and leased buildings.

Congress is being asked to appropriate only \$143 million for GSA direct funded operations, about 1.1% of total funding, and \$84 million in capital appropriations. The balance is mainly for customer requested and funded work under reimbursements and revolving funds, and the Federal Buildings Fund real property program, basically funded by Rent income. This is shown in this chart:

The budget (obligations) by fund source:



THE BUDGET IN SUMMARY

The table on the following page summarizes GSA's budget request by appropriation and fund.

BUDGET HIGHLIGHTS

Reflecting continued initiatives, streamlining, and reduced employment, GSA's FY 1998 request for operating appropriations is 8.9% below FY 1996 enacted levels, and 25.9% below FY 1993 amounts.

The budget supports 14,403 FTE in FY 1998, a record low for the agency; this is a decrease of 5,845 FTE, or 28.9%, since FY 1993.

Legislation is being proposed to retire debt of the former Pennsylvania Avenue Development Corporation (PADC), discussed later.

THE FY 1998 BUDGET IN SUMMARY
\$(In Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
TOTAL OBLIGATIONS			
Operating Accounts (Appropriations)	\$ 151.315	\$ 166.889	\$ 140.607
Federal Buildings Fund Direct (Including Appropriations)	5,245.416	5,902.871	5,818.462
Reimbursable Programs	566.612	533.071	617.602
General Supply Fund	3,150.000	3,226.000	3,315.000
Information Technology Fund	2,456.564	2,877.698	3,148.499
Working Capital Fund	203.981	225.449	257.252
Land Acquisition & Development Fund ¹	6.160	157.120	0
Consumer Information Center Fund (Incl. Appns) ₂	4.379	5.415	5.412
Pennsylvania Avenue Activities	5.000	10.263	3.750
Permanent Appropriations	12.294	17.136	13.615
	\$11,801.721	\$13,121.912	\$13,320.199

REQUIRING APPROPRIATIONS ACTION

Operating Appropriations:

Salaries & Expenses, Policy & Operations	\$ 119.214	\$ 118.173	\$ 104.487
Office of Inspector General	33.274	33.863	33.870
Allowances, Former Presidents	2.181	2.180	2.250
Expenses, Presidential Transition	0	5.600	0
	\$ 154.669	\$ 159.816	\$ 140.607
<i>Subtotal Budget Authority/Appropriation</i>			

Federal Buildings Fund New Obligational Authority:

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<i>Appropriations</i>	<i>240.669</i>	<i>560.360</i>	<i>224.607</i>

EMPLOYMENT

FULL-TIME EQUIVALENTS (FTE)	15,713	14,925	14,403
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¹ FY 1997 legislative proposal to retire debt to the Treasury of the former Pennsylvania Avenue Development Corporation.

² The CIC is funded under the VA/HUD Appropriations bill; amounts include BA/Appropriations of \$2.061M in FY 1996, \$2.260M in FY 1997, and \$2.119M in FY 1998.

³ Non-add entries in FY 1996 and 1997 reflect approved program that cannot be accomplished due to Rent shortfall.

In FY 1996 and FY 1997, Rent income has not been sufficient to fund all approved capital projects. The FY 1998 Federal Buildings Fund (FBF) program includes \$680.5M to fund capital projects previously authorized by Congress. This is discussed at the end of this summary section.

The FY 1998 FBF budget requests no new construction projects. Up to \$990M of previously-authorized construction projects are available for design and/or construction award in FY 1997 and FY 1998.

Under the FBF Repairs and Alterations program, \$84M is requested for Phase 3 of the ICC/ Connecting Wing/Customs Renovation (\$84M), and \$50M for one increment of a multi-year program for removal of chlorofluorocarbon (CFC) refrigerants (Clean Air Act). In addition, \$218M of previously-authorized modernization projects are currently available for design and/or construction award in FY 1997 and FY 1998.

Through establishing a number of cost containment measures, FY 1998 obligations for the FBF Rental of Space and Building Operations programs will be over \$100M below FY 1997 levels.

Based on analysis of current security needs, GSA proposes to rescind the 1,000 FTE floor for Federal Protective Police Officers contained in the FY 1989 Appropriations Act. GSA continues to hire FPO's as part of the integrated security program.

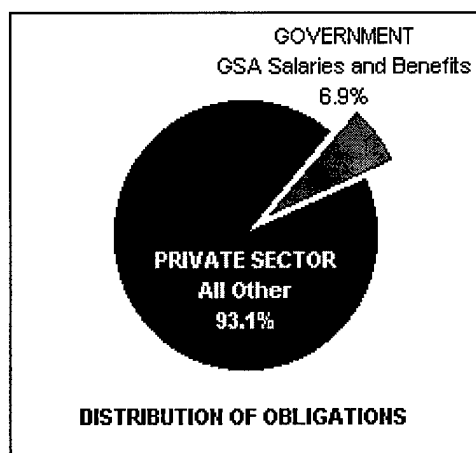
As stipulated by sec. 6 of GSA General Provisions in P.L. 103-123, FY 1998 is the last year to fund office support for current former Presidents; support for future former Presidents or surviving spouses will be limited to 5 years after

leaving office.

The Request for Proposals for the FTS2000 follow-on procurement will be issued in FY 1997.

PERSPECTIVES

Most GSA spending winds up in the private sector in one way or another. Of the \$13.3 billion budgeted in FY 1998, only \$919M, less than 7%, is for salaries and benefits of GSA personnel. The balance is for supplies, services, commercial rent payments, equipment, communications and utilities, and the like.



In addition to the \$13.3 billion under its own accounts, GSA will set in place contracts for all agencies to use for \$14 billion in procurements. In all, GSA actions will influence over \$43 billion in FY 1998 financial transactions:

\$ (In Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Estimate
ACTIVITIES UNDER GSA ACCOUNTS:			
Budgeted Obligations	11,801.721	13,121.912	13,320.199
Unoblig. Bal. of Approved Const/R&A Program	2,028.117	1,590.579	590.360
Subtotal	13,829.838	14,712.491	13,910.559
FUNDS THAT GSA COLLECTS:			
Transportation Overcharge Collections	11.000	11.000	11.000
Surplus Real Property Sales Proceeds	151.000	284.000	236.000
Surplus Personal Prop Sales Proceeds	243.530	210.000	205.000
Outlease of Government-Owned Space	2.507	2.000	2.000
Energy Rebates and Recycling Receipts	1.629	1.700	1.700

Subtotal	409.666	508.700	455.700
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MECHANISMS PUT IN PLACE BY GSA (REVENUES):

Travel Management Center Rebates	8.400	8.000	8.000
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Travel Charge Card Rebates	18.000	18.700	19.500
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IMPAC Charge Card Rebates	1.623	2.044	2.149
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Subtotal	28.023	28.744	29.649
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MECHANISMS PUT IN PLACE BY GSA (EXPENSES):

Multiple, Single, Service Schedules (Supply)	2,332.000	2,394.000	2,394.000
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Multiple Awards Schedules (ADP)	2,000.000	2,000.000	2,000.000
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Purchase of Telecommunications Services (POTS)	35.000	41.000	43.000
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Major Information System Acquisition (FEDCAC)	23.000	359.000	321.000
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Airline City Pairs	1,400.000	1,600.000	1,600.000
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Freight Transportation Services	120.000	123.000	125.000
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Express Small Package	69.884	58.000	59.100
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Travel Management Charge Card	2,968.000	3,538.100	3,763.100
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IMPAC Charge Card	2,914.000	3,396.500	3,845.100
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Fuel Credit Card	207.000	207.000	207.000
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Real Estate Schedules	1.000	2.000	3.000
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Subtotal	12,069.884	13,718.600	14,360.300
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COST AVOIDANCES DUE TO GSA PROGRAMS:

Real Property Utilization Transfers	21.000	47.000	21.000
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Personal Property Utilization/Donations	2,290.856	1,642.500	1,495.500
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Real Property Donations	138.000	50.000	97.000
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Value of CIC Pub Service Media Donations	15.000	17.000	18.000
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Subtotal	2,464.856	1,756.500	1,631.500
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GSA DELEGATED AUTHORITIES:

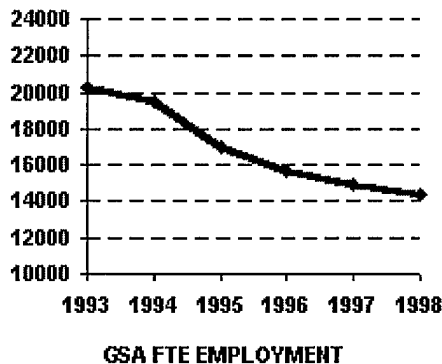
Real Prop. Disposal (DoD) (note 1)	12,000.000	12,000.000	11,000.000
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Buildings Delegations (note 2)	223.696	226.773	226.773
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Supply Schedules - Dept Veterans Aff.	1,605.300	1,605.300	1,605.300
Subtotal	13,828.996	13,832.073	12,832.073
TOTAL GSA-RELATED FINANCIAL TRANSACTIONS	42,631.263	44,557.108	43,219.781

Note 1: Estimated sales value of properties under Base Closures; GSA delegates its disposal authorities to DoD.
Note 2: Estimated operation and maintenance by agencies delegated authority for their own (usually single tenant) buildings.

As noted, budgeted employment will have declined a net 5,845 FTE, 28.9%, since FY 1993.



This significant downsizing has been accomplished entirely without reductions-in-force or other adverse actions. Some has resulted from attrition, augmented by 4,270 buyouts over the period FY 1994-1997.

The agency continues enhance its policy role under the Office of Governmentwide Policy, created in FY 1996.

In its operations, GSA has been rapidly moving from being a mandatory source to being a provider of choice, and is now effectively competing for customer purchases of supplies, fleet services, information technology services and, increasingly, real property services. For example, the "Can't Beat GSA Leasing" initiative overhauls GSA's leasing program to offer more competition and choice for Federal agencies.

GSA's private sector contracts (Mechanisms, Expenses) save taxpayers billions of dollars by reducing costs to the Federal agencies that use them. For example, in FY 1996:

- Its contract for the IMPAC/VISA Government purchase card saved \$394M, and refunded \$1.6M to the Government.
- Its contract with American Express for the travel charge card generated \$18M in refunds.
- GSA obtained unrestricted airfares at about 56% off normal coach fare on 5,152 airline routes, and saved \$1.5 billion. Savings of \$2.4 billion are projected for FY 1997.
- The agency brought its lowest long-distance telephone rates down 35%, and saved more than \$200M a year.
- Almost \$205M was saved on the purchase of office supplies.
- GSA provided fleet automobiles for 20% less than commercial rates, saving \$51M.

Small package overnight delivery was provided for one-third below commercial rates, saving \$40M.

- GSA also negotiated prices for shipping freight and relocating employee household goods that saved \$95M and \$74M, respectively.

GSA's Public Buildings Service is finding new ways to become more competitive and customer-focused. Its "Can't Beat GSA Leasing" and "Can't Beat GSA Space Alterations" initiatives are reducing delivery times and enhancing cost effectiveness by cutting cumbersome procedures and offering greater competition and choice to Federal agencies.

Only fully underway for one quarter, "Can't Beat GSA Leasing" has demonstrated savings of more than \$5M. "Can't Beat GSA Space Alterations" will save up to 60% off traditional delivery schedules, save at least \$2 million a year in reduced administrative costs, and put vacant Government building space back into revenue-generating operation faster.

Unlike most Government entities, GSA produces comprehensive annual reports and audited financial statements. FY 1996 is the ninth consecutive year that GSA has earned an unqualified audit opinion from an independent public accounting firm, an unprecedented record among Federal agencies.

The agency's programs often involve meeting broad societal goals and improving the quality of life for Federal employees.

- GSA is a leader in family-friendly workplaces. We opened 3 new child care centers in FY 1996, bringing the total to 105 GSA-managed centers in Federal buildings, serving more than 6,500 children. We also established 15 telecommuting centers nationwide, used by 40 Federal agencies, to make it easier for Federal employees to do their work.
- Last year, GSA launched its *Good Neighbor* program, a public/private partnership with communities that enhances local efforts aimed at maintaining the vitality of American cities. The program supports the Clinton Administration's urban agenda by using GSA's authorities in real and personal property to revitalize downtowns and local communities across the country.
- Under the Administration's Computers to Schools initiative, GSA donates its surplus computer equipment to schools and educational systems in Empowerment Zones and Enterprise Communities.
- GSA celebrated a record-breaking year in contracting with small, minority, and women-owned businesses.
- GSA manages the Federal Government's recycling program, which recycled 40,000 tons of recyclable material in FY 1996. Besides saving trees, reducing waste, and avoiding pollution, the program earned more than \$500,000 from the sale of recovered materials, which, under legal authority, was returned to agencies to use for authorized programs.
- The Clean Air Act Amendments of 1990 require reduction in the production of ozone-depleting chemicals. GSA funds projects to replace or retrofit air-conditioning equipment that uses CFC's. Also, under the Interagency Fleet Management Program, a percentage of GSA's motor vehicle inventory is replaced annually with alternative fuel vehicles.
- Energy conservation laws and associated Executive Orders require all Federal agencies to reduce overall energy use by 20 percent from 1985 levels by FY 2000. In FY 1996, GSA captured nine Federal energy and water conservation awards presented by the Federal Interagency Energy Policy Committee and the Department of Energy.

LEGISLATIVE PROPOSAL TO RETIRE THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION DEBT

The Omnibus Appropriations Act of 1996 dissolved the Pennsylvania Avenue Development Corporation (PADC) as of April 1, 1996, and transferred existing assets and liabilities to the General Services Administration. It left open the issue of the PADC's outstanding debt to the United States Treasury. A legislative proposal has now been developed to retire this debt.

P.L. 92-538 (dated October 27, 1972), establishing the PADC, authorized it to borrow money from the U.S. Treasury. PADC and Treasury were authorized to set the maturity of such debts "not to exceed 40 years". Additionally, the Act authorized the deferral of any interest payments, with the approval of Secretary of Treasury, until the maturity date. Any interest deferred would also bear interest for the term of the deferral. During the course of its existence, the PADC did exercise its authority to borrow from the Treasury. As of dissolution, PADC had outstanding debt with the U.S.

Treasury in a total amount of \$203 million (including deferred interest).

GSA has developed a legislative proposal to accompany the FY 1998 President's Budget, which will retire outstanding PADC debt, including all interest accruing to the original principal borrowed. As of September 30, 1997, the principal will be \$84,800,000 and interest will be \$157,120,000, for a total of \$241,920,000.

Debt incurred for construction of the Ronald Reagan Building and International Trade Center (RRB/ITC) is **not** part of this legislative proposal. Debt for RRB/ITC was authorized under a separate authority (Federal Triangle Development Act) and will eventually be repaid from the rent stream provided by building occupants.

RENT SHORTFALL

Rent paid by customer agencies is the principal source of funding for the Federal Buildings Fund (FBF). Congress authorizes use of these funds in specific amounts in annual appropriations acts.

Congress provided spending authorities in FY 1996 and 1997 based upon GSA estimates of rent revenues. Actual Rent revenues for combined FY 1996 and FY 1997 will be \$680.5 million less than the amount needed to fund the spending authorities provided by Congress.

In FY 1995, GSA applied an average 6.6 percent deflator to GSA Rent rates in 18 metropolitan areas. The deflator adjusted GSA rates in those areas downward to prevailing commercial rates. GSA did not apply the impact of this deflator to FY 1996 and 1997 Rent estimates in the FY 1997 President's Budget.

We did not anticipate the negative impact on Rent revenue of Federal downsizing in FY 1996 and FY 1997. Past efforts at downsizing have not had an immediate impact on Federal agency space plans.

In using overly optimistic assumptions, as to when new space would enter inventory and the Rent rates to be charged for that space, we overstated Rent revenue.

GSA has taken the actions necessary to ensure that we will operate within available revenue in FY 1997. We will refrain from using at least \$680.5 million of the spending authorities provided by Congress. This action will not affect any projects which have already been approved.

In the FY 1998 President's Budget, GSA requests that Congress authorize \$680.5 million from FY 1998 Rent income to fund prior year spending authorities.

Up to \$ 990 million previously authorized construction projects are currently available for design and/or construction award in FY 1997 and FY 1998. \$218 million in previously authorized modernization projects are also currently available for design and/or construction award in FY 1997 and FY 1998.

In FY 1999 and future years, we anticipate Rent revenue will be sufficient to fund a normal level of operations and a new construction and modernization program.

GSA has taken action to improve future Rent revenue estimates:

- We have developed a second, complementary estimating method. Comparison and analysis of several Rent revenue projections will result in a more accurate estimate.
- We will use project specific occupancy schedules and Rent rates in the Rent estimate process. Regional asset managers who are familiar with local federal space actions and commercial market factors affecting project schedules and Rent rates are now actively engaged in this process.
- With the benefit of recent experience, Federal downsizing plans will be formally addressed in Rent revenue projects. We will work with tenant agencies to improve their space planning efforts.
- We have adopted improvements to estimating methodology and techniques recommended by our National Asset Advisor and the firm of Ernst and Young.

GSA GENERAL PROVISIONS

The addition of two GSA general provisions, and the modification of one, are proposed in FY 1998 as well as the

deletion of several GSA general provisions contained in the FY 1997 Appropriations Act. The reasons are noted in the table below (section numbers for deletion are from the FY 1997 Act).

GSA General Provisions Proposed for Addition

- Sec. 6 Repeals Section 10 of the General Services Administration General Provisions, Public Law 100-440, dated September 22, 1988, which authorized and directed GSA to hire up to and maintain an average of 1,000 FTE positions for Federal Protective Officers (FPO's). While GSA continues to hire FPO's as part of its integrated security program, 1,000 will not be required based on analysis of current security needs, and the statutory floor should be rescinded.
- Sec. 7 Makes it clear that the Information Technology Fund, GSA, may receive repayment from other Government agencies of funds provided to them for performance of pilot information technology projects from any savings actually incurred by these projects or other funding to the extent feasible.

GSA General Provisions Proposed for Modification

- Sec. 3 Provides for prompt transmittal of notice to the Committees on Appropriation, in place of advance approval, for proposed transfers of Federal Buildings Fund funds between activities.

GSA General Provisions Proposed for Deletion

- Sec. 6 Required compatibility of the materials used in the Courthouse Annex, Savannah, Georgia with the Savannah historic district; this one-time requirement does need not be repeated.
- Sec. 7 Provided authority for acquisition and use of Telecommuting Centers; this provision is now permanent and does not need to be repeated.
- Sec. 8 Authorizes and directs acquisition of land in Portland, Oregon for proposed Law Enforcement Center; this one-time authorization does not need to be repeated.
- Sec. 9 Amended Section 2815 of Public Law 101-160, concerning conveyance of real properties for the Iowa Army Ammunition Plant; this provision is now permanent and does not need to be repeated.
- Sec. 10 Provided for conveyance of land in Hopewell Township, Pennsylvania; this one-time provision need not be repeated.
- Sec. 11 Prohibits federal condemnation of land in Denver, Colorado, without the consent of the owner; this one-time provision does not need to be repeated.
-

**OBLIGATIONS SUMMARY
By Object Classification
\$(Millions)**

	1996 Actual	1997 Estimated	1998 Estimated
Personnel Compensation:			
11.1 Full-time permanent	704.342	695.990	689.822
11.3 Other than permanent	8.691	11.137	10.901

11.5 Other personnel compensation	29.455	22.012	20.960
11.8 Special personal service payments	.392	.384	.384
11.9 Total personnel compensation	742.880	729.523	722.067
12.1 Civilian personnel benefits	168.589	175.256	178.607
13.0 Benefits for former personnel	13.230	34.467	18.446
21.0 Travel and transportation of persons	24.039	26.096	27.343
21.0 Motor pool travel	5.138	6.088	6.226
22.0 Transportation of things	56.184	68.445	69.879
23.1 Rental payments to GSA	78.470	81.229	80.700
23.2 Rental payments to others	2,368.893	2,398.024	2,343.340
23.3 Communications, utilities, and misc.	306.972	307.057	321.171
24.0 Printing and reproduction	21.655	29.691	30.407
25.1 Advisory and assistance services	0	.319	.329
25.2 Other services	4,082.689	4,743.801	5,279.567
25.3 Purchases of goods and services from Government accounts	348.992	424.803	465.753
25.4 Operation and maintenance of facilities	451.412	663.894	496.147
25.7 Operation and maintenance of equipment	33.301	41.849	42.974
26.0 Supplies and materials	2,279.704	2,282.070	2,256.041
31.0 Equipment	608.550	675.763	763.683
32.0 Lands and structures	57.221	10.767	38.593
33.0 Investments and loans	0	1.300	0
41.0 Grants, subsidies and contributions	.139	1.825	1.825
42.0 Insurance claims and indemnities	.066	.082	.082
43.0 Interest and dividends	147.218	412.735	169.607
90.0 Undistributed (net)	2.000	1.413	2.000
99.9 TOTAL OBLIGATIONS	11,797.342	13,116.497	13,314.787

NOTE: FY 1997 includes \$157.120M for a legislative proposal to retire PADDC debt. All data exclude the Consumer Information Center, financed under the VA/HUD Appropriations Act.



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The General Services Administration FY 1998 BUDGET REQUEST



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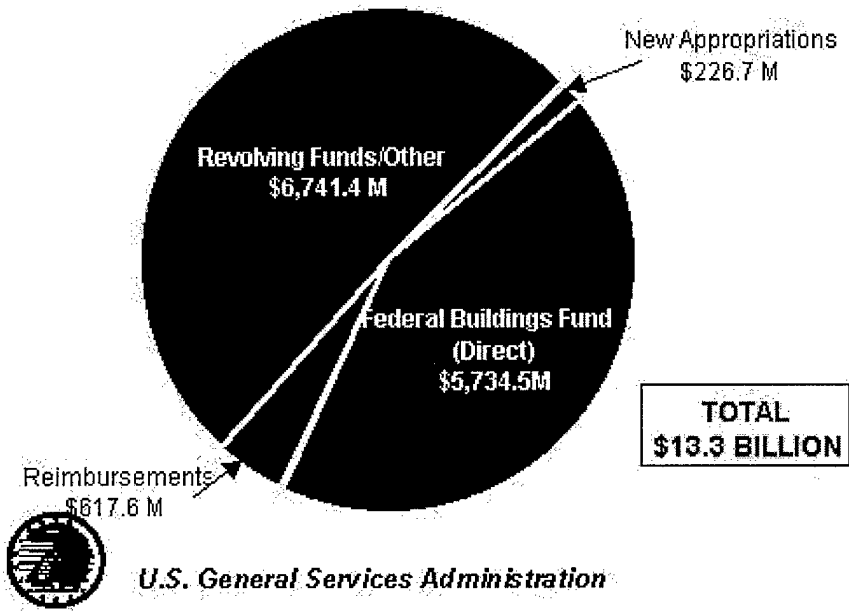
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FY 1998 GSA BUDGET

The Budget and Its Financing Sources (Obligations)



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FY 1998 GSA BUDGET

Budget Highlights

- ✓ Operating appropriations continue to decline, and are now 25.9% below FY 1993 levels
- ✓ 14,403 FTE request is record low employment, down 28.9% since FY 1993; FY 1997-1998 change, however, reflects only full-year value of previous buyouts and modest attrition
- ✓ \$680.5M Federal Buildings Fund (FBF) New Obligational Authority is requested to bring FBF into balance, and to cover FY 1996/1997 combined revenue shortfalls
- ✓ No new construction requests. Up to \$990 million in previously authorized construction projects are currently available for design and/or construction award in FY 1997 and FY 1998



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FY 1998 GSA BUDGET

Budget Highlights (Continued)

- ✓ Only 1 major repairs and alterations project, i.e., \$84M for Phase 3 of the Interstate Commerce Commission Complex in FY 1998. \$218 million in previously authorized modernization projects are currently available for design and/or construction award in FY 1997 and FY 1998
- ✓ A \$100M+ reduction in funding for rental of space and building operations will require cost containment strategies and operational efficiencies
- ✓ \$50M is included for one increment of multi-year chlorofluorocarbon (CFC) removal program
- ✓ GSA is requesting that the 1,000 FTE floor for Federal Protective Officers (FPOs) be rescinded. We are continuing to hire FPOs and security specialists as part of the integrated security program



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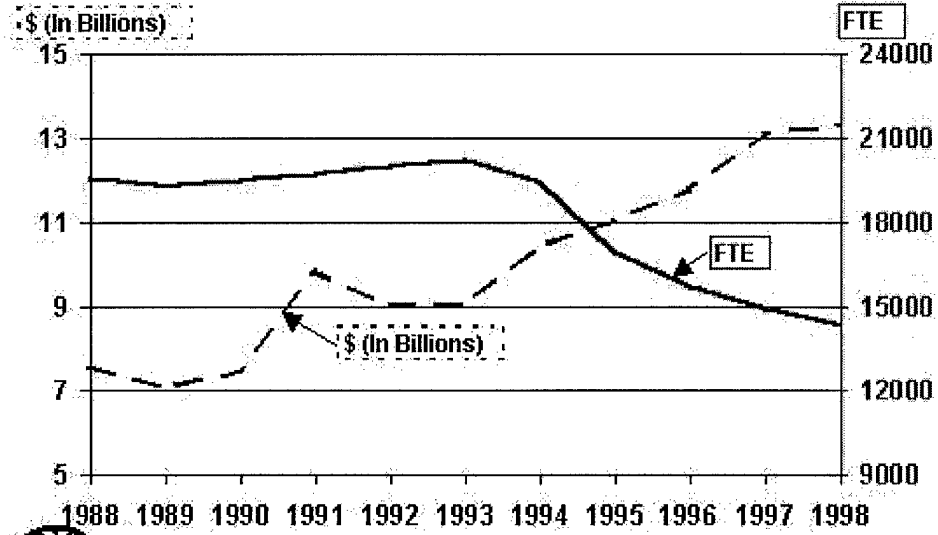
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FY 1998 GSA BUDGET

GSA Resource Trends - Doing More With Less



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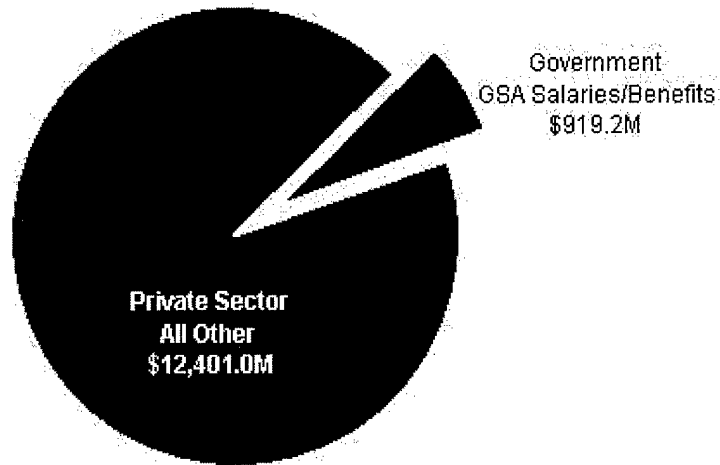
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FY 1998 GSA BUDGET

How GSA Spends its \$13.3 Billion Budget
93.1%--Private Sector, 6.9%--GSA Salaries



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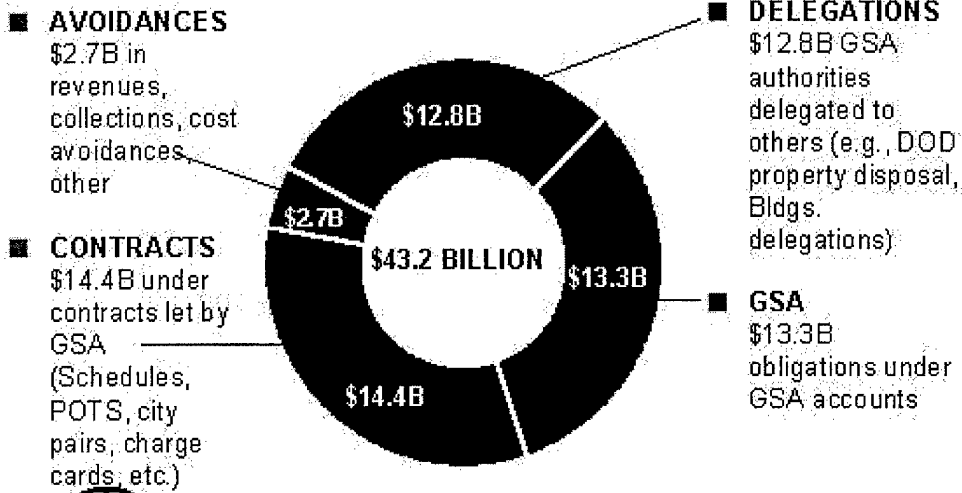
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FY 1998 GSA BUDGET

GSA's Leverage is \$43 Billion

Govt. Financial Transactions Affected by GSA



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FY 1998 GSA BUDGET

Perspectives and Accomplishments

- GSA savings for the taxpayers last year.
Savings reflected are for Governmentwide activity

Program	Savings	Refunds
IMPAC purchase card	\$394M	\$ 1.6M
American Express travel card	---	\$ 18M
Unrestricted Airfares	\$ 1.5B (56% off normal coach fares)	N/A
Long distance telephone rates	\$200M (rates down 35%)	N/A



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FY 1998 GSA BUDGET
Perspectives and Accomplishments (Continued)

Program	Savings
Office Supplies	\$205M
GSA Fleet	\$ 51M <i>(20% below commercial rates)</i>
Small package overnight delivery	\$ 40M <i>(33% below commercial rates)</i>
Shipping freight	\$ 95M
Relocating employee household goods	\$ 74M
	<hr/>
Total, these 2 pages	\$ 2.559B



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FY 1998 GSA BUDGET

Perspectives and Accomplishments (Continued)

- GSA's Public Buildings Service is finding new ways to become more competitive and customer-focused. Its "Can't Beat GSA Leasing" and "Can't Beat GSA Space Alterations" initiatives are reducing delivery times and enhancing cost effectiveness by cutting cumbersome procedures and offering greater competition and choice to Federal agencies.
- Only fully underway for one quarter, "Can't Beat GSA Leasing" has demonstrated savings of more than \$5M. "Can't Beat GSA Space Alterations" will save up to 60% off traditional delivery schedules, save at least \$2 million a year in reduced administrative costs, and put vacant Government building space back into revenue-generating operation faster.



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FY 1998 GSA BUDGET

Perspectives and Accomplishments (Continued)

- Unlike most Government entities, GSA produces annual reports and audited financial statements. FY 1996 was the 9th consecutive year that we have earned an unqualified audit opinion.
- Agency programs meet broad societal goals
 - ✓ Last year, GSA launched its Good Neighbor program, a public/private partnership with communities that enhances local efforts aimed at maintaining the vitality of American cities. The program supports the Clinton Administration's urban agenda by using GSA's authorities in real and personal property to revitalize downtowns and local communities across the country.
 - ✓ Under the Computers to Schools initiative, GSA has donated over 1,000 surplus computers to schools in Empowerment Zones and Enterprise Communities.



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FY 1998 GSA BUDGET

Perspectives and Accomplishments (Continued)

■ Meeting Societal Goals (Continued)

- ✓ GSA is a leader in family-friendly workplaces. We opened 3 new child care centers in FY 1996, bringing the total to 105 GSA-managed centers in Federal buildings, serving more than 6,500 children. We also established 15 telecommuting centers nationwide used by 40 Federal agencies to make it easier for Federal employees to do their work.

- ✓ FY 1996 was a record-breaking year in contracting with small, minority, and women-owned businesses

- ✓ GSA manages the Government's recycling program, which recycled 40,000 tons in FY 1996; this saves trees, avoids waste, reduces pollution, and earned more than \$500,000



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FY 1998 GSA BUDGET

Perspectives and Accomplishments (Continued)

■ Meeting Societal Goals (Continued)

- ✓ To meet Clean Air Act goals, GSA funds projects to replace or retrofit air conditioning systems that use CFC's, and replaces a percentage of its vehicle inventory each year with Alternative Fuel Vehicles
- ✓ Federal agencies are to reduce energy use by 20% from 1985 levels by FY 2000. In FY 1996, GSA won 9 energy and water conservation awards presented by the Federal Interagency Energy Policy Committee and the Department of Energy



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FY 1998 GSA BUDGET
Summary in \$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Operating Appropriations	\$ 156.8	\$ 156.6	\$ 142.8
Redemption of PADC Debt	0	157.1	0
Expenses, Presidential Transition	0	5.6	0
Federal Buildings Fund New Obligational Authority (NOA)	5,114.9	5,510.7	4,864.1
Subtotal, Congressional Action	5,271.7	5,830.0	5,006.9
<i>Budget Authority</i>	224.5	711.8	226.8
<i>Appropriations</i>	242.8	804.6	226.8
Other/GSA Revolving Funds (Not Requiring Congressional Action)	6,530.0	7,291.9	8,313.3
TOTAL OBLIGATIONS	\$ 11,801.7	\$ 13,121.9	\$ 13,320.2



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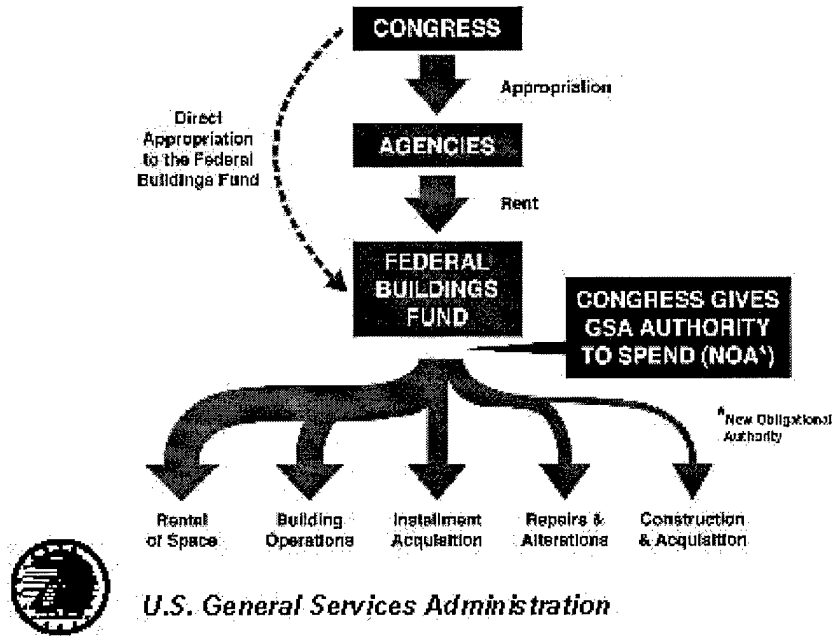


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FY 1998 GSA BUDGET

How the Federal Buildings Fund Works



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FY 1998 GSA BUDGET

Detail - Federal Buildings Fund

New Obligational Authority (NOA) - \$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Const. & Acquis. of Facilities	\$ 545.0	\$ 758.7	\$ 0
Repairs and Alterations	659.3	639.0	434.0
Installment Acquisition Payments	163.7	173.1	142.5
Rental of Space	2,402.3	2,395.2	2,275.3
Building Operations	1,344.6	1,544.7	1,331.8
Prior-Year Projects/Activities	N/A	N/A	680.5
<hr/>			
New Obligational Authority	\$ 5,114.9	\$ 5,510.7	\$ 4,864.1
Appropriations	86.0	400.5	84.0



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FY 1998 GSA BUDGET
Detail - No Congressional Action - \$(Millions)

	<u>FY 1996</u> <u>Actual</u>	<u>FY 1997</u> <u>Current</u>	<u>FY 1998</u> <u>Request</u>
Customer Reimbursements	\$ 566.6	\$ 533.1	\$ 617.6
Permanent Appropriations	12.3	17.1	13.6
General Supply Fund	3,150.0	3,226.0	3,315.0
Information Technology Fund	2,456.6	2,877.7	3,148.5
Working Capital Fund	204.0	225.4	257.3
Use of Available Unoblia. Balances	149.9	418.2	961.4
Lapses, adjustments	(4.5)	(5.6)	0
Total Obligations	\$ 6,530.0	\$ 7,291.9	\$ 8,313.3

Does not add due to rounding.



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*FY1998 Budget
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General Services Administration POLICY AND OPERATIONS

MISSION

Under its Policy activity, this appropriation provides for Governmentwide policy, evaluation, and asset management functions associated with real and personal property, supplies, information technology, transportation and travel management, acquisition support, Federal Procurement Data Center, Federal Equipment Data Center, Regulatory Information Service Center, and the Catalog of Federal Domestic Assistance. The Office of Governmentwide Policy, working cooperatively with other agencies, provides the leadership needed to develop and oversee the implementation of policies designed to achieve the most cost-effective solutions for the delivery of administrative services, while reducing regulations and empowering employees.

Under its Operations activity, the account provides for Federal Supply, Federal Information Center, Property Disposal, General Management and Administration and Chief Information Officer programs. These programs include contracting for transportation and travel services and schedules; utilization of real and personal property by Federal agencies and the transfer among agencies of excess real and personal property; disposal of surplus real property by sale, exchange, lease permit assignment, or transfer, as well as the protection and maintenance of excess and surplus property, its disposition; appraisal of excess and surplus property, necessary environmental and cultural analyses, reuse planning, and real property utilization surveys; Indian Trust Accounting, and administrative support of Congressional District and Senate State offices.

THE FY 1998 BUDGET IN BRIEF

The fiscal year 1998 budget request reflects:

- (1) a decrease of \$8.0 million made available in fiscal year 1997, consisting of \$2.0 million for the University of Nebraska-Lincoln sponsored demonstration project and \$6.0 for the Iowa Communications Network Project, and
- (2) a net reduction of \$9.0 million associated with the transfer of functions to revolving funds.

These actions, coupled with reductions for buyouts and reduced staffing, more than offset increases of \$2.4 million for the Electronic Benefits Program, \$0.2 million for the Federal Acquisition Institute Acquisition Reform Network, \$0.6 million to establish a national Workplace Initiatives staff within the Office of Governmentwide Policy, the increased cost of goods and services, and higher Federal salaries, for a net decrease of \$13.7 million.

POLICY

The Office of Governmentwide Policy (OGP) seeks to develop and implement Governmentwide policies that maximize opportunities for agencies' utilization of best management practices. OGP programs are intended to increase agencies' effectiveness in the conduct of their programs, encourage innovations and efficiencies, and assure responsible asset management.

The primary program functions of the OGP include policy, planning, and asset management associated with real and personal property, transportation, information technology, acquisition, regulatory information, and Federal advisory committees.

Real Property

The OGP provides leadership to the Federal community in the use and management of real property. It encourages the adoption of best practices for use by the Federal real estate community. It is responsible for the development, coordination, administration and issuance of Governmentwide real property principles, guidelines, regulations,

standards, criteria, policies and asset management principles concerning real property programs. Real property programs include real estate operation and management, acquisition, disposal, design and construction, space standards, delegations, safety and environmental issues, and workplace initiatives including child care, telecommuting, cooperative administrative support units (CASU), and information technology accommodations. We intend to explore Government-wide solutions to real property by using our position as the only federal agency authorized to provide both real property guidance and standards for other federal agencies and space and services to other federal agencies. GSA will do this by:

- (1) collecting and communicating information to Congress concerning the Federal Government's total real property portfolio within the Executive Branch;
- (2) providing guidance to other agencies to assist them in the most cost-effective management of their own individual portfolios; and
- (3) providing other agencies with a means of obtaining the tools and techniques that are necessary to manage and operate federal assets.

Information Technology

The activities of the OGP's Office of Information Technology under the Information Technology Management Reform Act of 1996 (ITMRA) and Executive Order 13011 include:

- (1) identifying, coordinating, evaluating and developing guidelines and principles for utilizing information technology (IT) for electronically assisted government;
- (2) identifying and promoting the sharing of best practices across Government, and providing opportunities for knowledge sharing through forums, conferences and the Internet;
- (3) providing current information to agencies about emerging strategic IT issues, and supporting OMB and interagency IT management groups via technical and administrative services;
- (4) identifying interagency opportunities to promote the strategic use of information through information technology;
- (5) managing professional development programs to assist agencies in successful acquisition and use of IT; and
- (6) developing, issuing and maintaining policies and regulations for the creation and maintenance of Federal records.

Transportation and Personal Property

The OGP develops Governmentwide policies for personal property utilization, donation, and sales, and participates in the development and evaluation of Governmentwide issues, legislation, policies and objectives relative to travel, transportation and personal property management. Specific responsibilities include:

- (1) developing policies for Governmentwide freight and household goods transportation, transportation audit and documentation, and mail management programs;
- (2) developing regulations and procedures governing the management and oversight of Federal agency's motor vehicles;
- (3) managing and providing oversight for a Governmentwide aircraft management information system and developing regulations, policies, and procedures for aircraft procurement, management, operations, safety, utilization, and disposal, and
- (4) working with other agencies and the commercial sector to develop and promote the use of standardized card technologies in order to advance to a more streamlined, electronic government.

A major portion of this effort is to support the national Electronic Benefits Transfer (EBT) Program. This initiative involves working with States and other Federal Agencies to expand and enhance current EBT systems to include additional programs with more complex requirements.

Other Governmentwide Policy Responsibilities

The OGP's Office of Acquisition Policy provides resources to support the Federal acquisition system, through which the Government obligates in excess of \$200 billion annually. Responsibilities include researching, developing, and publishing policy guidance, providing career development services for the Federal acquisition workforce, and reporting on more than 20 million contract actions. This program area also provides for the following:

- (1) policy, planning, and evaluation activities of GSA's internal acquisition programs;
- (2) management of the Acquisition Reform Network (ARNET) that is an Internet-based storehouse of acquisition information; and
- (3) support for interagency efforts for the development and coordination of electronic commerce Governmentwide.

The OGP, through the Committee Management Secretariat, plans, develops, evaluates and directs a Governmentwide program for maximizing the value-added role of public participation in Federal decision making.

The Regulatory Information Service Center (RISC) is responsible for compiling and analyzing data on both Governmentwide and agency specific activities in support of the regulatory oversight role of the Executive Office of the President.

The establishment of a national Workplace Initiatives staff within OGP will provide leadership to the Federal community by exercising a Governmentwide policy role dedicated to interagency coordination and policy interpretation for programs designed to provide Federal employees with a family-friendly, cost effective and accessible workplace. These programs include fostering the development of child care centers; enhancing cooperative administrative support among Federal Agencies; promoting flexiplace/alternative worksite arrangements; and facilitating support mechanisms among Federal agencies, State and local governments, nonprofit organizations, and the private sector to ensure that Federal facilities are accessible to citizens with disabilities.

Reimbursable Policy

In addition to the appropriated activities listed above, the OGP provides services to Federal agencies and other customers on a cost reimbursable basis. These services include:

- (1) information technology acquisition and system implementation training to Federal managers through the Trail Boss program;
- (2) the Information Resources Management Conference, which covers ADP, telecommunications and records management; and
- (3) collection, and dissemination of Governmentwide data through the Federal Procurement Data System, the Federal Assistance Programs Retrieval System, and the Government Information Locator Service.

The Office of Governmentwide Policy (OGP) seeks to develop and implement Governmentwide policies that maximize opportunities for agencies' utilization of best management practices. These programs are intended to increase agencies' effectiveness in the conduct of their programs, encourage innovations and efficiencies, and assure responsible asset management.

OPERATIONS

The Operations activity provides for the internal policy, management, oversight and coordination of all GSA programs by the Administrator, Deputy Administrator, Regional Administrators and the Heads of GSA Staff Offices. These programs include Federal Supply, Federal Information Center, Property Disposal, General Management and Administration, and Chief Information Officer activities, authorities and responsibilities.

Property Disposal

This program promotes the maximum utilization and efficient redeployment of Federally owned real property through Federal transfers, public benefit discount conveyances and negotiated and public sales. Direct funding provides for managing programs for the utilization and disposal by sale, exchange, or transfer of surplus real property reported as

excess to GSA. The reimbursable program provides similar services for other agencies on a fully reimbursable basis.

The fiscal year 1998 program will pursue additional reengineering of business functions to provide more cost-efficient utilization and disposal services for real estate and related personal property. GSA is rapidly becoming the provider of choice for quality, cost-efficient, timely and expert Federal real estate redeployment activities. During fiscal year 1995, the GSA Office of Property Disposal coordinated the multi-agency, Hammer Award-winning Government-Owned Real Estate project, which has streamlined the disposal of government real estate, cutting administrative costs by nearly 50 percent and increasing asset recovery by 10 percent. Also, in partnership with the Financial Management Service of Treasury, GSA is in the process of developing an electronic clearinghouse for agencies to use to enhance the disposal of real estate assets.

Through a total process reengineering that reduced average disposal cycle time and increased cost efficiency within existing regulations, GSA disposed of 1,176 properties in fiscal year 1996, exceeding its established goal of 374 properties by 214%. These properties had a total value of \$309 million, consisting of 1,114 sales which produced \$151 million in proceeds. Sixteen properties worth \$21 million were transferred between Federal agencies, 46 properties with a value of \$137 million were conveyed to State and local governments and eligible non-profit institutions for public benefit purposes.

GSA's Office of Property Disposal has redesigned its marketing publications and is conducting industry roundtables and other meetings to develop partnerships with public agencies and private industry to identify best business practices and performance measures. During fiscal year 1996 GSA greatly improved on-line computer information services by adding a visual display of properties to the Property Disposal homepage on Internet's World Wide Web. The homepage includes information on how you can acquire Federal Property for public or private use, laws authorizing conveyance of property for public use, real property definitions, properties for sale, office locations and contacts.

Total Disposal Value

The projected dollar amount of total disposals in fiscal year 1998 is \$712 million. A trend of the disposal volume per FTE is depicted in Figure 1. GSA is projecting a substantial increase in the value of disposals per FTE for fiscal year 1998. Since fiscal year 1993 the dollar value of disposals has risen on an Government downsizing should result in additional increases.

VALUE OF DISPOSALS PER FTE \$(Millions)

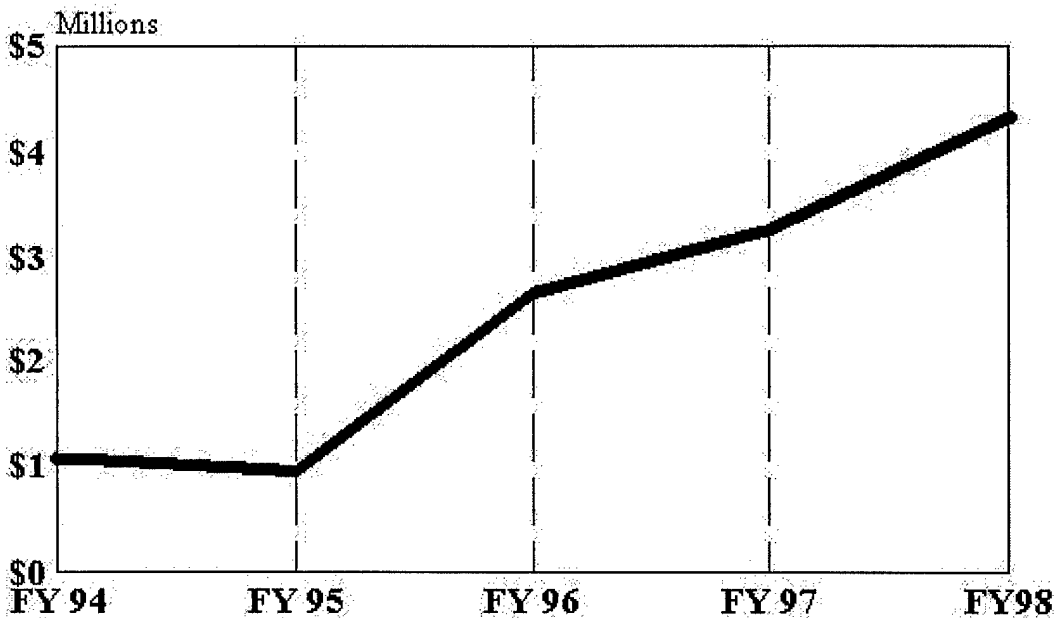


Figure 1: Sales Value to Fair Market Value

GSA makes every effort to ensure that the Federal Government receives full value for the sale of real property. Figure 2 depicts the sales value returned to the appraised fair market value for fiscal years 1994 through 1996, and the goals for fiscal years 1997 through 1998. As a competitive service provider, GSA seeks to optimize the use of scarce resources while returning the maximum residual value of real property to the Government.

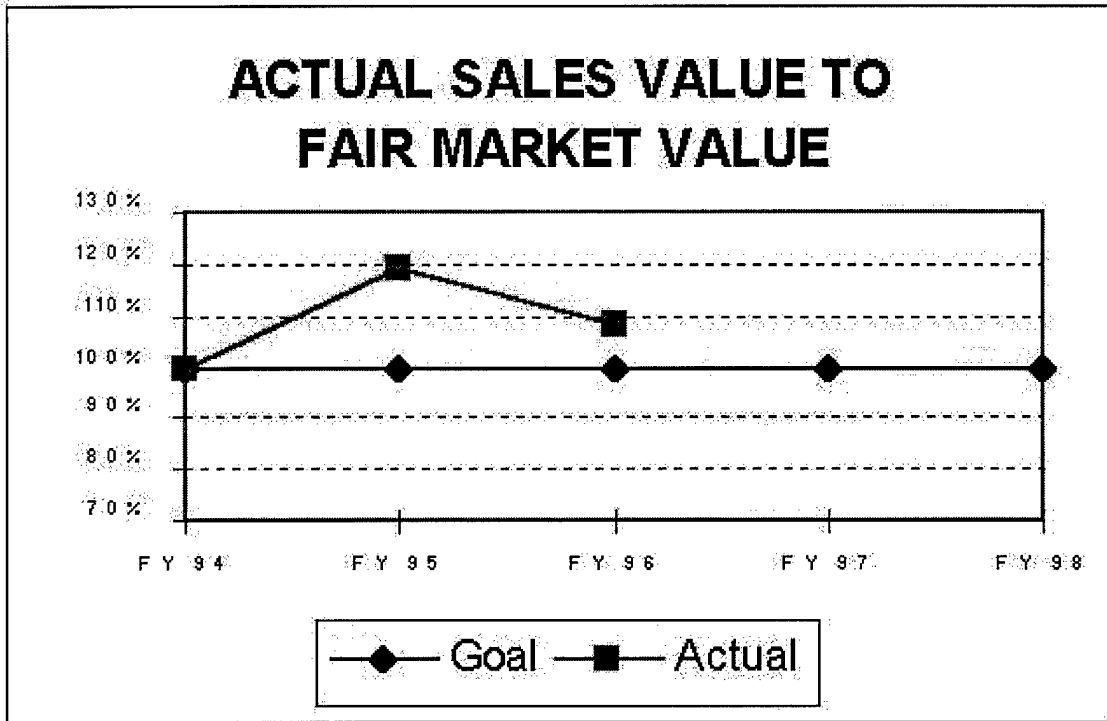


Figure 2: Customer Satisfaction

Based on the responses received as measured by a private survey firm, Customer Satisfaction has improved from 78 percent in fiscal year 1995 to 92 percent for fiscal year 1996. The survey is designed to measure customer satisfaction with Property Disposal programs and services. By focusing on providing better quality service and implementation of NPR recommendations, Property Disposal is striving to exceed customer expectations. Figure 3 depicts the customer satisfaction responses for fiscal years 1994 through 1996 and the goals for 1994 through 1998. Goals for fiscal years 1997 and 1998 continue to be 95 percent.

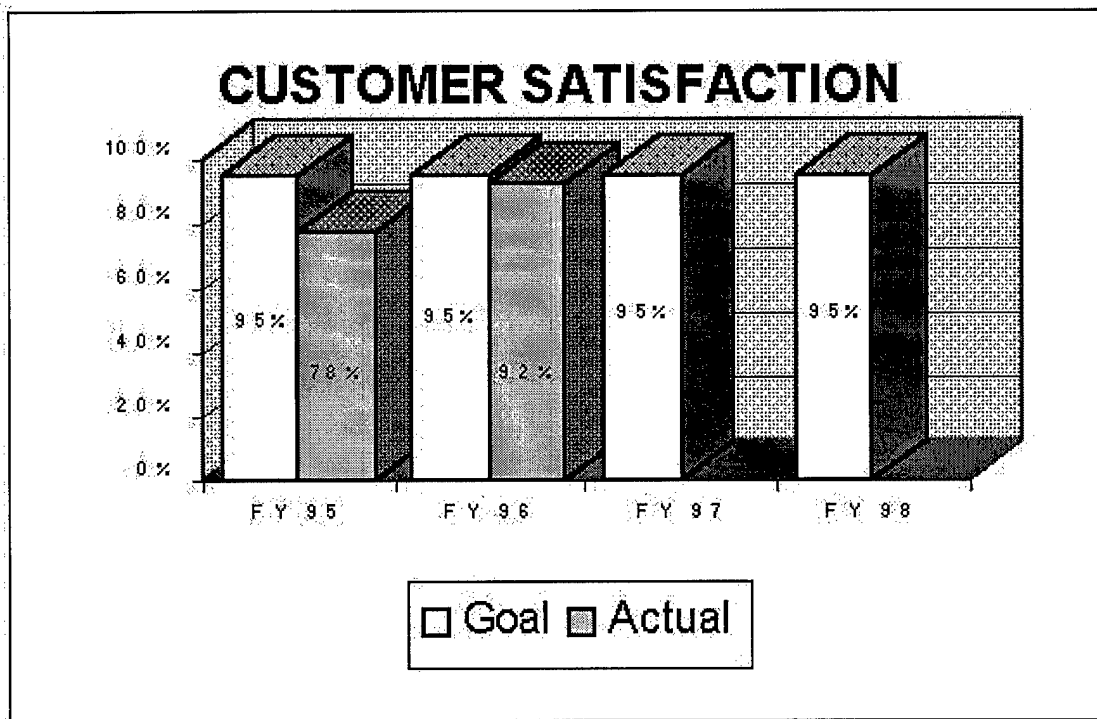


Figure 3: Customer Satisfaction

Chief Information Officer

The Chief Information Officer (CIO) provides for clear accountability for agency information resources management activities, provides for greater coordination among the agency's information activities, and ensures greater visibility of such activities within the agency. The CIO is responsible for facilitating the development, implementation and maintenance of a sound and integrated information technology architecture for the agency.

Funding for this activity is being converted to the Working Capital Fund over three fiscal years, from 1997 through 1999. By fiscal year 1999, all of the activities of the CIO will be financed through the Working Capital Fund and will be funded by reimbursements from GSA's Services and Staff Offices. The primary reason for the three-year conversion is to provide GSA's Services time to phase-into their fee development process the cost for the realigned CIO functions; because, the Services must recover these costs in their rates.

Federal Information Center

The Federal Information Center (FIC) program serves as a one-stop source of assistance when the public has a question or problem related to the Federal Government, through a toll-free 800 service. Using a nationwide data base containing contacts for providers of Government services, it provides information about the Federal Government to 2 million callers annually by referring them to where they can go to find the answers to their questions. A separate 800 telephone number provides access for users of Telecommunications Devices for the Deaf.

Supply, Travel and Transportation

The fiscal year 1998 budget request reflects the final phase-in of the Schedules Program and the Transportation and Travel Management Program (Travel Management Centers and Freight and Household Goods) from the Policy and Operations appropriation to the General Supply Fund.

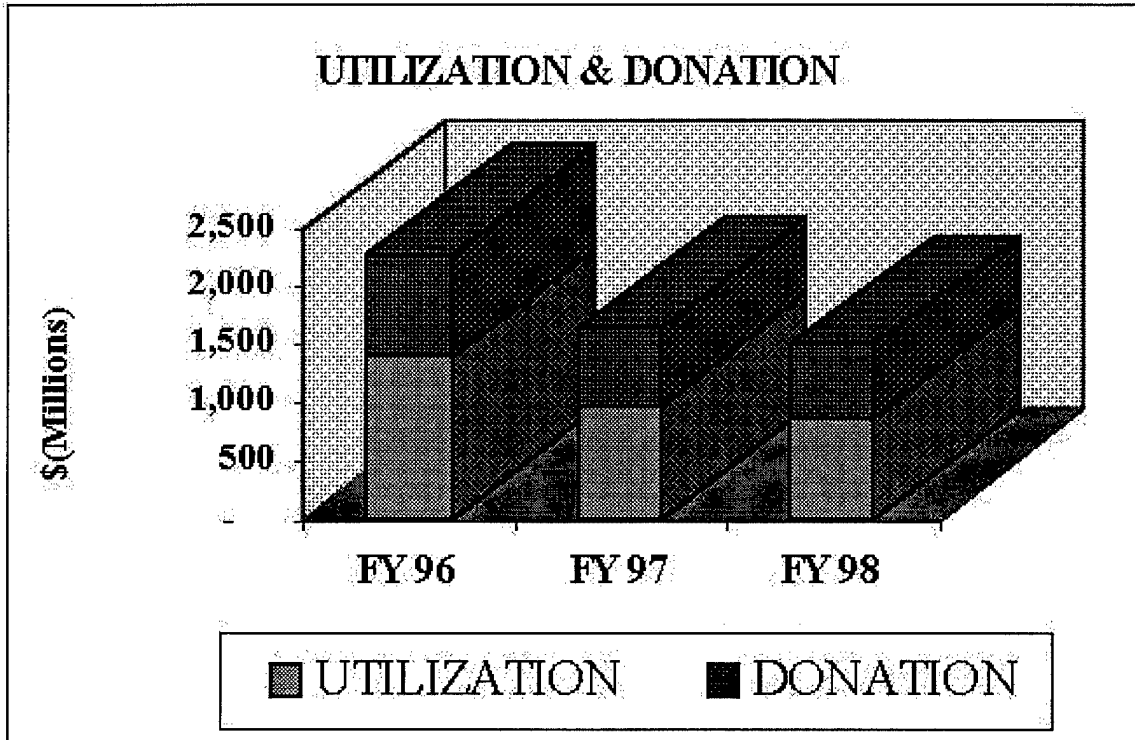
A new initiative for the program results from Executive Order 12999, signed on April 17, 1996, which places increased emphasis on providing excess Government computers to schools throughout the United States. GSA is working with Enterprise communities and Federal Executive Boards to facilitate direct transfers of computer equipment by Federal activities to needy schools.

This program area also provides for the operational aspects of the Federal Supply Governmentwide property utilization and donation programs. The utilization program transfers excess personal property between Federal agencies in order that they may fulfill their requirements from excess property instead of new acquisitions. The donation program gives

usable surplus property to states for donation to public agencies and non-profit activities.

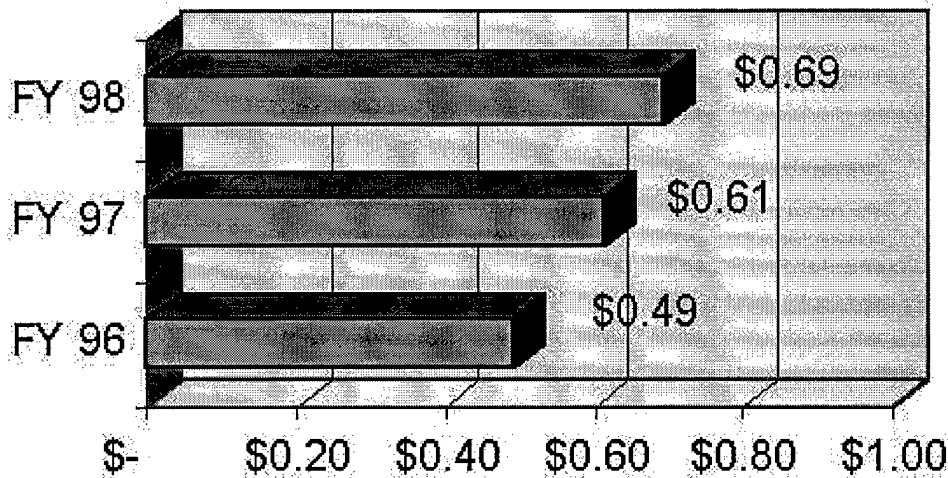
In fiscal year 1996, the utilization program generated \$1.4 billion in savings for the Government via the transfer of personal property excess to one agency's needs to meet those of other Federal agencies. Estimated savings for fiscal years 1997 and 1998 are \$1.0 billion and \$0.9 billion, respectively. Also, during fiscal year 1996 the donation program generated \$0.9 billion in savings by giving surplus usable property to states for donation to public agencies and certain non-profit tax exempt activities. Estimated savings for fiscal years 1997 and 1998 are \$0.6 billion.

Business volume for the utilization and donation of excess and surplus personal property for fiscal year 1996 was \$2.3 billion, with \$1.6 billion projected for fiscal year 1997., and \$1.5 billion projected in fiscal year 1998. The decline in business volumes is due to steadily decreasing generations of excess and surplus property from DOD largely because of military downsizing, base closures, and inventory draw downs.



Cost per \$100 of property transferred:

COST PER \$100 TRANSFERRED PROPERTY



Management and Administration

This program area provides for management activities and administrative support primarily associated with GSA internal operations. These functions and activities include:

- (1) the Administrator's office;
- (2) the Regional Administrators and their staffs;
- (3) the Offices of Congressional and Public Affairs;
- (4) Emergency Preparedness;
- (5) Indian Trust Accounting;
- (6) administrative support of Congressional District and Senate State offices;
- (7) the Executive Secretariat; and
- (8) the GSA Board of Contract Appeals. Below are brief descriptions and accomplishments of some of these organizations.

Administrator and Regional Administrators

The Administrator and Regional Administrators of GSA are responsible for the execution of all functions assigned to GSA by the Federal Property and Administrative Services Act of 1949, as amended, and by other laws. They are responsible for planning, coordinating, and supervising assigned programs in accordance with Central Office goals, objectives, and policies.

Congressional Support

GSA provides support to 1,413 home-state offices for Senators and members of Congress. These services include office

space, furniture and furnishings, property disposal, equipment and supplies, and storage and relocation services. GSA provides a Congressional Services representative in each GSA region as the contact point for all matters pertaining to Congressional state and district offices.

Emergency Management

In fiscal year 1996, the Office coordinated GSA's provision of more than \$17 million in supplies, equipment and materials for the Federal response to 56 natural disasters.

Public Affairs

The Office of Public Affairs is GSA's marketing/communications department, with primary responsibility for developing the agency's strategic marketing plan and disseminating information on the agency's programs, policies and accomplishments.

Congressional Affairs

The Office of Congressional Affairs acts as GSA's liaison with Congress. The Office coordinates meetings and testimony on Capitol Hill for the Administrator and other agency senior staff; helps Congressional offices solve GSA-related problems; coordinates responses to Congressional inquiries; and shepherds the GSA legislative program through Congress.

Indian Trust Accounting

The division is responsible for providing accounting services to the Department of Justice on Indian Trust Funds and assisting in the Government's defense against Indian Tribal claims by providing accounting reports, other evidential materials, and expert witness testimony pertaining to accounting policies, practices, and procedures.

GSA Board of Contract Appeals

The GSA Board of Contract Appeals was established under the Contract Disputes Act of 1978 as an independent tribunal to hear and decide contract disputes between Government contractors and GSA. The Board also hears and decides disputes between contractors and other Executive agencies, including the Department of Treasury, the Department of Commerce, and the Department of Education.

Since July 1996, the Board has heard and decided requests for review of transportation audit rate determinations; claims by federal civilian employees regarding travel and relocation expenses; and claims for the proceeds of the sale of property of certain federal civilian employees.

The Board also provides alternative dispute resolution services to Executive agencies in both contract disputes which are the subject of a contracting officer's decision, and other contract-related disputes.

BOARD OF CONTRACT APPEALS

Case Workload	FY 1996 Actual	FY 1997 Estimate	FY 1998 Estimate	Percent Change
1. Appeals				
a. Cases received	151	200	200	0%
b. Cases closed	177	190	200	5%
c. Cases pending	178	188	188	0%
2. Transportation Rate				
a. Cases received	50	100	80	-20%
b. Cases closed	3	50	80	60%
c. Cases pending	47	97	97	0%
3. Travel				
a. Cases received	28	100	100	0%
b. Cases closed	2	50	100	100%
c. Cases pending	26	76	76	0%
4. Relocation				
a. Cases received	128	160	160	0%
b. Cases closed	3	120	160	33%
c. Cases pending	125	165	165	0%

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POLICIES AND OPERATIONS
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Direct Program:				
Policy	38,089	42,000	49,137	+7,137
Operations	77,711	76,173	55,350	-20,823
Total Budget Authority	115,800	118,173	104,487	-13,686
Reimbursable Program:				
Policy	1,539	1,151	1,182	+031
Operations	6,828	11,091	11,844	+753
Total Reimbursable	8,367	12,242	13,026	+784
Net Outlays	102,222	118,173	104,487	-13,686
Employment (FTE):				
OE (Direct)	888	771	679	-92
OE (Reimbursable)	870	751	652	-99
	18	20	27	+7

EXPLANATION OF ESTIMATES

Direct Program

The net reduction of \$13.7 million between the fiscal year 1997 appropriation and the fiscal year 1998 request is due to reductions of \$19.7 million offset by increases totaling \$6.0 million.

The proposed reductions are:

- (1) \$8.0 million related to the fiscal year 1997 transfer from the Federal Buildings Fund of \$2.0 million for the University of Nebraska-Lincoln sponsored demonstration project and \$6.0 for the Iowa Communications Network Project;
- (2) a net reduction of \$9.0 million associated with the transfer of functions to revolving funds; and
- (3) \$2.7 million for employees taking buyouts, staff reductions and attrition.

The requested amounts have been minimized by GSA's efforts to reduce expenses and to direct resources towards critical program initiatives. The proposed increases are:

- (1) \$2.4 million for the Electronic Benefits Program;
- (2) \$0.2 million for the Federal Acquisition Institute Acquisition Reform Network;
- (3) \$0.6 million to establish a national Workplace Initiatives staff within the Office of Governmentwide Policy; and
- (4) \$2.8 million for increased salary costs and increases in the cost of goods and services.

Reimbursable Program

The Policy and Operations reimbursable account provides reimbursable services to other Federal agencies including:

- (1) \$0.6 million for personal property services related to seized and forfeited property;
- (2) \$11.2 million for:
 - (a) real estate disposal services for specialized properties outside the purview of the Federal Property and Administrative Services Act of 1949; and
 - (b) real property seized, forfeited, or foreclosed on by other agencies such as the U.S. Marshals Service, Department of Housing and Urban Development, Internal Revenue Service, and the Small Business Administration; and
- (3) \$1.2 million for reimbursable programs of the Office of Governmentwide Policy including:
 - (a) \$0.6 million for "Trail Boss" Training Seminars which provide an intensive two week educational experience covering business behavior, the acquisition process and post procurement issues related to the Information Technology program; and
 - (b) \$0.2 million for the Information Resources Management (IRM) Conference which covers the broad spectrum of ADP, telecommunications and records management;
 - (c) \$0.2 million for the Federal established to collect, develop, and Procurement Data System which was disseminate procurement data to meet the needs of congress, executive agency management and the public;
 - (d) \$0.1 million for the Federal Assistance Programs Retrieval System (FAPRS) which provides for electronic dissemination of the Catalog of Federal Domestic Assistance information to the public on a cost reimbursable basis as required by Public Law 95-220; and,
 - (e) \$0.1 is a tool that users can use to identify, locate, million for the Government Information Locator Service (GILS) which and access a wide range of Federal government information. include increases of \$0.4 for increased program These amounts requirements and \$0.4 million for increases in the cost of goods and services and salary cost increases.

POLICY AND OPERATIONS (DIRECT) Explanation of Budget Changes \$(Millions)	
FY 1997 Current Level.....	118.173
Nebraska Demonstration Project & Iowa Communications Network.....	- 8.000
Transfer of Functions to Revolving Funds (Net).....	- 9.023
Buyouts and Attrition.....	- 2.702
Electronic Benefits Transfer Program.....	+ 2.400
Federal Acquisition Institute - Acquisition Reform Network.....	+ 200
Increased Cost of Salaries and Goods and Services.....	+ 2.789
National Workplace Initiatives.....	+ 650
FY 1998 Budget Request.....	104.487

POLICY AND OPERATIONS
(Direct)
Obligations by Object Class
\$(Millions)

		FY 1996 Actual	FY 1997 Current	FY 1998 Request
	Personnel Compensation:			
11.1	Full-time permanent	48,813	43,665	40,000
11.3	Other than full-time permanent	237	822	556
11.5	Other personnel compensation	3,007	206	229
11.9	Total personnel compensation	52,057	44,693	40,785
12.1	Civilian personnel benefits	8,525	9,911	8,470
13.0	Benefits for former personnel	934	1,371	321
21.0	Travel and transportation of persons	1,551	2,000	2,000
23.1	Rental payments to GSA	8,064	7,171	6,276
23.3	Communications, utilities and misc charges	959	2,679	2,528
24.0	Printing and reproduction	1,353	1,754	1,726
25.2	Other services	36,508	35,396	29,440
25.3	Purchases of goods and services from Government accounts	440	9,907	10,480
26.0	Supplies and materials	917	826	791
31.0	Equipment	4,492	2,465	1,670
99.0	Subtotal direct obligations	115,800	118,173	104,487
99.0	Reimbursable obligations	8,367	12,242	13,026
99.9	Total obligations	124,167	130,415	117,513

General Services Administration INSPECTOR GENERAL

MISSION

The Office of Inspector General (OIG) was established by the Inspector General Act of 1978 as an independent unit, charged with responsibility for promoting economy, efficiency, and effectiveness and detecting fraud, waste, and mismanagement in GSA's programs and operations. This is accomplished primarily through a comprehensive, nationwide audit and investigative program covering GSA's internal operations and external contractors.

The OIG's primary operational components consist of the:

Office of Audits - a multidisciplinary staff of financial and technical experts who provide audit coverage of GSA's internal operations and external contractors;

Office of Investigations - an investigative unit that manages a nationwide program to detect and prevent illegal and improper activities involving GSA programs, operations, and personnel; and

Office of Counsel to the Inspector General - an in-house legal staff that provides advice and assistance to all OIG components, represents the OIG in connection with audits and investigations, and in litigation arising out of or affecting OIG operations, and handles legislative matters.

These components are supported by the Office of Administration which provides budget, personnel, computer, and other support services; and the Internal Evaluation Staff that directs an in-house assessment program including field office appraisals and is responsible for internal affairs reviews of OIG operations.

Through its programs and operations, the OIG supports GSA's overall mission to improve the effectiveness of the Federal government by creating a high quality work environment for its employees.

The commitment by both the President and the Congress to achieve a balanced budget brings with it significant transformations in how most federal agencies operate. GSA is no exception. Certainly, the agency will continue to oversee the management of the Federal government's buildings; regulate the acquisition, use, and disposition of property; and coordinate Federal telecommunications. However, the nature of GSA's oversight, regulatory, and coordination roles has been and will continue to be evaluated and analyzed. Confronting the agency will be reform efforts seeking innovative approaches to accomplishing its mission. These efforts will include laws, policies, and regulations that propose to substantially reform its existing activities and streamline the work processes to provide better services and product delivery and reduce the complexity of GSA's oversight mechanisms.

The OIG's mission provides it with a unique ability to objectively evaluate agency operations, and assist the agency in incorporating the results of those evaluations into GSA's policy making processes. We will increasingly focus our efforts on assisting the agency in adapting business-like practices, streamlining its organizations, cutting overhead and unnecessary costs, and reengineering its work processes to deliver quality goods and services to its customers. The OIG will also identify and assist the agency in mitigating emerging vulnerabilities in an effort to maximize support provided to GSA during this time of transformational reform.

Specifically, the OIG has identified three strategic goals aimed at aligning our activities so that they are consistent with GSA's strategic goals and business objectives.

Strategic Goal No. 1 - Identify opportunities for increased economy and efficiency in agency operations and assist agency management by identifying, recommending, and developing appropriate management reforms.

Strategic Goal No. 2 - Protect the integrity of GSA programs and operations by identifying and mitigating emerging vulnerabilities resulting from changes to agency's methods of doing business and from changing legal and administrative requirements.

Strategic Goal No. 3 - Improve the delivery of OIG work products.

Implementing these OIG strategic goals will help the OIG enhance the relevance, credibility and effectiveness of

BUDGET IN BRIEF

In FY 1998, the OIG will continue to provide audit and investigative services across the broad spectrum of GSA's activities. During FY 1998, we will continue to commit substantial audit resources to program evaluation reviews of GSA's major operations. We will also focus our investigative efforts on detecting and preventing fraudulent activity in GSA's procurement, contracting, property disposal, and leasing activities.

The Office of Inspector General requests a \$33.870 million direct appropriation supporting 324 FTE's for 1998. This includes funding for the mandated availability pay requirement for criminal investigators.

Approximately 91% of the OIG's staff resources will be devoted directly to our audit and investigative efforts: 63% to our audit program; 25% to our investigative efforts; and 3% to the Counsel to the Inspector General for direct support of both audits and investigations. The remaining resources are for overall administrative, personnel, and ADP systems support.

The OIG will continue to seek better ways to provide a high level of service to GSA by: identifying and implementing internal steps to improve, eliminate and reduce our administrative requirements; working smarter through quality management initiatives; and focusing on customer service and satisfaction.

Office of Audits

The Office of Audits is a highly skilled, evaluative organization that applies its professional skills in examining GSA programs, financial systems, and contractual arrangements to enhance the economy, efficiency, and effectiveness of these activities.

Since 1994, the Office of Audits has been engaged in a major reengineering program designed to broaden the services it provides to its clients, increase the value derived from its services, and enhance its own operational efficiency. The Office's overriding objective for this initiative is to ensure that it is in the best possible position to help GSA become a more effective, competitive, and customer responsive service organization.

Central to this theme has been an increased focus on the performance of program evaluations. This activity commits substantial resources to the detailed study of major GSA programs. Evaluation reviews provide GSA management with an independent assessment of how well a program is meeting its mission and point out specific activities or practices affecting program outcomes where improvement may be effected. This kind of audit has produced significant information used by GSA managers to streamline and reorganize business activities.

Complementing the program evaluation effort is a newer service, advisory reviews. In this activity, we seek to obtain information from public and private sector sources which can be used as a benchmark to gauge how well GSA is performing similar services or functions. This research effort also collects information regarding trends, techniques, and processes others consider to be the best practices for specific programs or activities. This information is provided to GSA managers to assist them in ensuring that GSA operations are maintaining state-of-the-art approaches. As with our work in program evaluations, our focus is on helping the agency identify opportunities to build upon its successes and better serve its clients and the taxpayers.

None of this is to suggest that we have stepped away from our more traditional audit roles. One traditional area receiving additional emphasis is the testing of management controls and safeguards built into programs and systems to ensure they function as intended. These audits primarily focus upon determining that controls are working and providing reasonable safeguards over resources and seeing that GSA is fulfilling Congressional and OMB imposed requirements. We also recognize the importance of ensuring that program managers are thoroughly familiar with the concepts and applications of internal controls and why they are critical to effective program delivery and successful outcomes.

We believe control systems are becoming more important in an evolving work environment which calls for fewer supervisors, more decentralization of authority, and empowerment of the individual. The Office of Audits will work closely with senior management to share our expertise in internal controls with program personnel throughout the Agency.

The Office of Audits will also continue its major program efforts to help ensure that GSA exercises its stewardship responsibilities over taxpayer resources. Guided by the requirements of the Chief Financial Officers Act, annual audits are performed of GSA's consolidated financial statements, financial systems, and related internal controls. This audit responsibility includes validation of key program performance measures reported in the narratives accompanying the financial statements.

As a major procurement agency within the Federal Government, GSA annually awards billions of dollars in contracts for goods and services. The Office of Audits will continue to support the contract program. Newer procurement initiatives of the agency reduce the numbers of contracts the agency plans to award annually. Primarily, this will be achieved by extending the life of individual contracts, some for up to ten years. Because of this change, we expect to perform fewer contract audits in fiscal year 1998 than in years past. Nevertheless, when appropriate, we will audit vendors' records and develop financial information needed by contracting officers to negotiate favorable pricing agreements. In recent years, these audit services annually covered \$2-3 billion in contract actions and resulted in avoidances and recoveries in the range of \$200-250 million per year.

We anticipate that for fiscal year 1998 the monetary values of recoveries will decrease consistent with the reduced level of contract audits. These projected recoveries for fiscal year 1998 are shown on page IG-9. The reduction in our level of contract auditing in no way lessens our commitment toward ensuring that GSA procurements are based on sound business decisions and established at fair and reasonable prices.

The Office of Audits' primary product is information aimed at helping management achieve more positive outcomes, such as better customer service, lower operating costs, lower contract prices and better control over resources. Benefits from audits in some instances are readily measurable because they produce directly quantifiable monetary results. Other audit products including systems assessments, benchmarking, internal control reviews and other consulting efforts that, while offering the potential for greater long-term efficiencies and program effectiveness, do not usually produce results that lend themselves to specific measurement. We believe, however, that audit work in these broader programmatic areas offer the best avenues for us to make the greatest contributions toward the advancement of GSA systems and delivery of services.

Because these more-difficult-to-measure kinds of audit services are the expanding part of our practice, we are focusing on this issue in our strategic planning process. We have recognized that true success of our efforts can best be defined in terms of agency successes. Our goal is to influence agency management to take those steps which protect program integrity, and make service delivery more efficient and less costly. Because achieving these goals requires a true partnership between the OIG and agency management, direct measures traditionally used to evaluate audit activities are far less suitable. In their place, we are working to establish more outcome oriented measures which describe in broad terms key agency programs and functions, and define how we intend to influence their structures, processes and systems. While these measures by their nature are more indirect, we believe that they are, in the long run, a more meaningful standard for evaluating our overall contribution to the agency.

Office of Investigations

The Office of Investigations is responsible for the conduct of criminal, civil, and administrative investigations nationwide. In this regard, the Office of Investigations serves as a fully accredited Federal law enforcement component of the OIG and provides expert investigative services not only to GSA, but to the Department of Justice and to United States Attorneys' Offices throughout the country as well as other Federal agencies.

During fiscal year 1998 the Office of Investigations will continue to focus investigative resources primarily on protecting GSA programs and operations from external threats. To make the best use of our investigative resources, we are concentrating our investigative forces on those areas posing the most serious danger of compromising GSA's public trust and confidence.

Our first priority will be the continuation of reactive investigative operations targeting procurement fraud and related violations, and seeking high impact criminal and civil remedies. These cases often have a high profile within the government contracting sphere and act both as a deterrent to continued violations and as a vehicle for the recovery of financial losses suffered by the government. Secondly, we have identified specific GSA functions and services (e.g., building repair/construction projects, credit card purchases programs, and automated billing/payment systems) which we believe will be increasingly vulnerable to fraud or abuse as a result of the emerging federal environment of reduced program oversight and control mechanisms. We will initiate proactive investigations both to identify ongoing violations and to position ourselves as a deterrent to any perception that these functions are "ripe" for victimization. Thirdly, we will continue to emphasize our educational initiatives within GSA alerting management and employees to the indicators of fraud against their programs and facilitating and encouraging the reporting of suspected occurrences to this office.

The Office of Investigations will continue to provide high level investigative services to GSA, the Department of

Justice, and other agencies. For example, The Office of Investigations provides comprehensive investigative services to the Department of Justice in order that they may make decisions regarding Federal intervention in suits filed by private citizens on behalf of the Government.

Also, as part of our investigative focus, we identify and report to management operational deficiencies, breakdowns in program internal controls, systemic weaknesses and other problems which permit improper, illegal, and wasteful actions to occur.

For fiscal year 1998, we believe our level of reactive investigative results (indictments, convictions, monetary recoveries) will remain generally stable; however, by working to better target our investigative efforts we believe we can have an increasingly significant positive impact on protecting the integrity of GSA's programs and operations.

OFFICE OF INSPECTOR GENERAL
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 97/98 Change
Direct Program:	32.517	33.863	33.870	+0.007
No-Year Authority	.762	.673	.000	-.673
Total Budget Authority	33.279	34.536	33.870	-.666
Reimbursable Program:	.541	.150	.150	.000
Total Direct & Reimbursable	33.820	34.686	34.020	-.666
Net Outlays	33.820	33.992	33.340	-.652
Employment (FTE)	319	334	324	-10

EXPLANATION OF ESTIMATE

The net increase of \$7,000 between the fiscal year 1997 direct appropriation and the fiscal year 1998 request is due to the difference between pay and general inflation increases offset by reductions due to staff attrition and buyouts. We have also requested to increase from \$5,000 to \$10,000 the amounts available for payment for information. Several occasions in complex cases have shown the need to raise this limitation.

OFFICE OF INSPECTOR GENERAL	
Explanation of Budget Authority Changes	
\$(Millions)	
FY 1997 Current Level	33.863
Pay Raise	+762
Inflation	+181
Annualization of Buyout	-297
Attrition	-639
FY 1998 Budget Request	33.870

OFFICE OF INSPECTOR GENERAL			
Obligations by Object Class			
\$(Millions)			
	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Personnel Compensation:			
11.1 Full-time permanent	20,461	21,183	21,087
11.3 Other than full-time permanent	045	103	106
11.9 Total personnel compensation	20,506	21,286	21,193
12.1 Personnel benefits	3,744	4,108	4,239
13.0 Benefits for former personnel	177	297	020
21.0 Travel and transportation (direct)	980	1,402	1,264
Travel and transportation (motor pool)	093	107	085
22.0 Transportation of things	014	011	010
23.1 Rental payments to GSA	2,309	2,501	2,400
23.3 Communications, utilities, misc. charges	254	601	500
24.0 Printing and reproduction	055	213	175
25.2 Other services	4,200	3,092	3,523
26.0 Supplies and materials	185	245	184
31.0 Equipment	762	673	277
99.0 Subtotal Direct Obligations	33,279	34,536	33,870
99.0 Reimbursable	541	150	150
99.9 Total Obligations	33,820	34,686	34,020

ACTIVITIES

The OIG will accomplish its mission by several methods:

- 1) Conduct independent audits of GSA's programs and internal operations to identify opportunities for improvement;
- 2) Conduct independent audits of GSA's contractors to ensure GSA and the Federal customer are getting the best value for the taxpayers' dollar;
- 3) Conduct investigations of GSA's programs and operations when circumstances indicate potential fraud or mismanagement;
- 4) Work with GSA management to identify and implement operational improvements to GSA's internal management processes and to develop entrepreneurial and competitive business practices designed to increase the quality and timeliness of GSA's services;
- 5) Work with GSA management and employees to ensure that appropriate internal controls and measures are in place to help optimize the performance of the Agency's mission;
- 6) Work with GSA managers and employees to increase their knowledge and awareness of fraud to reduce and prevent its occurrence in GSA's programs and operations.

PERFORMANCE

In FY 1998, we will continue to measure our performance against two specific goals that tie to our OIG strategic plan. We have continued to develop baseline data for our various activities and to benchmark our performance against other OIG offices and the Department of Defense to determine our optimal operating levels.

Audits

- 1) Improve reporting timeliness from the audit initiation to report issue date; and reduce the number of hours required to perform a contract audit.

<u>More Timely Delivery of Contract Audit Services</u>		
The Office of Audits will reduce the number of days from audit initiation until final report issuance to GSA's contracting officials from the FY 1994 baseline to the following:		
<u>Type of Audit</u>	<u>FY 98 Timeliness Improvement Goal</u>	
	<u>FY 94</u>	<u>FY 98</u>
Postaward Multiple Award Schedule	316	240
Construction Change Orders	113	60
Contract Cost or Pricing Reviews	90	60
Preaward Multiple Award Schedule	83	60

<u>Reduce Resources Needed to Complete Contract Audits</u>		
The Office of Audits will also reduce the resource hours required to provide contract audit services from the FY 1994 baseline by the following:		
<u>Type of Audit</u>	<u>FY 98 Resource Improvement Goal</u>	
	<u>FY 94</u>	<u>FY 98</u>
Postaward Multiple Award Schedule	793	600
Construction Change Orders	293	200
Contract Cost or Pricing Reviews	311	160
Preaward Multiple Award Schedule	335	200

Investigations

- 2) Increase the number of proactive investigations in selected field offices.

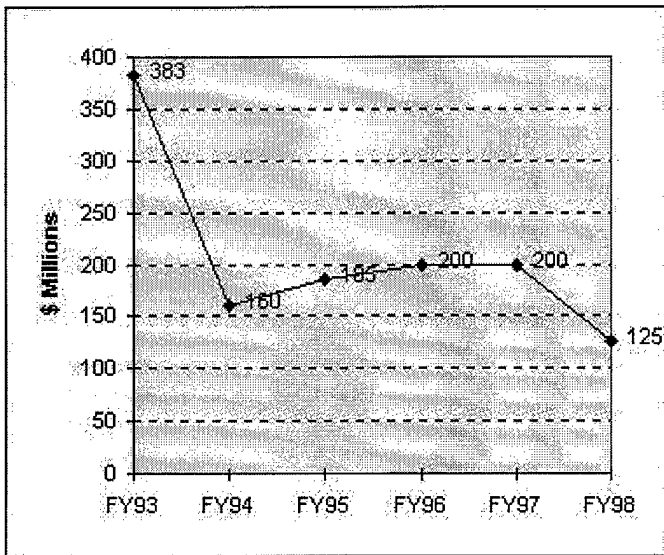
We will identify GSA program and operational vulnerabilities through a review and analysis of historical investigative trends, and by direct interviews with GSA management. We will increase the direct labor hours applied towards proactive investigations.

We anticipate an increase in the total number of proactive investigations completed during the fiscal year, and also an increase in the number of proactive management reports issued to GSA officials. We anticipate that by better targeting our efforts we will achieve investigative results having more impact on protecting the integrity of GSA's operations and programs.

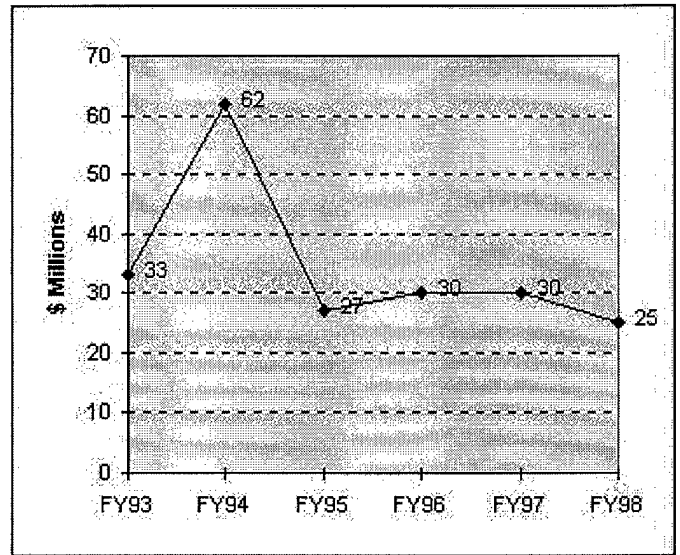
Performance Indicators

In addition, pursuant to the Inspector General Act of 1978, we will continue to apply traditional indicators to measure our performance. These include management decisions to put funds to better use; management decisions to recover funds, negotiated and court-ordered recoveries and investigative recoveries; indictments and convictions; and contractor suspensions and debarments. The following charts depict targets for performance in each of the identified areas.

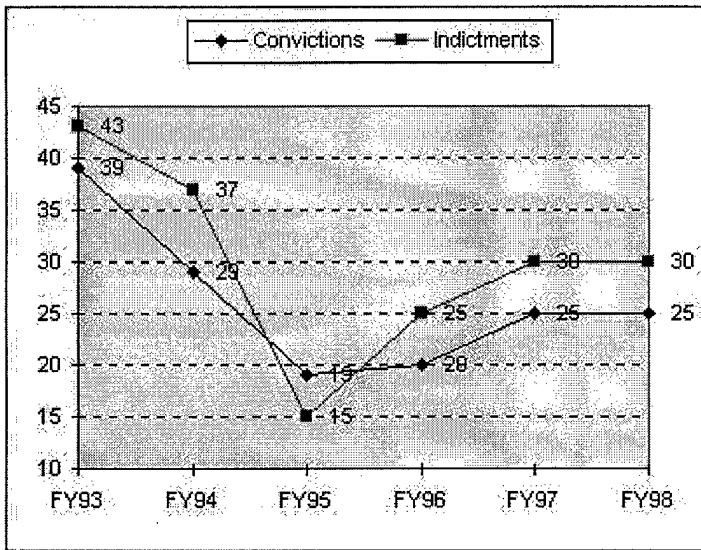
1) Management decisions to put Federal funds to better use.



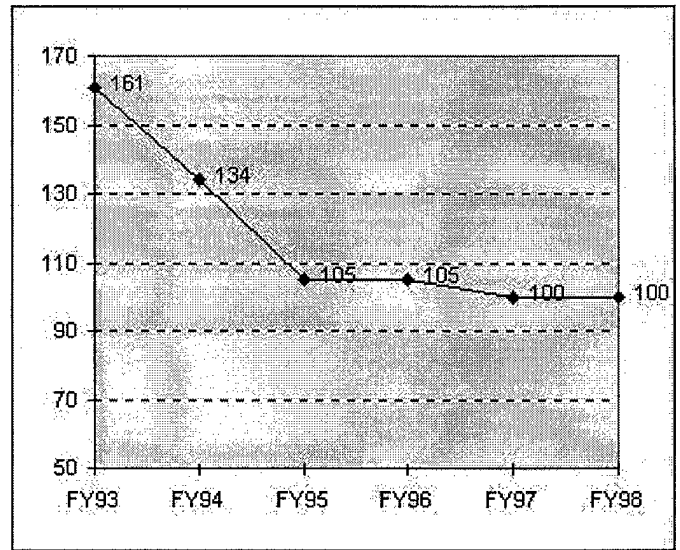
2) Management decisions to recover funds, negotiated and court-ordered recoveries, and investigative recoveries.



3) Criminal indictments and convictions.



4) Contractor suspensions and debarments.



Appropriation Language

For necessary expenses of the Office of Inspector General and services authorized by 5 U.S.C. 3109, [\$33,863,000] \$33,870,000: *Provided*, That not to exceed [\$5,000] \$10,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property: *Provided further*, That not to exceed \$2,500 shall be available for awards to employees of other Federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness. (*Independent Agencies Appropriations Act, 1997*)

Explanation

Previously the Office of Inspector General confidential fund was set at \$10,000. This amount was reduced to \$5,000 after a review indicated minimal use of this fund. However, on several occasions during FY 1996 the need for more than \$5,000 in confidential fund expenditures occurred.



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Forward to Former
Presidents



**General Services Administration
FORMER PRESIDENTS**

MISSION

The appropriation for Allowances and Office Staff for Former Presidents provides for an annual pension and compensation of office staffs and other related operating expenses for each former President pursuant to P.L. 85-745. The annual pension and cost of franking privileges for the widow of former President Johnson are also funded in this appropriation.

THE FY 1998 BUDGET IN BRIEF

The FY 1998 budget request allows GSA to carry out the provisions of the Former Presidents Act at a level commensurate with that of the previous fiscal year. However, as stipulated by sec. 6 of GSA General Provisions in P.L. 103-123, FY 1998 is the last year to fund office support for current former Presidents; support for future former Presidents or surviving spouses will be limited to 5 years after leaving office.

**ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
\$(millions)**

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 97 - FY 98 Change
Former Presidents	\$1.992	\$2.180	\$2.250	\$.070
Total Budget Authority	\$1.992	\$2.180	\$2.250	\$.070
Net Outlays	\$1.984	\$2.180	\$2.250	\$.070

EXPLANATION OF ESTIMATES

The budget request reflects an increase of \$.070 million for costs of goods and services.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS	
Explanation of Budget Changes	
\$(Millions)	
FY 1997 Current Level.....	\$2.180
Increased costs of goods and services	+.070
FY 1998 Budget Request.....	\$2.250

ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS				
Obligations by Object Class				
\$(Millions)				
		FY 1996 Actual	FY 1997 Current	FY 1998 Request
11.8	Special personnel service payments	.391	.384	.384
11.9	Total personnel compensation	.391	.384	.384
12.1	Civilian personnel benefits	.089	.094	.095
13.0	Benefits for former personnel	.612	.612	.612
21.0	Travel and transportation of persons	.092	.124	.128
23.1	Rental payments to GSA	.568	.571	.571
23.3	Communications, utilities and misc.	.105	.133	.135
24.0	Printing and Reproduction	.029	.026	.028
25.2	Other Services	.051	.075	.229
26.0	Supplies and materials	.043	.046	.046
31.0	Equipment	.012	.115	.022
	Total Obligations	1.992	2.180	2.250


Appropriation Language:

For carrying out the provisions of the Act of August 25, 1958, as amended (3 U.S.C. 102 note), and Public Law 95-138, [\$2,180,000] \$2,250,000: Provided, That the Administrator of General Services shall transfer to the Secretary of the Treasury such sums as may be necessary to carry out the provisions of such Acts. (Independent Agencies Appropriations Act, 1996.)

**General Services Administration
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS**


**FY 1998 REQUEST
FORMER PRESIDENTS
\$(MILLIONS)**

	FORD	CARTER	REAGAN	BUSH	WIDOWS	TOTAL
Personnel Compensation	.096	.096	.096	.096	.000	.384
Personnel Benefits	.025	.005	.024	.041	.000	.095
Benefits for Former Personnel:						
Pensions	.148	.148	.148	.148	.020	.612
Travel	.050	.002	.026	.050	.000	.128
Rental Payments to GSA	.075	.090	.270	.136	.000	.571
Communications, Utilities and Miscellaneous charges						
Telephone	.017	.030	.015	.024	.000	.086
Postage	.006	.019	.010	.012	.002	.049
Printing	.006	.001	.014	.007	.000	.028
Other Services	.024	.078	.075	.052	.000	.229
Supplies & Materials	.008	.011	.016	.011	.000	.046
Equipment	.000	.016	.003	.003	.000	.022
Total Obligations	.455	.496	.697	.580	.022	2.250

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General Services Administration GENERAL SUPPLY FUND

MISSION

The General Supply Fund (GSF) is a full-cost recovery, revolving fund that finances its **Supply Operations** and **Interagency Fleet Management Programs** through customer payments. These competitive programs offer substantial savings for Government customers through leveraged buying power and reduced administrative costs, and are the preferred source of best-value, commercial products and services. The **Supply Operations Program** is recognized as the national supply system for Federal agencies worldwide. This program provides quality supplies, equipment and services necessary to the conduct of Federal business. The **Interagency Fleet Management Program** provides motor vehicle services to 75 participating Federal agencies. This program manages the largest civilian, non-tactical Government fleet outside the U.S. Postal Service and has proven itself an economical, efficient and effective service provider.

FY 1998 BUDGET IN BRIEF

Current legislation permits GSF management to price goods and services to recover all operating expenses - personnel, travel, space and all other costs. In general, this fiscal year 1998 budget provides funding authority that fully supports the ongoing activities of the Supply Operations and Interagency Fleet Management Programs.

During fiscal year 1998, the Schedules Program will complete its three year phase-in from direct appropriation to reimbursable funding. All fleet and supply operations will then be managed under the full-cost, reimbursable methodology.

FUNDING OF ALTERNATIVE FUEL VEHICLES

Executive Order 13031, dated December 13, 1996, placed the burden of responsibility upon individual agencies to provide the additional funds necessary to achieve the following AFV goals: 33 percent of light duty vehicles (LDVs) in fiscal year 1997, 50 percent of LDVs in fiscal year 1998, and 75 percent of LDVs in fiscal year 1999 and thereafter. For Interagency Fleet Management Program customers, GSA will serve as the mechanism for these agencies to meet their AFV goals.

During February 1997, GSA officials will meet with customer agencies to determine how best to recover their share of the incremental cost of AFVs. An advance of funds by individual agencies or surcharges on motor vehicle rates are two alternatives. The focus of the meetings will be to ease the cost impact of the AFVs on agency mission requirements and to emphasize the need for sound economic policy in this area.

VEHICLE CONSOLIDATIONS

Significant savings are being accomplished as the Interagency Fleet Management Program continues to provide efficiency and expertise in motor vehicle consolidations. The U.S. Marine Corps recently signed an agreement to turn over the management and operation of its non-tactical fleet of 4,713 vehicles to GSA during a four year phased consolidation, to be completed by fiscal year 2000.

On a larger scale, the Department of Army has agreed that GSA provide motor vehicle support to selected European Army operations. A vehicle consolidation of approximately 8,000 vehicles will be accomplished over a three year period, to be completed in fiscal year 1999.

REINVENTING GOVERNMENT - GSA ADVANTAGE!

GSA Advantage!, the 24-hour-a-day Internet-based on-line Government shopping service, allows customers to electronically browse product offerings, place orders, schedule deliveries and pay for purchases by IMPAC charge card or GSA account number -- all with a few key strokes. In fiscal year 1996, 97,000 GSA items were available for electronic shopping with all 4 million products scheduled to be available on-line by the end of fiscal year 1997. GSA Advantage! was nominated for the 1996 Smithsonian Computerworld Award and was approved for inclusion in the Smithsonian's permanent research collection.

PRICING MARK-UPS

Due to the projected continuation of strong business levels and aggressive cost controls, pricing mark-ups were reduced in the Stock and Special Orders Nonstores programs for fiscal year 1997. Effective October 1, 1996, the overall FSS Stores, Regular (stock) program mark-up declined 1.68 percent (from 33.88 to 32.20 percent). The Special Orders Nonstores program mark-up was reduced from 8.7 percent to 7.3 percent in fiscal year 1997. The Special Orders Automotive program mark-up remained at 1.0 percent in fiscal year 1997. Business levels are projected to remain consistent with the cost of program services for fiscal year 1998. As a result, the overall Supply Operations pricing structure for goods and services is projected to remain essentially equivalent to fiscal year 1997.

Motor vehicle rental rates for the Interagency Fleet Management Program increased by 2.4 percent overall in fiscal year 1997, as the vehicle rental rate structure is revised to ensure that each vehicle class recovers its own costs. In fiscal year 1998, motor vehicle rental rates will continue to be brought into alignment with fixed and variable expenses.

GENERAL SUPPLY FUND				
\$(MILLIONS)				
	FY 1996	FY 1997	FY 1998	FY 98/97
	Actual	Current	Request	Change
Income	3,199,981	3,201,441	3,183,629	-17,812
Supply:				
Stores, Regular	947,596	881,369	872,555	-8,814
Stores, Direct Delivery	62,882	61,820	61,202	-618
Special Orders	1,439,272	1,420,295	1,406,092	-14,203
Schedules	19,090	29,612	32,085	+2,473
Miscellaneous	17,741	14,916	16,213	+1,297
Fleet Management	713,400	793,429	795,482	+2,053
Expense	3,041,178	3,055,441	3,043,629	-11,812
Supply:				
Stores, Regular	934,679	881,369	872,555	-8,814
Stores, Direct Delivery	59,500	61,820	61,202	-618
Special Orders	1,427,908	1,420,295	1,406,092	-14,203
Schedules	18,328	29,612	32,085	+2,473
Miscellaneous	19,963	14,916	16,213	+1,297
Fleet Management	580,800	647,429	655,482	+8,053
Profit (Loss)	158,803	146,000	140,000	-6,000
Less Reserves	158,803	146,000	140,000	-6,000
Net Profit (Loss)	0	0	0	0
FTE	3,354	3,223	3,153	(70)

EXPLANATION OF ESTIMATES

It is anticipated that GSF operations will continue to generate profitable business results in fiscal years 1997 and 1998. The projected profits shown on the profit/loss statement (GSF-3) for fiscal years 1997 and 1998 are necessary to satisfy motor vehicle replacement cost pricing reserve requirements.

In fiscal year 1998, it is projected that income and expense in the Stores (Regular and Direct Delivery) and Special Orders Programs will decrease slightly (1 percent) due to the continuing downward trend of Government employment and declining appropriations. Also, the Schedules Program will complete its three year phase-in conversion from appropriations to industrial funding in fiscal year 1998, thus accounting for a slight increase in both income and expense of \$2.5 million.

A modest increase in both income and expense is forecast for the Interagency Fleet Management Program in fiscal year 1998.

PERFORMANCE MEASURES

The Supply Operations and Interagency Fleet Management Programs are committed to satisfying the Federal Government's requirements for supplies, equipment and services at the least cost to the taxpayer. In order to measure accomplishments toward meeting this challenge, performance measures have been established to evaluate program results. Comparisons to private sector have been included, whenever applicable and available. In the absence of private sector comparison data, internally developed targets are shown.

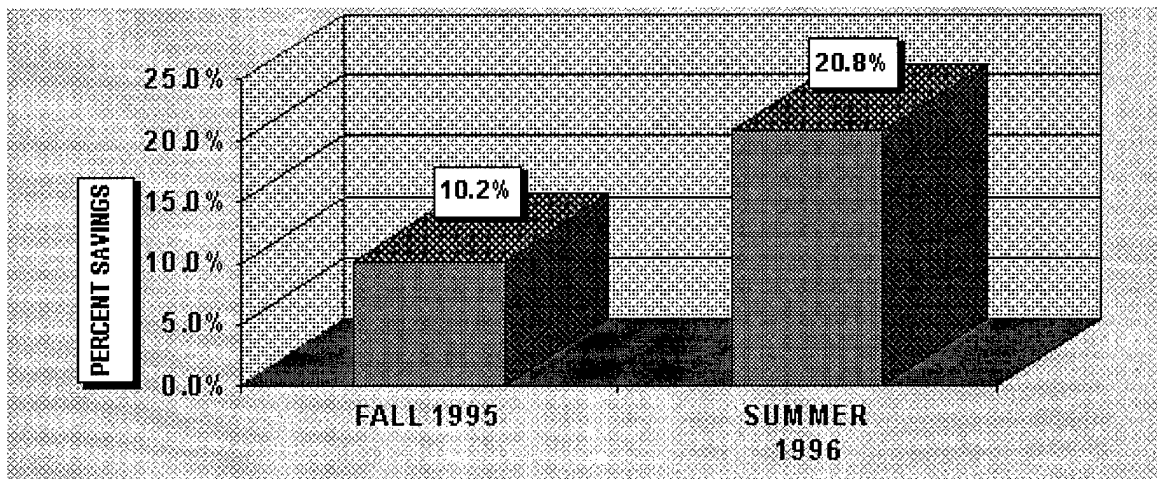
The following performance measures and cost indicators are reported in this budget submission:

- (1) Savings Over Competition (Supply)
- (2) Cost per \$100 Sales - Stock
- (3) Cost per \$100 Sales - Overall
- (4) Cost per \$100 Transferred and Sold Property
- (5) Percentage Savings Transportation Services
- (6) Fleet Rate Per Mile vs. Commercial
- (7) Fleet Consolidation Savings
- (8) Alternative Fuel Vehicles
- (9) Fleet Cost Per Mile
- (10) Percentage Return on Vehicle Sales vs. Commercial
- (11) Customer Satisfaction
- (12) Depot On Time
- (13) Depot Processing Time

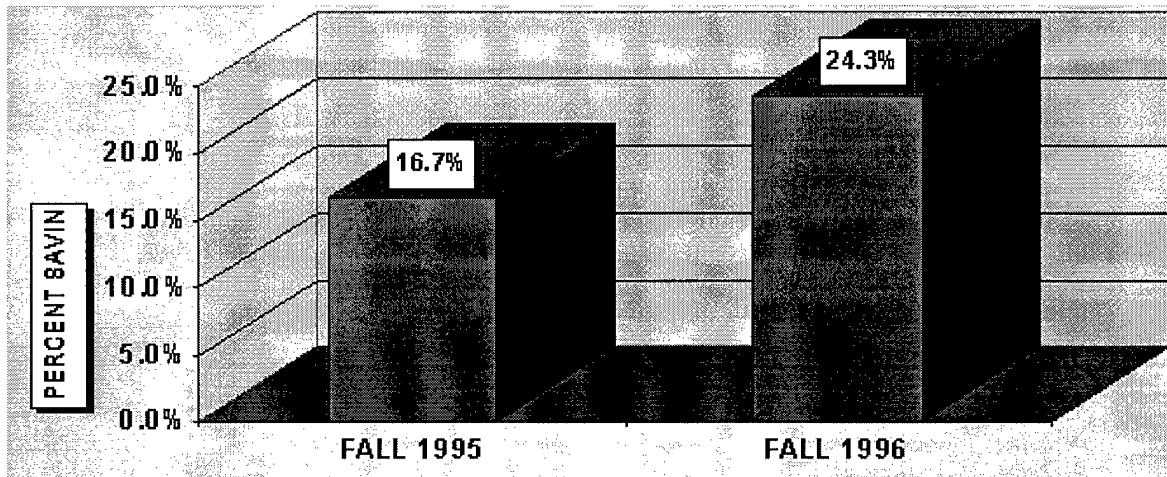
(1) SAVINGS OVER COMPETITION

In fiscal year 1996, as in previous years, GSA's prices offered significant savings over retail prices for office and administrative supplies. GSA performs "market-basket" surveys comparing 120 commonly-used items with GSA's prices for identical office supply items. In summer/fall 1996, GSA's prices were found to be **20.8 percent below those of Office Depot and 24.3 percent below those of Staples** - these two large retailers are expected to merge later this year.

CUSTOMER SAVINGS - FSS VS OFFICE DEPOT

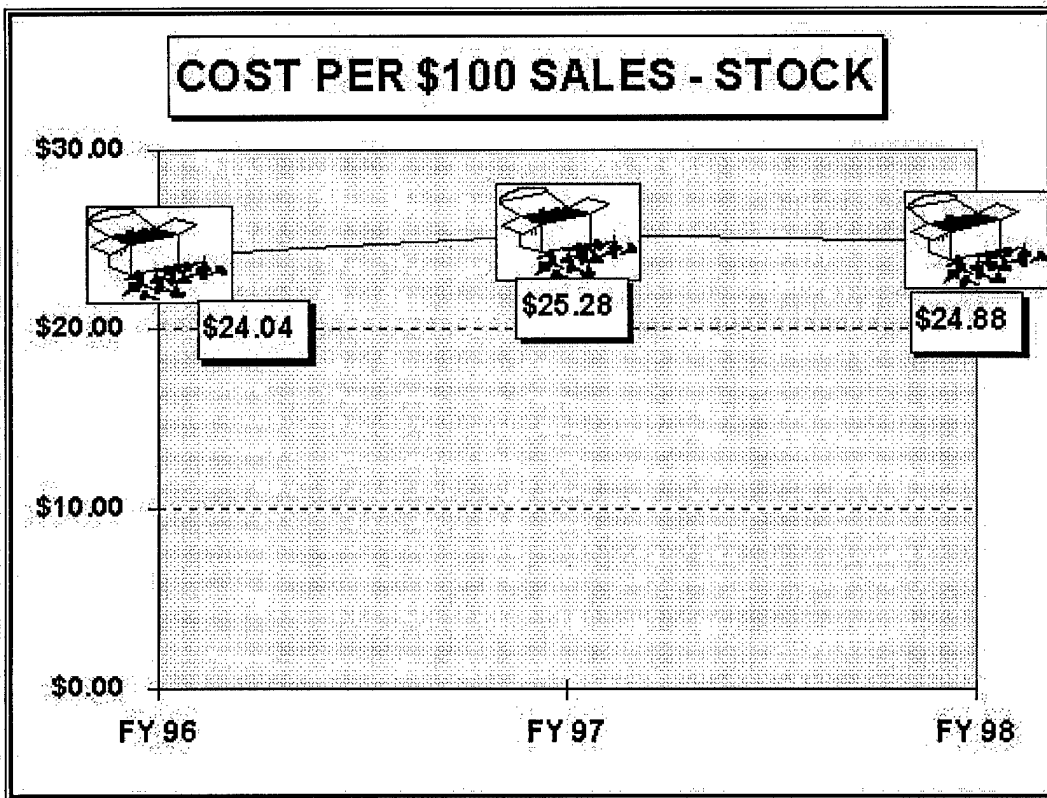


CUSTOMER SAVINGS - FSS VS STAPLES



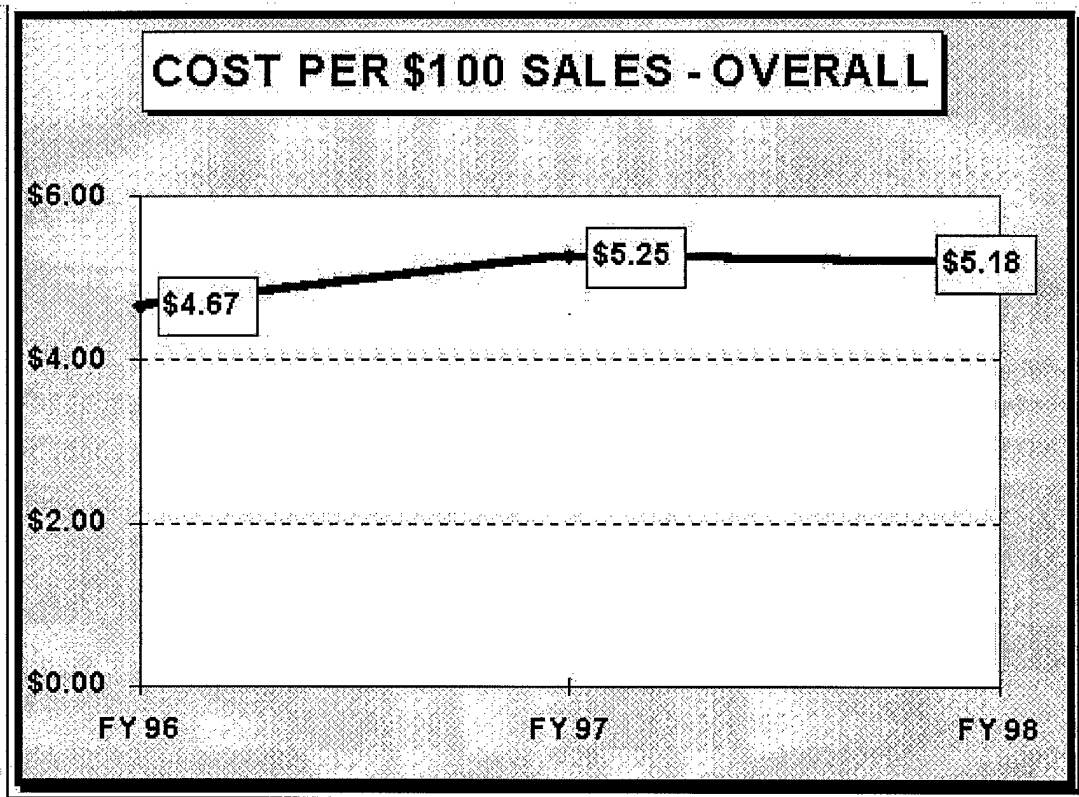
(2) COST PER \$100 SALES - STOCK

Cost per \$100 sales for the Stock Program is targeted to decrease to \$24.88 in fiscal year 1998, due to improved market conditions in the availability and pricing of certain commodities. As prices for these commodities decline, GSA will pass associated savings to customer agencies.



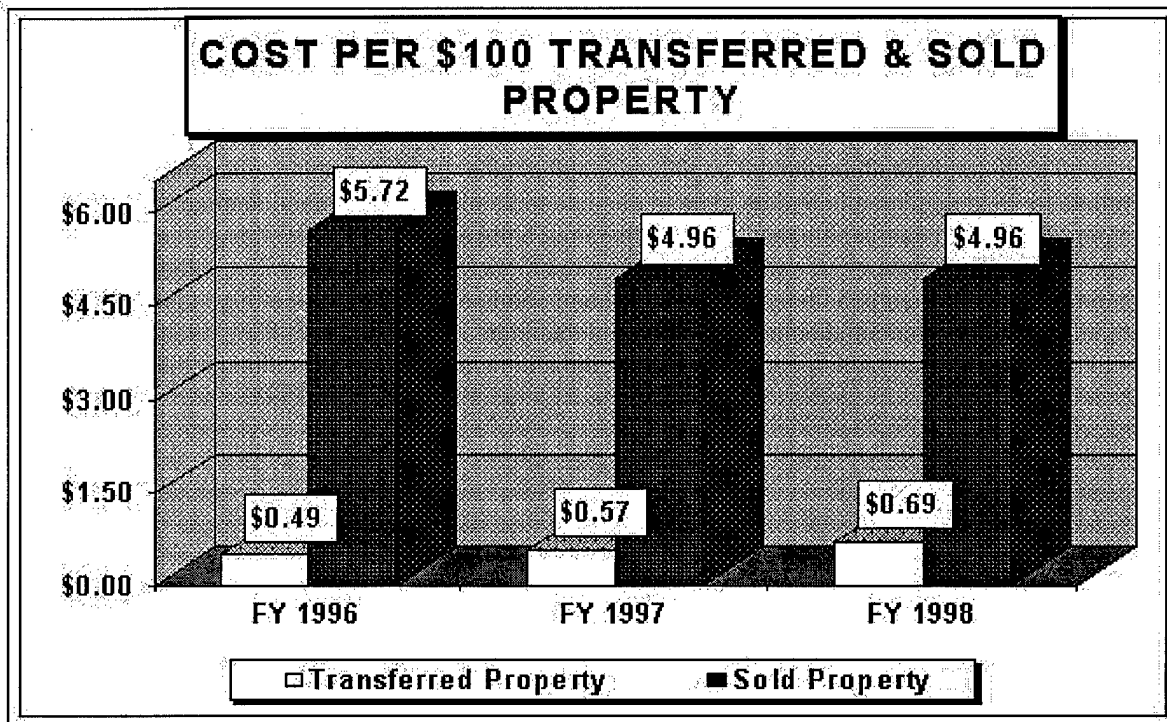
(3) COST PER \$100 SALES - OVERALL

Cost per \$100 sales for overall Supply and Procurement operations is projected to decrease to \$5.18 in fiscal year 1998, primarily because of lower transportation expenses relative to total business volume.



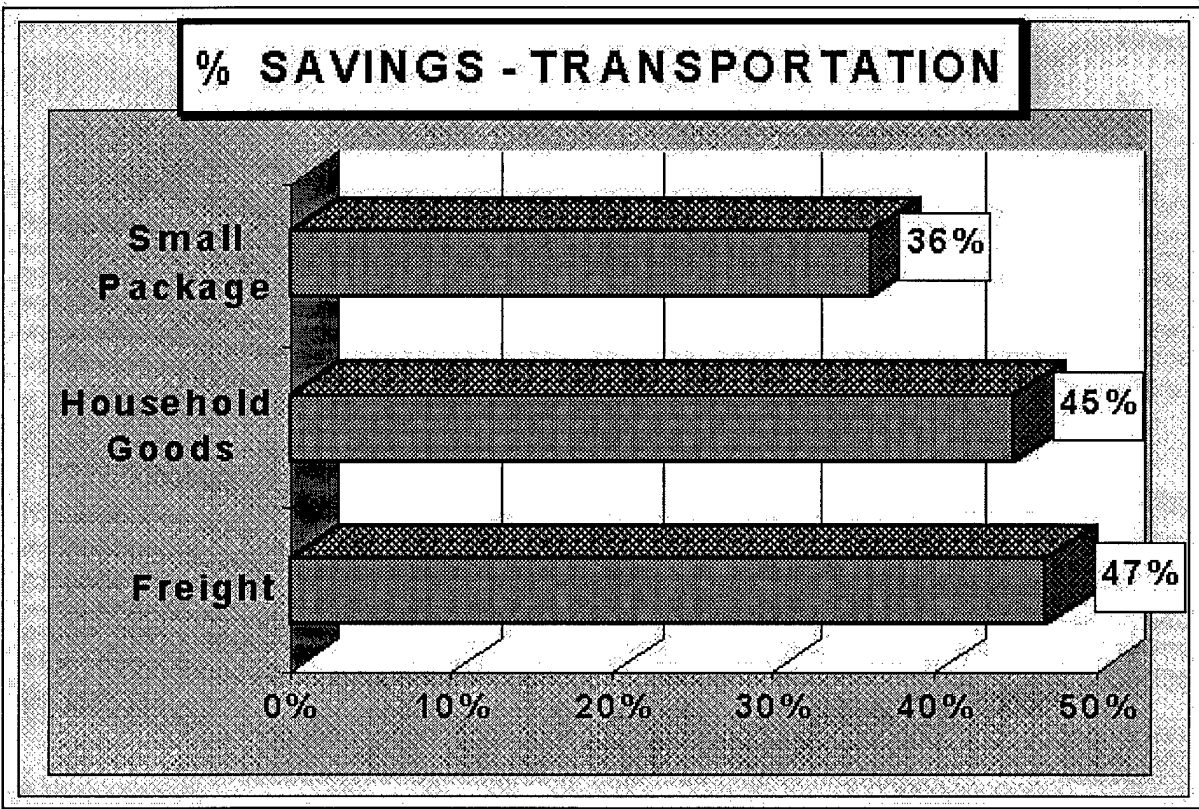
(4) COST PER \$100 TRANSFERRED AND SOLD PROPERTY

A three year trend projection of the cost per \$100 of personal property transferred and sold is detailed below. The increase in cost per \$100 transferred property is due to an estimated decline in property transferred to GSA while the associated costs for the program remain constant.



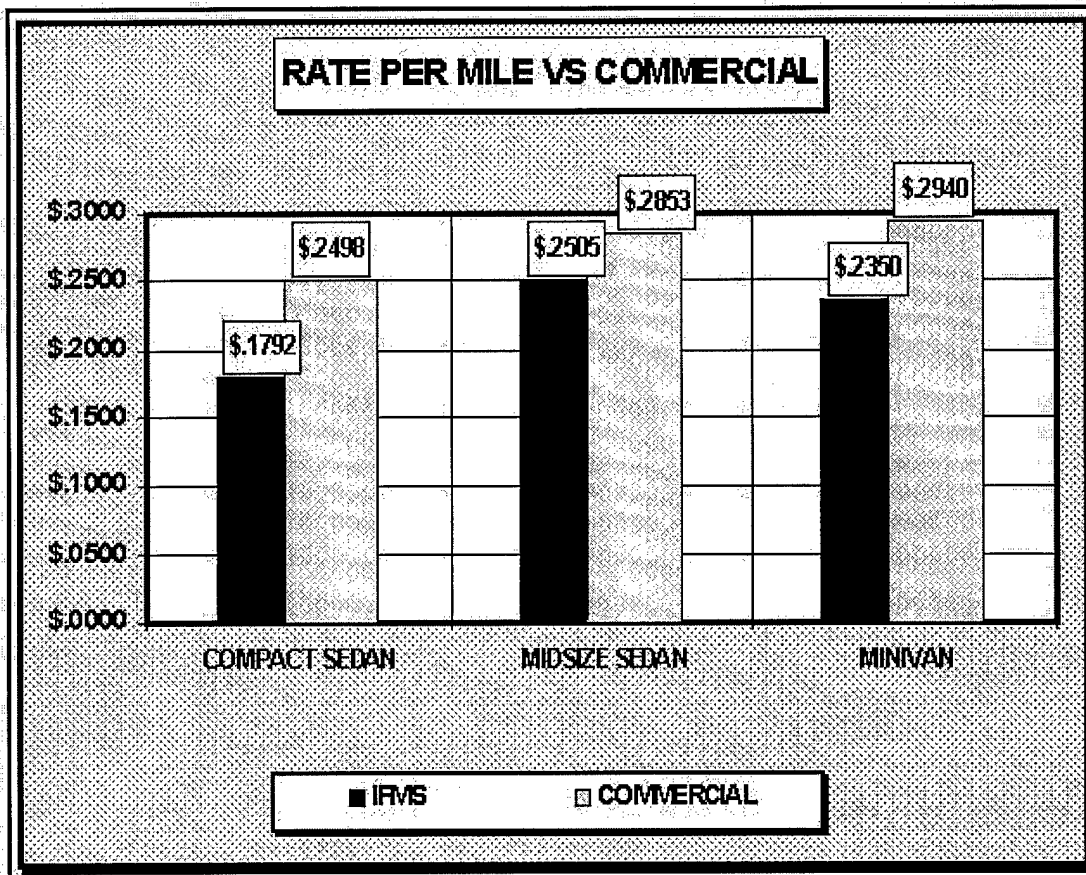
(5) PERCENTAGE OF SAVINGS - TRANSPORTATION SERVICES

The chart below depicts the fiscal year 1996 percentage savings associated with the small package, household goods and freight programs over comparable commercial rates. These programs generated estimated savings of \$209 million in fiscal year 1996.



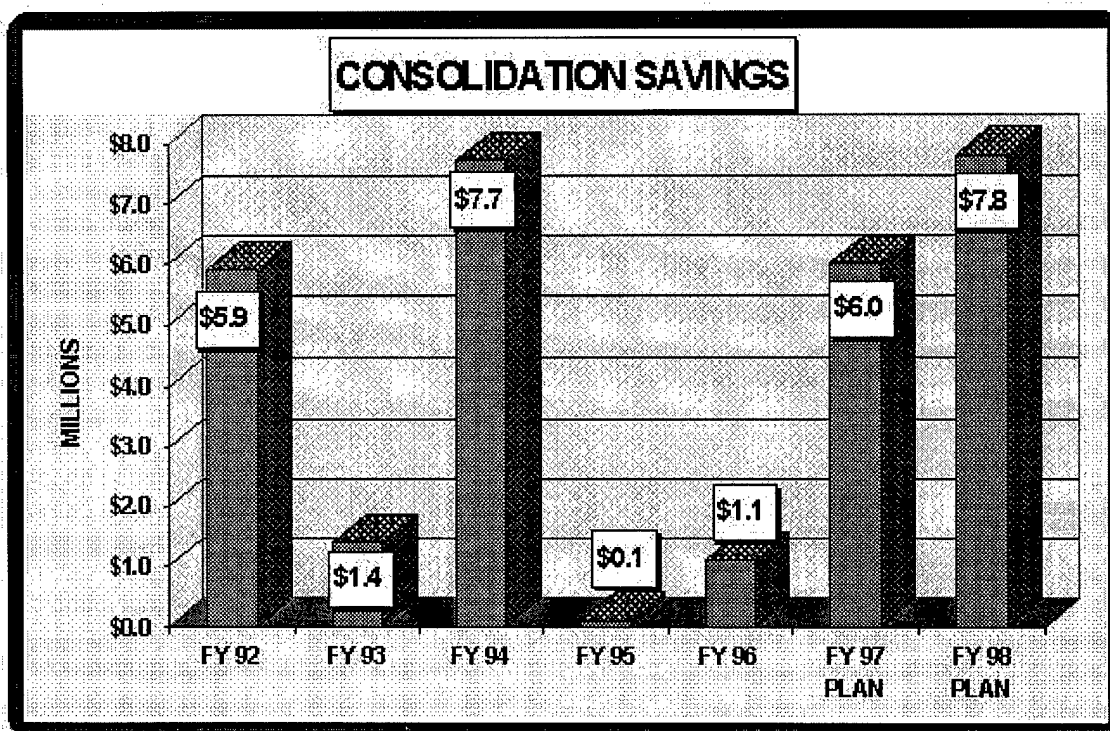
(6) RATE PER MILE VS. COMMERCIAL

The following chart compares the rate per mile for full-service leasing utilizing GSA versus commercial sources. Studies continue to show that GSA rates are lower than those in the private sector.



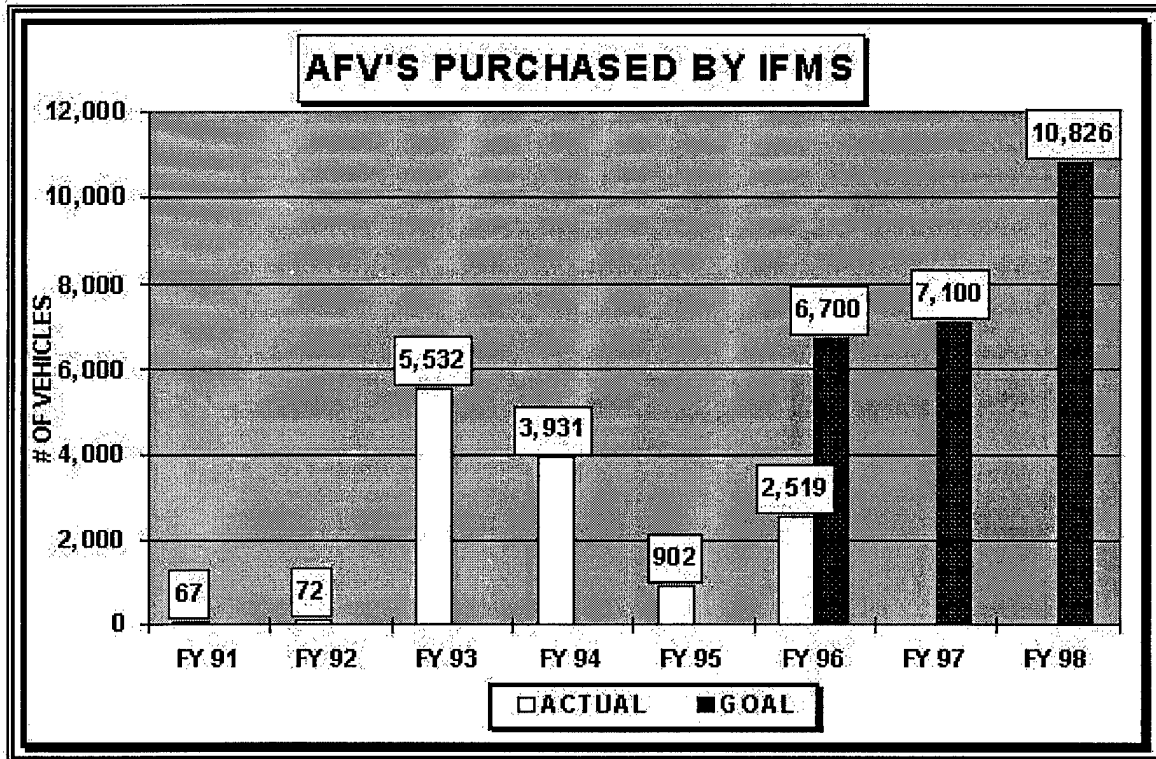
(7) FLEET CONSOLIDATION SAVINGS

The following chart highlights the vehicle consolidation savings achieved by GSA since fiscal year 1992. The number of vehicles consolidated are as follows: FY 92 - 8,956; FY 93 - 2,020; FY 94 - 7,117; FY 95 - 160; FY 96 - 1,355; FY 97 PLAN - 5,200; FY 98 PLAN - 6,500.



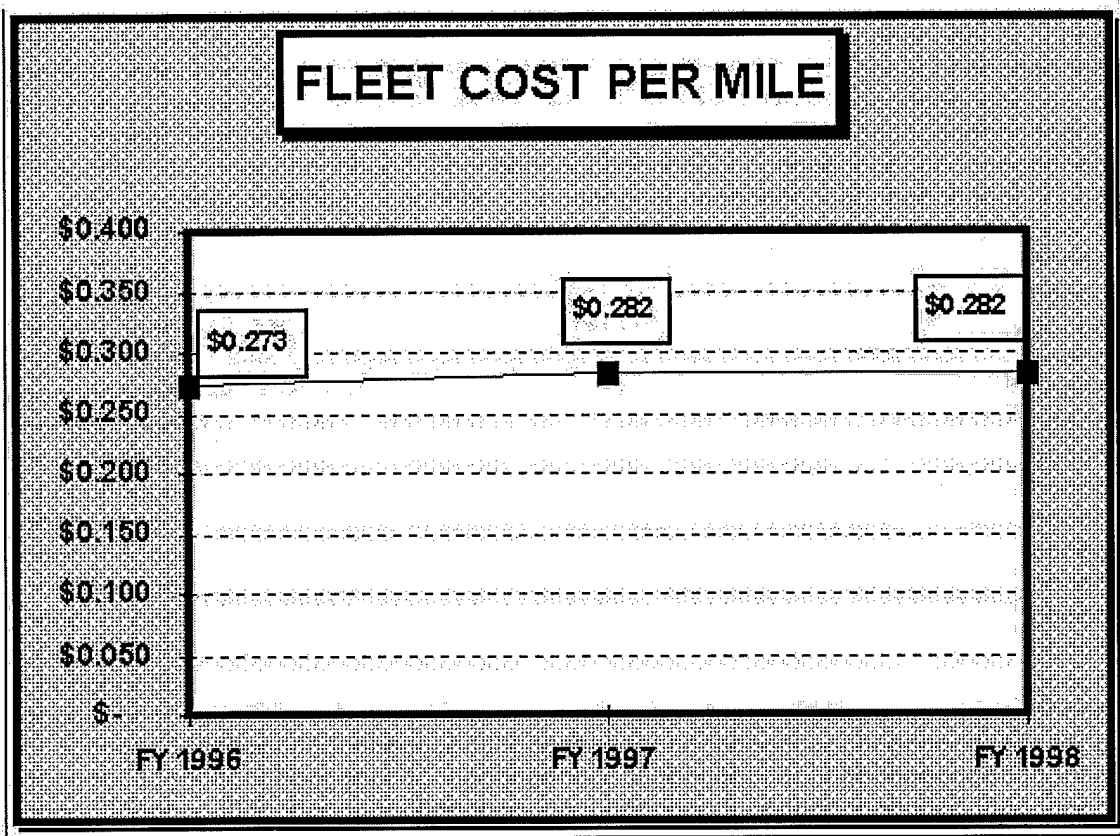
(8) ALTERNATIVE FUEL VEHICLES

GSA has purchased over 13,000 alternative fuel vehicles for customer agencies since fiscal year 1991. These vehicles are typically fueled by ethanol, methanol, compressed natural gas, propane and bio-diesel fuels.



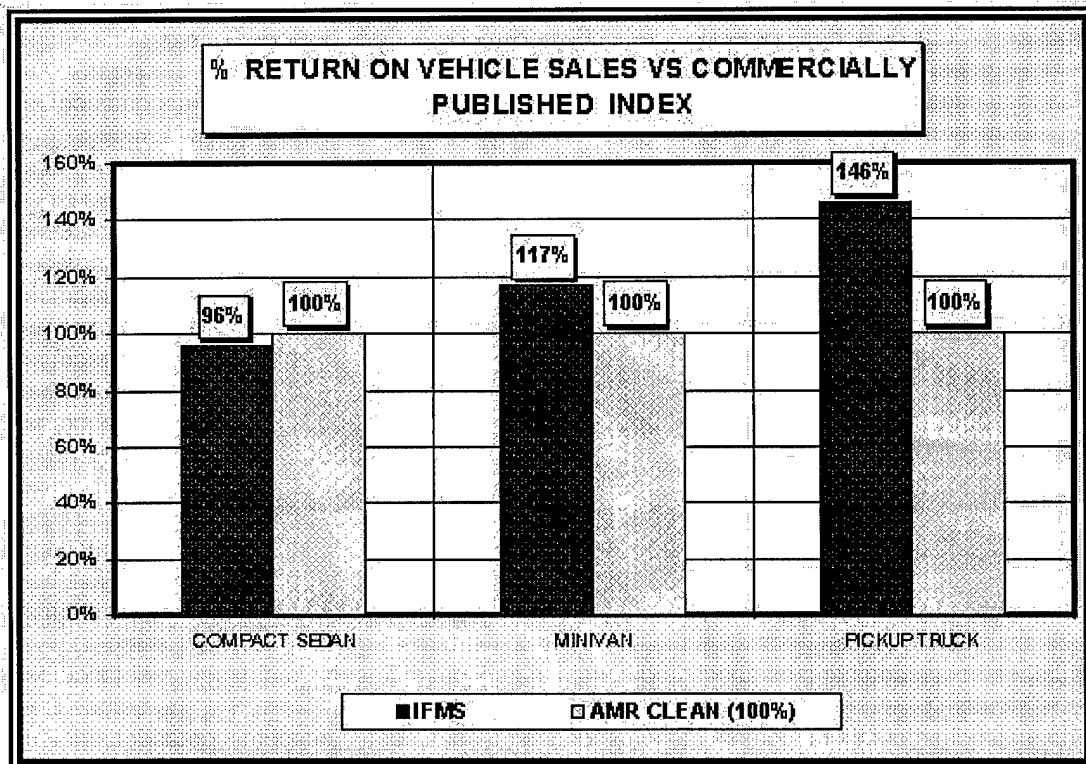
(9) FLEET COST PER MILE

Fleet cost per mile is planned to increase to 28.2 cents in fiscal years 1997 and 1998. This projected increase primarily is attributed to normal inflationary costs incurred in the open market associated with new vehicle purchases, petroleum expenses, and vehicle maintenance and repair.



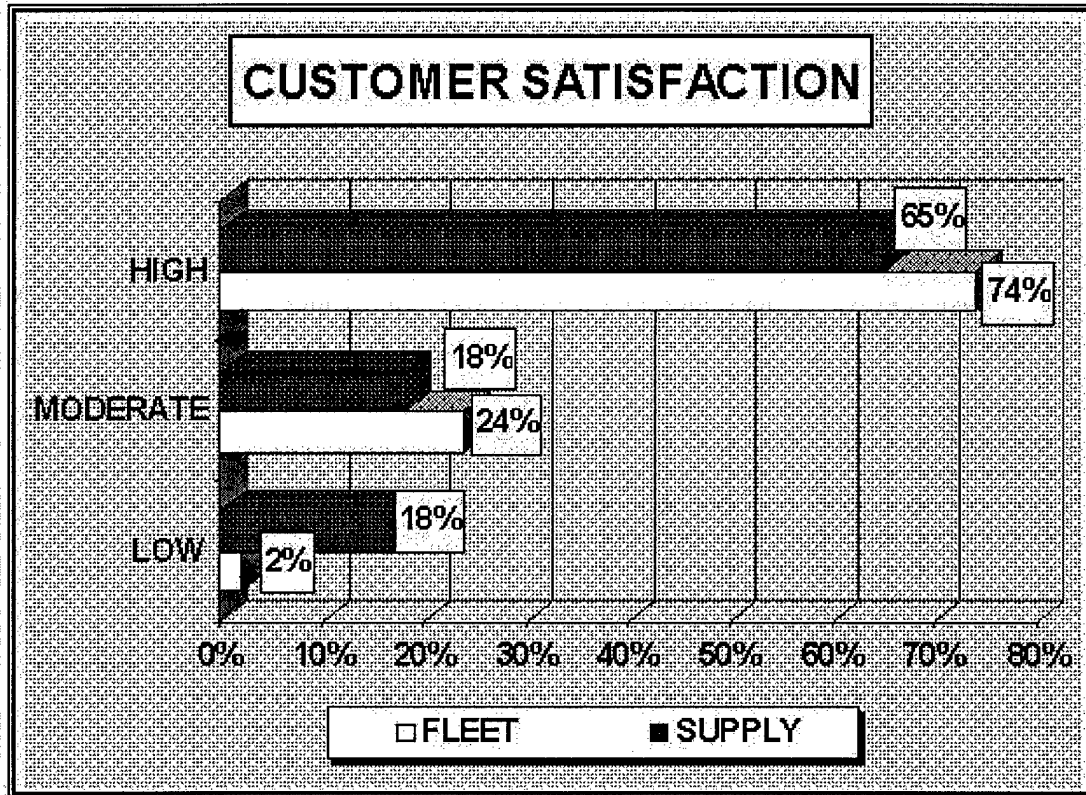
(10) PERCENTAGE RETURN ON VEHICLE SALES VS. COMMERCIAL

The chart below compares the percentage return on motor vehicle sales that GSA generates from selected vehicles with the commercially published index - AMR Clean.



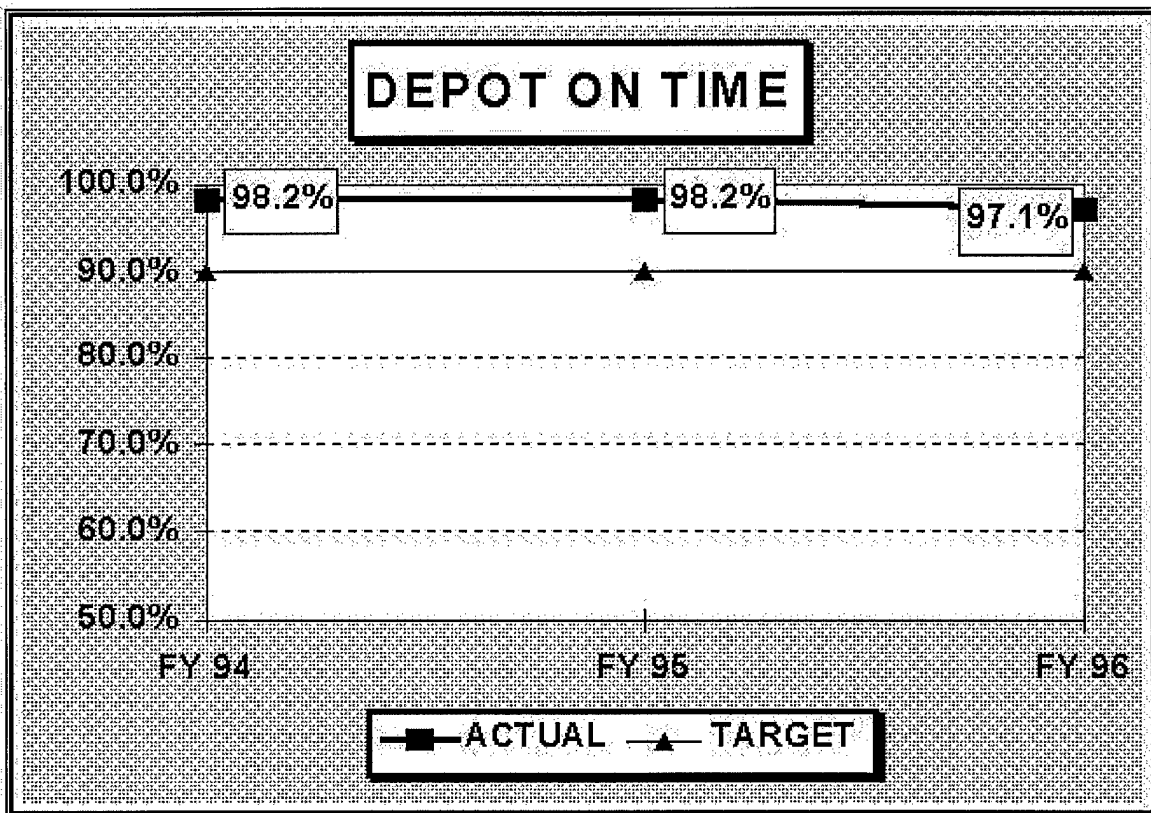
(11) CUSTOMER SATISFACTION

During fiscal year 1996, customer focus groups throughout the country targeted specific concerns and areas for improvement which should result in more highly satisfied customers. A new customer survey will be in place by the end of fiscal year 1997. Results of the 1995 survey are below:



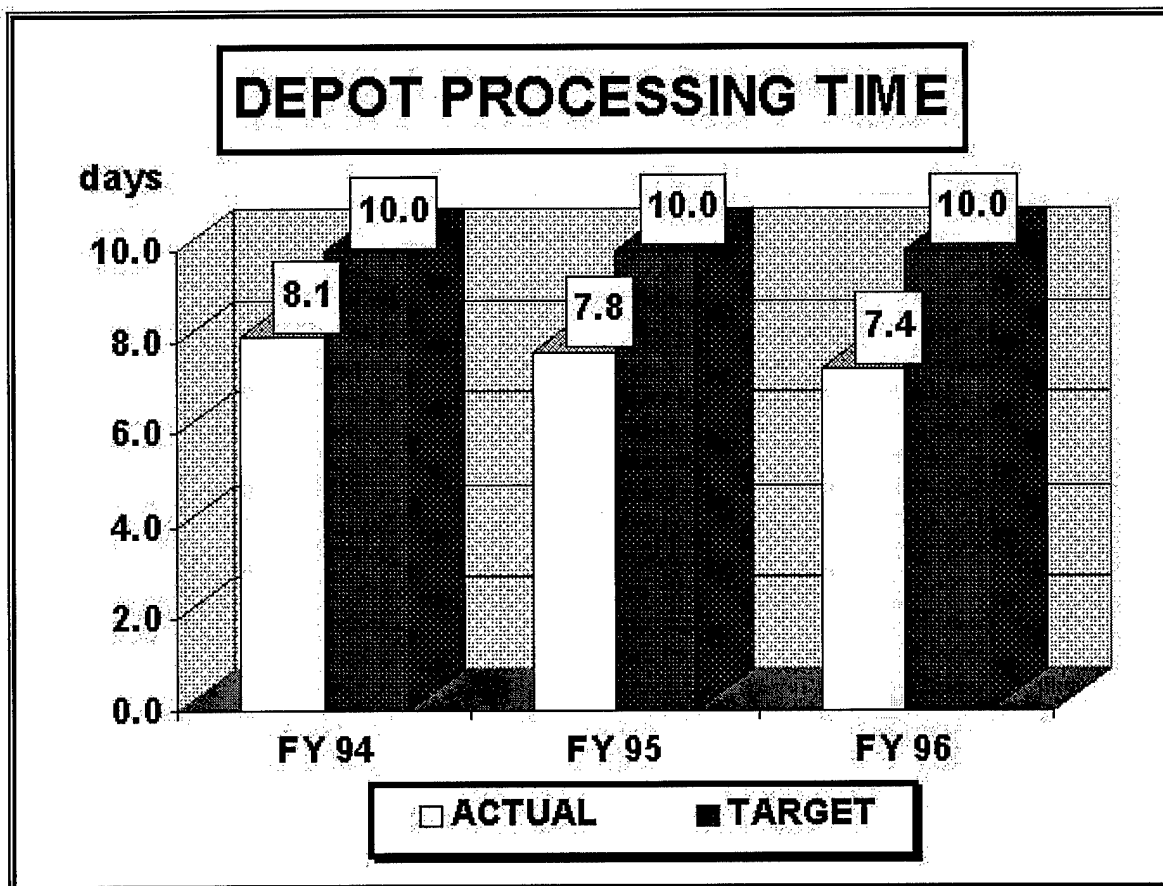
(12) DEPOT ON TIME

The following chart highlights the percentage of customer orders processed in Supply Distribution Facilities within established targets for fiscal years 1994, 1995 and 1996:



(13) DEPOT PROCESSING TIME

The average number of days to process stock requisitions fared well against targets in fiscal years 1994, 1995 and 1996. Results are detailed below:



GENERAL SUPPLY FUND	
EXPLANATION OF BUDGET CHANGES	
OBLIGATIONS	
\$(MILLIONS)	
FY 1997 Current Level.....	3,226.423
Change in Capital Outlay.....	+116.849
Pay Raises.....	+5.000
FSS Schedules Phase-In.....	+2.395
Net Buyout Savings/Attrition.....	-4.702
Business Volume Adjustment.....	-31.370
FY 1998 Budget Request.....	3,314.595

GENERAL SUPPLY FUND				
OBLIGATIONS BY OBJECT CLASS				
\$(MILLIONS)				
		FY 1996	FY 1997	FY 1998
		Actual	Current	Request
	Personnel Compensation:			
11.1	Full-time permanent	132.413	132.344	134.303
11.3	Other than permanent	1.827	3.200	3.274
11.5	Other personnel compensation	6.258	4.929	5.042
11.9	Total personnel compensation	140.498	140.473	142.619
12.1	Civilian personnel benefits	29.395	31.387	32.092
13.0	Benefits for former personnel	2.489	9.600	0.000
21.0	Travel and transportation of persons	3.696	3.607	3.704
21.0	Motor pool travel	0.555	0.574	0.589
22.0	Transportation of things	52.932	62.612	64.302
23.1	Rental payments to GSA	42.945	44.029	44.029
23.3	Communications, utilities, and misc. charges	10.456	12.997	13.348
24.0	Printing and reproduction	6.946	9.482	9.738
25.2	Other services	110.384	115.529	118.648
25.3	Purchases of gds/svcs from Gov't accts	65.797	65.753	67.528
26.0	Supplies and materials	2,187.363	2,174.580	2,145.349
31.0	Equipment	497.000	555.800	672.649
	Total Obligations	3,150.456	3,226.423	3,314.595



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General Services Administration INFORMATION TECHNOLOGY FUND

MISSION

The Federal Telecommunications Service (FTS) is dedicated to providing integrated information systems and network solutions that deliver best value and innovation to support our customer missions worldwide. FTS strives to position itself to have the largest market share of customers to capitalize on the economies of scale in procuring services for them. It is the vision of FTS to be recognized as a provider of choice that customizes services and responds immediately to meet our customer needs. FTS strategies for the future will balance customer satisfaction, employee satisfaction, financial results and business results.

RESOURCES

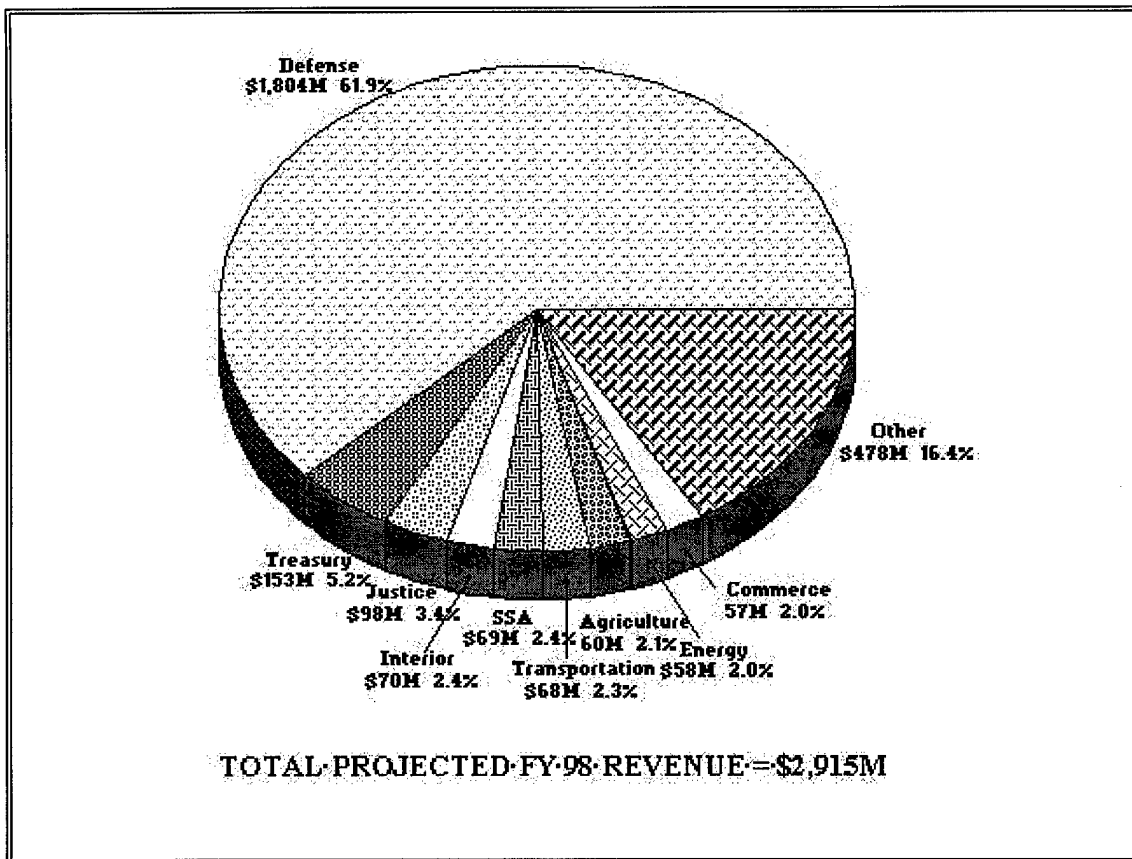
FTS programs are financed by the Information Technology (IT) Fund. The fund was authorized by the Paperwork Reduction Reauthorization Act of 1986 (Public Laws 99-500 and 99-591, section 821(a)(1)). It provides information technology resources to Federal agencies to promote use of the latest technology to deliver services, and to provide for the efficient management, coordination, operation, and use of such resources. It also provides for a capital reserve to finance investments and program costs which are one-time or non-recurring in nature, allowing for more stable rates for services even when expenses vary widely because of events such as a major procurement. The reserve also allows flexibility to address the challenges of providing innovative state-of-the-art services to our customers, to meet the demands of new program requirements, and to provide funding for new technologies and recompetition opportunities. Use of this capital reserve must be approved by OMB pursuant to section 110(a)(1) of the Federal Property and Administrative Services Act of 1949, as amended by Public Law 99-591.

In addition, the Interagency Management Council (IMC), which consists of senior executive telecommunications officials from Federal agencies, serves as a Board of Directors for the development, coordination, and customer-driven oversight of the Federal telecommunications program.

BUDGET IN BRIEF

The IT Fund finances, on a reimbursable basis, governmentwide information technology services. These include long-distance and local telecommunications services, information security, ADP technical services and several IT applications initiatives approved by the IMC which ensure that state-of-the-art technologies are deployed throughout the government on a timely and cost-effective basis. The FY 1998 budget provides resources for the leadership, technology, technical expertise and innovative technical programs that enable our customers, other Federal agencies, to achieve their planned results in the most efficient and productive way. As customer agencies experience greater fiscal constraints, they will search more actively for the most economical way of meeting requirements. The IT Fund programs help to improve services for all Americans through the innovative use of information technology. A breakdown of our customer base is shown on the next page.

<p style="text-align: center;">Major Customers of the Information Technology Fund FY 1998 Revenue \$(Millions)</p>
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**INFORMATION TECHNOLOGY FUND
RESULTS OF OPERATIONS
\$(Millions)**

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Revenue	\$2,025,261	\$2,643,431	\$2,914,825	\$271,394
Expense *	\$1,966,791	\$2,681,785	\$2,953,195	\$271,410
Revenues in Excess of Expenses	58,470	(38,354)	(38,370)	(016)
Revenues from Current Operations	92,742	7,880	10,407	2,527
Net Outlays	146,180	37,249	33,394	(3,855)
FTE:	1,589	1,411	1,310	(101)

* Includes one-time reserve expenditures of \$34M, \$46M, and \$49M for fiscal years 1996, 1997 and 1998 respectively.

EXPLANATION OF ESTIMATES

The IT Fund FY 1998 revenue reflects a 10.3% increase from FY 1997. This is largely due to the projected increase in business volume for the Federal Acquisition Services for Technology (FAST) program.

The total revenues from current operations are retained in the Fund to finance capital investments and program costs which are one-time or non-recurring in nature. Levels of funding are determined through the submission and approval process of planned cost and capital requirements to OMB by GSA annually.

The IT Fund FY 1998 budget reflects almost a \$271 million increase in obligations from FY 1997 (see next page). This is the net change resulting from increases for pay, inflation, reserve uses and business volume, offset by employee

buyouts and the transfer of the IT-funded Chief Information Officer (CIO) functions to the Working Capital Fund.

This FY 1998 budget request reflects the consolidation of GSA's information technology programs under a single organization, the Federal Telecommunications Service (FTS). Effective August 7, 1996, the Information Technology Service (ITS) was disestablished and most of its functions transferred to FTS. The new FTS organization will continue to provide the leadership, policy, program direction, and oversight for cost-effective government-wide telecommunications services. In addition, FTS will now assume responsibilities previously assigned to ITS which include managing several non-mandatory fully self-supporting programs. These programs are aimed at meeting client needs in the acquisition and effective use of IT resources; and in providing worldwide information security support to all Government activities conducting classified, sensitive but unclassified diplomatic or military missions. Further discussions of the four business lines are on the following pages.

INFORMATION TECHNOLOGY FUND	
Explanation of Budget Changes	
Obligations	
\$(Millions)	
FY 1997 Current Level	2,877.698
Pay Adjustments	3.873
Inflation	6.005
Buyout/Attrition	-4.202
Increase in Reserves	6.783
Increase in Business Volume	285.323
Transfer of CIO to Working Capital Fund	-26.981
FY 1998 Budget Request	3,148.499

INFORMATION TECHNOLOGY FUND				
Obligations by Object Class				
\$(Millions)				
		FY 1996 Actual	FY 1997 Current	FY 1998 Request
	Personnel Compensation:			
11.1	Full-time permanent	80,589	86,997	84,732
11.3	Other than permanent	0,836	0,381	0,392
11.5	Other personnel compensation	4,162	1,762	1,791
11.9	Total personnel compensation	85,587	89,140	86,915
12.1	Civilian personnel benefits	18,207	19,460	19,671
13.0	Benefits for former personnel	1,164	3,029	0,744
21.0	Travel and transportation of persons	4,886	4,045	4,050
21.0	Motor pool travel	0,233	0,323	0,332
22.0	Transportation of things	0,619	0,436	0,432
23.1	Rental payments to GSA	12,605	11,854	11,713
23.3	Communications, utilities, and misc. charges	6,999	3,623	2,721
24.0	Printing and reproduction	1,071	0,800	0,761
25.2	Other services	1,934,609	2,328,818	2,578,198
25.3	Purchases of goods and services from Government accounts	326,806	347,984	385,257
26.0	Supplies and materials	4,389	1,507	1,467
31.0	Equipment	59,389	66,679	56,238
43.0	Interest and dividends	0,000	0,000	0,000
	Total Obligations	2,456,564	2,877,698	3,148,499

FTS2000 LONG DISTANCE TELECOMMUNICATIONS SERVICE

The FTS2000 contracts provide long-distance telecommunications services that offer the Federal Government low-cost, state-of-the-art, integrated voice, data, and video telecommunications. FTS2000 services are provided to more than 1.7 million users through two multi-billion dollar ten-year contracts that were awarded to AT&T and Sprint in December 1988, to replace the 25-year old FTS network. The contracts provide for services rather than equipment.

One of the Government's mechanisms for price control during contract years 4 and 7 is Price Redetermination/ Service Reallocation (PR/SR). It allows the Government to make major mid-course price adjustments for all FTS2000 services by having the two contractors compete for a percentage of their estimated revenue shares for the remainder of the contract period.

Fourth year PR/SR, completed in FY 1993, resulted in significant price reductions and maintained the original 60-40 revenue share split between AT&T and Sprint, respectively. Year 4 PR/SR price reductions achieved over \$1 billion in savings during a three-year period. Actual cost savings were more than double the amount originally projected due to the migration of agency telecommunications requirements to FTS2000 to take advantage of the prices.

In early FY 1996, the seventh year PR/SR evaluations were completed resulting in a re-allocation of the revenue shares to a 76-24 split between AT&T and Sprint, respectively. This shift in revenue shares is being achieved by transitioning the Department of the Treasury from the Sprint network to AT&T. As a result of further price decreases from Year 7 PR/SR, it is estimated the government will save an additional \$600 million over the remaining lives of the contracts.

Subsequent to the year 7 PR/SR competition, Sprint lowered its switched voice service (SVS) prices to be competitive with AT&T (commencing October 1, 1996). These reduced prices are projected to save the Government another \$86 million over the last 26 months of the contract.

In July 1996, GSA reported to Congress on the cost effectiveness of the FTS2000 program, concluding that FTS2000 prices in aggregate are lower than equivalent commercial prices. The report determines that the PR/SR mechanism has

worked successfully in maintaining the competitiveness of FTS2000 prices. Overall FTS2000 savings are projected to exceed \$2.8 billion over the ten-year term of the contracts based on initial and ensuing competitions between the two contractors.

Our long-distance operations continue to strive to reduce employment levels and administrative costs, and streamline operations. The surcharge rate applied to agency costs for long-distance services was decreased from 9 percent in FY 1993 to 8 percent in FY 1994. For FY 1995 and FY 1996, the surcharge rate remained at 8 percent. In FY 1995 and FY 1996, the rates included 7 percent for operating costs and 1 percent to fund innovation projects. In FY 1996, \$6.9 million was allocated to fund National Performance Review information technology initiatives.

Future Direction of FTS2000

The entrepreneurial governance model will be used to ensure that resources are utilized in a way that maximizes efficiency and effectiveness. The program's focus will continue to be on customer satisfaction, competition, and continuous improvement. Customers will continue to help shape FTS2000 to better serve their needs. The National Performance Review report recognized the FTS2000 program as a successful example of how costs could be reduced through competition.

The integration of GSA's telecommunications services has allowed us to improve services to our customers and streamline telecommunications policy and management processes. This change has put the agency in the best position to implement the Post-FTS2000 program as a platform for the way the Government will conduct business and deliver services to its customers in the future.

Post-FTS2000

The current FTS2000 contracts expire in December 1998. In December 1994, GSA in conjunction with the IMC, issued the "Post-FTS2000 Program Strategy" as the Government's strategy for acquiring telecommunications services in the post-FTS2000 environment.

The "Post-FTS2000 Program Strategy" outlined a flexible, evolving approach that provided for multiple comprehensive telecommunications service contracts offering all services, and providing services worldwide where commercially available. In addition, the approach provided for technical and management support, as well as support for program management functions.

Draft Requests for Proposals (RFP's) were developed and released in August 1995 based on that strategy. Comments and feedback on these documents were solicited from industry, Government, and other interested parties. The IMC and GSA have since revised the 1994 strategy based upon industry comments, consultation with agency representatives, Year 7 PR/SR experience, and IMC recommendations.

In December 1996, FTS issued the "GSA Report to Congress on the FTS Program Strategy and Business Plan Analyses." The report documents the chronology of the development process, which began in FY 1993, and details GSA's strategy for expanding and replacing telecommunications services to Federal agencies after the current FTS2000 contracts expire in December 1998. The strategy will enable the Federal government to take advantage of increased competition and regulatory changes as a result of the Telecommunications Reform Act of 1996. The strategy is based on the principle of the Government as a "smart shopper" for goods and services that leverages the Government's buying power to strike the best deal for commercial-grade services. It draws on the successful FTS2000 experience, uses market forces and competition to help provide the best quality telecommunications services at the lowest price.

PERFORMANCE MEASURES

Seven performance indicators are discussed below which measure the continued quality and cost-effectiveness of the FTS2000 program.

FTS2000 Long-Distance Voice Service Cost Per Minute and Minutes of Use

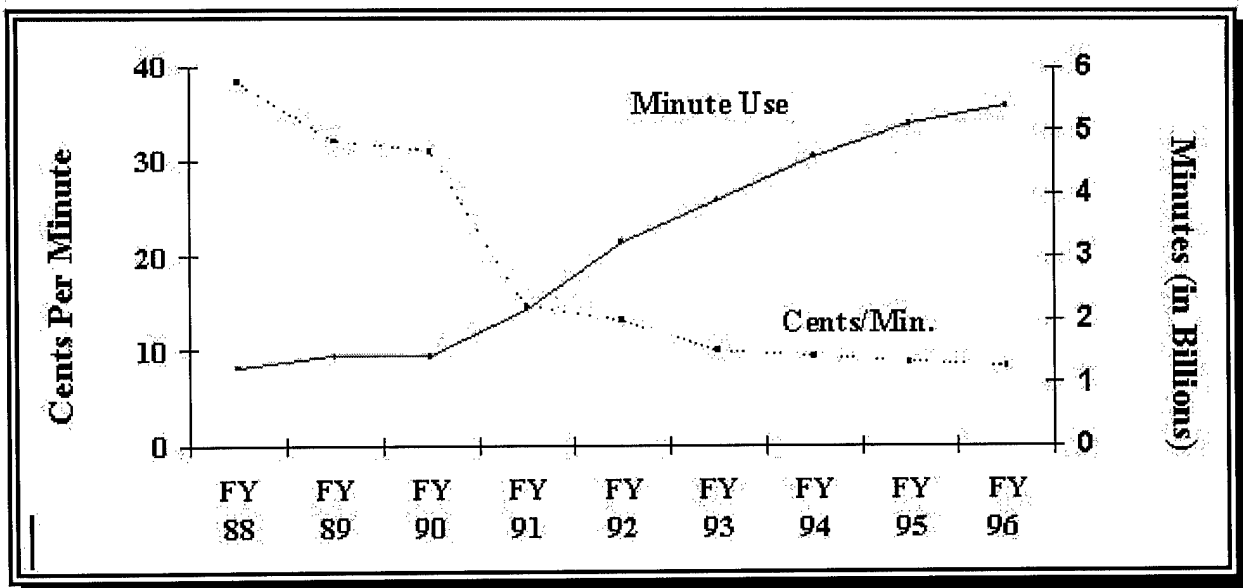


Exhibit 1. Cost and Minutes

Exhibit 1 shows that long-distance voice minutes usage has dramatically increased since the implementation of FTS2000 during FY 1990, while the average cost per minute has significantly decreased.

Percent of time contractor meets scheduled service order due date

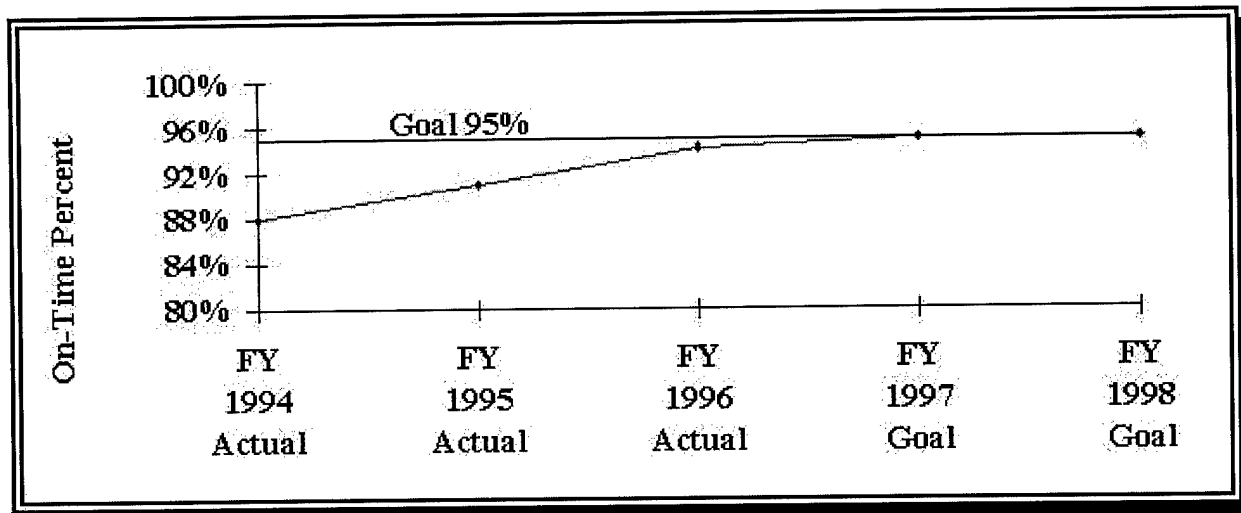


Exhibit 2. Service order due date

During FY 1996, the FTS2000 contractors met the scheduled service order due dates approximately 94 percent of the time. The primary reason for the late delivery of service was different reporting requirements from the two vendors. The contract was modified midway through FY 1996 to correct this problem. As shown in Exhibit 2, the program's FY 1997 and FY 1998 goal continues to be that scheduled service order due dates are met at least 95 percent of the time.

Number of switched voice and data service troubles reported per 100,000 billed calls

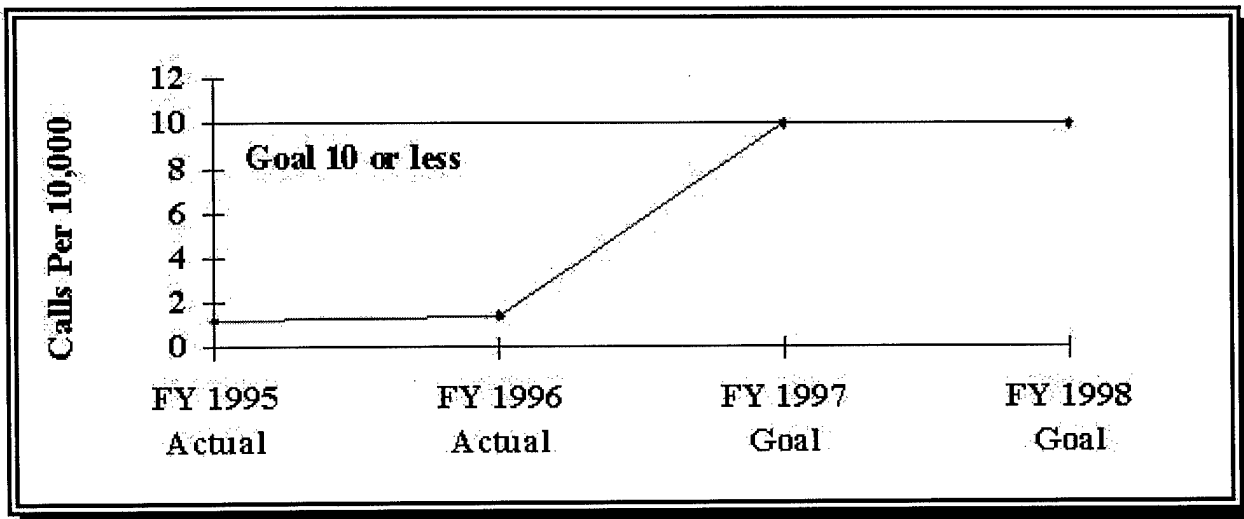


Exhibit 3. Trouble reports

Beginning in FY 1995, a new methodology was implemented to more accurately measure the performance of switched voice and data services. The quality of FTS2000 service has been extraordinary, while the technical capabilities have been equal or superior to comparable commercial services.

Exhibit 3 shows that in FY 1996 customers reported an average of only 1.4 switched voice and data service troubles per 100,000 billed calls, and experienced virtually no network busy signals. As a result, network performance was better than the program's goal of 10 or less switched voice and data service troubles reported per 100,000 billed calls. For FY 1997 and FY 1998, the FTS2000 program's goal is to continue to achieve 10 or less trouble reports per 100,000 billed calls.

Average Time For Repairs (Hours)

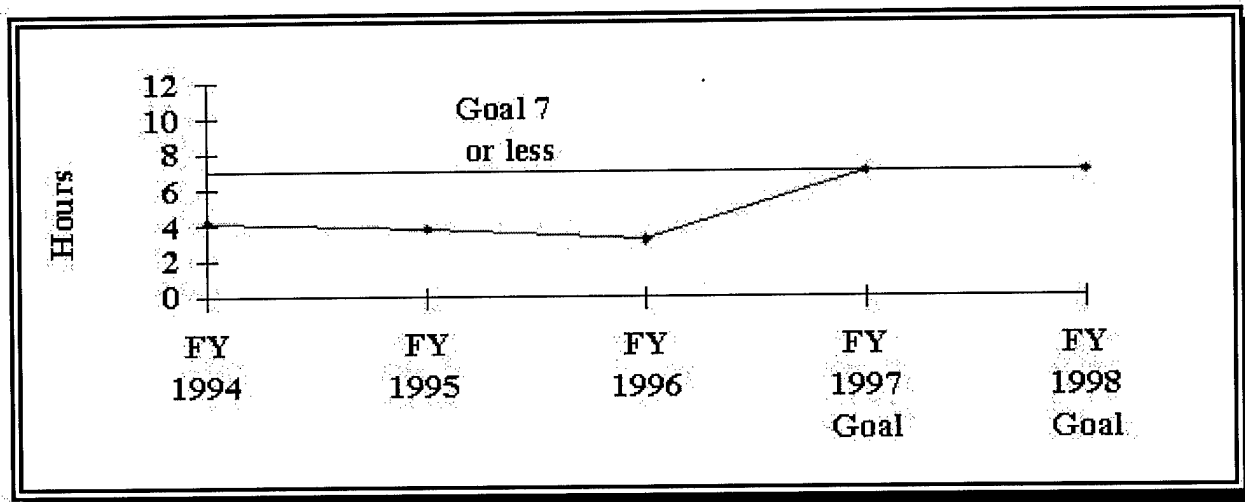


Exhibit 4. Network Troubles Repair

Network troubles are reported either by our customers or by automatic maintenance routines, and FTS2000 contractors are dispatched to correct the problem. Exhibit 4 shows that for the last three years the average time for repairs has been approximately four hours from the time of the reported trouble. The goal for the average time to repair network troubles for FY 1997 and FY 1998 is seven hours or less.

Customer Satisfaction

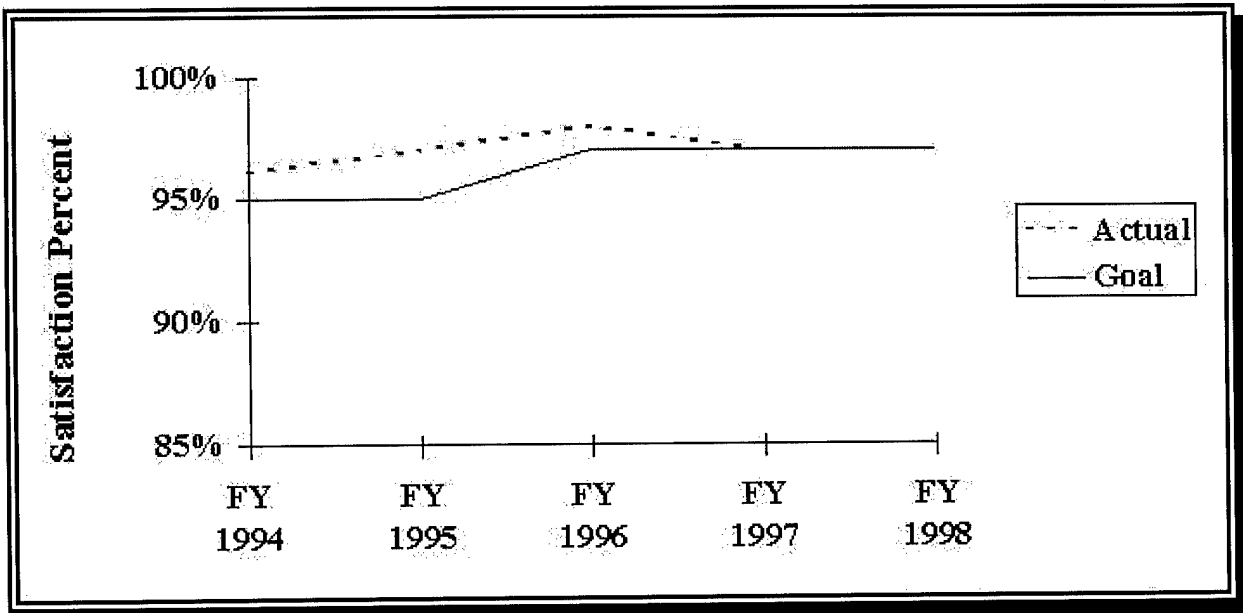


Exhibit 5. Customer Satisfaction

The customer satisfaction level is developed from the troubles reported to the vendors. The Service Oversight Centers contact customers who report troubles to determine if they are satisfied with the handling of the trouble reported. Exhibit 5 shows that during FY 1994 and FY 1995, FTS2000 exceeded its customer satisfaction goal of 95 percent. The customer satisfaction level for FY 1996 was over 98 percent, which is above the newly established goal of 97 percent. The goal for FY 1997 and FY 1998 is a customer satisfaction level of at least 97 percent.

FTS2000 GSA Management Services (GMS) Rates

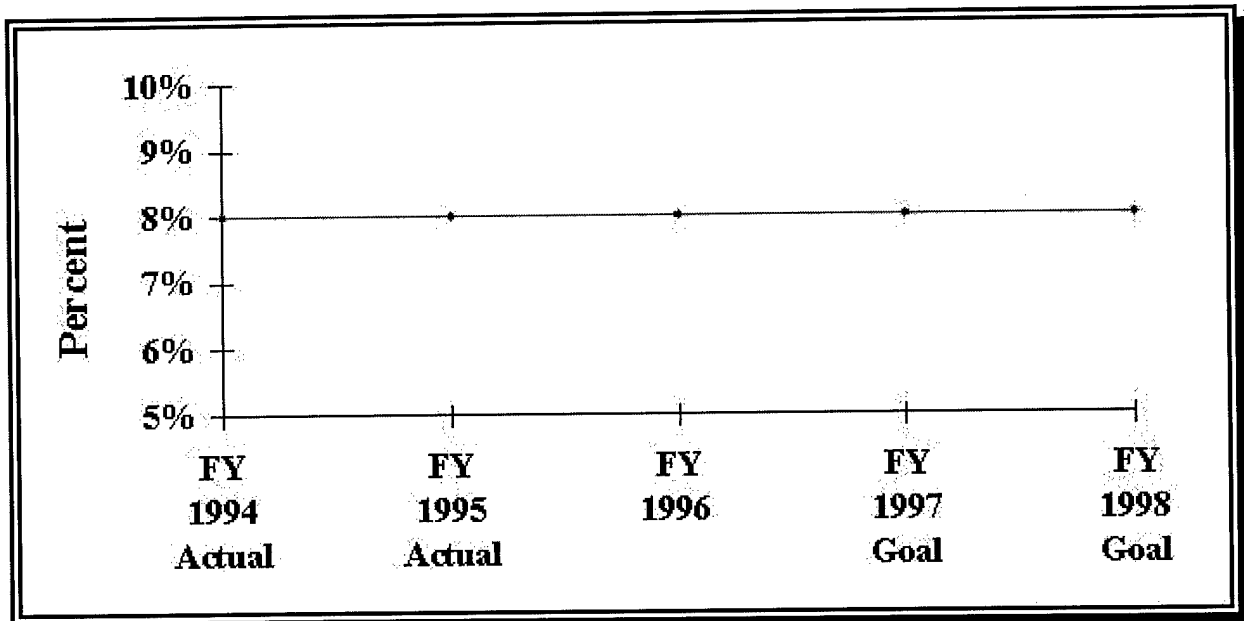


Exhibit 6. GMS rates

In addition to providing the lowest possible cost for FTS2000 services, the program strives to keep its administrative costs to a minimum. Exhibit 6 shows that the rate applied to agency costs for long-distance services has remained at 8 percent from FY 1994 through FY 1996. The 8 percent consists of 7 percent for operating costs and 1 percent for Information Technology initiatives approved by the IMC. The goal for FY 1997 and FY 1998 will continue to be 8 percent.

Voice service cost per minute compared to commercial equivalent

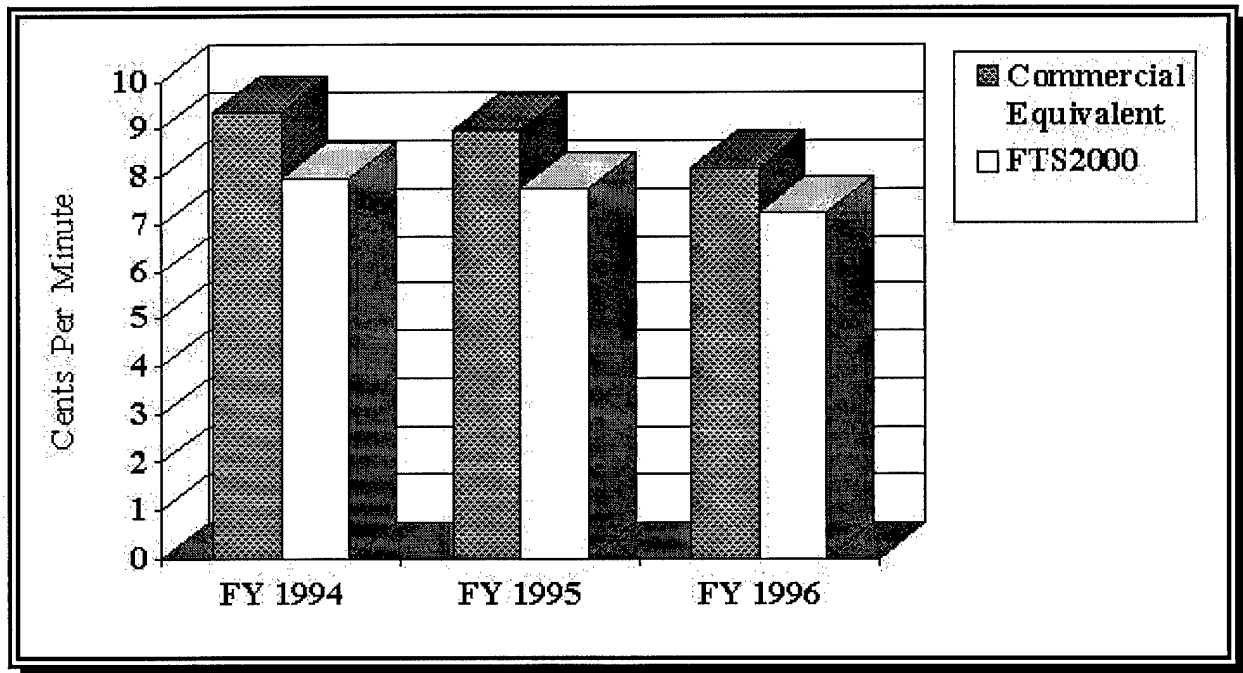


Exhibit 7. FTS2000 prices compared to commercial

Another performance indicator was implemented in FY 1994 to ensure the price of FTS2000 switched voice service remains below the price for equivalent commercial service. As reported in the most current FTS2000 Cost Effectiveness Report in July 1996, Exhibit 7 from the previous page shows that FTS2000 switched voice service is 11.6 percent below its commercial equivalent.

REGIONAL TELECOMMUNICATIONS SERVICES

GSA's FTS is also responsible for managing local telecommunications services provided to Federal agencies. This includes operating consolidated systems, aggregated access to FTS2000, as well as procuring competitive contracts for equipment maintenance and services. The Telecommunications Reform Act of 1996 has increased the pace of competition in the local services market at both national and state levels. The emerging competition in the local telecommunications market, especially in metropolitan areas, creates an opportunity for the government to obtain price reductions from vendors. Leading the effort to obtain lower prices from the Local Exchange Carriers, GSA has recently embarked on its Metropolitan Area Acquisition (MAA) program in an effort to achieve substantial price reductions for local telecommunications services in metropolitan areas in FY 1998. The MAA will leverage market forces to gain immediate and significant price reductions, offer federal agencies flexibility in choosing services and encourage interagency aggregation and sharing of telecommunications resources consistent with agency requirements and budgets.

The following performance indicators measure the efficiency and cost-effectiveness of the local service programs.

Line Cost Reduction

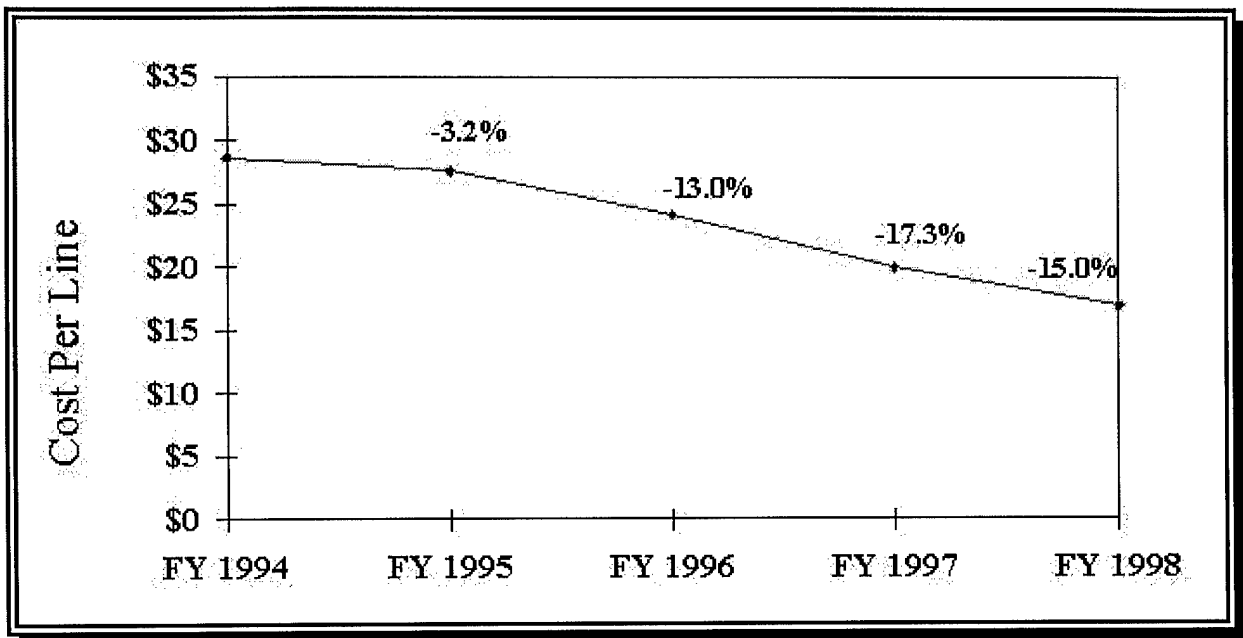


Exhibit 1. Line Cost Reduction

The Local Services Program has undertaken a major effort to reduce the line rate to approximately \$15 by fiscal year 2000. Exhibit 1 shows the reduction trend and percentages achieved and projected.

**FTS Local Services
Average Line Rate vs. Overhead**

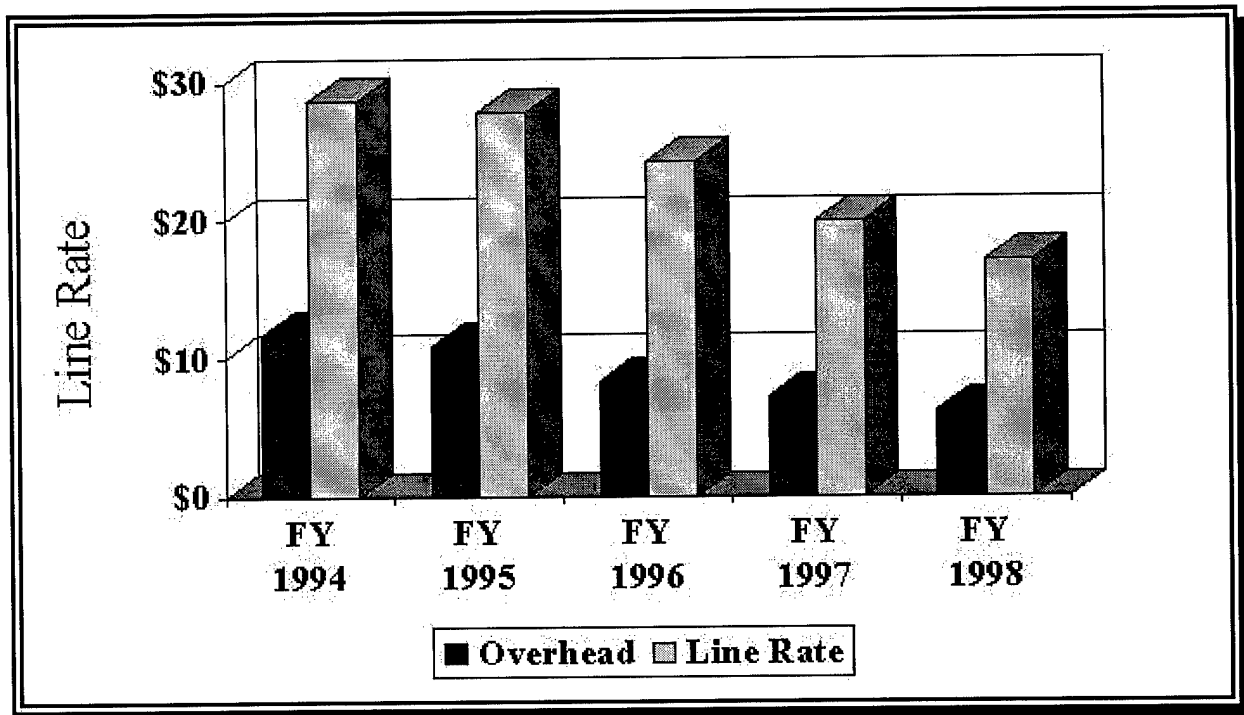


Exhibit 2. Local Services Rates

Shown in Exhibit 2, the FY 1996 rate of \$24.16 reflects a \$3.62 reduction from FY 1995. An additional reduction of \$4.19 is projected for FY 1997. For FY 1998, the Local Services Program projects another 15% rate reduction. The \$15.00 line rate target reflects an overall reduction of \$12.78 or 46% from the FY 1995 average monthly line rate. Progress against this objective will be continuously reviewed to ensure that the agencies are provided the most current technology at the lowest competitive price.

The chart also indicates the portion of overhead reflected in the rate. Continuous efforts are being made to reduce it to a more competitive level. This portion of the FY 1996 rate reflects a 24% reduction from the previous year. Additional reductions are planned for fiscal years 1997 and 1998.

Number of Local Service Telephone Lines

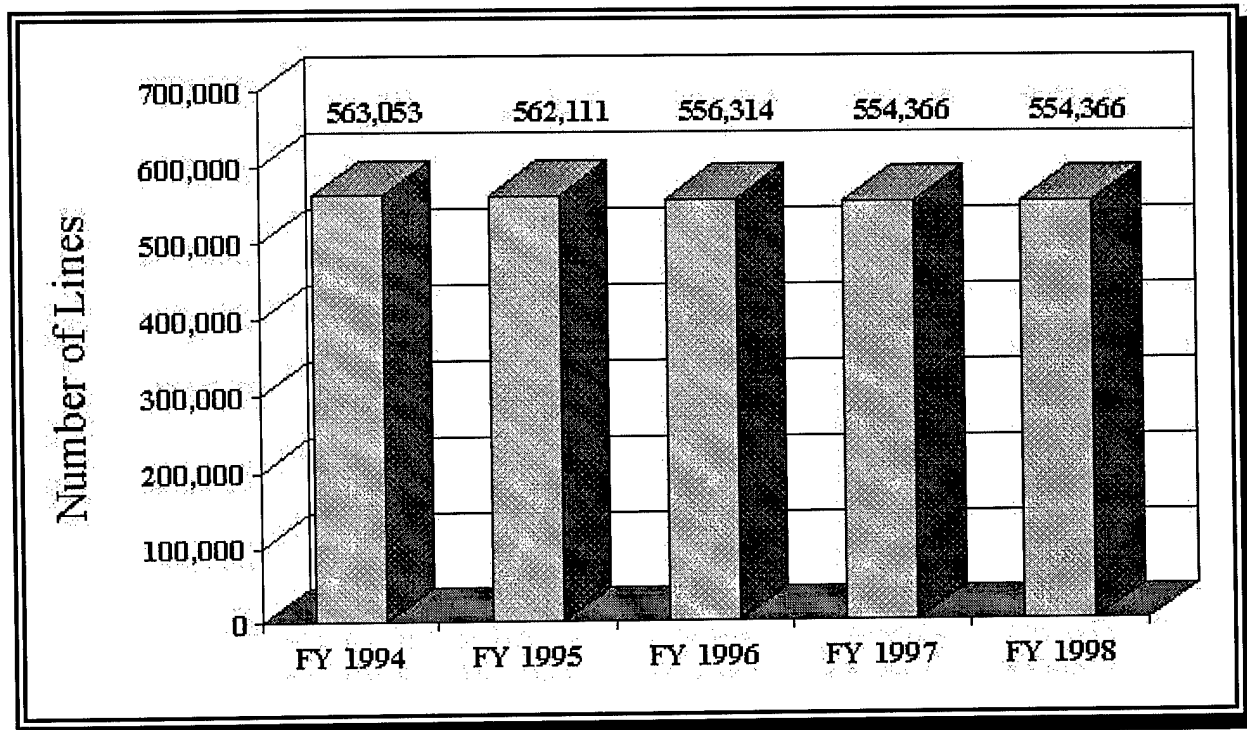


Exhibit 3. Local Service Telephone Lines

Exhibit 3 shows the number of lines GSA provides. The goal of GSA is to provide these services effectively and economically, and remain competitive with private industry and other service providers. The chart shows that in FY 1997, GSA will operate more than 554,000 local service telephone lines. GSA is delivering state-of-the-art digital voice and data local telecommunications services to Federal agencies served by more than 400 GSA consolidated systems.

POTS Volume of Business and Savings \$(Millions)

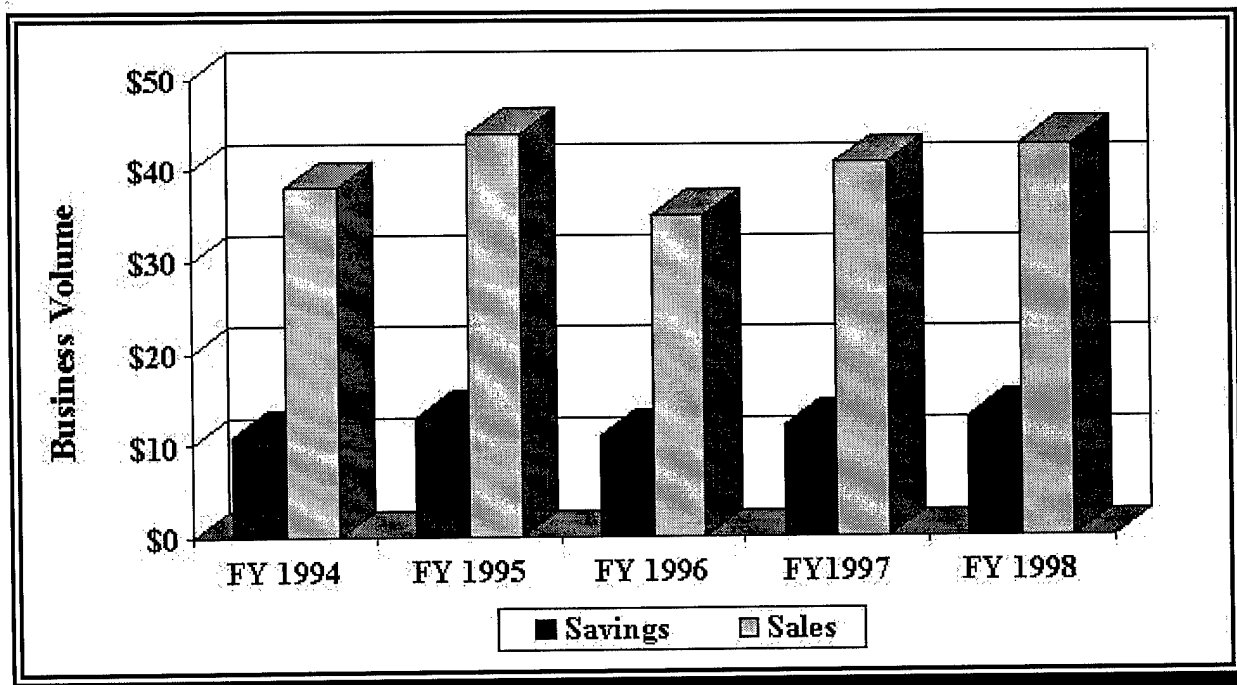


Exhibit 4. POTS Sales and Savings

The Purchase of Telecommunications Services (POTS) contracts are convenient, cost effective vehicles which offer a wide variety of telecommunications equipment and services. Equipment offered includes digital Private Branch Exchanges (PBX's) of 500 lines or less, Electronic Key Sets (EKS), single line phones, speaker phones, Telecommunication Devices for the Deaf (TDD) and cellular telephones. Services such as maintenance, installation, cabling, and moves are also offered.

The user may order directly from the POTS contractor. Exhibit 4 shows the volume of sales and associated savings from FY 1994 to FY 1998. An independent study has shown that agencies using the POTS contracts can save up to 30% versus other commercial sources for similar telecommunications equipment and services. A customer satisfaction level of at least 95 percent is anticipated in FY 1997.

FTS is also responsible for managing several IMC-approved governmentwide programs aimed at lowering the cost while improving the quality and access to new services. Vice President Gore tasked the National Performance Review (NPR) and the General Services Administration (GSA) with a major government-wide customer service initiative to identify a customer-friendly approach to government listings which will become as familiar, convenient, and consistent as the yellow pages. FTS was given the lead on this high profile project. The Government-wide Blue Pages Project offers a significant opportunity to improve customer access to government services by improving the way government services are listed in telephone directories. This project will improve customer satisfaction as well as the government's ability to provide accurate assistance to callers.

With the disestablishment of the Information Technology Service (ITS), FTS is managing the Office of Information Technology Integration (ITI) and Office of Information Security (OIS). These business lines are aimed at ensuring that Federal agencies procure, manage and use information systems resources as efficiently and effectively as possible. ITI and OIS provides information technology services that:

- are voluntary (non-mandatory);
- recover their full cost of operation;
- are market driven;
- require unique expertise, e.g., simulation, acquisition support, mission critical information security; and
- an agency would find difficult or more costly to do themselves.

INFORMATION TECHNOLOGY INTEGRATION (ITI)

The Office of Information Technology Integration (ITI) has been providing information technology support to other Federal agencies through three programs: the Federal Information Systems Support Program (FISSP), the Federal Systems Integration and Management Center (FEDSIM) Program, and the Federal Computer Acquisition Center (FEDCAC) Program. These programs have been non-mandatory, self-sustaining and client funded, and are financially healthy as the demand for services continues to grow. Client demand (as measured by sales) in ITI increased by 35% from FY 1994 to FY 1995. During FY 1996, ITI established a fourth program, the Federal Acquisition Services for Technology (FAST) Program. This program is non-mandatory, self-sustaining and client funded.

PERFORMANCE MEASURES

The following performance measures and workload indicators reflect the efficiency and effectiveness of our ITI programs in the delivery of services and represent our commitment to "work better - cost less."

FISSP Volume of Business \$(Millions)

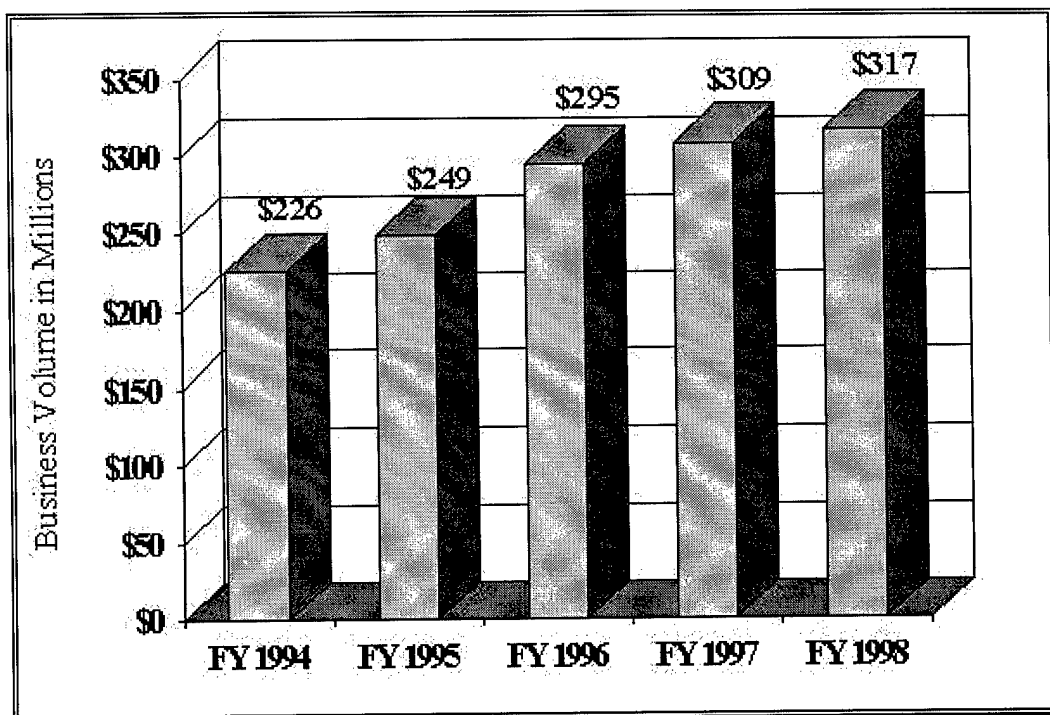


Exhibit 1. FISSP Business Volume

FISSP provides information systems services to Federal agencies on a non-mandatory, 100% reimbursable basis, in the areas of IT business applications, facilities management, software definition and design, scientific/engineering applications and computer security. As shown on Exhibit 1, payments to contractors, the primary component of business volume, increased to \$295 million in FY 1996. The upward growth trend is expected to continue, increasing to \$317 million by the end of FY 1998. This represents a \$91 million (40%) increase in FISSP business activity from FY 1994 to FY 1998.

FEDSIM & FEDCAC Program Billability Rate

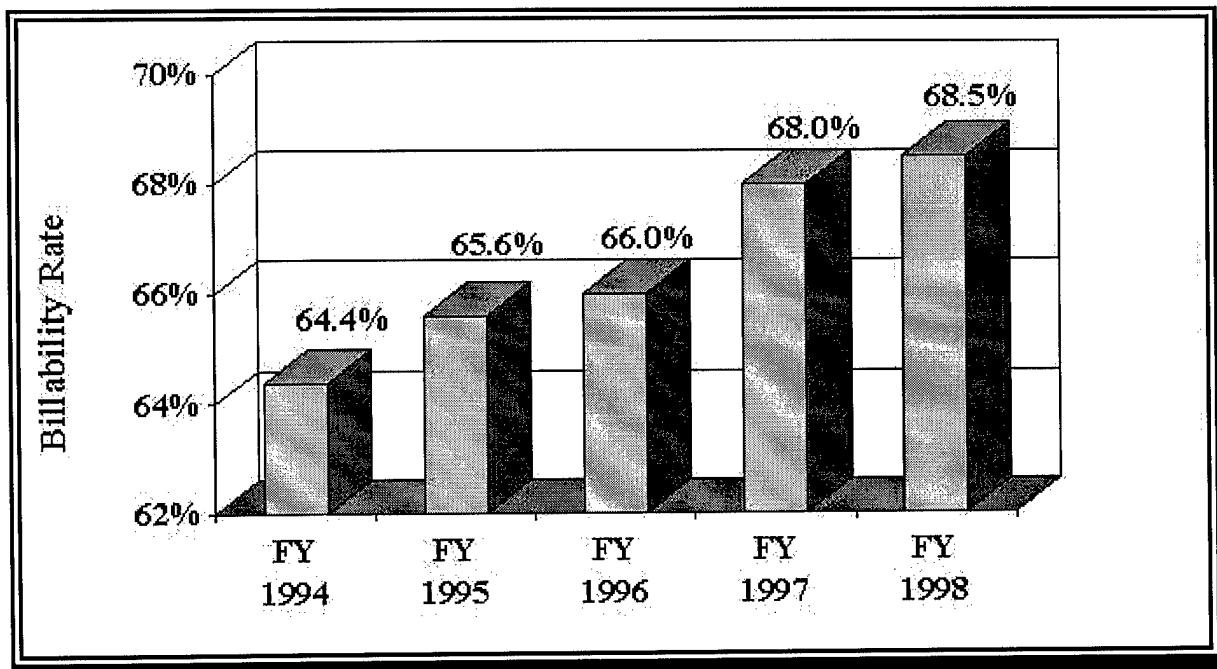


Exhibit 2. FEDSIM/FEDCAC Billability Rate

FEDSIM and FEDCAC provide a wide-range of high quality information technology support services to government clients on a non-mandatory, fully reimbursable basis. For example, FEDSIM, as recommended by the National Performance Review, has established and managed non-mandatory Governmentwide contracts to meet the needs of agencies that elect to outsource their IT requirements. This effort provides agencies with low cost alternatives for obtaining commercial data processing services. FEDCAC delivers full service management of acquisitions greater than \$100 million. Customer agencies systems or projects include:

- Federal Bureau of Investigation's Fingerprint Identification System,
- Department of State's mainframe upgrades,
- Department of Agriculture's Forest Service Automation System, and
- National Institute of Health's Computer Facilities Acquisition.

The FEDSIM and FEDCAC programs add the value of staff experienced in systems integration, office systems, software management, data center management, and acquisition disciplines. Exhibit 2 displays volume of business by average percentage of time billed for FEDSIM and FEDCAC. Whereas the FISSP and FAST programs rely on sales to measure their performance, FEDSIM and FEDCAC rely on the amount of time employees are billed to clients to measure their performance. Percentage of time billed has increased each year.

**FAST Volume of Business
\$(in Billions)**

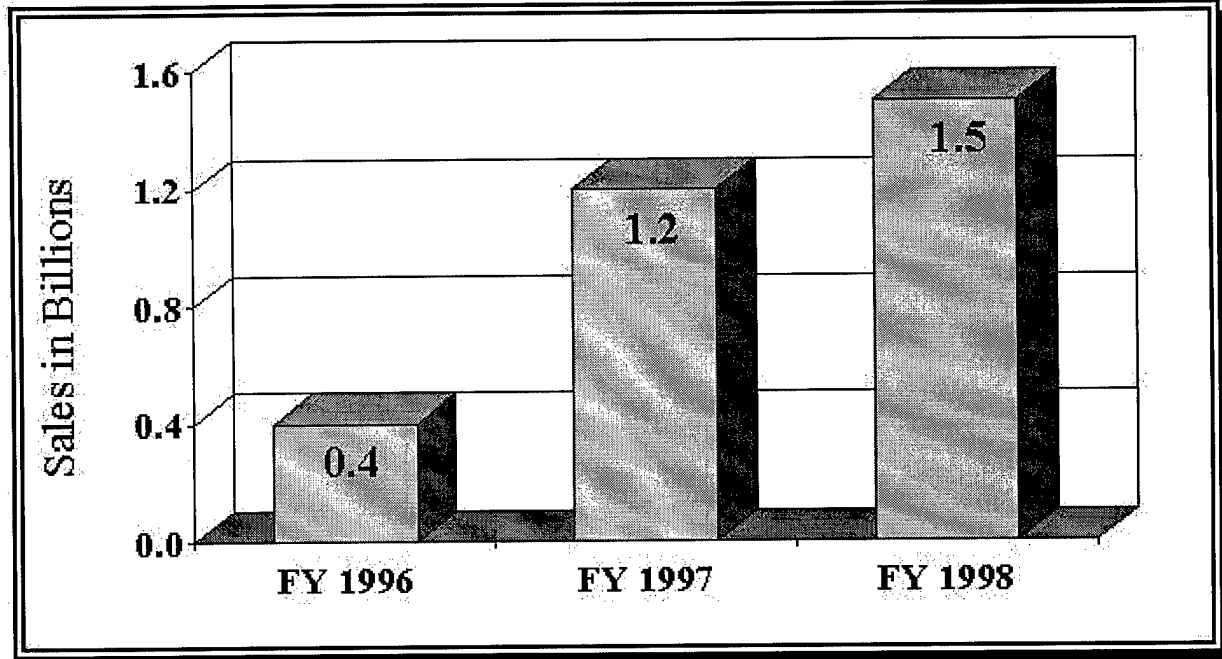


Exhibit 3: FAST Business Volume

FAST is a quick reaction, fully reimbursable GSA buying service managed by GSA for use by Federal agencies. Federal agencies may use any GSA buying office, located in all GSA regions and in Central Office. FAST procures commercially available off-the-shelf information technology software, equipment, and non-complex integration services. The FAST program began in GSA's Heartland region in FY 1995. It grew dramatically and became a national program in FY 1996. This growth is expected to continue in FY 1997 and beyond. Exhibit 3 displays anticipated sales for FAST.

During FY 1995, ITI surveyed customer satisfaction and used the results as a key performance measure and a quality improvement evaluation tool. Customers were surveyed, requesting specific ratings of timeliness, quality, cost, and delivery of products and services by ITI and its contractors. The results of the survey indicated that 88% of the respondents are satisfied with the performance of ITI.

INFORMATION SECURITY (IS)

The Office of Information Security (OIS) provides worldwide information technology support services to all Government activities, including our nation's allies, conducting classified, sensitive but unclassified, diplomatic or military missions, on a non-mandatory, fully reimbursable basis. To meet this responsibility, the program participates in the development of government-wide information security policies and provides a comprehensive range of information security technical services necessary to manage and support clients' mission critical information systems. The program manages the Federal Security Infrastructure Program (FSIP), jointly chaired by FTS and DOD, which was established to form a security infrastructure in support of the National Performance Review recommendations on the national information infrastructure.

PERFORMANCE MEASURES

**Office of Information Security
Business Volume
\$(Millions)**

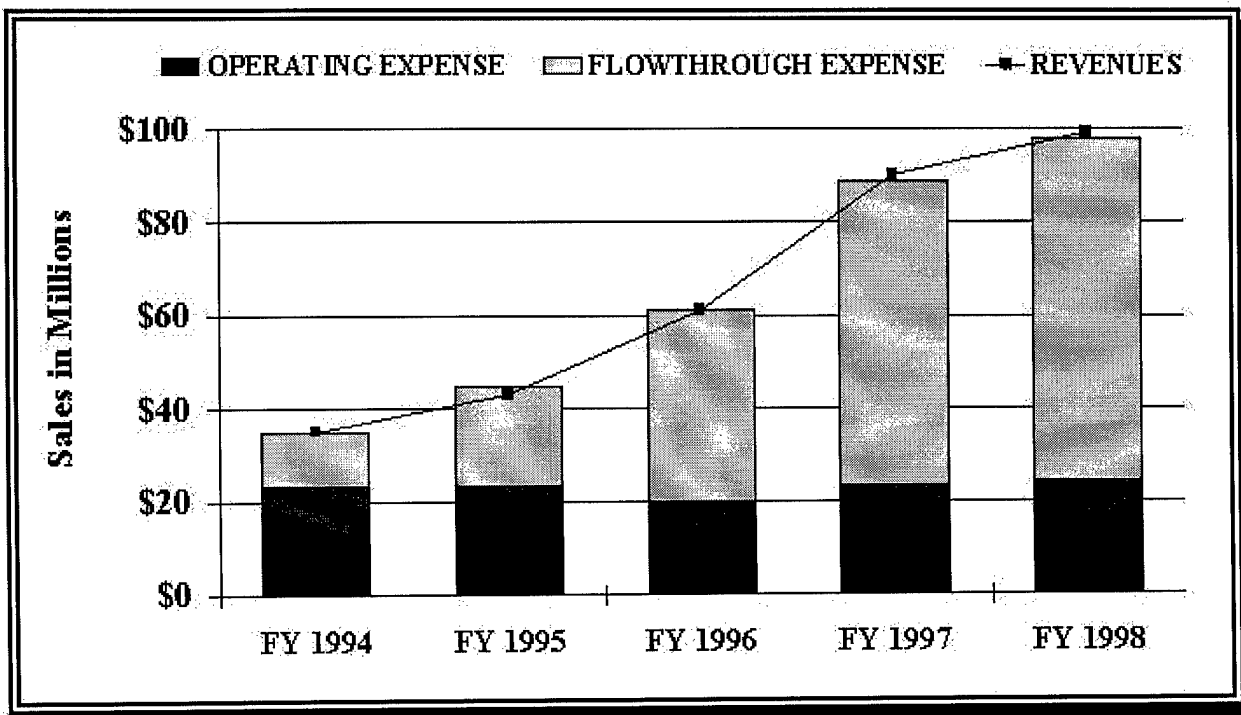


Exhibit 1. ISM Business Volume

Exhibit 1 above shows the revenue, flow-through and operating expenses for the program from FY 1994 to FY 1998. The goal of OIS is to increase business annually while maintaining customer rates and program direct operating expenses at current levels with adjustments only for inflation. Estimates for flow-through are expected to increase dramatically in FY 1997 because of the increased customer base resulting from our extensive marketing efforts.

**Office of Information Security
Customer Satisfaction - System Restoral**

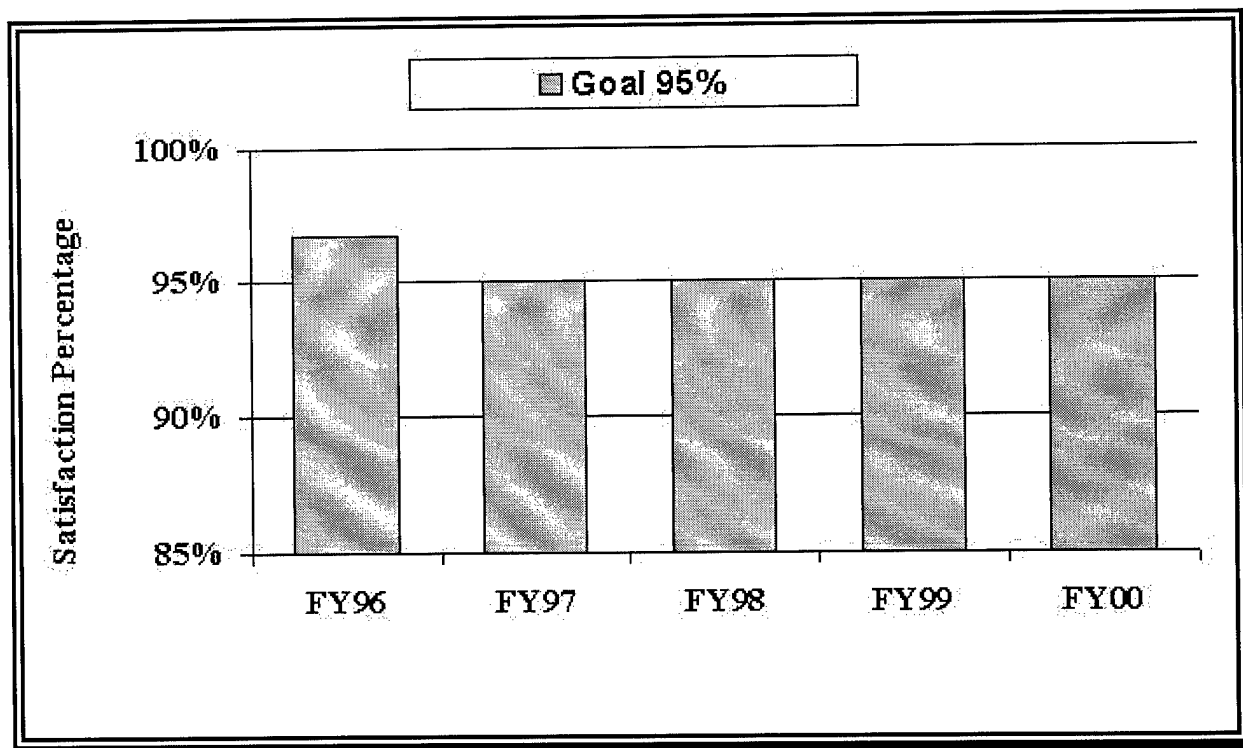


Exhibit 2. OIS Customer Satisfaction

Twenty-four hour emergency support to clients' mission critical information systems is the Office of Information Security's highest priority service. Rapid response capability to emergency and national security crisis situations is maintained by a worldwide organization with field office locations strategically located to successfully respond to clients' needs in emergency situations. The OIS National Help Desk manages and tracks each client's trouble call until system restoration is successfully completed. The goal of OIS is to meet or exceed our clients' expectations on 95% of the reported system outages. Exhibit 2 shows OIS exceeded this goal in FY 1996.



Back to General Supply Fund



Budget
Index



Forward to Working Capital
Fund



General Services Administration

WORKING CAPITAL FUND

MISSION

The Working Capital Fund (WCF) is a fully reimbursable revolving fund used to economically finance centralized administrative support and duplicating services provided to GSA's program and staff offices and to other agencies on a full cost recovery basis.

The centralized administrative support services consist of a wide range of administrative and financial activities.

The duplicating services enable GSA to quickly and cost effectively produce the documents needed to communicate with its stakeholders, while GSA as an agency works actively to transform paper documents to electronic information flows.

Customer-requested GSA assistance to independent commissions, committees, and agencies created by the President and Congress allows these organizations to more efficiently accomplish their missions. By providing quality financial, legal, administrative and procurement services on a reimbursable basis, GSA enables these customers to concentrate their often limited resources on mission-critical activities by allowing many of the routine overhead functions to be performed cost effectively by an agency recognized for its expertise in these areas.

Centralized Administrative Support

The purpose of centralizing administrative support functions is to achieve economies of scale, thereby reducing costs and increasing operational efficiency, and to enable GSA's program areas to focus on and accomplish their goals.

GSA's Office of the Chief Financial Officer provides accounting, budget, financial management, and financial systems operational support, policy, and oversight. The Office of the Chief Financial Officer also provides agency direction and coordination for GSA's strategic planning and performance measurement activities.

GSA is a proven leader in the area of financial reporting, having received its ninth consecutive unqualified audit opinion from an independent public accounting firm. This record is unparalleled by any other major Federal agencies.

The Office of Management Services and Human Resources plans, implements and coordinates all GSA activities related to personnel management, including labor management relations, training, administrative support, and organization improvement.

Activities that maintain the corporate integrity of GSA, ensure that GSA meets public policy responsibilities, or are most logically centralized are also provided through the Working Capital Fund. These include legal advice and services, audit follow-up, procurement support, graphics services, ethics and equal employment opportunity, and support for small and disadvantaged businesses.

Chief Information Officer

The Office of the GSA Chief Information Officer (CIO) was newly established in FY 1996. The Office is responsible for achieving GSA's business objectives through the application of modern technology and for ensuring the effective use of information technology (IT) resources to support agency programmatic goals and objectives.

The CIO serves as the technology leader of GSA and will focus on the most significant technology issues as they relate to GSA's business goals. The CIO has a major leadership role in overall GSA business competitiveness and efficiency through IT planning, management, and investment as well as ensuring that the agency continually seeks to increase its return on all IT investments. The CIO ensures that there is sound capital planning, leveraging of agency-wide IT resources and effective performance measurements of major system results. In conjunction with these responsibilities, the CIO serves as the key advisor to the Administrator on IT matters.

One of the CIO's first tasks was the establishment of the Business Technology Investment Board. The Board is chaired by the GSA CIO, and consists of the Deputy Administrator of GSA (ex-officio), the Chief Financial Officer, the

Associate Administrator for Management Services and Human Resources, Commissioners of GSA's Business lines and three Regional Administrators. These members are top level decision-makers, with a high commitment and interest in using information technology to meet business line objectives. The agenda for GSA's IT projects is determined by the Business Technology Investment Board which then meets with GSA's Leadership Council to discuss the interface and impact of technology on achieving business objectives.

The CIO has also been developing an agenda for IT initiatives through meetings with each business line to ensure that common goals are pursued effectively throughout the agency.

GSA has become a leader in the Governmentwide CIO effort through working with OMB in establishing a Federal CIO Council. The Federal CIO Council will lead the Federal Government's IT investment planning in cooperation with OMB as specified in Section 5111 and 5125 of the IT Management Reform Act of 1996.

This area also provides contracting support and expertise to meet GSA's internal procurement needs for information technology equipment.

Duplicating

Duplicating services are provided by plants located throughout the country that service GSA and other Federal agencies. Income from customer payments covers the cost of personnel, materials, equipment and GSA overhead. This program is undergoing significant restructuring to reflect the opportunities and challenges created by rapidly evolving duplicating technology and shifting customer needs and expectations.

Other Reimbursable

This activity provides administrative services for non-GSA clients similar to those described under "centralized administrative support," including accounting, payroll, budget, personnel, procurement, and the operation of the GSA Training Center. Customers include small agencies and Presidential committees and commissions. Also reflects the financial transactions for: (1) administrative support for the Inspector General Criminal Investigators Academy provided by the GSA Inspector General; and (2) allocation of GSA Centralized Charges by the Office of the Chief Financial Officer.

NEW DIRECTIONS

GSA is realigning part of the Office of the Chief Information Officer (CIO) funding into the Working Capital Fund. The products and services offered by the CIO are in direct support of the operational activities of GSA's Services and Staff Offices. Therefore, the nature of the CIO's products and services makes it amenable to become a reimbursable activity.

To develop business-based strategies for achieving long term cost savings, GSA embarked on an analysis of its business lines using the Federal Operations Review Model (FORM) process. This process analyzed financial results, customer information, private sector input, and legal and other considerations. The FORM analysis produced structured comparisons of the cost effectiveness of GSA's business lines to private sector businesses and will be used to chart GSA's direction in shaping a more effective government. General management and administrative activities were scrutinized as well to determine the optimal resource levels needed to support GSA's business lines.

Employee Resource Center: The needs and expectations of Federal agencies and workers regarding employment opportunities have changed dramatically in the past few years. GSA recognized the need to provide training and outplacement support that reflect the imperatives of today and the future.

Furnishing information and assistance on family-related issues such as elder care and child care is only one of the many benefits provided by this innovative office. The Center also counsels employees on job opportunities, provides training to refresh job skills, holds workshops on career planning and transition, provides software to aid outplacement candidates in writing resumes that appeal to potential private sector employers, and creates a learning environment for those workers and employers facing change.

HIGHLIGHTS

Financial Management: GSA has produced audited financial statements for eleven years. For the past nine consecutive years, GSA earned an unqualified audit opinion on financial statements and supplemental schedules from an independent public accounting firm.

New Accounting System: In FY 1996, the CFO began the process of replacing the current core financial management systems by the end of FY 1999. Requirements are being developed for the new system and will include the following functional areas: funds management, accounts payable, accounts receivable, general ledger, cost management, reporting and accounting classification.

Electronic Processing: GSA currently has the capability to electronically process major vendors' invoices from start to finish without any manual input. For example, Rocky Mountain Bank IMPAC/VISA and Federal Express are paid electronically. In FY 1996, GSA dispersed \$9 billion, 44% of it electronically, to pay 1.6 million invoices. On the other hand, GSA receives only 4% of its invoices electronically, reflecting the manual billing processes used by most of the agency's vendors.

New Payroll System: GSA's new Payroll Accounting and Reporting (PAR) system improved the efficiency of the payroll processing workforce by 85% when it was implemented in FY 1996, by increasing the number of employees processed per person from 467 to 865. PAR is the most advanced payroll system in the Federal government. GSA's payroll operations paid an average of 15,800 GSA and 9,300 client employees.

The Direct Deposit program for employee payroll continues to grow. Approximately 93% of GSA's employees were paid by electronic funds transfer (EFT) in FY 1996. EFT payment is mandatory for all new employees hired after July 26, 1996, with few exceptions.

Financial Reports: Like private-sector corporations, but unlike most government entities, GSA produces comprehensive annual reports and audited financial statements. For nine consecutive years, GSA has been the only major Federal entity to earn an unqualified audit opinion from an independent public accounting firm.

GSA participated in an Accountability Report pilot project for FY 1995 to consolidate in one annual report all financial and program information required under the Chief Financial Officers Act, the Government Management Reform Act and other legislation. The pilot's objectives were to streamline the Federal reporting process while providing more complete information. The *1996 Annual Report* is the second such Accountability Report published.

Performance Reviews: Under the Government Performance and Results Act of 1993, the CFO coordinates an agency quarterly General Performance Review of financial operations, performance measures, customer service, and progress in implementing audit recommendations. The CFO helps develop performance measures for all GSA business lines.

GSA Intranet: The GSA Chief Information Officer provides ongoing management for *Insite*, GSA's internal on-line communications system and gateway to the Internet. *Insite* offers GSA employees daily updates on issues and events, press releases, a telephone directory, a document library, and information on employee benefits and retirement systems, travel and safety.

Small Business Conference: Office of Enterprise Development sponsored an interactive small business development conference via live satellite broadcast in March 1996. It focused on how to do business with GSA, showcased the agency's procurement process and procedures, and highlighted each of the agency's business lines as a source of procurement opportunities.

Human Resources: Managing a 20% agency-wide downsizing effort has been a major accomplishment for the human resources group, processing 4,100 voluntary separations between April 1994 and early 1997.

In FY 1996, GSA adopted a new performance management system, developed by a team of employees and managers. The "pass-fail" system replaces a grading system in which performance was ranked on a scale of 1 to 5. The new pass-fail system is easy to use, focusing on continual informal/formal feedback rather than annual review, and immediate rewards rather than those delivered during a performance rating.

Interagency Training Center: The GSA Interagency Training Center (ITC) provides Federal employees with training in the skills and competencies they need to do their work. In FY 1996, more than 16,000 Federal employees were trained by ITC worldwide in more than 800 training courses, primarily addressing Government contracting subjects.

Regional Cooperative Experiments: Much of GSA's experimentation with innovative or pilot programs is conducted

through the regions. Regional reinvention laboratories have developed programs that have been adopted nationwide. GSA's Electronic Time and Attendance Management System was developed in Kansas City. Also, the Mid-Atlantic Region developed an electronic system for personnel management that reduces data input requirements and is being implemented in all GSA regions and headquarters.

RESOURCES

GSA estimates that the total Working Capital Fund program level will be \$258 million in FY 1998. The total full-time equivalent (FTE) positions requested for all activities is 1,488, a net increase of 19 FTE from the FY 1997 program level associated with the transfer of the CIO function to the WCF from the Policy and Operations and IT Fund accounts. The following table provides information on revenue, obligations, and employment.

\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Revenue				
Operating Programs:				
Administrative Support	\$125.688	\$122.273	\$150.305	+\$28.032
Other Reimbursable	46.403	67.849	69.133	+1.284
Duplicating	29.203	30.350	30.737	+387
Subtotal	\$201.294	\$220.472	\$250.175	\$29.703
Obligations				
Operating Programs:				
Administrative Support	\$124.736	\$122.273	\$150.305	+\$28.032
Other Reimbursable	45.636	67.849	69.133	+1.284
Duplicating Program	29.412	30.350	30.737	+387
Subtotal	\$199.784	\$220.472	\$250.175	\$29.703
Major Equipment Acquisition and Development	4.678	6.000	8.000	+\$2.000
Total Obligations	\$204.462	\$226.472	\$258.175	\$31.703
Total Employment	1,627	1,469	1,488	+19

EXPLANATION OF ESTIMATES

In FY 1998 an increase of \$35.2 million resulted from transfer of the Chief Information Officer program to the WCF. Additional changes in the program include the following: increases of \$3.4 million for inflation, \$2.7 million for salary costs, and \$2.0 million for Major Equipment Acquisition and Development. These increases are offset by a reduction of \$5.1 million due to attrition and staffing reductions, and \$6.5 million associated with the net effect of buyouts. This last change is in conjunction with Federal employment reductions and is the result of implementing the Voluntary Separation Incentive Program authorized by the Federal Workforce Restructuring Act of 1994 and Executive Order 12839. These changes resulted in a net increase of \$31.7 million to the previous year's resource level.

Explanation of Budget Changes \$(Millions) Obligations	
FY 1997 Current Level	\$226.472
Inflation	+3.442
Increased Salary Costs	+2.650
Attrition	-5.128
Buyouts	-6.496
Chief Information Officer Conversion to the Working Capital Fund	+35.235
Major Equipment Acquisition and Developments increase	+2.000
FY 1998 Budget	\$258.175

WORKLOAD/PERFORMANCE MEASURES

Workload measures are provided for the Offices of Management Services and Human Resources, the Office of the Chief Financial Officer and the Duplicating Program. GSA provides support services to members of Congress for their State and District offices. The support services provided for members of Congress continuously fluctuates and is dependent upon various factors, e.g., election results, office space and location, constituent activity, etc.

Centralized Administrative Support

Office of Management Services and Human Resources

Office of Management Services and Human Resources	FY 1996 Actual	FY 1997 Estimated	FY 1998 Estimated	FY 98/97 Change
Administrative Programs and Support				
a. Congressional offices supported	1,405	1,346	1,400	+ 54
b. FOIA requests processed	4,001	4,700	5,200	+ 500
Personnel				
a. Total SF 50 actions processed	25,771	24,700	23,500	- 1,200

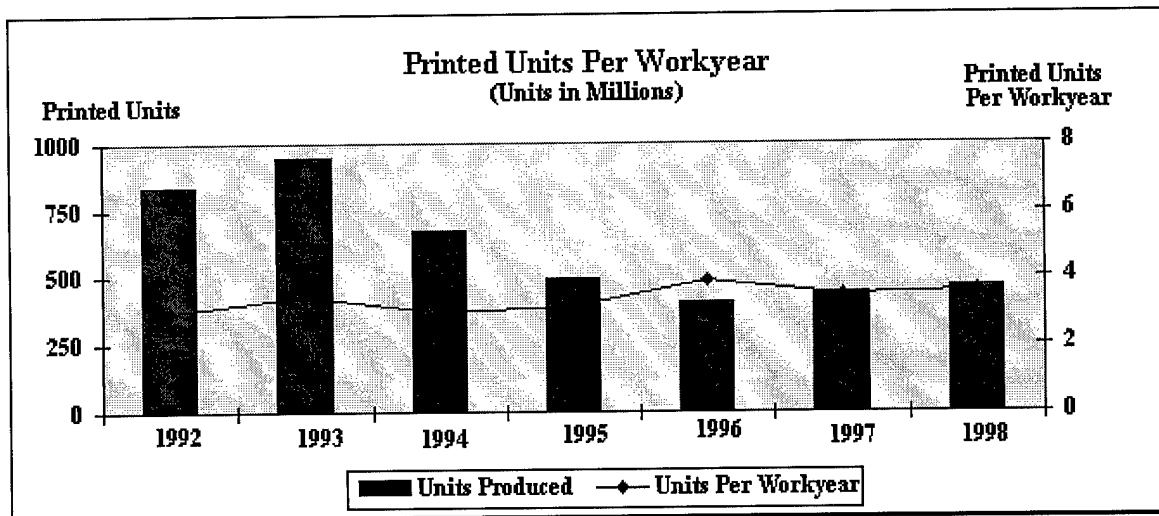
Office of the Chief Financial Officer

Office of the Chief Financial Officer	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Financial Management and Accounting				
a. Discounts Earned	92%	97%	97%	0%
b. Interest paid per million disbursed	\$80	\$75	\$75	0%
c. Percentage of employees paid by electronic funds transfer	93%	95%	95%	0%
d. Percentage of dollars disbursed electronically	44%	45%	46%	1%
e. Percentage of invoices paid electronically	22%	30%	35%	5%
f. Percentage invoices received electronically (EDI)	4%	16%	21%	5%
g. Percentage of the number of vendor payments made on time	93%	95%	95%	0%
h. Invoices and billings processed	2,079,604	2,202,000	2,202,000	0%
i. Payments processed per FTE	9,957	11,700	11,700	0%
j. Average number of employees payrolled 1/	25,100	27,000	27,000	0%
k. Employees payrolled per FTE	865	950	950	0%
l. Credit Card Acquisitions	\$23,535,377	\$32,247,000	\$32,247,000	0%

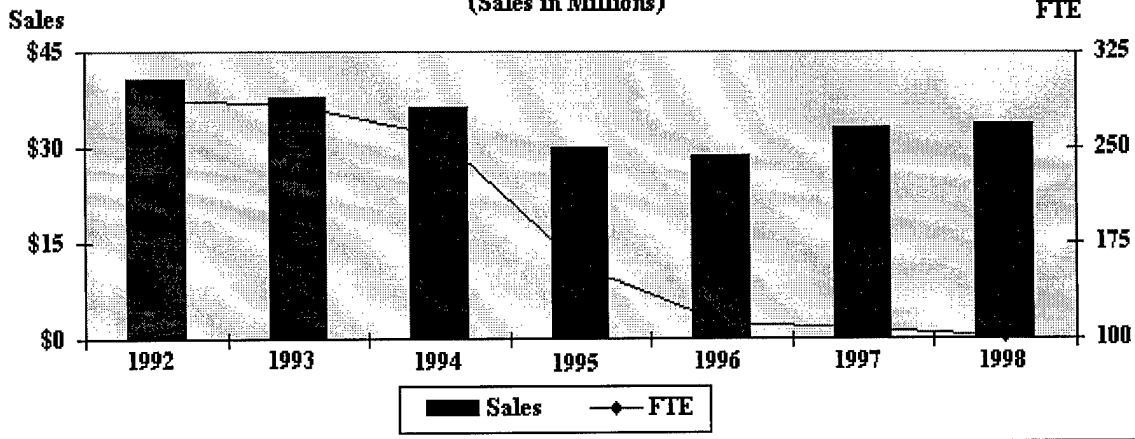
1/ Includes small agencies and commissions: FY 1996, 9,300; FY 1997, 12,000; FY 1998, 12,000

Duplicating

Customer satisfaction surveys and questionnaires are obtained on a regular basis to evaluate performance and customer needs. The survey results indicate that customers are satisfied with program performance. Other workload measures are ratios of printed units to employment levels, comparison of sales (historically) and gain/loss comparisons. Downsizing and the closure of three plants in fiscal year 1996 have adversely impacted sales. Downsizing has occurred as a result of Agency-wide FTE decreases. The decreases have been somewhat off-set by increases in productivity. The first chart below shows that printed units decreased by - 52% from 841 million in FY 1992 to 403 million in FY 1996. Printed units per work-year increased 33% from 2.92 million in FY 1992 to 3.87 million in FY 1996. The second chart shows that sales decreased from \$40.5 million in FY 1992 to \$28.7 million in FY 1996, or - 29%. During this period employment for this program area decreased by from 288 to 113, or - 61%.



Sales and FTE Comparison
(Sales in Millions)



WORKING CAPITAL FUND
Obligations by Object Class
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Personnel Compensation:			
11.1 Full-time permanent	78.249	71.325	70.643
11.3 Other than full-time permanent	.039	1.558	1.660
11.5 Other personnel compensation	.570	1.630	1.445
11.9 Total personnel compensation	78.858	74.513	73.748
12.1 Civilian personnel benefits	32.331	34.338	34.547
13.0 Benefits for former personnel	2.347	4.995	1.690
71.0 Travel and transportation of persons	1.513	2.145	2.332
81.0 Motor Pool	.147	.366	.044
22.0 Transportation of things	.382	.650	.679
23.1 Rental payments to GSA	11.571	14.308	15.313
23.3 Communications, utilities, and misc charges	23.492	27.925	30.215
24.0 Printing and reproduction	5.994	7.896	8.495
25.2 Other services	40.160	47.725	77.209
26.0 Supplies and materials	4.851	8.174	8.163
31.0 Equipment	2.816	3.437	5.740
99.9 Total obligations	204.462	226.472	258.175



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Audits



General Services Administration
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS
AND CONTRACT ADMINISTRATION

\$(MILLIONS)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Audit Contracts	3.104	3.150	3.150	0
Contract Administration/ Operating Expenses	8.655	11.371	7.850	-3.521
Total Obligations	11.759	14.521	11.000	-3.521
Value of Current Receipts	11.000	11.000	11.000	0
Outlays	11.211	14.521	11.000	-3.521
Employment (FTE)	86	69	66	-3

MISSION

The Expenses of Transportation Audit Contracts and Contract Administration account was established to fund the auditing of transportation carrier billings furnished to the Government on a postpayment basis and to detect and subsequently recover carrier overcharges. This activity was transferred from the General Accounting Office to GSA in 1975. This account is a permanent, indefinite appropriation which does not require annual Congressional action.

EXPLANATION OF ESTIMATES

Expenses are financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Until 1986, Federal agencies were required to pay carrier invoices upon receipt, prior to audit by GSA. Public Law 99-627 of November 7, 1986, altered the process significantly by allowing GSA to conduct prepayment audits and delegate this authority to agencies upon request. To date, performing prepayment audits of transportation billings has resulted in a return on investment of \$7 for every \$1 spent. In addition, the Government has avoided the lengthy and costly recovery process for transportation overcharges. A draft bill to amend 31 U. S. C., requiring executive agencies to conduct prepayment audits, was forwarded to Congress in fiscal year 1996, but was not passed. It is part of GSA's fiscal year 1997 legislative package. If enacted by Congress, it will permit the phase out of the postpayment audit function in Government, except cases involving disputes, claims, and erroneous payments or where for other reasons prepayment audit is not feasible.

A management plan was formulated to change the transportation audit program, emphasizing prepayment audit benefits. Since potential overcharges will be discovered prior to payment, an agency will have its funds for other transportation activities, whereas in the past, postpayment audit identified overcharges were returned to the U. S. Treasury.

A newly developed management plan to reduce costs should enable collections from remaining postpayment audit functions to be sufficient to fund this activity until it ceases.

Any transportation audit and related technical assistance services provided to agencies in the implementation of

prepayment audit legislation will be funded on a reimbursable basis.

EXPLANATION OF BUDGET CHANGES	
\$(Millions)	
FY 1997 Current Level	14.521
Pay Raise Annualized.....	+0.128
Administrative Reduction.....	(3.938)
Inflation.....	+0.289
FY 1998 Budget Request	11.000

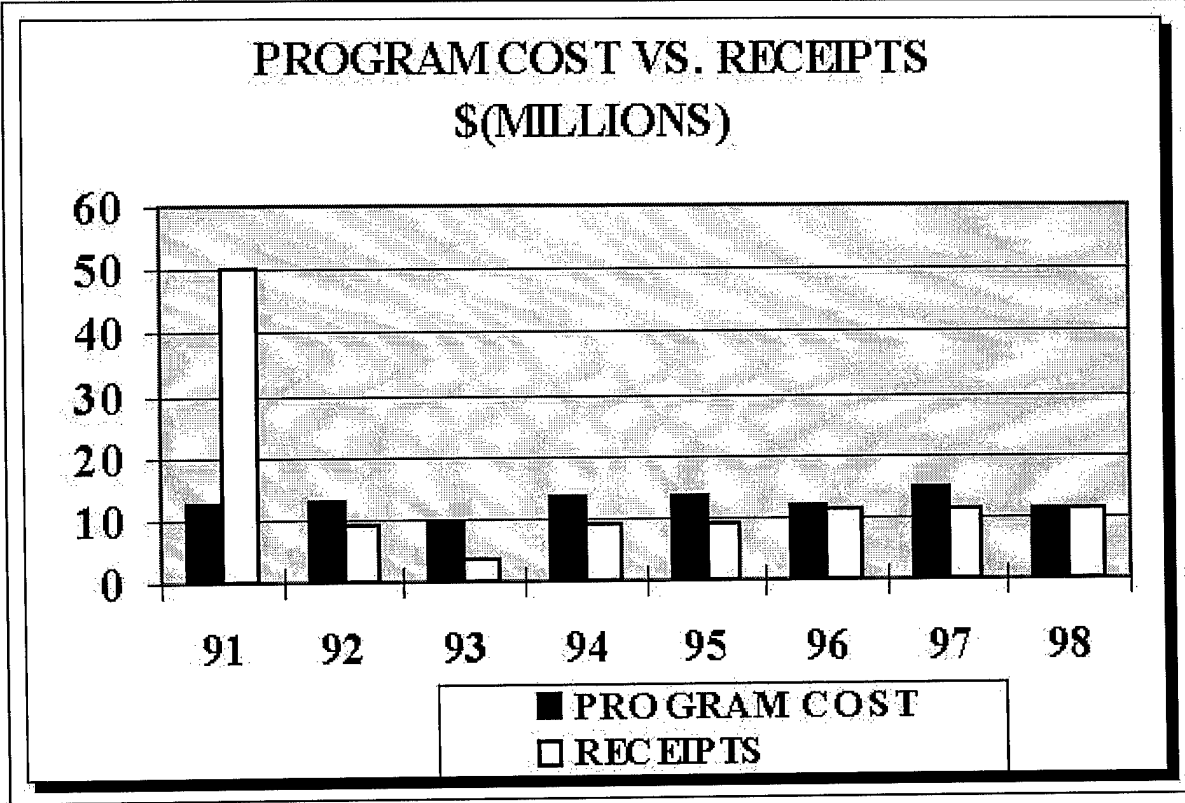
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OBLIGATIONS BY OBJECT CLASS				
\$(Millions)				
		FY 1996	FY 1997	FY 1998
		Actual	Current	Request
11.1	Full-time permanent	3.831	3.442	3.686
11.3	Other than permanent	0.128	0.006	0.006
11.5	Other personnel compensation	0.362	0.104	0.099
11.9	Total personnel compensation	4.321	3.552	3.791
12.1	Civilian personnel benefits	0.665	0.540	0.591
13.0	Benefits for former personnel	0.176	0.083	0.000
21.0	Travel and transportation of persons	0.083	0.071	0.073
21.0	Motor pool travel	0.001	0.001	0.001
22.0	Transportation of things	0.002	0.002	0.002
23.1	Rental payments to GSA	0.788	0.795	0.398
23.3	Communications, utilities, and misc. charges	0.074	0.091	0.094
24.0	Printing and reproduction	0.036	0.036	0.037
25.2	Other Services	3.387	5.749	3.642
25.3	Purchases of goods/services from Gov't accts	1.988	3.375	2.139
26.0	Supplies and materials	0.113	0.105	0.108
31.0	Equipment	0.125	0.121	0.124
Total Obligations		11.759	14.521	11.000

PERFORMANCE MEASURE

Following is a graph which compares the annual cost of administering the Transportation Audit Contracts Program to the annual net receipt collections from overcharges collected. The collections of overcharges are used as the Program's financing source.

Net receipt collections have declined from the fiscal year 1991 level due to restricted identification of airline overcharges, better traffic management by the Government, DOD cutbacks, and the expansion of the prepayment audit program. It is envisioned that all agencies will be participating in the prepayment audit program and, thus, greater emphasis is being placed upon cost avoidance rather than cost recovery.



General Services Administration

EXPENSES, DISPOSAL

MISSION

Expenses, Disposal of Surplus Real and Related Personal Property is a permanent, indefinite appropriation authorized by section 204(b) of the Federal Property and Administrative Services Act of 1949, as amended. This section was added by P.L. 83-760 (40 U.S.C. 485(b)) of August 31, 1954. The mission is to provide financing for contractual services of appraisers, auctioneers, and brokers familiar with local markets to accelerate the utilization or sale of surplus real property. It also covers the costs of surveying, advertising, and environmental and historical services. Financing is provided from receipts from sales of surplus property and outleasing of Government-owned space.

EXPENSES, DISPOSAL *\$(Millions)*

	FY 1996 Actual	FY 1997 Current	FY 1998 Request	FY 98/97 Change
Direct Program:				
Disposal - Real Property	0.466	2.100	2.100	0.000
Outleasing - Government-owned Space	0.069	0.515	0.515	0.000
Unobligated Balance Expiring	0.581	--	--	--
Total (Budget Authority)	1.116	2.615	2.615	0.000
Reimbursable Program:				
Disposal - Real Property	0.067	0.300	0.300	0.000
Total (Reimbursable Authority)	0.067	0.300	0.300	0.000
Net Outlays	0.352	2.798	2.615	-0.183
Employment (FTE)	--	--	--	--

EXPLANATION OF ESTIMATES

This appropriation provides for contractual services and supplements in-house real property disposal activities and improved space utilization through outleasing of surplus Government-owned space. This is a permanent, indefinite appropriation which requires no further Congressional action.

EXPENSES, DISPOSAL - DIRECT Explanation of Budget Changes <i>\$(Millions)</i>	
FY 1997 Current Level	2.615
No Change	0.000
FY 1998 Budget Request	2.615

EXPENSES, DISPOSAL - REIMBURSABLE Explanation of Budget Changes <i>\$(Millions)</i>	
FY 1997 Current Level	0.300
No Change	0.000
FY 1998 Budget Request	0.300

EXPENSES, DISPOSAL - DIRECT Obligation by Object Class <i>\$(Millions)</i>			
	FY 1996 Actual	FY 1997 Current	FY 1998 Request
24.0 Printing and reproduction	0.064	0.257	0.257
25.2 Other services	0.471	2.358	2.358
Total Obligations	0.535	2.615	2.615

EXPENSES, DISPOSAL - DIRECT
Obligation by Program Activity
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Disposal - Real Property:			
a. Appraisers, auctioneers, brokers fees and surveying	0.151	0.790	0.790
b. Advertising	0.124	1.010	1.010
c. Environmental services	0.191	0.200	0.200
d. Historical preservation services	-	0.100	0.100
Outleasing - Government-owned Space:			
a. Appraisers, auctioneers, brokers fees, surveying and advertising	0.069	0.515	0.515
Total Obligations	0.535	2.615	2.615

EXPENSES, DISPOSAL - REIMBURSABLE
Obligation by Object Class
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
24.0 Printing and reproduction	.000	.100	.100
25.2 Other services	.067	.200	.200
Total Obligations	.067	.300	.300

EXPENSES, DISPOSAL - REIMBURSABLE
Obligation by Program Activity
\$(Millions)

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Disposal - Real Property:			
a. Appraisers, auctioneers, brokers fees and surveying	.000	.100	.100
b. Advertising	.067	.200	.200
Total Obligations	.067	.300	.300



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**General Services Administration
Public Buildings Service
Federal Buildings Fund
FY 1998 CONGRESSIONAL JUSTIFICATION BUDGET SUBMISSION**

MISSION

The Public Buildings Service (PBS) has become an organization that looks and performs more like a private sector competitor than a federal bureaucracy. We have eliminated unnecessary ways of doing business, restructured our organizations, and refocused our goals so that our customers, stakeholders, and responsibilities to the taxpayer have become our main focus. GSA recognizes that to keep our clients satisfied, we must be more responsive, innovative, and cost effective.

GSA's mission is to improve the effectiveness of the Federal Government by ensuring quality work environments for its employees. In support of the GSA mission, PBS will provide high quality real property, facility management, workplace support services, acquisition, protection, and disposal services in a timely and cost effective manner. We will meet or exceed the needs of our customers by being more competitive and by providing exceptional value, quality, timeliness, and the convenience of easy accessibility.

Using experience, knowledge, and a wide-range of capabilities PBS currently provides high performance and cost effective work environments for more than one million federal employees nationwide. PBS also controls 40% of the Federal Government's 639 million square feet of office space. (See figure 1)

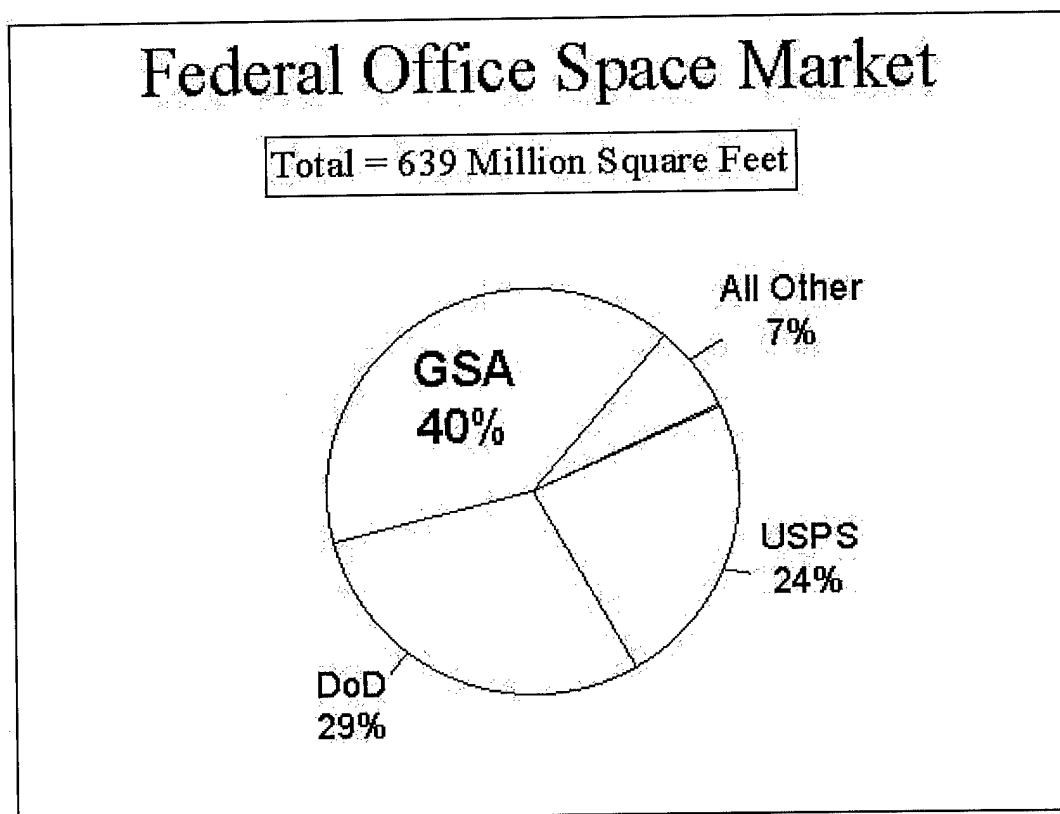


Figure 1

We serve over 100 federal agencies and commissions. Our major customers include the Departments of Treasury, Defense, Justice, Interior, and Health and Human Services, as well as the Social Security Administration and the Judiciary. (See figure 2)

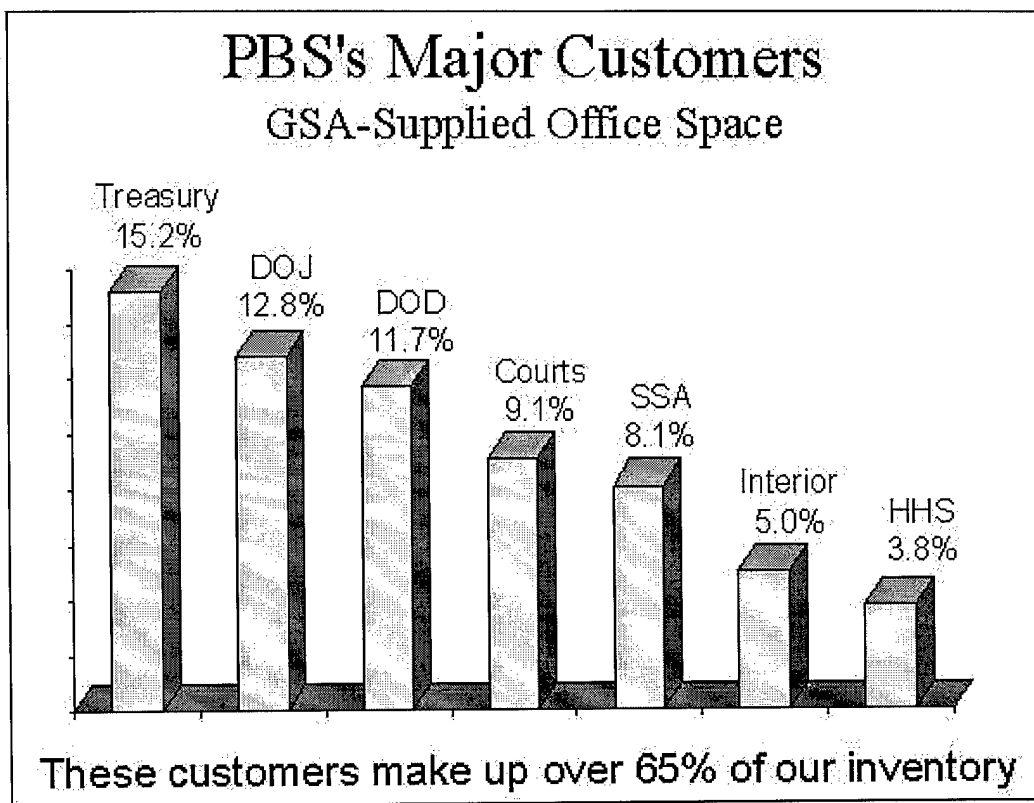


Figure 2

We take great pride in facilitating the client agencies missions by providing quality space and services while saving taxpayer dollars through centralized management and procurement.

We design, construct, repair, and maintain our buildings to be representative of the Federal Government in local communities. More than half of our owned assets are over 50 years old, many with historic significance. Recognizing their architectural uniqueness and historical importance, PBS preserves and protects the character of these heritage buildings.

FY 1998 BUDGET IN BRIEF

Overview

PBS requests New Obligational Authority (NOA) of \$4,864.214 million as follows (in millions):

- Operating Accounts:
 - Building Operations \$1,331.789
 - Rental of Space \$2,275.340
 - Installment Acquisition Payments \$142.542
- Capital Account:
 - Repairs and Alterations \$434.000
 - Basic Repairs \$300.000
 - CFC Program \$50.000
 - Modernizations \$84.000
- Other:
 - To fund prior authorities \$680.543

An appropriation to the FBF of \$84 million is requested for the Repairs and Alterations modernization of the Interstate Commerce Commission connecting wing, and Customs Building, Phase III.

The following chart (figure 3) illustrates the sources and uses proposed for fiscal year 1998.

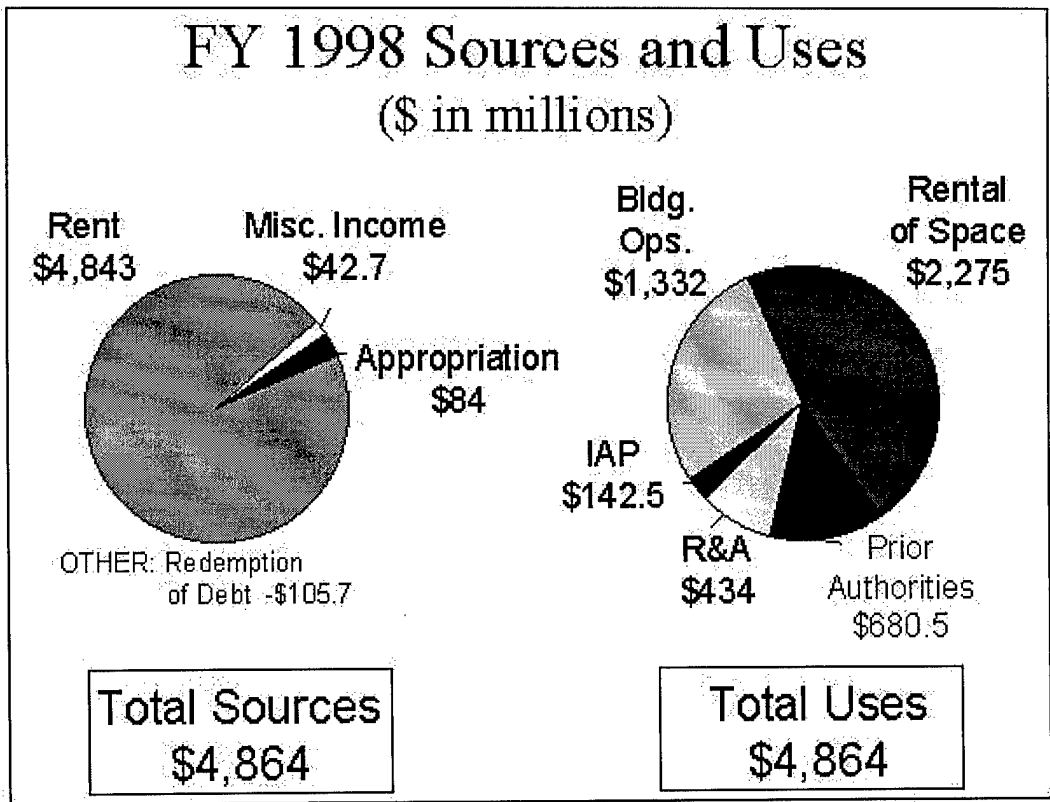


Figure 3

The Federal Buildings Fund (FBF) is an intragovernmental revolving fund, authorized and established by the Public Buildings Amendments of 1972. The Fund receives rental income, set at commercial equivalent rates, from other federal agencies occupying GSA-controlled space. Income in excess of operating expenses is used to finance repair and renovation and new construction projects. In recent years, the capital program has been supplemented by direct appropriations to the Fund. The use of revenue to the Fund is subject to Congressional limitations by budget activity.

In fiscal year 1998, 89% of PBS program dollars are projected to flow through to the private sector in the form of contracts for construction, lease, and operation and management of facilities. (See figure 4)

Contracts With the Private Sector

FY 1998 PBS Funding



Figure 4

New Initiatives

The following sections highlight the major initiatives.

"Can't Beat GSA Leasing"

The recently launched "Can't Beat GSA Leasing" initiative implemented significant changes to our lease acquisition program. This dynamic program:

- builds on lessons learned in a number of GSA Reinvention Labs under the National Performance Review;
- offers federal agencies the option of leasing space on their own to meet their needs;
- makes government leasing faster, cheaper, and more compatible with private sector real estate practices;
- frees PBS employees from cumbersome procedures, complicated forms, and duplicative management reviews; and,
- allows PBS real estate personnel the flexibility to eliminate or change provisions in PBS's lease contracts, in exchange for lease cost savings.

We have eliminated the mandatory use of standard forms, are performing initial tasks simultaneously rather than sequentially, and we are relying on local codes when appropriate. We are also providing more individualized service by partnering with clients to tailor projects to their needs. These improvements will generate savings as we negotiate new and replacement leases and make us more competitive with private industry. As part of this initiative we are offering federal agencies the option of either leasing office space on their own to meet their needs or using GSA as their provider of choice. This represents a major change in the options available to agencies in need of leased space.

"Can't Beat GSA Space Alterations"

This program, effective January 1, 1997, is aimed at dramatically reducing the time it takes to start and complete building alterations funded by customers. The program uses competitive principles to leverage PBS process improvements to reduce delivery schedules up to 60%. PBS has changed its regulations to allow customer agencies the

choice of performing space alterations costing less than \$100,000 themselves or through PBS. This feature acts as an incentive for PBS to satisfy customers by exceeding their time and quality requirements. To that end, we have reengineered the reimbursable work alterations process. For example, we now accept agency credit card payments for jobs costing less than \$2,500. PBS is putting in place new contracting mechanisms such as multiple award term contracts and prequalified bidders lists that minimize procurement time when performing alterations work. GSA is also introducing a performance guarantee on jobs costing less than \$100,000. This guarantee will strengthen our commitment to customer service and serves as an internal motivator to help us achieve our service pledges.

Funding for Prior Year Authorities (Rent Shortfall)

We are requesting \$680.5 million in New Obligational Authority (NOA) to fund projects and programs authorized in prior years.

In approving New Obligational Authority (NOA) funding levels for the FBF in fiscal years 1996 and 1997, Congress relied upon GSA estimates of anticipated income provided in the President's Budget. Actual rent revenues for these years will be \$680.5 million less than the amount necessary to fund projects and programs authorized in prior years. Therefore, we must request that NOA in the same amount be funded from fiscal year 1998 Rent revenue. Among the reasons for this shortfall in Rent revenue:

- Fiscal years 1996 and 1997 Rent estimates did not reflect a deflator applied to Rent rates in 18 metropolitan areas in fiscal year 1995 to adjust GSA rates downward to prevailing commercial rates.
- Inaccurate technical assumptions as to when new space would enter inventory, and the rent rates to be charged for that space.
- Estimates did not anticipate the impact of Federal downsizing in fiscal year 1996 and fiscal year 1997. Past efforts at downsizing have not had an immediate impact on Federal agency space plans.

In order to accommodate the funding of prior year spending authorities, our fiscal year 1998 request does not include a new construction or modernization program. Specific impact of the Rent shortfall will be discussed in the justification sections for these activities.

In fiscal years 1997 and 1998 PBS will proceed with design and construction awards of approximately \$1 billion in construction and modernization projects authorized and funded in prior fiscal years.

Improving Accuracy of Rent Revenue Estimates

Failure to accurately predict Rent revenue for fiscal years 1996 and 1997 has had a severe impact on the PBS budget and planning processes. PBS has taken action to prevent this happening again:

- We have developed a second, complementary estimating method. Comparison and analysis of several Rent revenue projections will result in a more accurate estimate.
- Project specific occupancy schedules and Rent rates will be used in the Rent estimate process. Regional asset managers who are familiar with local federal space actions and commercial market factors affecting project schedules and Rent rates are now actively engaged in this process.
- With the benefit of recent experience, Federal downsizing plans will be formally addressed in Rent revenue projects. We will work with tenant agencies to improve their space planning efforts.
- Technical improvements to estimating methodology and techniques recommended by our National Asset Advisor and the firm of Ernst and Young have been adopted.

Other Program Highlights

Security. Following the terrorist attack on the Alfred P. Murrah Building in Oklahoma City, PBS performed decisively in dealing with the devastation. In particular, the Federal Protective Service (FPS) reacted immediately to institute and

maintain heightened security and protection for tenants and visitors in all GSA buildings nationwide. Subsequently, the FPS participated in the Vulnerability Assessment Study directed by President Clinton and conducted by the Department of Justice (DOJ) to assess the vulnerability of federal buildings to acts of terrorism and other violence.

As a result of the study, FPS will add 376 police officers and 211 other positions, most of whom will be hired in fiscal year 1997. Building Security Committees (BSC's) have been established for all GSA-controlled facilities nationwide. Each BSC is responsible for evaluating current security conditions and making recommendations for facility upgrades to meet the DOJ standards.

The GSA Administrator chairs an Interagency Security Committee which will serve as a permanent body to establish policy for building security and oversee implementation of appropriate security upgrades in federal facilities.

FPS is continuing efforts to upgrade and enhance Regional Dispatch Centers and Mega Centers that will serve as GSA's Emergency Management Center during disasters.

Productivity Enhancements. We have provided on-site child care centers and fitness centers in many of our buildings to enhance employee well-being and morale. We are also opening telecommuting centers in many cities which allow employees to work closer to home, thereby saving travel time and conserving energy.

Design Excellence Program. This innovative, two-stage process improves the quality of federal architecture by streamlining our approach to selecting architects and engineers in a way that puts the decision-making focus on design talent. The previous process was focused on bureaucratic federal forms that had to be filled out by the competing firms and placed little emphasis on talent. In the first stage of the selection process of the Design Excellence Program, a short list of design professionals is chosen based on a design statement and portfolio review. In the second stage, the emphasis is on interviews and materials describing the project team, management philosophies, and cost controls. In a relatively short time, the results have been impressive. Critics have acclaimed many of the buildings (including an award for the U.S. Court House in Phoenix from Progressive Architecture Magazine) and some of the most renowned designers in the United States have been selected for architectural commissions.

Design and Construction Partnering. As another way to recognize the importance of providing efficient and high-quality design and construction of public buildings, PBS signed a partnering agreement with the American Institute of Architects and the Associated General Contractors of America in March 1996. In November 1996, PBS also signed a partnering agreement with the Project Management Institute to ensure construction excellence in our federal buildings program.

National World War II Memorial Design Competition. GSA/PBS was chosen by the American Battle Monuments Commission as the developer for National World War II Memorial. GSA administered the nationwide design competition. The Memorial will be located on a pre-eminent site on the centerline of the National Mall between the Washington Monument and the Lincoln Memorial, at the east end of the reflecting pool. In a January 1997 ceremony, President Clinton unveiled the winning design. The Memorial is scheduled to be completed by Veterans Day 2000.

National Account Executive Program. The National Account Executive (NAE) Program was established in 1995. There are 22 NAE's in 11 regions to develop closer relationships and improved communications with our major customers. Each NAE, a senior PBS executive, is assigned to a specific client in order to learn all about that client's mission and long-term goals and work with that client to provide solutions to their long term strategic space plan requirements.

Awards. PBS has received several awards during fiscal year 1996, including the following:

- **PBS won building of the year awards** in two national categories for the following buildings:
 - Robert A. Young Federal Building, St. Louis, MO
 - Jacob Weinberger U.S. Courthouse, San Diego, CA

PBS also won awards in four regional categories for federal buildings in New York City, NY and Farmers Branch, Texas, and courthouses in Tacoma, WA and Phoenix, AZ.

- **PBS won three energy awards:**
 - The Association of Energy Engineers named GSA their Energy Organization of the Year
- The Federal Interagency Energy Policy Committee and the Department of Energy presented a

Federal Energy and Water Management Award to the New England Region's GSA Property Management Division

- The Federal Triangle Property Management Center in PBS's National Capital Region won a Small Group Award in Energy Efficiency/Energy Management from the Department of Energy.
- **PBS received three Hammer Awards** from Vice President Gore for providing better real estate services faster and cheaper. The awards were for:
 - Developing a system to post notices on missing children in federal buildings
 - Partnering with the private sector to deliver the IRS Detroit, MI Computing Center on time
 - Reducing procurement time by 50% and resources required by 40% by using common sense approaches to the Architect/ Engineer Procurement process.

THE PBS ORGANIZATION

We are extremely proud of our nationwide network of employees: a workforce of trained professionals including realty specialists, architects, engineers, facility managers, environmental planners, law enforcement officers, and property disposal experts. These individuals are principally located in GSA's 11 regional offices, PBS Property Management Centers, and other major facilities. This comprehensive national network means that PBS assistance is always nearby when a customer calls.

Streamlined Organization

Old paradigms have been swept aside and new, more efficient ways of doing business have been adopted. Through reinvention, reengineering of business practices, and downsizing, we have become a streamlined organization, taking full advantage of economies of scale and private sector competition to save taxpayer dollars. Because of these efforts, we are projecting a decrease in FTE of 26% (2,594 FTE) over the period 1993 to 1998. (See figure 5)

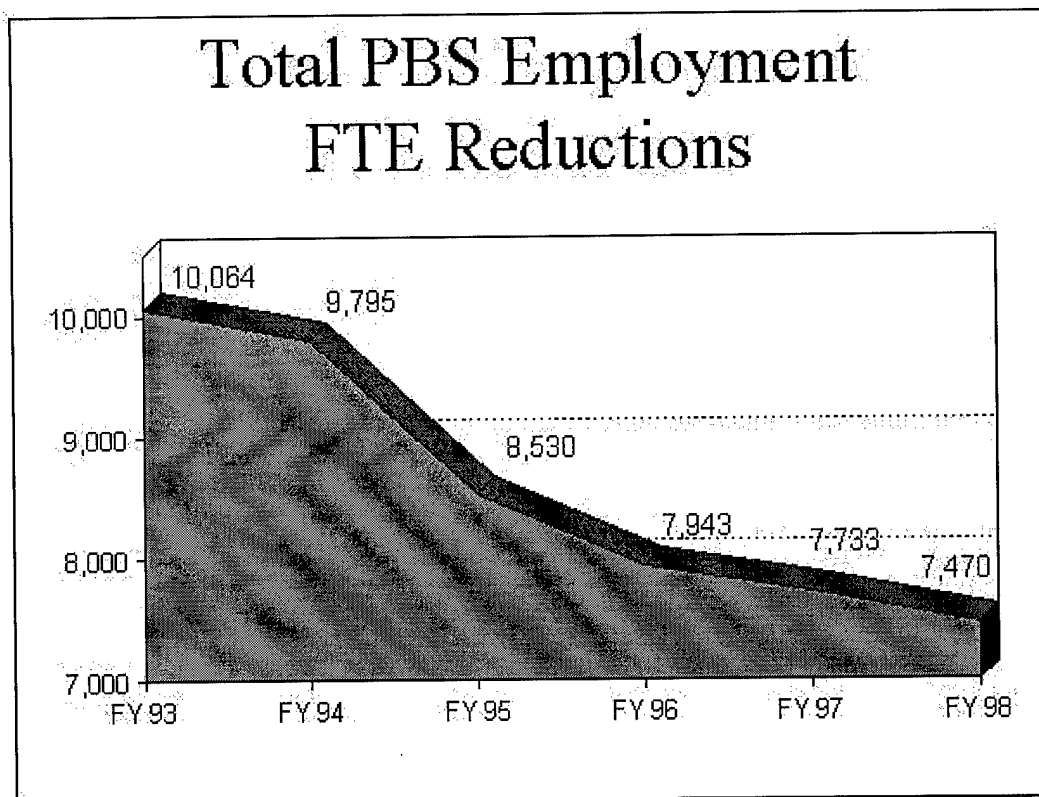


Figure 5

The PBS Business Lines

PBS has undergone a massive restructuring in ways that best serve our customers and allow us to be more competitive. PBS's six business lines are described below:

Property Management. This office manages and operates buildings occupied by federal tenants, handling cleaning, utilities, repairs, minor alterations, and tenant services, issues rent bills, manages and administers space occupied under lease contracts, and maintains tenant records. PBS has a Customer Service Representative on site in each large building or one assigned to a group of buildings we own in order to serve tenants and coordinate special projects for building operations.

Property Development. This office manages modernizations, new construction, complex repair and alteration projects, and major lease construction projects. The Property Developer also provides a range of architectural, engineering, and project management services and support and is the host organization for the Courthouse Management Group.

Property Acquisition and Realty Services. This office acquires real property, including leases and purchases; and coordinates a full range of services from acquisition to final occupancy. These services include purchase, delivery, and installation of new furniture, disposal of old furniture, phones and related wiring, installation of local area networks for computers, space design, and preparation of space to meet our customers' needs.

Federal Protective Service. This office manages our nationwide physical security protection program. We utilize both uniformed federal police officers and contract security services. FPS security specialists conduct security risk assessments and provide expert advice on security systems. We conduct preliminary investigations of accidents, incidents, and criminal complaints occurring on GSA-controlled property and coordinate the Occupant Emergency Program.

Portfolio Management. This office manages GSA's portfolio of real property and related assets. This office is responsible for enhancing the value and performance of the portfolio in four areas:

- (1) serving the missions of GSA customers,
- (2) supporting federal social and economic programs,
- (3) promoting effective asset utilization, and
- (4) maximizing return on investment. Portfolio Management's principal activities include strategic and business planning, capital investment and divestment planning, and analysis of portfolio and asset performance.

Property Disposal. This office manages the utilization and disposal of excess and surplus real property. Properties are made available to other federal agencies, state and local governments, and eligible nonprofit institutions for various public purposes or they are sold competitively to the general public. This office also provides disposal services on a reimbursable basis to other federal agencies. This business line is, funded by direct appropriations for operating expenses (as part of Operating Expenses, GSA) and disposal (Expenses, Disposal). More details about this business line can be found under the Property Disposal section of Operating Expenses, GSA, and the Expenses, Disposal section of this budget package.

Although not one of our 6 business lines, PBS is also home to the **Office of Workplace Initiatives**. This office is responsible for managing GSA's National Child Care Program which serves over 6,000 children nationwide in more than 100 child care centers. It is also responsible for administering the nationally-recognized Cooperative Administrative Support and Telecommunications Program, and it maintains the Center for Information Technology Accommodation which serves as a clearinghouse of data on making information systems accessible to all users. Please see more on this office in the Explanations of Estimates section for Building Operations.

GPRA PERFORMANCE MEASURES

The Government Performance and Results Act (GPRA) in 1993 allowed for a three year pilot testing period for volunteer agencies before the requirements of the Act are implemented Government-wide in fiscal year 1999. GSA volunteered immediately and has been participating as a pilot agency for the past three years. With each year, we have

improved our performance planning and measurement process, developing many innovative techniques. This experience has been invaluable both for PBS and OMB, which is responsible for full, government-wide implementation of GPRA. We have shared our experience, methods, and advice with several agencies who will be implementing GPRA in fiscal year 1999.

For the first time, and a year ahead of the GPRA requirement, we are tying our budget request to a set of performance indicators. This material is presented in the form of performance matrices. These matrices, found in each budget activity section (with the exception of the Construction and Acquisition of Facilities matrix, Exhibit 7, which is found in the Capital Investment Strategy section), contain brief descriptions of objectives, identify critical success factors, and specify associated measures, baselines, and targets. In keeping with GPRA, we concentrated on major program components only. These are the indicators PBS will be employing to assess our performance in fiscal year 1998.

Highlights of PBS's performance measures can be found in the text and graphs that follow.

PBS is Committed to Providing Customer Satisfaction

Use of the International Facility Management Association (IFMA) industry-wide survey questionnaire developed by the Gallup Organization allows us to evaluate our customer service performance against industry standards and guides us in making enhancements. The survey measures the satisfaction of the building occupant with the way GSA cleans, protects, repairs, heats, and manages the building. As shown in the survey chart below, preliminary results for very large buildings show us achieving our goal of 77% for 1996. Our long-term goal is to achieve a satisfaction rating of 85% which is the private sector standard. (See figure 6)

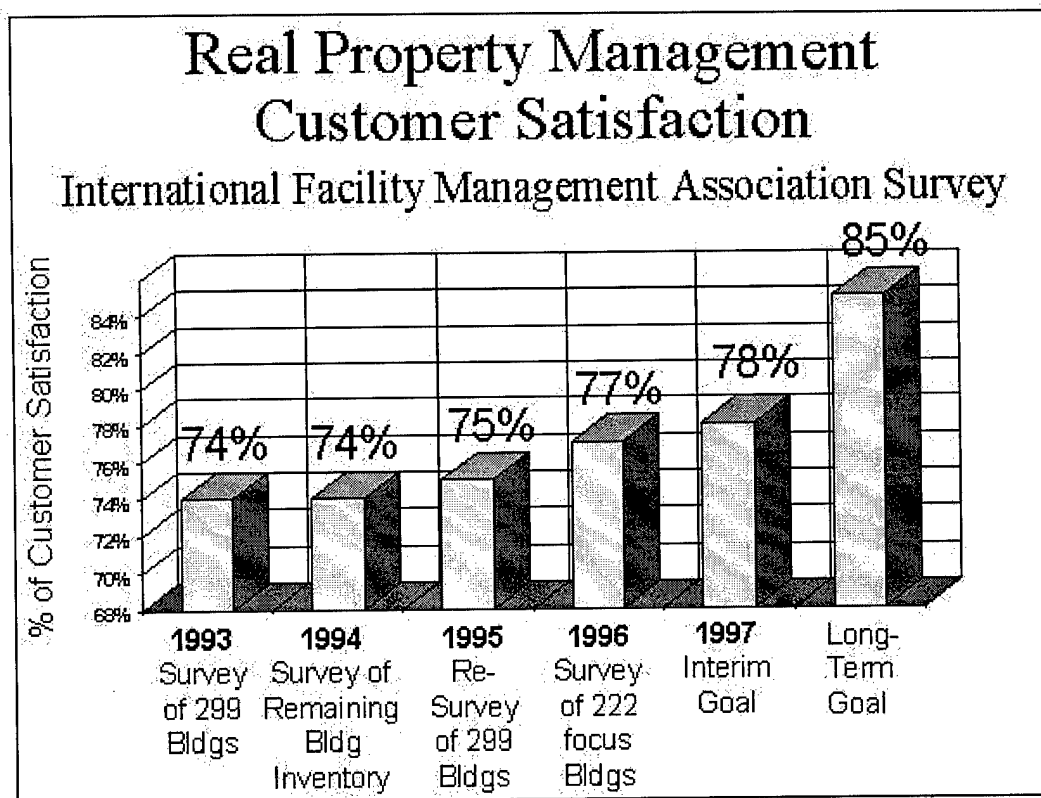


Figure 6

Meeting client needs for space in small leases, those under 10,000 square feet, is a substantial part of our leasing workload. These needs are very important to our clients and must be met in a timely manner. Our new "Can't Beat GSA Leasing" program has dramatically changed our leasing process. GSA will measure cycle time for new lease acquisition projects started and awarded after July 2, 1996. Cycle time (in total days) is calculated from the date that lease project work begins to the date of lease execution by both the government and lessor. The goal is to measure cycle time improvements. The baseline for comparison is a composite of the new lease award cycle times for new lease projects awarded in fiscal year 1995 and fiscal year 1996.

PBS Provides Quality Work Environments Through Leadership and Expertise

PBS programs help agencies provide their employees with a safe, well maintained, and functionally efficient work environment that promotes employee productivity:

- **Environmental Health and Safety.** PBS has virtually eliminated all high risk safety and environmental conditions in our buildings. Of 265 identified high risk conditions, we have eliminated 261. The remaining conditions will be eliminated in fiscal year 1997. (See figure 7)

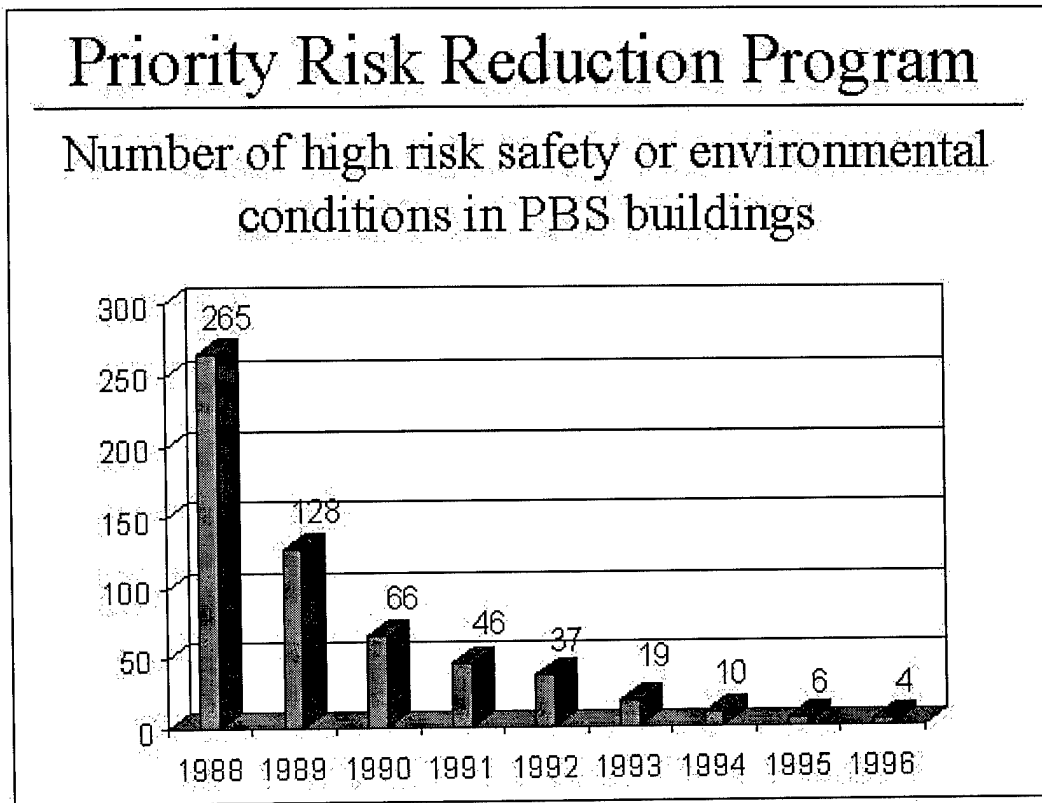


Figure 7

PBS also tracks the implementation of Building Security Committee (BSC) recommendations. The completed security countermeasures will be tracked against those approved by the BSC's in both Level 4 and Level 1-3 buildings. Figure 8, below, reflects information as of January 27, 1997.

Level 4 facilities have 450 or more Federal employees, a high volume of public contact, more than 150,000 square feet, and tenant agencies that may include high-risk law enforcement and intelligence agencies, courts, judicial offices, and highly sensitive government records.

Level 1-3 facilities have less than 450 federal employees, no more than 150,000 square feet, a moderate/high to low volume of public contact, and tenant agencies that can range from law enforcement and court/related agencies and functions to routine federal functions similar to commercial activities. (See Figure 8)

BSC Recommendations

Countermeasures

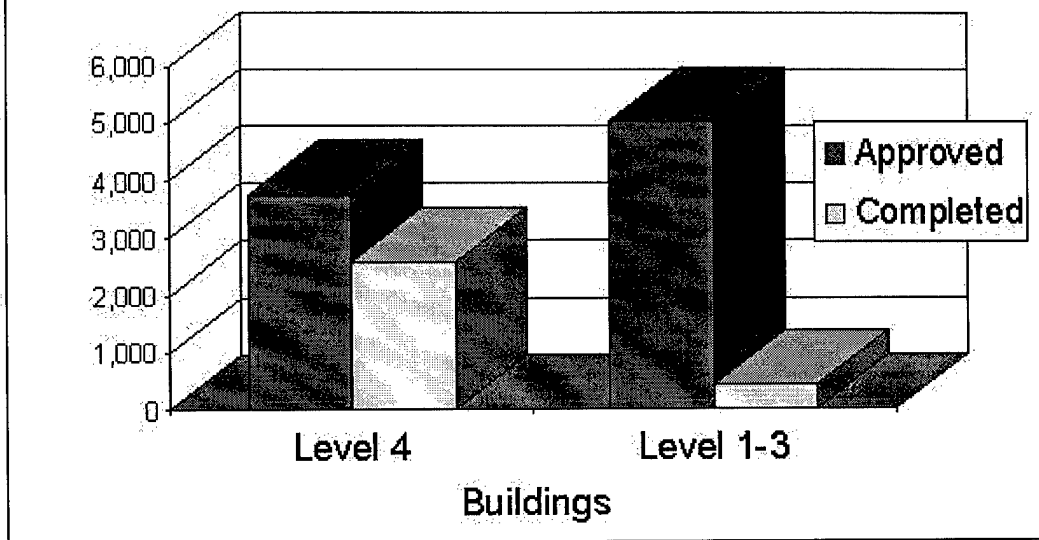


Figure 8

PBS is an Efficient Real Property Manager

- **Energy Consumption.** The Energy Policy Act of 1992 requires that, by the year 2000, PBS reduce its energy consumption by 20% from the base year of 1985. Subsequently, Executive Order 12902, Energy Efficiency and Water Conservation in Federal Buildings (1994), required that we achieve an additional 10% savings by year 2005. Savings are measured in BTUs per gross square foot. At present, we are on target to meet the goals. Since the inception of this initiative, we have saved the taxpayers approximately \$2.3 billion dollars. The Association of Energy Engineers named GSA their Energy Organization of the Year in 1996 in a competition with private sector property management organizations. (See figure 9 below)

Energy Consumption vs. Goal

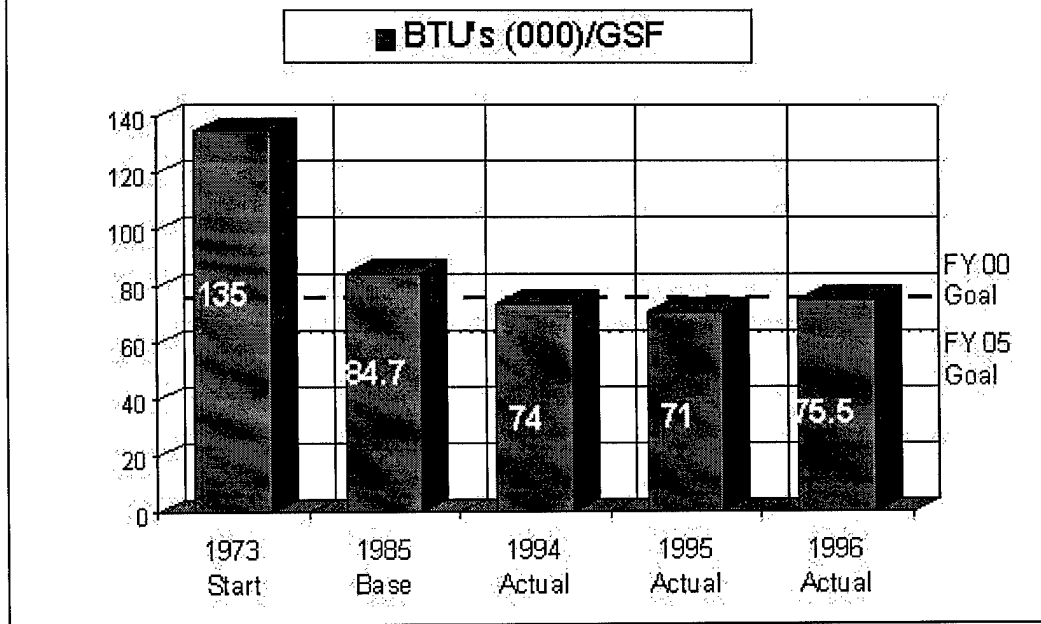


Figure 9

- Operating Costs.** For several years, PBS has been participating with the Building Owners and Managers Association in their Experience Exchange Report. This report provides a comparison of PBS operating costs (including cleaning, maintenance, utilities, and protection) with those of the private sector for similar buildings. The report is published annually for the previous year. The most recent report (1995) shows that PBS's operating costs per square foot have declined by 3% from 1994 and are 12% less than the private industry average. (See figure 10)

Operating Cost Per Square Foot

Comparison of GSA to Private Sector

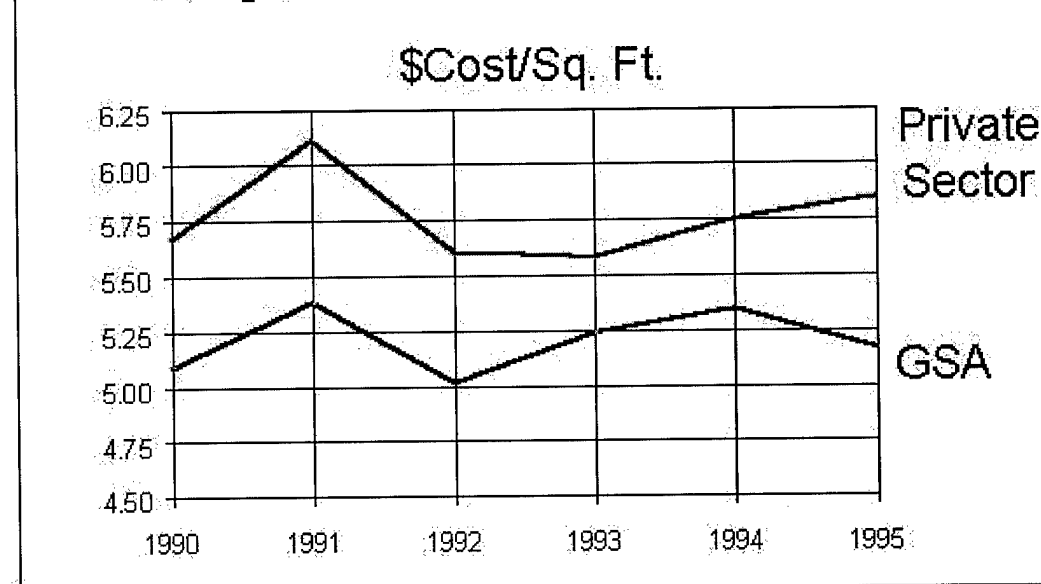


Figure 10

Reduction of G&A

PBS is striving to reduce its General and Administrative (G&A) costs as a percent of total expenses. PBS G&A has four components: ADP costs, General Management and Administrative costs, common distributables, and non-business line organization costs (organizational overhead). Since private sector G&A costs are made up of different elements, a comparison of PBS vs. the private sector cannot be made for this measure. (See figure 11)

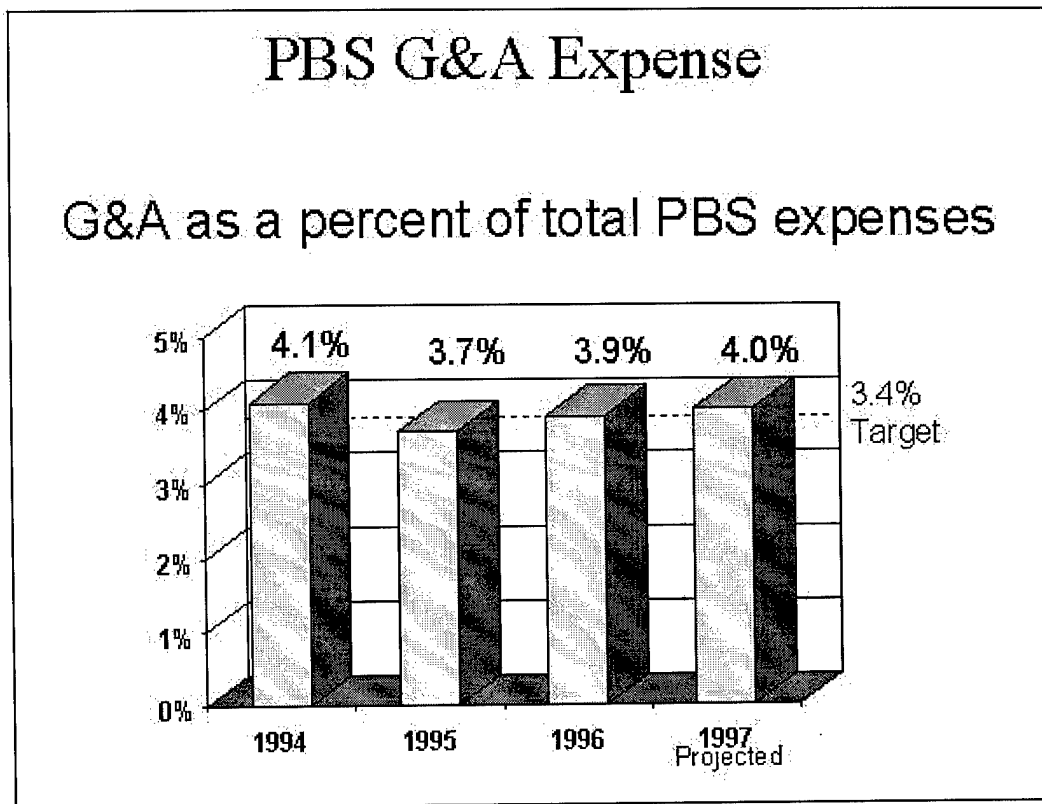


Figure 11

Major Projects Delivered as Scheduled

PBS uses this measure to evaluate the delivery of its capital investment program. It will track all major construction and repairs and alterations to ensure meeting schedule and budget commitments. This will help the agency assess adherence to project schedules and budgetary compliance and will include benchmarking against organizations performing tasks similar to PBS. The agency studied this measure as a part of the Federal Operations and Review Model review of the Property Development business line. This fiscal year, we are not only looking at the numbers of projects on or behind schedule, but the dollar value represented by those projects. (See figure 12)

Prospectus Projects vs. Original Schedule

1996 Results

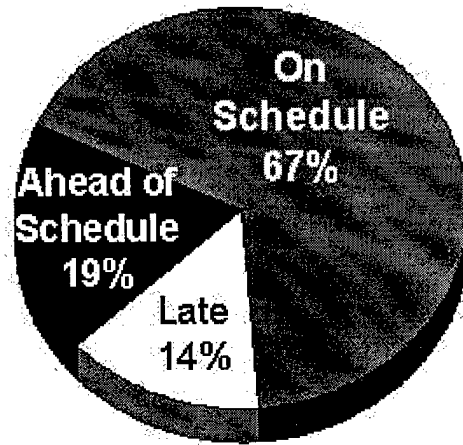


Figure 12

BUDGET SUMMARY INFORMATION

The following exhibits provide more information regarding the overall aspects of the FBF:

Exhibit 1 - [Schedule of Unobligated Available Balances](#)

Exhibit 2 - [Digest of Budget Estimates by Activity for Fiscal Year 1996 - 1998](#)

Exhibit 3 - [Obligations by Object Class](#)

Exhibit 4 - [Selected Program Data](#)

Exhibit 5 - [Rental of Space Delegations Included in GSA Appropriations](#)

Exhibit 6 - [Appropriation Language, Explanation of Changes in Appropriation Language for Fiscal Year 1998, and Explanation of Changes in General Provisions for Fiscal Year 1998](#)



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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

EXHIBIT 1

**SCHEDULE OF UNOBLIGATED AVAILABLE BALANCES
FY 1996 - FY 1998
(Dollars in Millions)**

	FY 1996 Actual	FY 1997 Current	FY 1998 Request
Available from prior year for reauthorization.....	40.091	0.000	0.000
Redemption of Debt.....	(76.102)	(98.457)	(105.720)
Reprogramming Authority.....	42.950	---	---
Non-expenditure transfer.....	(4.000)	(9.000)	---
Projects lapsed/rescinded.....	(45.718)	1.000	---
Appropriation.....	86.000	400.544	84.000
Authority to borrow.....	---	---	---
RENT income.....	4,652.177	4,790.485	4,843.264
Miscellaneous income.....	11.701	4.000	4.000
Outleasing income.....	3.861	2.000	2.000
SSA/CDC payments.....	42.788	36.493	36.670
Total Resources Available.....	4,753.748	5,127.065	4,864.214
New Obligational Authority (-) (Detail below).....	4,741.723	5,075.632	4,864.214
Authority to borrow (-).....	---	---	---
Rescission (-).....	(58.400)	---	---
Prior Year Recoveries (+).....	5.712	---	---
Indefinite Authority (-).....	76.137	51.433	[33.285]
Unobligated Balance.....	---	---	---
Balance Available for Reauthorization.....	0.000	0.000	0.000
Construction and Acquisition.....	545.002	758.711	---
Repairs and Alterations.....	659.250	639.000	434.000

Installment Acquisition Payments.....	163.663	173.075	142.542
Rental of Space.....	2,326.200	2,343.795	2,275.340
Building Operations.....	1,344.551	1,544.651	1,331.789
Authority for Prior Year Projects/Activities.....	(296.943)	(383.600)	680.543
Total New Obligational Authority.....	4,741.723	5,075.632	4,864.214
Redemption of PC Debt.....	3.183	---	---
Construction of Lease Purchase Facilities.....	429.356	164.269	---



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**General Services Administration
PUBLIC BUILDINGS SERVICE
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**DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FY 1996 - 1998
(Dollars in Millions)**

	OBLIGATIONS						Increase/(Decrease) For FY 1998	
	FY 1996 Actual		FY 1997 Current		FY 1998 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
1. Construction and Acquisition.....	-	640,044	-	647,210	-	1,049,434	-	402,224
2. Repairs and Alterations.....	-	669,220	-	877,800	-	673,600	-	(204,200)
3. Design and Construction Services.....	-	30,313	-	41,969	-	5,488	-	(36,481)
4. Installment Acquisition Payments.....	-	151,623	-	173,300	-	154,542	-	(18,758)
5. Construction of Lease Purchase Facilities.....	-	33,029	-	265,087	-	164,269	-	(100,818)
6. Redemption of PC Debt.....	-	-	-	3,183	-	-	-	(3,183)
7. Rental of Space.....	-	2,368,893	-	2,398,024	-	2,343,340	-	(54,684)
8. Building Operations								
a) Cleaning.....	680	202,525	1,031	220,084	975	216,839	(56)	(3,245)
b) Utilities/Fuel.....	-	222,569	-	227,987	-	227,318	-	(669)
c) Maintenance.....	1,561	181,309	1,407	203,868	1,332	197,206	(75)	(6,662)
d) Other Building Services.....	2,268	234,413	1,526	210,113	1,477	193,649	(49)	(16,464)
e) Fire and Lifesafety.....	166	15,114	143	23,007	137	19,317	(6)	(3,690)
f) Protection.....	952	139,581	1,456	228,311	1,423	222,884	(33)	(5,427)
g) Other Staff Support.....	2,029	228,518	2,058	235,206	2,012	210,740	(46)	(24,466)
h) ADP Support.....	-	46,501	-	52,970	-	47,465	-	(5,505)
i) Centralized Services.....	-	81,764	-	94,752	-	92,371	-	(2,381)
Subtotal, Building Operations.....	7,656	1,352,294	7,621	1,496,298	7,356	1,427,789	(265)	(68,509)
9. Reimbursable.....	172	557,178	-	520,529	-	604,296	-	83,767
TOTAL PROGRAM.....	7,828	5,802,594	7,621	6,423,400	7,356	6,422,758	(265)	(6,442)
NET OUTLAYS.....		389,822		701,160		262,909		(438,251)
PERMANENT POSITIONS								
Reimbursable.....	7,350		7,316		7,062		(254)	
OUTYEAR DATA	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Net Outlays.....	142,900	70,200	0,000	0,000	0,000	0,000	0,000	0,000

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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

EXHIBIT 3

**FEDERAL BUILDINGS FUND
Obligations by Object Class
\$(Millions)**

		FY 1996 Actual	FY 1997 Current	FY 1998 Request
Personnel Compensation:				
11.1	Full-time permanent	342.230	339.596	334.479
11.3	Other than full-time permanent	4.843	5.067	5.007
11.5	Other personnel compensation	<u>12.815</u>	<u>13.376</u>	<u>13.254</u>
11.9	Total personnel compensation	359.888	358.039	352.740
12.1	Civilian personnel benefits	75.463	79.227	78.440
13.0	Benefits for former personnel	5.329	14.464	14.854
21.0	Travel and transportation of persons	11.038	12.426	13.507
21.0	Motor pool travel	4.068	5.040	5.175
22.0	Transportation of things	2.278	4.334	4.454
23.2	Rental payments to others	2,368.893	2,398.024	2,343.340
23.3	Communications, utilities, and misc charges	263.116	258.577	271.496
24.0	Printing and reproduction	5.931	8.602	8.548
25.1	Advisory and assistance services	0.000	0.319	0.329
25.2	Other services	1,902.029	2,173.653	2,456.477
25.4	Operation and maintenance of facilities	451.412	663.894	496.147
25.7	Operation and maintenance of equipment	33.301	41.849	42.974
26.0	Supplies and materials	82.262	96.972	98.989

31.0	Equipment	41.983	41.473	26.963
32.0	Land and structures	48.838	10.767	38.593
41.0	Grants, subsidies, and contributions	0.107	0.043	0.043
42.0	Insurance claims and indemnities	0.062	0.082	0.082
43.0	Interest and dividends	146.596	255.615	169.607
Total Obligations		5,802.594	6,423.400	6,422.758



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**General Services Administration
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SELECTED PROGRAM DATA

Exhibit 4

RENTAL OF SPACE			
	Fiscal Year		
	1996	1997	1998
Total Number of Leases.....	7,118	7,029	6,659
Personnel in Gov't-Owned/Leased Space (Millions).....	1.08	1.07	1.05

INSTALLMENT ACQUISITION PAYMENTS			
	Fiscal Year		
	1996	1997	1998
Number of Projects Completed (Cumulative).....	70	70	71
Total Payments (\$Millions).....	151.6	173.3	154.5
Projects Under Construction.....	2	1	2
Obligations - Lease Purchase Facilities (\$Millions).....	33.0	265.1	164.3

REPAIRS & ALTERATIONS			
	Fiscal Year		
	1996	1997	1998
New Starts - Design	16	9	2
New Starts - Construction	17	22	3
Projects Under Construction	78	63	35

CONSTRUCTION AND ACQUISITION			
	Fiscal Year		
	1996	1997	1998
New Starts - Design & Construction	25	28	5
Projects Under Construction	39	46	45

**General Services Administration
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			EXHIBIT 5
RENTAL OF SPACE DELEGATIONS INCLUDED IN GSA APPROPRIATIONS			
(Dollars in Millions)			
	FY 1996	FY 1997	FY 1998
Agency	Actual	Current	Request
Department of Commerce	73.903	71.579	72.528
Department of Defense	115.979	116.975	121.500
Environmental Protection Agency	24.929	24.739	25.500
Total	214.811	213.293	219.528

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General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

For additional expenses necessary to carry out the purpose of the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), ~~[\$400,544,000]~~ ✓, to be deposited into said Fund. The revenues and collections deposited into the Fund shall be available for necessary expenses of real property management and related activities not otherwise provided for, including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving governmental agencies (including space adjustments and telecommunications relocation expenses) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings, and moving; repair and alteration of federally owned buildings including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; acquisition of options to purchase buildings and sites; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, [taxes,] and any other obligations for public buildings acquired by installment purchase and purchase contract, ~~in the aggregate amount of~~ ✓ \$4,864,214,000 ~~[\$5,555,544,000]~~ ✓, of which (1) [not to exceed \$657,711,000 shall remain available until expended for construction of additional projects and at maximum construction improvement costs (including funds for sites and expenses and

associated design

and construction services) as follows:

New Construction:

California:

Fresno, Federal Building and U.S. Courthouse,
\$6,595,000

Colorado:

Denver, Rogers Federal Building-U.S.
Courthouse, \$9,545,000

District of Columbia:

U.S. Courthouse Annex, \$5,703,000

Florida:

Miami, U.S. Courthouse, \$24,990,000
Orlando, U.S. Courthouse, \$9,514,000

Kentucky:

Covington, U.S. Courthouse, \$17,134,000
London, U.S. Courthouse, \$13,732,000

Montana:

Babb, Piegan Border Station, \$333,000
Sweetgrass, Border Station, \$1,059,000

Nevada:

Las Vegas, U.S. Courthouse, \$83,719,000

New York:

Brooklyn, U.S. Courthouse, \$169,000,000

Ohio:

Cleveland, U.S. Courthouse, \$128,559,000
Youngstown, U.S. Courthouse, \$15,813,000

Oregon:

Portland, Consolidated Law Federal Office
Building, \$4,750,000

Pennsylvania:

Erie, U.S. Courthouse Annex, \$3,300,000
Philadelphia, DVA - Federal Complex, Phase II,
\$13,765,000

South Carolina:

Columbia, U.S. Courthouse Annex,
\$43,848,000

Texas:

Corpus Christi, U.S. Courthouse, \$24,161,000

Utah:

Salt Lake City, Moss U.S. Courthouse Annex
and Alteration, \$11,474,000

Washington:

Blaine, U.S. Border Station, \$13,978,000

Oroville, U.S. Border Station, \$1,452,000

Seattle, U.S. Courthouse, \$16,853,000

Sumas, U.S. Border Station, (Claim),
\$1,177,000

Nationwide:

Non-prospectus construction projects,
\$10,000,000

Security Enhancements, \$27,256,000:

Provided, That each of the immediately foregoing limits of costs on new construction projects may be exceeded to the extent that savings are effected in other such projects, but by not to exceed 10 percent unless advance approval is obtained from the House and Senate Committees on Appropriations of a greater amount: *Provided further*, That the cost of future U.S. Courthouse annex projects shall reflect savings through improving design efficiencies, curtailing planned interior finishes, requiring more efficient use of courtroom and library space, and by otherwise limiting space requirements: *Provided further*, That from funds available in the Federal Buildings Fund, \$20,000,000 shall be available until expended for environmental clean up activities at the Southeast Federal Center in the District of Columbia and \$81,000,000 shall be available until expended for design and construction activities at the

Consolidated Law Federal Office Building in Portland, Oregon: *Provided further*, That from funds available for non-prospectus construction projects, \$250,000 may be available until expended for the acquisition, lease,

construction, and equipping of flexiplace work telecommuting centers in West Virginia: *Provided further*, That all funds for direct construction projects shall expire on September 30, 1999; (2)] not to

\$434,000,000

exceed [\$639,000,000] ✓ shall remain available until expended, for repairs and alterations which includes associated design and construction services:

Provided further, That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the amount by project as follows, except each project may be increased by an amount not to exceed 10 per centum unless advance approval is obtained from the Committees on Appropriations of the House and Senate of a greater amount:

Repairs and alterations:

District of Columbia:

[Ariel Rios Building, \$62,740,000

Justice Department, Phase 1 of 3, \$50,000,000

Lafayette Building, \$5,166,000

Hawaii:

Honolulu, Prince Jonah Kuhio Kalaniana'ole Federal Building and U.S. Courthouse, \$4,140,000

Illinois:

Chicago, Everett M. Dirksen Federal Building, \$18,844,000

Chicago, John C. Kluczynski, Jr. Federal Building (IRS), \$13,414,000

Louisiana:

New Orleans, Customhouse, \$3,500,000

Maryland:

Montgomery County, White Oak environmental
clean up activities, \$10,000,000

Massachusetts:

Andover, IRS Regional Service Center,
\$812,000

New Hampshire:

Concord, J.C. Cleveland Federal Building,
\$8,251,000

New Jersey:

Camden, U.S. Post Office-Courthouse,
\$11,096,000

New York:

Albany, James T. Foley Post Office-
Courthouse, \$3,880,000

Brookhaven, IRS Service Center, \$2,272,000

New York, Jacob K. Javits Federal Building,
\$13,651,000

Pennsylvania:

Scranton, Federal Building-U.S. Courthouse,
\$10,610,000

Rhode Island:

Providence, Federal Building-U.S. Courthouse,
\$8,209,000

Texas:

Fort Worth, Federal Center, \$11,259,000

Nationwide:

Chlorofluorocarbons Program, \$23,456,000

Elevator Program, \$10,000,000

Energy Program, \$20,000,000

Security Enhancements, various buildings,
\$2,700,000

Basic Repairs and Alterations, \$345,000,000:]✓
*Provided further, That additional projects for which
prospectuses have been fully approved may be*

District of Columbia:

Interstate Commerce Commission, Connecting
Wing, and Customs Building, phase III, \$84,000,000

Nationwide:

Chlorofluorocarbons Program, \$50,000,000

Basic Repairs and Alterations, \$300,000,000:

funded under this category only if advance [approval is obtained from] ✓ the Committees on Appropriations of the House and Senate: *Provided further*, That the amounts provided in this or any prior Act for Repairs and Alterations may be used to fund costs associated with implementing security improvements to buildings [necessary to meet the minimum standards for security in accordance with current law and in compliance with the reprogramming guidelines of the appropriate Committees of the House and Senate]: *Provided further*, That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the originally authorized amount, except each project may be increased by an amount not to exceed 10 percent when advance

notice thereof is transmitted to

[approval is obtained from] ✓ the Committees on Appropriations of the House and Senate of a greater amount: *Provided further*, That the difference between the funds appropriated and expended on any projects in this or any prior Act, under the heading "Repairs and Alterations", may be transferred to Basic Repairs and Alterations or used to fund authorized increases in prospectus projects: [Provided further, That from funds made available for Basic Repairs and Alterations, \$8,000,000 shall be made available for renovation of the Agricultural Research Service Laboratory in Ames, Iowa, which is currently occupied by the Animal and Plant Health Inspection Service: *Provided further*, That from funds made available for Basic Repairs and Alterations, \$1,450,000 may be available for the renovation of the Pioneer Courthouse located at 520 SW Morrison, in Portland, Oregon: *Provided further*, That from funds made available for Basic Repairs and Alterations, \$6,000,000 shall be used for

notice is transmitted to

necessary expenses associated with ongoing construction of the U.S. Courthouse in Montgomery, Alabama: *Provided further*, That from funds made available for Basic Repairs and Alterations, \$100,000 shall be transferred to the National Park Service "Construction" appropriation for restoration and maintenance of the multi-purpose field at Wallenberg Place in Washington, DC:] *Provided further*, That all funds for repairs and alterations

prospectus projects shall expire on September 30, 1999, and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: *Provided further*, That the amount provided in this or any prior Act for Basic Repairs and Alterations may be used to pay claims against the Government arising from any projects under the heading "Repairs and Alterations" or used to fund authorized increases in prospectus projects[:

Provided further, That \$5,700,000 of the funds provided under this heading in Public Law 103-329, for the IRS Service Center, Holtsville, New York, shall be available until September 30, 1998; (2)✓

not to exceed [\$173,075,000]✓ for installment acquisition payments including payments on purchase contracts which shall remain available until expended[: *Provided further*, That up to \$1,500,000 shall be available for a design prospectus of the Federal Building and U.S. Courthouse located at 811 Grand Avenue in Kansas City, Missouri; (4)✓ not to exceed [\$2,343,795,000]✓ for rental of space which shall remain available until expended:

[and (5)✓ not to exceed [\$1,552,651,000]✓ for building operations which shall remain available until expended [and of which \$8,000,000 shall be transferred to the "Policy and Operations"

appropriation:✓ *Provided further*, That funds available to the General Services Administration shall not be available for expenses in connection with any construction, repair, alteration, and acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for each project for required expenses in connection with the development of a proposed

prospectus: [*Provided further*, That the Administrator of General Services shall, at the earliest practicable date, initiate discussions with the Smithsonian Institution on the feasibility of

(2)

\$142,542,000

(3)

\$2,275,340,000

(4)

\$1,331,789,000

; and (5) not to exceed \$680,543,000 which shall remain available until expended for projects and activities previously approved under this heading in prior fiscal years:

transferring Federal Building 10B located at 600 Independence Avenue SW., Washington, DC to the Smithsonian Institution at such price and under such terms and conditions as determined appropriate by the Administrator and subject to the prior approval of the appropriate authorizing and appropriations committees of the Congress: *Provided further*, That funds provided in this Act under the heading "Security Enhancements, various buildings" may be used, by project in accordance with an approved prospectus: *Provided further*, That the Administrator is authorized in fiscal year 1997 and thereafter, to enter into and perform such leases, contracts, or other transactions with any agency or instrumentality of the United States, the several States, or the District of Columbia, or with any person, firm, association, or corporation, as may be necessary to implement the trade center plan at the Federal Triangle Project and is hereby granted all the rights and authorities of the former Pennsylvania Avenue Development Corporation (PADC) with regard to property transferred from the PADC to the General Services Administration in fiscal year 1996: *Provided further*, That notwithstanding any other provision of law, the Administrator of General Services is hereby authorized to use all funds transferred from the PADC or income earned on PADC properties for activities associated with carrying out the responsibilities of the PADC transferred to the Administrator of General Services and that any such income earned on or after April 1, 1996, shall be deposited to the Pennsylvania Avenue Activities account and shall remain available until expended: *Provided further*, That any funds or income as may be deemed by the Administrator as excess to the

amount needed to fulfill the PADC responsibilities transferred to the Administrator of General Services, shall be applied to any outstanding debt, with the exception of debt associated with the Ronald Reagan Building and International Trade Center, incurred by the PADC in the course of acquiring real estate:

Provided further, That with respect to real property transferred from the PADC to the General Services Administration pursuant to section 313 of Public Law 104-134, Title III, General Provisions, the Administrator of General Services is hereafter authorized and directed to make payments required by section 10(b) of the PADC Act of 1972, Public Law 92-578 in the same manner as previously paid by the PADC.] *Provided further*, That for the purposes of this authorization, buildings constructed pursuant to the purchase contract authority of the Public Buildings Amendments of 1972 (40 U.S.C. 602a), buildings occupied pursuant to installment purchase contracts, and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to be federally owned buildings:

Provided further, That funds available in the Federal Buildings Fund may be expended for emergency repairs when advance [approval is obtained from]✓ the Committees on Appropriations of the House and Senate: *Provided further*, That amounts necessary to provide reimbursable special services to other agencies under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949,

as amended (40 U.S.C. 490(f)(6)) and amounts to

notice is transmitted to

provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056, as amended, shall be available from such revenues and collections:

Provided further, That revenues and collections and any other sums accruing to this Fund during fiscal year [1997]✓ excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)) in excess of [\$5,555,544,000]✓ shall remain in the Fund and shall not be available for expenditure except as authorized in appropriations Acts. (*Independent Agencies Appropriations Act, 1997.*)

1998,

\$4,864,214,000

Explanation of Changes In Appropriation Language for FY 1998

For fiscal year 1998, the proposed language for the Federal Buildings Fund includes changes from previously enacted legislation as follows:

1) The proposed language changes the requirement from “advance approval is obtained from” the Committees on Appropriations for the addition of repairs and alterations projects and project escalations exceeding ten percent, to “advance notice thereof is transmitted to” the Committees on Appropriations for these actions. While the Committees will still retain control over the projects, this change will allow GSA to conduct its Repairs and Alterations programs in a more timely and responsive manner. Further, the decision by the Supreme Court in *INS v. Chada* declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

2) The proposed language changes the requirement from advance “approval is obtained from” to “advance notice is transmitted to” the Committees on

Appropriations for repairs and alterations projects escalation exceeding ten percent. Please refer to the justification in number 1 above.

3) We are requesting \$680.5 million in New Obligational Authority (NOA) to fund projects and programs authorized in prior years.

In approving New Obligational Authority (NOA) funding levels for the FBF in fiscal years 1996 and 1997, Congress relied upon GSA estimates of anticipated income provided in the President’s Budget. Actual rent revenues for these years will be \$680.5 million less than the amount necessary to fund projects and programs authorized in prior years. Therefore, we must request that NOA in the same amount be funded from fiscal year 1998 Rent revenues.

4) The proposed language changes the requirement from advance “approval is obtained from” to “advance notice is transmitted to” the Committees on Appropriations for emergency repairs. Please refer to the justification in number 1 above.

Explanation of Changes in General Provisions for FY 1998

SEC. Section 10 of the General Services Administration General Provisions, Public Law 100-440, dated September 22, 1988, is hereby repealed.

The General Provision proposed for repeal states that "The Administrator of General Services is authorized and directed to hire up to and maintain an annual average of not less than one thousand full-time equivalent positions for Federal Protective Officers. This shall be accomplished by increasing existing staff levels at the end of fiscal year 1988 at a rate of not less than fifty positions per year until the full-time equivalency of one thousand is attained by not later than fiscal year 1992."

To comply with Public Law 100-440, the fiscal year 1990 President's budget included a request for \$1.5 million and 50 full-time equivalent positions for Federal Protective Officers. This increase was not enacted by the Congress. The fiscal year 1991 President's budget did not include a request for additional funding and staffing for Federal Protective Officers.

Since that time GSA has participated in the 1995 Department of Justice's Vulnerability Assessment Report issued as a result of the bombing of the Murrah Federal Building in Oklahoma City. The Vulnerability Assessment Report led to the establishment of the Building Security Committees (BSC) which were organized to assist in the identification of individual building security needs. In addition, these efforts have provided direction to GSA when identifying additional resources (personnel and dollars) to meet those needs.


In October 1995, GSA developed a resource allocation model for the Federal Protective Service using the services of Booz-Allen & Hamilton. That review identified a need for a Federal Protective Police Officer (FPPO) staffing level of 724 based on an analysis of police workload. GSA's fiscal year 1998 budget supports 724 FPPOs and 699 additional positions in support of the protection function. These staffing levels along with the various other security measures recommended by the Vulnerability Assessment Report and the BSC reports will provide the required levels of security. Under these circumstances, a legislative requirement that GSA maintain a floor level of 1,000 FPPOs is unnecessary. As a result, we recommend the repeal of this General Provision.

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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

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General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

CAPITAL INVESTMENT STRATEGY

With a portfolio of nearly 300 million square feet consisting of 1,876 owned assets and leases in 6,423 buildings, GSA must continually evaluate the long-term costs and benefits of investing in fixed assets. Making the appropriate capital decisions can result in long-term savings and an improved utilization of the existing inventory, which can, in turn, lead to even greater savings. To this end GSA has a capital investment strategy for construction, acquisition, repair, and alteration of real estate assets.

CAPITAL INVESTMENT PRIORITIES

GSA's capital investment priorities are:

1. Protecting the safety and health of tenants and visitors to owned and leased assets.
2. Continued housing of client agencies in leased space through renewal or replacement leases where ownership is not desirable, or not feasible.
3. Maintaining the operational viability of owned assets through day-to-day repairs and alterations below the prospectus level (\$1.810 million for fiscal year 1998).
4. Altering vacant space in owned assets to relocate client agencies from more costly leased space into Government-owned space when available, or to provide expansion space.
5. Modernizing owned assets that we intend to keep in our inventory, to maintain and enhance their ability to support client agencies' missions and to enhance their value.
6. Providing new housing solutions (construction, acquisition and leasing) to meet the changing requirements of client agencies.

Work in Progress - Major New Construction and Repairs and Alterations (R&A) Projects

PBS established a performance measure to evaluate the work in progress of its major construction and R&A projects. This measure will track all undelivered projects to assess the agency's performance in meeting schedule and budget commitments. (See figure 13)

Prospectus Projects vs. Original Schedule

Work In Progress

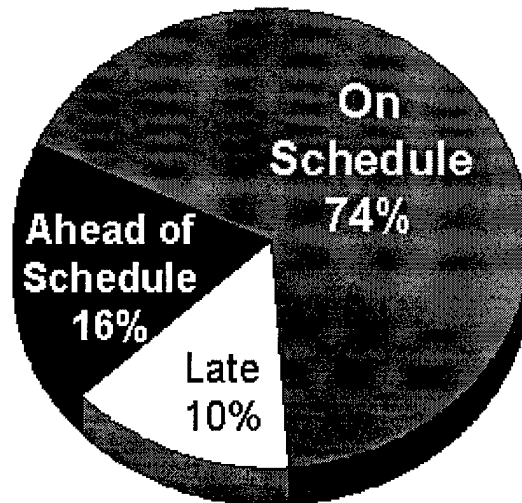


Figure 13

Figure 12 in the Summary portion of the PBS Budget reflects project completions for fiscal year 1996.

THE PLANNING PROCESS

Community Planning, which provides the basis for making sound portfolio management decisions, is the cornerstone of our capital development program. The Community Plan identifies the existing federal presence, and forecasts needs within a community. It is sensitive to local markets, including vacancy rates, the availability of leased space and/or buildings suitable for acquisition. It includes contact with local officials and takes into consideration local development or redevelopment plans. In accordance with Executive Orders 12072 and 13006, GSA's community planning activities give preferential treatment to housing agencies in central business districts, and the adaptive re-use of historic structures in urban areas.

The Community Plan sets forth a long-term federal strategy within a local environment and evaluates the impact of a proposed federal action on the community. It also evaluates the costs, outlays, and long-term net present value costs of project proposals and makes recommendations for meeting client needs in the community. The objective of the Community Plan is to provide good strategy that helps us make better decisions resulting in the best value to the client, the local community, and the taxpayer. The Community Plan can be used by departments and agencies to help them in using their space more efficiently. The importance of long-range planning is underscored by the current dynamic nature of government and its downsizing efforts.

The Office of Portfolio Management reviews Community Plans each year at the national level. Based on these reviews, GSA approves projects for further development through the Prospectus Development Study (PDS) process in order to provide detailed scope and cost estimates and, ultimately, detailed housing plans and prospectus proposals.

Each spring the regions recommend projects for inclusion in the next year's Capital Investment and Leasing Program.

Technical experts and top management at the national level review these projects for conformance with GSA policy, soundness of analysis, and urgency of need. Projects with the highest priorities that can be accomplished within projected resource targets become part of GSA's annual Capital Investment Plan and Budget.

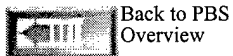
CONSIDERATIONS FOR LONG-TERM CAPITAL INVESTMENT

At both the community and the national level, GSA's overall strategy accounts for the impact of downsizing that is occurring within the federal workforce, the "No Net New" policy for office space established by GSA's Administrator in 1994, the changing federal workplace that will impact on GSA's real property portfolio, and the types of space and services provided to client agencies.

Through its long-term capital investment strategy, GSA intends to accomplish two objectives. First, we intend to improve asset utilization by backfilling space in underutilized owned properties from leased space, by improving space utilization rates throughout the portfolio, and by excessing properties when it is in the best financial interests of the Government. Second, we intend to support social and economic programs by contributing to the social and economic vitality of local communities through opportunities created by federally-funded construction, repair and alteration, acquisition, and leasing projects. GSA coordinates its efforts with state and local planning entities, and engages the public at large for input and comment. GSA strives to accommodate all state and local groups and induce economic revitalization in our cities while providing safe, healthy, and quality workspace for federal agencies.

GSA anticipates that future funding will support GSA's community planning process and long-term capital strategy.

Exhibit 7 provides information regarding overall performance measures for the Construction and Acquisition of Facilities program.



General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 7

BUDGET ACTIVITY: Construction and Acquisition of Facilities
PROGRAM: Provide housing for tenant agencies through Federal construction or direct purchase

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<ul style="list-style-type: none"> - Satisfy client housing requirements when government construction is the most economical alternative and/or the required space is not readily available in the market, e.g., border stations, courthouses, laboratories, and other federal buildings - Optimize financial performance 	<ul style="list-style-type: none"> - Funding for capital projects, FY 98 - \$0 million - Resources for feasibility studies, Prospectus Development Studies, environmental studies, community plans, A-94's, client requirements, moves, telecommunication, housing plans, and engineering reports (included in Building Operations request). 	<ul style="list-style-type: none"> - Completed construction - Asset management decisions on investment 	<ul style="list-style-type: none"> - Modern inventory - Safe/healthful/productive space - New assignable space - Reduced operational costs - Satisfied customers - Enhanced value - Increased revenues - New Asset for the government - Optimum financial performance 	<ul style="list-style-type: none"> - Advance new technologies, e.g., "smart" building space productivity - Historic preservation - Environmental protection - Handicapped access - Reduce reliance on more costly leased space - Support agency mission - Comply with Davis-Bacon - Support small & disadvantaged business - Economic revitalization - Support Executive Order 12072 - Construction industry jobs - Legacy of Public Architecture

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources to conduct effective program	1. Availability of dollars vs dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$0 million	1. FY 98 Appropriation - \$0 million
2. Efficient project management	2. Delivery of space	2. Percent of program (dollars) delivered on or ahead of schedule (see fig. 12)	2. 73%	2. 80%
3. Efficient cost management	3. Budget	3. Percent of program (number of projects) delivered within budget	3. 88%	3. 90%
4. Customer satisfaction	4. Customer	4. Customer feedback - Customer report cards (see figure 6)	4. 66% (not shown on figure 6)	4. 75% (not shown on figure 6)
5. Financial performance	5. Return generated on GSA assets	5. Total rate of return	5. TBD	5. TBD



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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXPLANATION OF ESTIMATES Repairs and Alterations

GENERAL PROGRAM DESCRIPTION

The Repairs and Alterations (R&A) program is composed of 3 principal categories:

1.) BASIC PROGRAM (below prospectus level):

The **Basic Program** is designed to ensure the day-to-day operational continuity of, and meet federal clients' needs in, the 1,876 owned assets in GSA's portfolio. This program is essential for the preservation of GSA's capital assets during the periods between major reinvestments. GSA's objective is to provide consistent levels of quality space and service that meet the mission-related needs and expectations of client agencies housed in owned capital assets.

2.) BUILDING MODERNIZATIONS:

GSA is committed to preserving and increasing the value of its owned assets through an aggressive **Building Modernization** program. Buildings and their infrastructure components deteriorate and become obsolete through normal usage, technological advances, and client functional needs. With proper maintenance and operation, the useful life of most building systems and components is approximately 20 years. Full modernization extends an asset's useful life so that it becomes similar to that of a new building. To this end, GSA developed a 20-Year Modernization Program in order to provide quality space and services to its clients, and preserve the value of owned assets.

By definition, modernization is a building-wide reinvestment to replace, improve, remodel, and install major operating systems, interior finishes, and building elements and features. Modernization of a building includes the heating, ventilation, air-conditioning (HVAC), plumbing, electrical, elevator, lighting, and fire and life safety systems; as well as ceilings, flooring, walls, and interior finishes in public and tenant space.

A modernization is typically accomplished as a single project funded in a single year or, in the case of very large projects, funded in several stand-alone phases. GSA contracts for Building Engineering Reports (BERs) which define both the extent and cost of the work necessary to modernize each building. A Prospectus Development Study (PDS) for the modernization project establishes phasing and timing plans and identifies any ancillary costs for moving and interim tenant space.

3.) SPECIAL INITIATIVES:

The R&A program may, at any given time, include one or more Special Initiatives that are required for compliance with federal law, undertaken in response to health and safety concerns, or to achieve other specific national objectives. These special initiatives are planned and monitored at the national level and executed at multiple locations across the country. They are normally of a high priority. Examples of past initiatives include asbestos and PCB abatement. An example of a current initiative is the replacement of chlorofluorocarbon (CFC) in chillers.

Figure 14 reflects Obligational Levels for the Repairs and Alterations program from fiscal years 1996 through 1998.

Obligational Levels

Fiscal Years 1996-1998

(Dollars in Millions)

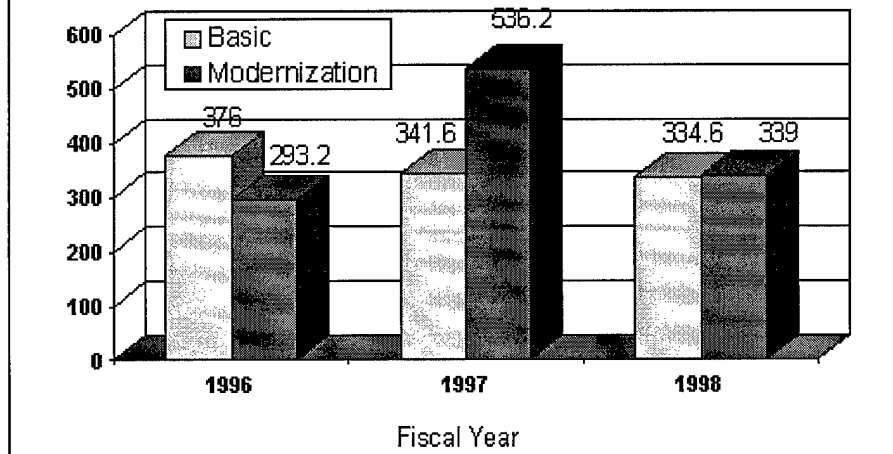


Figure 14

FISCAL YEAR 1998 PROGRAM HIGHLIGHTS

The fiscal year 1998 request for the Repairs and Alterations program proposes a funding level of \$434 million for the basic below-prospectus level work required to maintain the existing inventory, as well as specific prospectus-level projects, as described below.

- Funding of \$300 million is requested for the basic (below prospectus-level of \$1.810 million) program. Included in this funding level are three project settlement claims totaling \$1.5 million. This portion of the program will be funded from Federal Buildings Fund resources.
- Funding of \$84 million is requested for the modernization of the ICC Customs facility in accordance with GSA's overall strategy for asset modernization. This project will be funded by a direct appropriation to the Federal Buildings Fund.
- Funding of \$50 million is requested for the chlorofluorocarbon (CFC) replacement program necessary to meet the goal established by the Clean Air Act Amendments of 1990. The goal requires the phasing out of ozone-depleting substances by the year 2000.

The total amount needed to meet the Clean Air Act goals is \$731.640 million. Prior funding of \$74.424 million plus \$50.000 million requested for fiscal year 1997 will provide \$121.442 toward meeting those goals. This level of funding will allow the continuation of the next phase of GSA's chiller retrofit/replacement program.

The following exhibits provide information regarding the overall aspects of the Repairs and Alterations program:

Exhibit 8 - Performance Measures, Basic Repairs and Alterations

Exhibit 9 - Performance Measures, Repairs and Alterations, Line Item Modernizations

Exhibit 10 - Summary of Fiscal Year 1998 Program

Exhibit 11 - Project Descriptions



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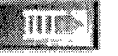
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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

BUDGET ACTIVITY: Repairs & Alterations
PROGRAM: Basic Program
FUNCTION: Repair or modernize at the non-prospectus level

EXHIBIT 8

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<p>Preserve the depreciating value of the asset between reinvestment cycles of 20 years and modernize building systems to preserve their useful life by performing a basic R & A of 2% of the fair market value (FMV) of the inventory of Government-owned real property per year with attention to life cycle cost.</p>	<ul style="list-style-type: none"> - 2% of FMV - PBS Employees - A/E Contractors - Construction contractors - Contract Administration employees - Program management & administration - All other direct, indirect, and overhead costs associated with this activity. 	<ul style="list-style-type: none"> - Design and construction projects that meet the objectives and that assure operational continuity - Initial space alterations 	<ul style="list-style-type: none"> - Preserve depreciating assets - Operational continuity of assets - Operational continuity of building systems - Workspace that is safe and healthful - Workspace that meets customer needs - Customer satisfied in a timely manner - Contained operating and maintenance costs 	<ul style="list-style-type: none"> - Maintain the remaining useful life of the depreciating asset. - Enhance ability of customer agencies to meet their missions without interruption due to facility failures - Support special emphasis programs; i.e., historic preservation, handicapped access, etc. - Support socio-economic objectives of the Administration

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>INDICATOR</i>	<i>TARGET</i>
<p>1. Obtain adequate resources to ensure useful life is met</p>	<p>1. Availability of dollar vs dollar needed</p>	<p>1. FY 98 Budget Request vs FY 98 Appropriation</p>	<p>1. FY 98 Request - \$300 million</p>	<p>1. FY 98 Appropriation - \$300 million</p>
<p>2. Continuity of building operations</p>	<p>2. Hours client agencies lose in mission performance</p>	<p>2. Hours client agencies lose because of employee release due to system failure</p>	<p>2. N/A</p>	<p>2. 0 hours</p>
<p>3. Customer satisfaction - Safe, healthful, efficient workplace (meets customer needs) - Timely delivery of space</p>	<p>3. Customer feedback - Occupant satisfaction - Timeliness of delivered projects</p>	<p>3. Customer feedback - IFMA survey score - RWA Report Card</p>	<p>3. - TBD - TBD</p>	<p>3. 85% Satisfaction</p>
<p>4. Contained operating and maintenance costs</p>	<p>4. Operating costs psf</p>	<p>4. BOMA Experience Exchange Report comparison</p>	<p>4. TBD</p>	<p>4. Less than BOMA</p>

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

BUDGET ACTIVITY: Repairs & Alterations
PROGRAM: Line Item Modernization
FUNCTION: Repair or modernize above prospectus level

EXHIBIT 9

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<p>Satisfy client housing requirements when modernization of existing facilities is the most economical alternative. Courthouses, laboratories, border stations and other federal buildings and optimize financial performance-owned real property per year with attention to life cycle cost</p>	<p>Budget Request FY 98 - \$84 million (separate appropriation) - Resources for feasibility studies, Prospectus Development Studies, environmental studies, community plans, A-94s, client requirements, moves, telecommunications, housing plans, engineering reports (included in Building Operations request).</p>	<p>- Complete construction work -Asset management decisions on investment</p>	<p>- Modern inventory - Safe/healthful/ productive spaces - New assignable space - Reduced operational costs - Satisfied customers - Enhanced value - Increased revenues - Sound FBF - Optimum financial performance</p>	<p>- Preserve value asset - Support agency mission - Historic preservation - Environmental protection including CFC and energy conservation - Handicapped access - Reduced reliance on more costly leased space - Comply with Davis-Bacon - Support small & disadvantaged business - Possibility of temporary leases - Construction industry jobs</p>

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources to conduct effective program	1. Availability of dollars vs dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$84 million	1. FY 98 Appropriation - \$84 million
2. Efficient project management	2. Delivery of space	2. Percent of program (dollars) delivered on or ahead of schedule	2. 73%	2. 80%
3. Efficient cost management	3. Budget	3. Percent of program (dollars or Sq. Ft.) delivered within budget	3. 88%	3. 90%
4. Customer satisfaction	4. Customer response	4. Customer feedback on report cards	4. 66%	4. 75%
5. Financial performance	5. Return generated on GSA assets	5. Total rate of return	5. TBD	5. TBD

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUNDS

Repairs and Alterations Summary of FY 1998 Program In Priority Order

	Estimated Total Project Cost (Dollars in Millions)				FY 1998 Request (Dollars in Millions)			
	Design	Construction	M&I	Total	Design	Construction	M&I	Total
Non Prospectus Repairs and Alterations Projects (Basic)	21.710	263.464	14.826	300.000	21.710	263.464	14.826	300.000
Chlorofluorocarbons Program (various locations (Design/Build))	7.350	700.000	24.290	73.640	.409	48.426	1.165	50.000
Washington, DC, ICC-Customs-CW Ph 3/3	8.424	143.115	7.478	159.017	.378	79.815	3.807	84.000
Repairs and Alterations Total	37.484	1,106.579	46.594	1,190.657	22.497	391.705	19.798	434.000



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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**Exhibit 11
Repairs and Alterations
Project Descriptions
(TOTAL FY 1998 PROJECT REQUESTS IN MILLIONS)**

DISTRICT OF COLUMBIA

Interstate Commerce Commission, Connecting Wing, and Customs Building - (Phase 3) \$84.000

Constructed in 1934, the U.S. Customs Service Building (Customs), the Interstate Commerce Commission Building (ICC), and the Connecting Wing (CW) Building, ICC-Customs-CW Complex, is on the National Register of Historic Places and provides a total of 1,200,000 gross square feet of space and 28 inside parking spaces.

This modernization project provides for the upgrading of the heating, ventilation, and air-conditioning systems; improvements to the electrical and plumbing systems; installation of new energy efficient lighting fixtures; installation of a fire sprinkler system; alteration of the interior and exterior architectural features and spaces; installation of handicapped accessibility features; and historic preservation of original building features.

The ICC-Customs-CW will be vacant by the end of 1997. The Environmental Protection Agency (EPA) will occupy the building in phases beginning in November 1999. EPA will complete its move in December 2000.

In FY 1994, design (\$8.046 million) was funded in the Design and Construction Services activity. Phase I construction (\$8.085 million) and management and inspection (\$.611 million) were funded in FY 1995. Phase II construction (\$55.215 million) and management and inspection (\$3.060 million) were funded in FY 1996. This request is for additional design (\$.378 million), phase III construction (\$79.815 million) and management and inspection (\$3.807 million). The estimated total project is \$159.017 million.

VARIOUS LOCATIONS

Chlorofluorocarbons Program \$50.000

This design/build program request will provide for projects during fiscal year 1998 as the third phase of a multi-year program to replace or retrofit existing air-conditioning equipment which presently use chlorofluorocarbon (CFC) refrigerants. These CFC's, when vented or lost to the atmosphere, reduce the protective stratospheric ozone layer.

Scientific findings indicate that CFC emissions are depleting the stratospheric ozone layer which leads to increased and harmful quantities of ultraviolet radiation reaching the earth's surface. The Clean Air Act Amendments of 1990 (CAAA), (P.L. 101-549) established a phaseout schedule and yearly reduction percentages for ozone-depleting chemicals.

The amendment promotes recycling, bans the deliberate venting or releasing of refrigerants during maintenance, service, repair or disposal; restricts emission of refrigerants; and establishes strict control over their use. In February 1992, the phaseout of the more adverse ozone-depleting refrigerants was accelerated from the year 2000, which was established by the CAAA, to the end of 1995.

The estimated total program cost (in millions) is as follows:

	<u>Design</u>	<u>Construction</u>	<u>M&I</u>	<u>Total</u>
Prior Funding	\$.724	\$ 48.247	\$ 1.997	\$ 50.968
FY 1997 Appropriation	\$.190	\$ 22.719	\$.547	\$ 23.456
FY 1998 Request	\$.409	\$ 48.426	\$ 1.165	\$ 50.000
Future Years	<u>\$ 6.027</u>	<u>\$ 580.608</u>	<u>\$ 20.581</u>	<u>\$ 607.216</u>
Total	\$ 7.350	\$ 700.000	\$ 24.290	\$ 731.640

OTHER ACTIVITIES

BASIC REPAIRS AND ALTERATIONS PROJECTS UNDER \$1,810,000

\$300.000

Funds in the amount of \$300.000 million are requested for all nonrecurring repairs and alterations projects where obligations at a single location within a fiscal year are above \$10 thousand but are under the threshold of \$1.810 million. Projects included in this category are generally short-term in nature and funds can normally be obligated within one-year period. This category also includes projects which are recurring in nature, such as cyclic painting and pointing and the minor repair of defective building systems (e.g., mechanical, plumbing, electrical, firesafety, and elevator system components), and all repairs and alterations projects in leased facilities, regardless of size.

After initial build-out, any further repairs and alterations in leased buildings require a prospectus whenever the estimated cost of the project exceeds the prospectus threshold of \$.905 million for leased space.

The basic (non-line item) repairs and alterations program is the source of funds to ensure the operational continuity of the 1,600 plus buildings owned by the General Services Administration. These buildings provide over 200 million gross square feet of space to support tenant agency mission requirements. The building inventory averages over 45 years of age and requires constant attention and significant funding to repair systems, improve health and safety features, alter space, and accomplish special emphasis programs. Without adequate reinvestment in the building inventory, its condition will deteriorate and service delivery to customers will degrade. In addition, the taxpayers' investment in these properties will not be adequately protected resulting in more costly corrective actions in the future. The basic program is extremely important in keeping the rest of the inventory functioning pending a modernization project on a 20-25 year cycle.

The amount provided for the basic program may be used to pay claims against the Government arising from any projects under the heading, "Repairs and Alterations." In fiscal year 1998, \$1.5 million will be for 3 project settlement claims.

This request is for design (\$21.710 million), construction (\$263.464 million) and management and inspection (\$14.826 million).



General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXPLANATION OF ESTIMATES

Installment Acquisition Payments

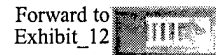
The requested funding will provide for payments of principal, interest, and other required obligations for purchase contract facilities constructed under authority of the Public Buildings Amendment of 1972 as well as installment (lease) purchase facilities which have been individually authorized by Congress since 1987.

The fiscal year 1998 budget requirement of \$154.542 million (\$142.542 million in new obligational authority and \$12 million from unobligated balances in prior years) reflects a decrease of \$18.758 million in interest payments. This is due, in most part, to the shrinking balance of the total principal outstanding. Also, three buildings are being paid off in fiscal year 1998: the SSA Payment Centers in Richmond, California, Philadelphia, Pennsylvania, and Chicago, Illinois.

Exhibit 12 provides an explanation of budget changes from fiscal years 1997 to 1998.

Exhibit 13 reflects obligational levels for borrowing authority for lease purchase projects from fiscal years 1997 to 1998.

Exhibit 14 is a listing of authorized lease purchase projects.



**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

				EXHIBIT 12
INSTALLMENT ACQUISITION PAYMENTS				
Explanation of Budget Changes				
<i>\$(Millions)</i>				
Fiscal Year 1997 Current Level				173.300
Decrease in Interest Payments				(18.758)
Fiscal Year 1998 Budget Requirement				154.542
Budget Requirement Detail:				
New Obligational Authority				142.542
Program Requirements Funded From Unobligated Balances				12.000



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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

EXHIBIT 13

**CONSTRUCTION OF LEASE PURCHASE FACILITIES
ANALYSIS OF AUTHORITY TO BORROW AND OBLIGATIONAL LEVELS
(Dollars in Millions)**

	FY 1996 ACTUAL	FY 1997 CURRENT	FY 1998 REQUEST	FUTURE YEARS
UNOBLIGATED BALANCE AVAILABLE START-OF-YEAR	446.118	429.356	164.269	--
NEW AUTHORITY TO BORROW	--	--	--	--
TOTAL AVAILABILITY	446.118	429.356	164.269	--
OBLIGATIONS AGAINST FY 1990 AUTHORITY	(33.029)	(265.087)	(164.269)	--
PRIOR YEAR RECOVERIES	16.267	--	--	--
UNOBLIGATED BALANCE AVAILABLE END-OF-YEAR	429.356	164.269	--	--



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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND


CONSTRUCTION OF LEASE PURCHASE FACILITIES

PROJECT LISTING

EXHIBIT 14

(Dollars in Millions)


	PROJECT START DATE	PROJECT COMPLETION DATE	PROJECT COST	CONSTRUCTION INTEREST	AUTHORITY TO BORROW
DEVELOPER CONSTRUCTION FINANCING					
(Project Cost Includes Construction Interest)					
California, Oakland, FB	12/90 (A)	12/94 (A)	177.375	21.964	199.339
Georgia, Atlanta, CDC	8/93 (A)	12/95 (A)	27.000	--	27.000
Georgia, Chamblee, CDC/Office	6/90 (A)	5/93 (A)	4.954	--	4.954 1/
Illinois, Chicago, FB	5/89 (A)	6/91 (A)	156.943	--	156.943
FFB CONSTRUCTION FINANCING					
(Project Cost Excludes Construction Interest)					
California, San Francisco, FB	10/98 (E)	2/01 (E)	120.608	18.185	138.793
Florida, Miami, FB	6/92 (A)	8/93 (A)	14.400	0.900	15.300
Georgia, Chamblee, CDC/Lab	12/97 (E)	12/99 (E)	23.000	2.476	25.476
Georgia, Chamblee, IRS	6/93 (A)	7/98 (E)	77.314	15.155	92.469
Maryland, Woodlawn, HCFA	12/92 (A)	8/95 (A)	136.000	25.130	161.130
New York, New York, Foley Square	3/91 (A)	12/94 (A)	855.262	151.356	1,006.618
Tennessee, Memphis, IRS	10/91 (A)	2/96 (A)	102.000	15.043	117.043
Total Projects - 11			1,694.856	250.209	1,945.065
(A) ACTUAL					
(E) ESTIMATED					
1/ Actual cost is \$3.764 million.					

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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**EXPLANATION OF ESTIMATES
Rental of Space**

LEASE PAYMENTS

The projected leasing costs provide for recurring rent rate increases and for a very small amount of expansion space in support of major Repair and Alteration projects, relocations from federal buildings, and relocations due to health and safety. No provision is made in the fiscal year 1998 budget for expansion space related to new or expanded agency programs. Expansion space for new or expanded agency programs will be provided under GSA's indefinite authority.

The fiscal year 1998 budget requirement of \$2,343.340 million (\$2,275.340 million in new obligational authority and \$68 million from unobligated balances in prior years) reflects a 2.2 percent (\$54.684 million) net decrease from the fiscal year 1997 levels, as displayed in Exhibit 16.

The fiscal year 1998 leased inventory is projected at 130.8 million square feet, which reflects a 5 percent (6.9 million square feet) net decrease from the fiscal year 1997 end-of-year leased inventory (137.7 million square feet). Reviews are performed to ensure that an agency's additional space requirements cannot be met within the current vacant government-owned or leased space before new space is acquired.

The fiscal year 1997 Rental of Space budget includes an increase of \$40.1 million for part-year interest costs associated with funding the Ronald Reagan Building. The interest cost for fiscal year 1998 is \$54.9 million. This building will provide a total of 1.8 million square feet of leased space; 1.2 million will be assigned in fiscal year 1997.

The following table (figure 15) shows GSA's expected end-of-year leased inventory through fiscal year 1998.

	FY 1996 Leased Inventory *	FY 1997 Leased Inventory *	FY 1998 Leased Inventory
SF	138.4 mil.	137.7 mil.	130.8 mil.
\$/SF	\$16.92	\$17.29	\$17.75

* Includes indefinite authority

Figure 15

The tables below show the square footage, cost, and cost per square foot of expansion and cancellation actions and the projected net change to the inventory through fiscal year 1998 (see figures 16, 17, and 18).

FY 1996 Leased Space Expansion vs. Cancellations			
	Expansion	Cancellations	Net
SF (000)	6,683	(5,294)	1,389
\$ (000)	\$94,952	(\$44,180)	\$50,772
\$/SF	\$20.81	\$16.13	--

Figure 16

FY 1997 Leased Space Expansion vs. Cancellations			
	Expansion	Cancellations	Net
SF (000)	6,629	(7,355)	(726)
\$ (000)	\$59,044	(\$62,809)	(\$3,765)
\$/SF	\$19.29	\$18.84	--

Figure 17

FY 1998 Leased Space Expansion vs. Cancellations			
	Expansion	Cancellations	Net
SF (000)	303	(7,230)	(6,927)
\$ (000)	\$2,691	(\$90,517)	(\$87,826)
\$/SF	\$21.19	\$16.92	--

Figure 18

Improvements in the GSA leasing program are expected to produce a cost avoidance of almost \$43 million in FY 1998

The performance measures that will be employed in the management of this program area are presented in [Exhibit 15](#).

[Exhibit 17](#) shows the customer agencies that drive GSA's space inventory. From fiscal year 1996 to fiscal year 1998, total assigned space will decrease by 3 percent, including projected agency expansions. Sixty-six percent of the space is assigned to 7 agencies (also see [figure 2](#)).

The GSA inventory of leased space through December 30, 1996, is 139.088 million square feet (this includes 2.267 million square feet of space in U.S. Postal Service buildings which is otherwise considered as part of the leased inventory). Net inventory changes for the remainder of this fiscal year are expected to reduce the leased inventory to 137.7 million square feet. The minimum rental payments of these leases over their remaining terms (GSA's contractual commitment) is approximately \$13.6 billion. This number does not reflect the cost of terminations, replacement or

renewal of leases.

Also included are the following exhibits which further highlight the Rental of Space program:

Exhibit 18 is a summary of the total inventory, including government-owned and leased space.

Exhibit 19 provides an explanation of budget changes from fiscal years 1997-1998.



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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 15

BUDGET ACTIVITY: Rental of Space
PROGRAM: Rental of Space

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
- Provide quality space for client agencies at competitive rates and in a timely manner when Government-controlled space is not available	\$2.4 Billion/RENT Income - Move funding - SF-81's for Indefinite Authority - FTE/Contractors for real estate services - GSA inventory - Regulations/laws/ Executive Orders	- Leases	- Occupancy - Satisfied customers - Market rates	- Save dollars thru market leverage - Enhance client agency ability to perform mission - Achieve socio/political/ environmental goals - Location - Comply with Davis-Bacon - Historic preservation - Etc.

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources	1. Availability of dollars vs dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$2,343.3 million	1. FY 98 Appropriation - \$2,343.3 million
2. Customer satisfaction	2. Customer feedback on space delivery	2. Transaction survey (outcome-based)	2. TBD	2. TBD
3. Space acquired at competitive rates	3. Rent paid lessor vs market rates	3. Rent paid lessor vs market rates	3. TBD	3. TBD
4. Competent workforce	4. Services provided within available funding and lease rates below market rates	4. Services provided within available funding and lease rates below market rates	4. TBD	4. TBD
5. Timely space delivery	5. Cycle time - completed space requests	5. Cycle time	5. TBD	5. TBD



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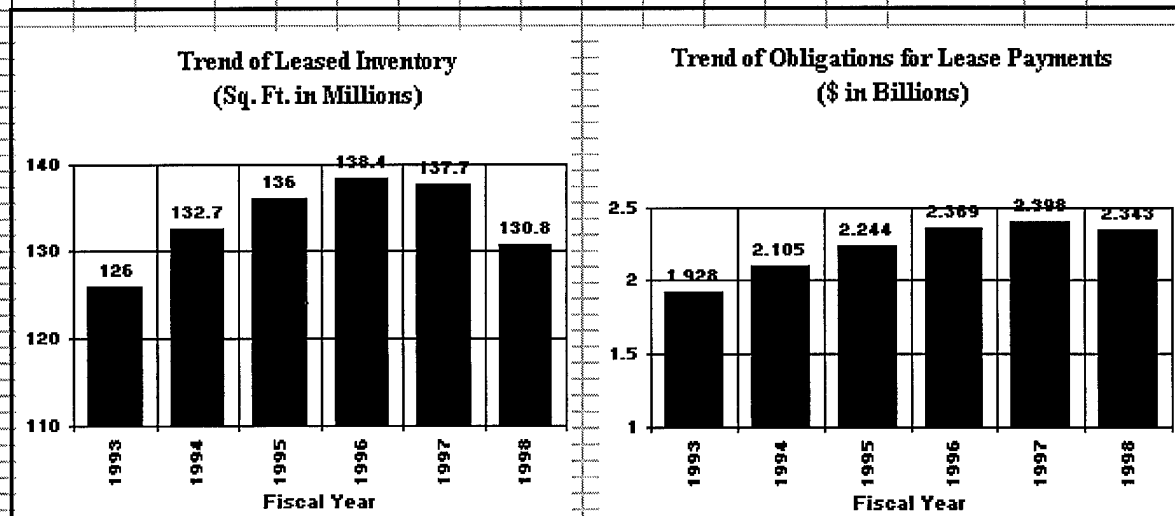
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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

Rental of Space



- The FY 1998 end of year inventory and obligations will be higher than the amounts shown to the extent that GSA utilizes the indefinite authority for expansion space contained in the FY 1993 Appropriations Act, (P.L. 102-393).
- We estimate to deliver an additional 2.170 million square feet at an estimated FY 1998 cost of \$33.285 million.



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**General Services Administration
PUBLIC BUILDINGS SERVICE
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Exhibit 17

RENTAL OF SPACE					
SUMMARY OF SPACE ASSIGNED, TOTAL INVENTORY					
GOVERNMENT-OWNED AND LEASED SPACE					
(Square Feet in Millions)					
FY 1996 - FY 1998					
AGENCY		FY 1996 ACTUAL	FY 1997 CURRENT	FY 1998 REQUEST	CHANGE FROM FY 1997
TREASURY		36.835	38.208	38.179	(0.029)
DEFENSE		31.222	30.328	29.242	(1.086)
JUSTICE		29.366	30.404	32.146	1.742
U.S. COURTS		21.063	21.889	22.836	0.947
SSA		20.490	20.286	20.320	0.034
INTERIOR		12.265	12.847	12.617	(0.230)
HHS		9.597	9.681	9.489	(0.192)
ALL OTHER AGENCIES	2/	96.843	92.877	85.756	(7.121)
TOTAL		257.681	256.520	250.585	1/ (5.935)

1/ The fiscal year 1998 end of year assigned inventory excludes 2.170 million square feet acquired by utilizing the indefinite authority for expansion space contained in the FY 1993 Appropriations Act, (P.L. 102-393).

2/ All joint-use space is contained in the entry for "all other agencies". Outside parking is excluded.



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**General Services Administration
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**RENTAL OF SPACE
SUMMARY OF TOTAL INVENTORY, GOVERNMENT-OWNED AND LEASED
FY 1996 - FY 1998
(Square Feet in Millions)**

	FY 1996 ACTUAL	CHANGE FROM FY 1995	FY 1997 CURRENT	CHANGE FROM FY 1996	FY 1998 REQUEST	CHANGE FROM FY 1997
GOVERNMENT-OWNED ASSIGNED AND VACANT						
ASSIGNED	126.144	0.728	124.252	(1.892)	125.202	0.950
VACANT	20.123	0.708	21.573	1.450	21.573	0.000
AVAILABLE FOR ASSIGNMENT	9.420	0.020	10.585	1.165	10.085	(0.500)
TO BE PHASED OUT	3.227	1.321	3.105	(0.122)	3.105	0.000
COMMITTED / UNDER ALTERATION	7.476	(0.633)	7.883	0.407	8.383	0.500
TOTAL, GOVERNMENT-OWNED	146.267	1.436	145.825	(0.442)	146.775	0.950
LEASED ASSIGNED AND VACANT						
ASSIGNED*	131.537	1.467	132.268	0.731	125.383	(6.885)
VACANT	6.889	1.021	5.432	(1.457)	5.379	(0.053)
AVAILABLE FOR ASSIGNMENT	5.842	1.735	4.325	(1.517)	4.097	(0.228)
TO BE PHASED OUT	0.006	(0.174)	0.006	0.000	0.006	0.000
COMMITTED / UNDER ALTERATION	1.041	(0.540)	1.101	0.060	1.276	0.175
TOTAL, LEASED	138.426	2.488	137.700	(0.726)	130.762	(6.938)

GOVERNMENT OWNED AND LEASE SPACE ASSIGNED*	257.681	2.195	256.520	(1.161)	250.585	(5.935)
VACANT	27.012	1.729	27.005	(0.007)	26.952	(0.053)
AVAILABLE FOR ASSIGNMENT	15.262	1.755	14.910	(0.352)	14.182	(0.728)
TO BE PHASED OUT	3.233	1.147	3.111	(0.122)	3.111	0.000
COMMITTED / UNDER ALTERATION	8.517	(1.173)	8.984	0.467	9.659	0.675
TOTAL SPACE IN INVENTORY (\$Q. FT)**	284.693	3.924	283.525	(1.168)	277.537	(5.988)
% OF TOTAL SPACE VACANT	9%		10%		10%	
% OF GOVERNMENT-OWNED SPACE VACANT	14%		15%		15%	
% OF LEASED SPACE VACANT	5%		4%		4%	

* Includes space in USPS facilities

** Does not include outside parking

The fiscal year 1998 end-of-year inventory will be higher than the amount reflected to the extent that GSA utilizes the indefinite authority for expansion space contained in the FY 1993 Appropriations Act (P.L. 102-393). We estimate use of this authority to deliver an additional 2.170 million square feet at an estimated fiscal year 1998 cost of \$33.285 million.


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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

			Exhibit 19
RENTAL OF SPACE			
Explanation of Budget Changes			
<i>\$(Millions)</i>			
Fiscal Year 1997 Current Level			\$2,398.024
Annualization of FY 1997 Changes			\$12.875
Expansions			\$2.691
Cancellations			(\$90.517)
Rental Increases			\$20.267
Fiscal Year 1998 Budget Requirement			\$2,343.340 <i>a/</i>
Budget Requirement Detail:			
New Obligational Authority			\$2,275.340
Program Requests Funded From Unobligated Balances			\$68.000
<i>a/ - Excludes \$33.285 million for indefinite authority.</i>			



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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 20

BUDGET ACTIVITY: Building Operations
PROGRAM: Cleaning

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<ul style="list-style-type: none"> - To providing clean workspace that enhances the productivity of our customers and provides operational continuity of cleaning services and containment of cleaning costs. 	<ul style="list-style-type: none"> - Appropriated FY 98 - \$216.8 million - Contract cleaners - PBS employees - Equipment/Training - Contract administration - Project management and administration - Studies and reports - All of the direct and indirect costs and overhead cost associated with the activity. 	<ul style="list-style-type: none"> - Clean space that meets objectives 	<ul style="list-style-type: none"> - Clean space that enhances the productivity of our customers - Undisrupted client agency mission - Contained cleaning costs - Satisfied customers 	<ul style="list-style-type: none"> - Enhanced the client agency's ability to meet its mission without interruption due to cleaning problems - Support special emphasis programs, e.g., NISH - Support socio-Economic programs, e.g., Service Contract Act, small and disadvantaged businesses, etc.

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources for: <ul style="list-style-type: none"> - Contract cleaners - In-house cleaners - Equipment/training - Contract administration - Program management and administration 	1. Availability of dollars vs. dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$216.8 million	1. FY 98 Appropriation- \$216.8 million
2. Customer satisfaction <ul style="list-style-type: none"> - Quality - Timeliness 	2. Customer feedback <ul style="list-style-type: none"> - Occupant satisfaction - Timeliness 	2. IFMA Survey score (see figure 6) <ul style="list-style-type: none"> - Quality of cleaning - Satisfaction with frequency of cleaning 	2. Less than 74% satisfaction	2. 74% satisfaction with above funding level.
3. Cost reasonableness	3. Cleaning cost psf	3. BOMA Experience Exchange Report comparison (see figure 10)	3. Less than BOMA	3. Less than BOMA

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 21

BUDGET ACTIVITY: Building Operations
PROGRAM: Maintenance

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<ul style="list-style-type: none"> - To achieve the useful life of building systems and equipment - Operational continuity of building systems and equipment - Containment of maintenance costs 	<ul style="list-style-type: none"> - Appropriated FY 98 - \$197.2 million - Contract mechanics - PBS employees - Parts - Equipment/Training - Contract administration - Program management and administration - Studies and reports - Planners/Estimators - All associated direct, indirect, and overhead costs 	<ul style="list-style-type: none"> - Systems and equipment that meet the objectives through scheduled maintenance, repairs, and non-destructive evaluation 	<ul style="list-style-type: none"> - Systems and equipment that operate for their useful life - Systems and equipment that enhance the productivity of our customers - Undisrupted client agency mission - Cost containment - Satisfied customers 	<ul style="list-style-type: none"> - Enhance the client agency 's ability to meet its mission without interruption due to system or equipment failure - Support socio-economic objectives of the Administration, e.g., Service Contract Act, small and disadvantaged businesses, etc.

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources for: <ul style="list-style-type: none"> - Contract mechanics - PBS employees - Equipment/training - Contract administration - Program management & administration 	1. Availability of dollars vs. dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$197.2 million	1. FY 98 Appropriation - \$197.2 million
2. Customer satisfaction	2. Customer feedback <ul style="list-style-type: none"> - Occupant satisfaction - Timeliness 	2. Customer feedback: (see fig.6) <ul style="list-style-type: none"> - IFMA survey score - Service calls 	2. Less than 74% satisfaction	2. 74% satisfaction with above funding level.
3. Uninterrupted system and equipment operation	3. Hours client agency loses in mission performance	3. Hours client agency loses because of employee release due to system failure	3. Increased hours of loss	3. 0 Hours
4. Cost reasonableness	4. Maintenance (and maintenance repairs) cost per square feet	4. BOMA Experience Exchange Report comparison (see fig. 10)	4. Less than BOMA	4. Less than BOMA

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 22

BUDGET ACTIVITY: Building Operations
PROGRAM: Utilities (Electricity, Water, Steam, Gas, Fuels, etc.)

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
<p>- Provide operational continuity of utility service that enables customers to perform their mission while containing costs and meeting legislatively mandated energy reduction goals</p>	<p>Appropriated FY 98 - \$227.3 million - Contractors - PBS employees - Parts - Equipment/Training - Contract administration - Program management and administration - Studies and reports - HOTD - EUAS - Public Utilities Group - All of the direct and indirect costs and overhead cost associated with the activity</p>	<p>- Utilities that meet the objective, including heat, air conditioning, water, gas, electricity, etc.</p>	<p>- Utility service that enhances the productivity of our customers - Customer satisfaction - Uninterrupted client agency missions - Contained utility costs - Reduced consumption of BTU's</p>	<p>- Enhance the client agency's ability to meet its mission without interruption due to system or equipment failure - Support socio-economic objectives of the Administration, e.g., Service Contract Act, small and disadvantaged businesses, etc.</p>

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain adequate resources for utilities	1. Availability of dollars vs dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$227.3 million	1. FY 98 Appropriation - \$227.3 million
2. Customer satisfaction	2. Occupant satisfaction	2. IFMA Survey score (see fig. 6)	2. 74% satisfaction	2. 74% satisfaction with above funding level.
3. Uninterrupted service	3. Hours client agency loses in mission performance	3. Hours client agency loses because of employee release due to utility interruption	3. Increased hours of loss	3. 0 Hours
4. Cost reasonableness	4. Cost per sq. ft.	4. BOMA Experience Exchange Report comparison (see fig. 10)	4. Less than BOMA	4. Less than BOMA
5. BTU reductions	5. Percent reduction	5. EUAS BTU data per gross square foot (see fig. 9)	5. TBD	5. 20% reduction of 1985 BTU base by 2000

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

EXHIBIT 23

BUDGET ACTIVITY: Building Operations
PROGRAM: Protection

<i>OBJECTIVE</i>	<i>INPUT</i>	<i>OUTPUT</i>	<i>OUTCOME</i>	<i>IMPACT</i>
- Provide safe, secure work environments and deter crime	Appropriated FY 98 - \$223.0 million - FPPOs - Contract guards	- Protection/security provided for 270 million sq. ft., 8000 locations, and 1 million people	- Tenants feel secure/safe - Undisrupted client agency mission - Preserve real and personal property	- Maintain client agency productivity - Enhance client agency ability to perform mission - Workers and public feel secure - Save cost of property losses.

<i>CRITICAL SUCCESS FACTORS</i>	<i>MEASURES</i>	<i>INDICATOR</i>	<i>BASELINE</i>	<i>TARGET</i>
1. Obtain resources required for: - Contract guard - FPPOs - Equipment, Training, and Facilities - Background checks - Risk Assessments - Program Management	1. Availability of dollars vs dollars needed	1. FY 98 Budget Request vs FY 98 Appropriation	1. FY 98 Request - \$223.0 million	1. FY 98 Appropriation- \$223.0 million
2. Incident reporting	2. Number of major crimes	2. Number of major crimes	2. TBD	2. Less than prior year
3. Client/customer feedback	3. Client satisfaction	3. IFMA survey score (see fig. 6)	3. 75%	3. 78%
4. Cost reasonableness	4. Cost vs private sector	4. BOMA Experience Exchange Report comparison (see fig. 10)	2. TBD	4. \$1.16 psf

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

Exhibit 24

BUILDING OPERATIONS		
Explanation of Budget Changes		
\$(Millions)		
	FTE	Dollars
Fiscal Year 1997 Current Level	7,621	1,496,298
Increases:		
Wageboard and Pay Act Increase (2.8%), Effective January,	--	9,477
Part Year Increase for FY 97 Pay Act, Effective January, 199	--	2,814
Inflation (Supplies, Materials, Service Contracts and Utilities)	--	28,806
Building Services in New Space	--	27,916
PBS Cost of CIO Support (GM&A)	--	8,481
Decreases:		
Reduction Related to Buyouts, Attrition and Delegations	-265	-3,223
Cost Containment and Reengineering	--	-131,780
Reduction for Non-recurring Protective Service	--	-11,000
Fiscal Year 1998 Budget Requirement	7,356	1,427,789
Budget Requirement Detail:		
New Obligational Authority	--	1,331,789
Program Requirements funded from Unobligated Balances	--	96,000



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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

Exhibit 25

**CHANGES IN BUILDING OPERATIONS
FY 1997 - FY 1998
\$(Millions)**

	Utilities Cleaning and Fuels	Main- tenance	Other Buildings Services	Fire and Lifesafety	Protection	Staff Support	IT Support	TOTAL	F T E	
<i>FY 1997 CURRENT</i>	220.084	227.987	203.868	210.113	23.007	228.311	329.958	52.970	1,496.298	7,621
Building services in new space	6.234	9.422	5.257	1.255	-	5.748	-	-	27.916	
Inflation for cost of supplies, materials and service contracts	5.407	-	3.735	2.657	0.500	6.161	2.760	1.430	22.650	
Utilities and Fuels rate increases	-	6.156	-	-	-	-	-	-	6.156	
Part-year cost of FY 1997 Wageboard and Pay Act increase	0.203	-	0.396	0.561	0.028	0.556	1.070	-	2.814	
FY 1998 Wageboard and Pay Act inc	0.508	-	1.376	2.344	0.094	1.598	3.557	-	9.477	
PBS Cost associated with CIO Supp	-	-	-	-	-	-	8.481	-	8.481	
Reductions Related to Bugouts, Attrition and Delegations	-0.048	-	-0.065	-1.129	-0.125	-0.303	-1.553	-	-3.223	-265
Cost Containment	-15.549	-16.247	-17.361	-22.152	-4.187	-8.187	-41.162	-6.935	-131.780	
Service Reductions	-	-	-	-	-	-11.000	-	-	-11.000	
<i>FY 1998 REQUEST</i>	216.839	227.318	197.206	193.649	19.317	222.884	303.111	47.465	1,427.789	7,356



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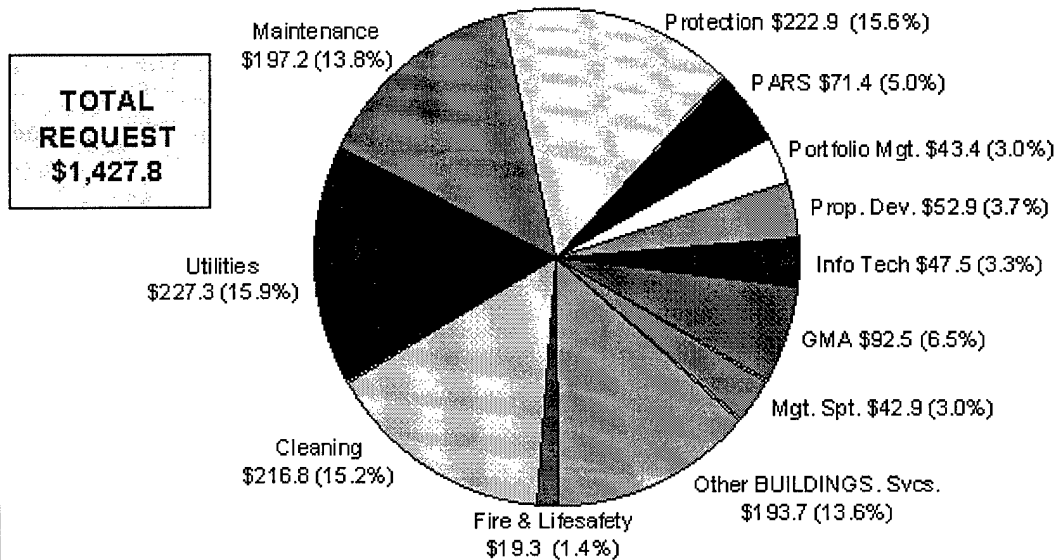
**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

EXHIBIT 26

BUILDING OPERATIONS

FY 1998 Request - Dollars in Millions



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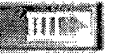


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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

REIMBURSABLE PROGRAM				
Explanation of Budget Changes				
<i>\$(Millions)</i>				
FY 1997 Current Level				520.529
Inflation				+11.317
Workload Increases				+392.901
Workload Decreases				-320.451
FY 1998 Budget Request				604.296

In return for Rent, GSA furnishes tenant agencies with space and building services (e.g., cleaning, maintenance, utilities, protection) commensurate with those offered in the private sector. When requested by a tenant, GSA will also provide building services which exceed commercially equivalent levels on a reimbursable basis. The reimbursable program allows GSA to be fully responsive to the special needs of our tenants in Government-owned and leased space operated by GSA. Reimbursable services include: space adjustments; guarding; utilities; and janitorial services required for above standard levels of operations; and administrative support costs associated with providing the service.



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**General Services Administration
PUBLIC BUILDINGS SERVICE
PENNSYLVANIA AVENUE ACTIVITIES**

BACKGROUND

The Omnibus Appropriations Act of 1996 dissolved the Pennsylvania Avenue development Corporations (PADC) as of April 1, 1996, and transferred certain of its functions, properties, and other assets and liabilities to the General Services Administration. To finish the activities of the PADC, the unobligated balances of the PADC Public Development account were transferred to GSA and named the Pennsylvania Avenue Activities (PAA). The major responsibility transferred to GSA was physical completion and successful occupancy of the Ronald Reagan Building and International Trade Center at the Federal Triangle in Washington, DC.

• **Ronald Reagan Building and International Trade Center**

A staff of six is engaged in managing the design, construction, and leasing of the Ronald Reagan Building and International Trade Center. The first tenants should move into the Ronald Reagan Building (RRB) in the fourth quarter of fiscal year 1997. The balance of RRB will be occupied in fiscal year 1998.

• **Other Major Activities**

We are actively engaged in management and eventual disposition of the assets and liabilities of the former PADC that were transferred to GSA. The assets include, but are not limited to, several ground leases, two developmental sites, and participating interests in sites sold previous to dissolution of the PADC. As directed by the Treasury, Postal Service, and General Government Appropriations Act for fiscal year 1997, GSA will continue to make payments in lieu of taxes to the District of Columbia in the same manner as the former PADC.

• **Summary of PAA Obligational Activity**

An unobligated balance of \$13 million was transferred to the newly established PAA account on April 1, 1996. In addition, PAA is authorized to receive, and use, approximately \$1 million in annual income from existing ground leases. Total resources available to PAA through fiscal year 1998 are approximately \$16 million. Of this amount, \$1.180 million was obligated from April 1, 1996 to September 30, 1996. Anticipated obligations for fiscal years 1997 and 1998 are \$10.263 million and \$3.750 million, respectively.

The President's Budget and Exhibit 1 (below) also reflect fiscal year 1996 obligations of \$3.286 million incurred by PADC prior to the transfer date of April 1, 1996.

No new Budget Authority is requested for fiscal year 1998.

• **Land Acquisition and Development Fund**

Most of the assets and liabilities transferred from PADC to GSA were recorded on the books of the Land Acquisition and Development Fund (LADF), the PADC public enterprise fund through which PADC acquired and held properties until developed. The existing assets and liabilities of the LADF will be transferred to Pennsylvania Avenue Activities in fiscal year 1997. The major liability of the LADF is PADC's outstanding debt with the U.S. Treasury.

• **Retirement of PADC Debt with U.S. Treasury**

P.L. 92-538 (dated October 27, 1972) establishing the PADC, authorized PADC to borrow money from the U.S. Treasury. PADC and Treasury were authorized to set the maturity of such debts "not to exceed 40 years". Additionally, the Act authorized the deferral of any interest payments, with the approval of the Secretary of Treasury, until the maturity date. Any interest deferred would also bear interest for the term of the deferral. During the course of its existence, the PADC did exercise its authority to borrow from the Treasury. A legislative proposal accompanying the fiscal year 1998 President's Budget, will retire outstanding PADC debt, including all interest accruing to the original principal borrowed. As of September 30, 1997, the principal and interest will be as follows:

Principal	\$ 84,800,000
Accrued Interest	157,120,000
	\$241,920,000

BUDGET SUMMARY INFORMATION

The following exhibits provide information regarding the overall aspects of PAA:

Exhibit 1 - Digest of Budget Estimates by Activity for fiscal years 1996 - 1998

EXHIBIT 1								
General Services Administration								
PUBLIC BUILDINGS SERVICE								
PENNSYLVANIA AVENUE ACTIVITIES								
DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FY 1996 - 1998								
(Dollars in Millions)								
	OBLIGATIONS						Increase/(Decrease)	
	FY 1996 Actual ^{1/}		FY 1997 Current		FY 1998 Request		For FY 1998	
	FTE	Amount	FTE	Amount	FTE	Amount	Change	Change
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
1. Federal Triangle/ITC.....	6	2.000	6	4.013	6	3.750	0	(0.263)
2. Public Improvements.....	0	3.000	0	6.250	0	0.000	0	(6.250)
TOTAL PROGRAM.....	6	5.000	6	10.263	6	3.750	0	(6.513)
NET OUTLAYS ^{2/}.....	-	107.000	-	187.000	-	87.000	-	-
PERMANENT POSITIONS								
Direct.....	6	-	6	-	6	-	0	-
Notes:								
^{1/} FY 1996 data is for the full year (including obligations, outlays, and FTE incurred by the PADC from 10/1/95 through 3/31/96).								
^{2/} Outlays primarily related to completion of Ronald Reagan Federal Building.								

Exhibit 2 - Obligations by Object Class

**General Services Administration
PUBLIC BUILDINGS SERVICE
PENNSYLVANIA AVENUE ACTIVITIES**

**Obligations by Object Class
\$(Millions)**

		FY 1996 Actual	FY 1997 Current	FY 1998 Request
25.2	Other services	1.000	7.100	0.000
32.0	Land and structures	2.000	0.000	0.000
41.0	Grants, subsidies, and contributions	0.000	1.750	1.750
99.5	Below reporting threshold	2.000	1.413	2.000
	Total Obligations	5.000	10.263	3.750



<<< Note: This document views best in 800 x 600 mode. >>>

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PROGRAM SUMMARY



Established in 1970, the Consumer Information Center (CIC) helps federal departments and agencies inform the public about health and safety issues, developments in federal programs, and the impact and effects of federal research and regulatory actions. As part of its mission mandate, CIC also ensures public awareness of and access to this information. With the establishment of CIC, the government underscored its ongoing responsibility to make available to all citizens the information that the government acquires in the public interest.

CIC develops and implements cost-effective and reliable programs to provide government information on a wide variety of essential topics directly to the individuals who need and want it. The quarterly **Consumer Information Catalog** is the primary vehicle that CIC uses to inform the public about the availability of more than 200 free and low-cost useful and timely federal publications. CIC distributes the **Catalog** in response to requests from the public and through libraries, elementary to graduate school educators, nonprofit organizations of all sizes, government offices that deal with the public, and Members of Congress who distribute it as a service to their constituents.

To make sure that every American has access to the most recent and helpful government information, CIC carries out an agency liaison program to identify and coordinate information from more than 40 federal agencies; it has media and direct mail marketing programs to promote public awareness of the information; it contracts with the Government Printing Office (GPO) to distribute printed information from its nationally known facility in Pueblo, Colorado; and it maintains a highly visible presence on the Internet to make this information available electronically. During fiscal year 1996, citizens requested more than 7 million federal publications from CIC. Fiscal year 1996 also saw an unprecedented growth in the American public's use of CIC's electronic dissemination services for obtaining this federal information. Total accesses primarily through CIC's Internet Website amounted to 2.4 million during the fiscal year.

In fiscal year 1998 and future years, federal publishing and information programs will continue to undergo major transitions as agencies strive to cope with reduced funding levels and reordered program priorities. With limited resources, agencies can use only the most efficient and cost-effective ways to keep the public informed about ongoing basic health and safety issues, as well as changes in federal programs, benefits, and services that affect citizens' everyday lives. Among government agencies, CIC has unique capabilities and a proven track record to help the federal establishment meet these informational needs. With its innovative media and marketing program, its centralized distribution system for print products, and its dynamic electronic dissemination methods, CIC will continue to successfully perform the inherently governmental function of informing citizens of vital information about subjects ranging from health and safety to federal benefits and legislation.



COMPARISON OF FY 1998 REQUEST TO PRIOR YEARS
(Dollars in Millions)



1996 Appropriation	\$2.061
Increase	
Production and Distribution of the Consumer's Resource Handbook	+ .200
Decrease	
Other Expenses	- .001
<hr/>	
1997 Appropriation	\$2.260
Increases	
Personnel Compensation and Benefits	+ .034
Payments for Administrative Support	+ .025
Decrease	
Production and Distribution of the Consumer's Resource Handbook	- .200
<hr/>	
1998 Appropriation	\$2.119



APPROPRIATIONS LANGUAGE



For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, [\$2,260,000] \$2,119,000, to be deposited into the Consumer Information Center Fund: Provided, That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of \$7,500,000. Appropriations, revenues, and collections accruing to this fund during fiscal year [1997] 1998 in excess of \$7,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts: Provided further, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1997 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities; may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available; and the balance shall remain available for expenditure for such purpose]. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)



THE CONSUMER INFORMATION CENTER FUND



[Click here to see the Status of the CIC Fund chart.](#)

[Click here to see the Source of Income chart.](#)

In 1983, Public Law 98-63 established the Consumer Information Center Fund to provide for a business-like operation of CIC activities. This revolving fund covers all of the liabilities and commitments of the CIC account and enables the carrying forward of unobligated amounts at the end of the fiscal year.

The CIC's activities are financed from the following:

1. Annual appropriations to pay salaries and expenses.
2. Reimbursements from federal agencies to pay costs associated with CIC's distributing their publications primarily through the Government Printing Office (GPO) facility in Pueblo, Colorado.
3. User fees collected from the public ordering publications listed in the **Consumer Information Catalog** to offset a portion of CIC Administrative Expenses.
4. Other income incident to CIC activities, primarily payments from private sector groups to cover the cost of distributing cooperative government-industry publications.

All income is available without regard to fiscal year limitations, but subject to an annual aggregate limit as set forth in appropriations acts. Public user fees, which totaled \$251,683 in fiscal year 1996, and reimbursements from the federal and private sector pay for 58 percent of CIC program costs. They will fund more than \$3.3 million of CIC's estimated total costs of approximately \$5.7 million in fiscal year 1998. Pages 6 and 7 provide additional details on the operation of the CIC Fund, including the source of income for the Fund, during fiscal year 1996 through fiscal year 1998.

STATUS OF THE CONSUMER INFORMATION CENTER FUND (Dollars in Millions)

[Click here to go to top of page.](#)

[Click here to go to Source of Income charts.](#)

	Actual 1996	Program 1997	Request 1998	Change 97 vs. 98
Source of Funding:				
Unobligated Balance Brought Forward	\$.810	\$1.456	\$1.220	-\$.236
Appropriation	2.061	2.260	2.119	-.141
Reimbursements from Agencies	1.951	2.062	2.151	+.089
User Fees	*.246	.300	.300	---
Other Income	.215	.857	.857	---
	<hr/>	<hr/>	<hr/>	<hr/>
Total Resources Available	\$5.283	\$6.935	\$6.647	-\$.288
	<hr/>	<hr/>	<hr/>	<hr/>

Application of Resources:

Administrative Expenses				
Salaries and Benefits	\$1.211	\$1.198	\$1.232	+\$.034
Catalog Printing/Distribution	.357	.388	.388	---
Advertising Campaign	.246	.240	.240	---
Special Projects	.137	.228	.228	---
Production and Distribution of Consumer's Resource Hdbk	---	.200	---	-.200
All Other	.417	.547	.572	+.025
	<hr/>	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	\$2.368	\$2.801	\$2.660	-\$.141
Publication Distribution	2.216	2.914	3.008	+.094
Prior Years' Deobligations	-.757	---	---	---
Unobligated Balance Carried Forward	1.456	1.220	.979	-.241
	<hr/>	<hr/>	<hr/>	<hr/>
Total Resources Applied	\$5.283	\$6.935	\$6.647	-\$.288
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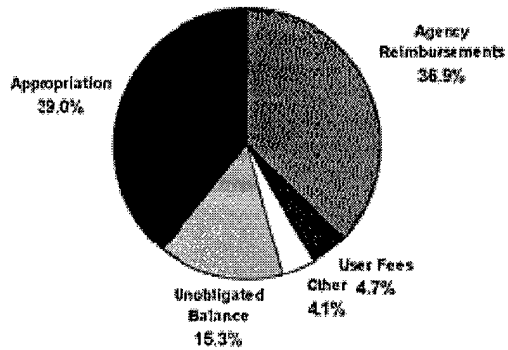
*Reflects -\$.006 prior year adjustment.

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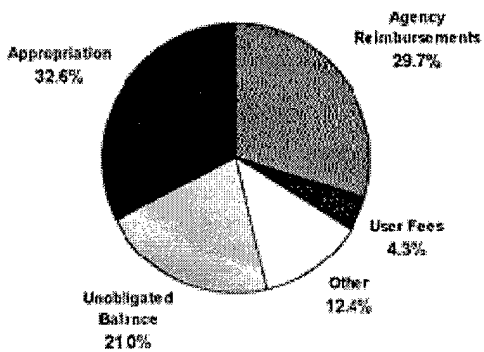
[Click here to go to Status of Fund chart.](#)

CIC FUND SOURCE OF INCOME FY 1996 - FY 1998

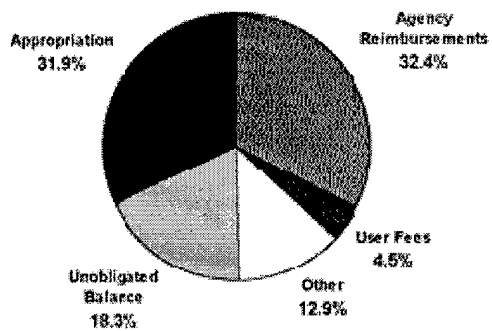
**FY 1996
ACTUAL**
Total = \$5.283 mil.



**FY 1997
PROGRAM**
Total = \$6.935 mil.



**FY 1998
REQUEST**
Total = \$6.647 mil.



[Click here to go to top of page.](#)

[Click here to go to Status of Fund Chart.](#)



DETAIL OF POSITIONS



Scan down to Classification by Objects table.

		Actual, 1996			Program, 1997			Request, 1998		
		C.O.	Field	Total	C.O.	Field	Total	C.O.	Field	Total
GS/GM -	15	1	---	1	1	---	1	1	---	1
	14	3	---	3	3	---	3	3	---	3
	13	5	---	5	5	---	5	5	---	5
	12	8	---	8	9	---	9	9	---	9
	11	1	---	1	---	---	---	---	---	---
	9	---	---	---	---	---	---	---	---	---
	7	2	---	2	1	---	1	1	---	1
	6	2	---	2	2	---	2	2	---	2
	5	---	---	---	---	---	---	---	---	---
Permanent Positions										
		22	---	22	21	---	21	21	---	21
Other										
		---	---	---	---	---	---	---	---	---
TOTAL										
		22	---	22	21	---	21	21	---	21

CLASSIFICATION BY OBJECTS



Scan up to Detail of Positions table.

(Dollars in Millions)

		Actual, 1996	Program, 1997	Request, 1998
Personnel Compensation	Central Office	\$1.008	\$.998	\$1.026
	Field	---	---	---
11 Total personnel compensation		\$1.008	\$.998	\$1.026
Other Objects:				
12 Personnel benefits		.203	.200	.206
21 Travel		.023	.039	.039
22 Transportation of things		.036	.041	.041
23 Rental payments to GSA		.102	.099	.099
Communications and misc. charges		.020	.073	.020
24 Printing and reproduction		.454	.386	.386
25 Other services		2.707	3.848	3.820
26 Supplies and materials		.018	.011	.011
31 Equipment		.013	.020	.020
Total Other Objects		*\$2.819	\$4.717	\$4.642
Total obligations		*\$3.827	\$5.715	\$5.668
Position Data				
Average salary, all positions		\$.052	\$.056	\$.058
Average grade, all positions		11.59	11.86	11.86
*Total obligations include a net -\$.757 in prior years' adjustments not reflected in amounts for individual object classes.				



EXPLANATION OF FY 1998 REQUEST BY OBJECT CLASS



11 Personnel Compensation - \$1.026: To support 21 FTE, all in the Central Office.

12 Personnel Benefits - \$.206: \$.148 for retirement contributions; \$.047 for health benefits; \$.010 for FICA; and \$.001 for group life insurance.

21 Travel and Transportation of Persons - \$.039: For travel by CIC staff members to promote the **Catalog** and federal consumer information.

22 Transportation of Things - \$.041: For transporting **Catalogs** from the printing company to the Colorado distribution center and to Washington, DC.

23 Rental Payments to GSA - \$.099: For payments to the Federal Buildings Fund for rental of space.

23 Communications, Utilities and Misc. Charges - \$.020: For telephone and other communications charges.

24 Printing and Reproduction - \$.386: \$.347 for printing **Catalogs**; \$.025 for printing consumer information material for radio and television stations; and \$.014 for miscellaneous printing.

25 Other Services - \$3.820: \$3.008 for payments primarily to the Government Printing Office for the cost of distributing consumer publications (the amount is fully covered by participating organizations); \$.230 for preparation and distribution of public service materials for television; \$.228 for promotional projects; \$.227 for payment to GSA for administrative support and services; \$.100 for electronic information dissemination projects and related activities; \$.010 for equipment maintenance; \$.008 for Spanish translating service; and \$.009 for miscellaneous expenses.

26 Supplies and Materials - \$.011: For administrative supplies and materials.

31 Equipment - \$.020: For the purchase of office automation equipment as well as other general office equipment.





Administrative Expenses

The Administrative Expenses of CIC are funded by a combination of annual appropriations from the general funds of the Treasury, fees collected from the public, and unobligated balances in the CIC Fund. The fiscal year 1998 net decrease of \$141,000 in the amount requested for appropriated funds represents a continuation of programs generally at fiscal year 1997 levels. However, it includes a decrease of \$200,000 which reflects returning the responsibility for producing and distributing the Consumer's Resource Handbook to the U.S. Office of Consumer Affairs (OCA).

Publication Distribution Costs

CIC serves more than 40 federal agencies in their mission to provide information to the public. In the process, CIC provides publication distribution services on a reimbursable basis primarily through the Government Printing Office facility in Pueblo, Colorado. The participating agencies fully fund the costs associated with distributing the publications that they have determined to offer without charge to the public. These agency reimbursements, in addition to funds from participating private sector organizations, will increase an estimated \$94,000 (3.2 percent) in fiscal year 1998 to cover projected increases in costs incurred by GPO in the handling of citizen requests for free publications. It will fund the distribution of a projected 8.4 million publications in fiscal year 1998, which is the same level projected for fiscal year 1997.



CONSUMER INFORMATION CENTER

FY 1998 REQUESTED STAFFING



CONSUMER INFORMATION CENTER Director, GM-15 Secretary, GS-7	
Publications and Media Division Division Director, GM-14 Secretary, GS-6 Agency Liaison Senior Agency Liaison, GS-13 Agency Liaison, GS-12 Agency Liaison, GS-12 Agency Liaison, GS-12 Media Senior Media Officer, GS-13 Public Service Adv. Spec., GS-12 Media Specialist, GS-12	Program Support Division Division Director, GM-14 Secretary, GS-6 Print Distribution Distribution Coordinator, GS-13 Catalog Manager, GS-13 Distribution Specialist, GS-12 Electronic Access Technology Specialist, GS-12 Technology Specialist, GS-12 Program Support Administrative Officer, GM-14 Info. Systems Support, GS-13 Special Projects, GS-12



SELECTED WORKLOAD PROJECTIONS



	FY 1996 Actual	FY 1997 Program	FY 1998 Request	Percent Change from 1997 to 1998
1. Publications available from CIC (includes print and electronic)	450	500	550	+10.0%
2. Printed publication distribution	7,000,000	8,400,000	8,400,000	---
3. Total number of public accesses on all CIC electronic information products	2,400,000	2,800,000	3,200,000	+14.3%
4. Estimated dollar value of donations by the media to CIC public service ads (includes print and broadcast)	15,100,000	16,800,000	17,500,000	+4.2%



PROGRAM ACCOMPLISHMENTS



The following sections describe program highlights and cost-savings to the government in five major program areas: Identifying information, media, direct mail marketing, print distribution, and electronic access.

Identifying Information

During fiscal year 1996, CIC continued its strong public education program. By helping program officials in more than 40 federal departments and agencies maximize public use of information that has been gathered as a result of ongoing government activities, CIC creates a valuable resource that is easy for citizens to get and use. CIC reviews the diverse material gathered by federal agencies, provides editorial review of new and revised publications, and coordinates marketing and promotion plans for publications in the CIC program. This effort is increasingly important as federal publishing and information dissemination are reduced and focused increasingly on only the most essential government services. CIC helps agencies prioritize limited funding and staff by providing feedback from CIC promotions, inventory reports, and distribution and billing data. This enables agencies to evaluate the public's need for and use of specific information and publications. This can mean a significant cost saving when publications can be used to provide a first round of answers to citizens' questions about government programs, since providing telephone and/or personal assistance is considerably more costly.

Providing information electronically has now become an integral part of CIC's service - both to client agencies and to the public. In addition to acquiring, formatting or creating electronic versions of all new print publications, CIC works hard to provide consumers with electronic access to other agency data and news. For example, citizens can learn about public meetings, comment on proposed regulations, and take timely and often life-saving action by responding to product recalls. CIC links to other government and industry websites and to educational and nonprofit organizations reinforce CIC's role as a centralized source of consumer information - a one-stop shopping center in both content and access. Electronic dissemination also helps federal agencies reduce publishing costs, update information more quickly, and provide information whenever and wherever citizens need it. (See Page 26 for a fuller discussion of CIC's electronic dissemination program.)

In another effort to provide citizens with access to the widest range of information and to reduce the government costs while maintaining the highest publishing standards, CIC also works regularly with industry groups and associations to encourage participation in CIC's cooperative publishing program. This program matches businesses and trade associations with federal agencies who have a mutual interest in providing information to the public. In fiscal year 1996, corporate and nonprofit cosponsors included the Center for the Study of Services, the American Council of Life Insurance, the Toy Manufacturers of America, The Advertising Council, American Express, Visa U.S.A., the American Association of Retired Persons, MasterCard International, the Consumer Federation of America, the National Institute for Automotive Service Excellence, and many others. To date, CIC has coordinated, promoted, and distributed 123 cooperative government-industry publications.

The following examples illustrate CIC's agency liaison activities from fiscal year 1996 to date:

- CIC forged an innovative and productive alliance with the Metropolitan Life Insurance Company's Consumer Education Center to help educate consumers at critical moments in their lives. To date, CIC and MetLife have cooperated on a series of 16 publications covering such diverse topics as starting a business, planning for college, making a will, and doing your taxes. For each publication, CIC identified the federal agency with the expertise and jurisdiction to review the information, and then coordinated the work of the private and public sector partners so that the resulting document met all of CIC's strict publishing standards. CIC has actively promoted these booklets to the media, and consumers have responded enthusiastically by sending for more than 300,000 copies by the end of calendar year 1996. MetLife coined the phrase "Life Advice" to describe the goal of the series - concise, concentrated information that is specifically focused to appeal to consumers at the "teachable moment." CIC and MetLife are continuing this effective partnership with new booklets on financial, housing and family-related issues in fiscal year 1997.
- Success in higher education is directly related to and dependent upon the skills, attitudes and behaviors children learn long before they first see a college campus. CIC continues to work with the Department of Education (ED) on several publications that encourage parental involvement in education. **Preparing Your Child for College: A Resource Book for Parents** contains many helpful charts, worksheets, and resource lists that guide parents and their children in planning college preparatory courses and outside activities that arm students with the academic, leadership, and interpersonal skills needed for college. **Catch the Spirit!** developed cooperatively by ED and The

Prudential Insurance Company helps young people learn more about volunteering and how they can make a difference in their communities. Many colleges give great weight to community involvement when considering student applications, and volunteer experience also helps students gain new skills, explore career paths, and build an early pattern of personal responsibility and community involvement.

- Each year, accidents and injuries in American homes account for millions of dollars in medical expenses and property damage, and thousands of tragic, possibly avoidable deaths. To help consumers protect their lives, health, and property, CIC has joined a wide variety of federal agencies and private sector partners dedicated to making safety information relevant, actionable and compelling to those consumers who believe that "accidents don't happen to me." For parents, the Consumer Product Safety Commission (CPSC) and Gerber Products Company's **Baby Safety Checklist** provides important safety tips to protect infants from common household dangers. Older children can learn the "Cool Rules" of fire safety and what to do if a fire breaks out with the **Deputy Fire Marshal Kit**, developed jointly by CPSC and the For A Safer America Coalition. CPSC's and the National Electrical Safety Foundation's **A Home Electrical Safety Check** helps consumers identify and correct hazardous electrical conditions which are the leading causes of household fires. Two other substances, lead and carbon monoxide, can be just as dangerous as a fire in the home, but they are less well known and much more difficult to detect. Therefore, CIC worked with the Environmental Protection Agency to expand the promotion and distribution of **Protect Your Family From Lead In Your Home**, and brought the U.S. Department of Agriculture's Cooperative Extension System together with First Alert to produce a guide for detecting and eliminating the sources of the deadly carbon monoxide gas.
- Graduation from college is still the most significant predictor of financial success in the workplace. And college costs are rising, with most current estimates predicting annual increases of almost 7 percent, outpacing the rate of inflation. **About Planning for College** produced by the Metropolitan Life Insurance Company with the assistance of the Department of the Treasury and the National Center for Financial Education explains why parents should start saving as early as possible, and outlines investment strategies for funding college tuition. Even with careful financial planning, parents may find that savings aren't enough and need to seek financial aid. The Student Loan Marketing Association's **Paying for College: A Guide for Parents and their Children** provides helpful tips and describes different options for financial aid and how to apply. In years past, when applying for federal financial aid, parents and students traditionally have submitted extensive paper forms which require review and handling by a variety of federal and academic offices. Beginning with the 1997-98 academic year, students will be able to apply for federal aid using software developed by the Department of Education, saving significant time and effort by both the applicant and the government. CIC is breaking new ground by making this software available on diskettes through the **Consumer Information Catalog**. CIC will be monitoring this effort closely to determine its feasibility for other federal publications.
- Americans are taking a more proactive approach to health care and seeking the latest information on everything from how proper nutrition can help lower high blood pressure to how alternative medical treatments such as acupuncture may help arthritis. And since medical costs due to prescription medicine misuse and adverse reactions alone total more than an estimated \$20 billion a year, CIC continues to promote informed consumer choices and decisions by providing the latest health and safety information. Accordingly, in fiscal year 1996, CIC and the FDA made the following publications available: **Not a Cure-All, Eye Surgery Helps Some See Better**, which discusses the safety and effectiveness of surgical and laser procedures; **An FDA Guide to Choosing Medical Treatments**, which compares conventional and alternative therapies and discusses how to avoid fraudulent or unproven medical treatments; **FDA's Tips for Taking Medicines**; and **Aspirin, A New Look at an Old Drug**. Because of the important role of nutrition in maintaining good health, other new FDA publications include: **A Fresh Look at Food Preservatives**; **Eat Right to Help Lower Your High Blood Pressure**; **Growing Older, Eating Better**; **Healthy Snacks**; and **Food Allergies**. EPA combined personal health and environmental concerns in a new publication, **The Sun, UV and You** which raises awareness of the UV index and the importance of the earth's ozone layer.
- Because new electronic opportunities for communicating, buying, and selling over the Internet also provide tempting avenues for consumer fraud, CIC worked with the Federal Trade Commission on **Online Scams**, warning consumers about the dangers of bogus stocks and "free" trips offered through this new venue. At CIC's request, **Parade Magazine** also stressed the dangers of investment fraud in an article offering two valuable cooperative publications from the Commodity Futures Trading Commission and the National Futures Association - **Investment Swindles** and **Investors' Bill of Rights**. According to the National Fraud Information Center, one of the top Internet frauds is the sale of fake computer products and services. So CIC partnered with the FTC and the American Express Company to produce **Cybershopping**, which explains the pros and cons of shopping on the Internet with special tips on protecting the security of a financial transaction.

In summary, CIC helped to develop and/or promote and distribute 53 new publications during fiscal year 1996. During 1997 and 1998, CIC will continue to focus on the most efficient and effective methods of educating citizens about vital health, financial and marketplace issues, whether by printed publication, through the media, or via the Internet. CIC will continue to challenge federal agencies to be responsive to citizen needs, and to offer agencies comprehensive and cost-effective promotion and distribution services.

Media

CIC's media activities are a vital link in delivering information to the public, and over the years CIC has forged a strong partnership with writers, reporters, and editors who report on subjects of consumer interest. CIC offers them a wide range of media services, including print and electronic information releases in English and Spanish and broadcast scripts based on the specific federal publications listed in the **Catalog**. The media makes this information available to citizens as a public service, at no cost to the government. During fiscal year 1996, CIC media programs received free air time and publication space worth \$15.1 million.

CIC press releases, scripts, media services, and its 24-hour-a-day electronic access systems have been constant sources of stories and articles reaching millions of Americans. CIC press releases, known as **New for Consumers**, have been used regularly by magazines such as **Family Circle**, **AAA's Car & Travel**, **Modern Maturity**, **Money**, **U.S. News & World Report**, **Better Homes & Gardens**, **Metropolitan Home**, and **Woman's Day**. The releases have also appeared regularly in newspapers throughout the country from **USA Today**, **The New York Times**, **The Baltimore Sun**, and **The Detroit Free Press** to **The Atlanta Constitution**, **The Miami Herald**, **The Houston Chronicle**, and **The Los Angeles Times**. More than 2,400 radio and television stations rely on CIC live-announcer copy, known as **Federal Consumer Focus (FCF)** scripts, to meet their listeners' and viewers' strong demand for practical, marketplace tips and advice. During fiscal year 1996, stations devoted an estimated \$750,000 worth of free air time to CIC information.

In addition to informing the media through regular, ongoing print releases and scripts, CIC also conducts individual promotional meetings with selected writers and reporters. During fiscal year 1996, CIC met with more than 100 consumer writers and editors of major magazines, newspapers, and wire services to brief them on the **Catalog** and to promote specific federal publications that would be of interest to their readers. As a result of this direct approach, CIC has succeeded in placing feature mentions in numerous newspapers, magazines and news syndicates. For example, through eight articles run during fiscal year 1996, **Parade** delivered information to its more than 80 million readers on subjects ranging from managing and investing money to volunteering and planning for college. Wire and news services such as the Associated Press, Scripps Howard, Gannett, and Knight Ridder regularly ran articles promoting CIC publications that appeared in hundreds of newspapers across the country.

Newspapers and magazines donate space to CIC's public service print ads at no cost to the government. Released early in fiscal year 1996, "It Could Be A Best Seller, But It's Free," stresses both the universal appeal of the **Catalog** and consumers' love of a bargain. CIC's newest print ad, "9 out of 10 Mice Prefer It," highlights the popularity of CIC's website and how easy it is to access hundreds of federal publications for free. During fiscal year 1996, CIC also developed a special print ad, "Free Catalog...It's A Hit," in cooperation with Media Networks, an advertising firm that places full page ads in regional editions of major magazines. During fiscal year 1996, periodicals ranging from **Money** to **McCalls**, **PC Week** to **Ladies Home Journal**, **Business Week** to **Home & Condo**, and **Time** to **Sports Illustrated** provided space worth an estimated \$3 million for "It's A Hit," "Best Seller" and other previously produced CIC print ads. In response to the ads, more than 100,000 consumers requested the **Catalog** during fiscal year 1996.

Every year thousands of citizens find out about the **Catalog** through CIC's annual television public service advertising (PSA) campaign. This past year, CIC developed and released "It's a Breeze," a lighthearted look, with a surprise ending, about how easy it is to get the **Catalog** by mail or on the Internet. To track PSA usage and the value of donated airtime, CIC surveyed the 1,254 broadcast and cable stations and networks on its database. Based on the amounts reported, CIC received air time estimated at more than \$10.5 million over the 12-month life of the 1996 CIC campaign.

Direct Mail Marketing

The Direct Mail Marketing Program works in tandem with the Media Program to inform the public of the valuable resources available through CIC. CIC uses public and private sector mail outlets to deliver promotional inserts or the **Consumer Information Catalog** directly to consumers at a minimal cost. For example, fiscal year 1996 saw the continuation of a special project with the U.S. Food and Drug Administration and Merck-Medco Managed Care, a company which provides mail order pharmacy services to millions of Americans. Because of the serious personal and high health care costs of not taking medicine properly, FDA wanted to reach older citizens with information on reading prescriptions and taking medicines, and to educate parents about how best to give medicines to their children. CIC designed an attention-getting mail back card offering this information and Merck-Medco inserted the cards in one

million of its outgoing orders. This resulted in requests for more than 300,000 publications. In a similar promotion through the American Hospital Association's National Society of Patient Representation and Consumer Affairs, CIC provided 50,000 copies of three excellent publications on cancer and patient safety for AHA's ongoing educational outreach.

CIC has long had a special relationship with the American Association of Retired Persons - both in developing cooperative publications of special interest to AARP members and in encouraging AARP members to benefit from all of the publications listed in the **Catalog**. AARP printed a special message to their members on 500,000 copies of the spring/summer 1996 edition of the **Catalog** and then enclosed the **Catalog** with every request for publications and/or information. During fiscal year 1997 CIC will build on this program of working with numerous organizations to expand the reach of the **Catalog** and maximize the use of federal information.

Changes in Distribution Methods

In the past, CIC has worked closely with the Internal Revenue Service (IRS), the Department of Veterans Affairs (VA), the Office of Personnel Management (OPM), the Railroad Retirement Board (RRB), and the Department of the Treasury to introduce the public to the variety of information available from CIC. By "piggy-backing" on scheduled volume mailings by other governmental agencies, CIC has been able to reach the public economically. However, major changes are underway in how CIC's federal partners handle these mailings. These changes have led CIC to develop new programs to respond to the different conditions in fiscal year 1997 and outyears:

- IRS will no longer be able to insert copies of the **Catalog** in outbound packages of supplemental tax materials as they have in past years. This is the result of a redefinition by the U.S. Postal Service of their regulations defining qualification for lower postal rates. To offset this change, CIC has increased the number of CIC promotional cards from five to seven million copies which offer CIC publications to the public and which the IRS is able to continue to insert in their outbound packages in fiscal year 1997.
- In the past, CIC has promoted the **Catalog** through a card enclosed by IRS when it mailed out tax refund checks. However, the Health Insurance Portability and Accountability Act of 1996 supplants a planned CIC project to distribute four million cards in this manner by requiring that organ donation information accompany all tax refund checks for the 1996 tax year. In response, CIC negotiated an arrangement for IRS to place CIC promotional messages on the back of seven million tax refund envelopes being mailed in February and March of 1997.
- In partnership with GSA's Federal Information Center Program, CIC has obtained and will promote a toll-free number (1-888-8 PUEBLO) for citizens to call to receive a copy of the **Catalog**. The first use of the number will be in the message on the back of one million of the tax refund check envelopes previously referred to. It will also be used in the new TV public service ad to be released in May 1997.
- The Department of the Treasury is planning to virtually eliminate the mailing of all federal benefits checks to the public by 1999 by switching beneficiaries over to electronic funds transfer. This change will affect CIC direct mail partners such as OPM, VA, and RRB. In preparation for losing this important and economical outlet, CIC is contracting with private sector direct mailers to insert copies of the **Catalog** in fulfilled merchandise orders mailed or shipped to demographically targeted private sector audiences. Five hundred thousand copies of the 1997 spring **Catalog** will be tested through these outlets.

During fiscal year 1996, the average response rate to CIC direct marketing projects was 6.4 percent which is significantly higher than the industry average of 1 to 3 percent. For a marketing cost of \$137,000, these projects resulted in citizen requests for approximately 1.5 million publications. Additionally, these projects were responsible for distribution of more than 800,000 **Catalogs**. CIC must continually reevaluate traditional distribution outlets and develop new approaches to information delivery. In coping with a rapidly changing information environment, CIC will constantly explore, develop and use the most cost-effective methods for reaching and informing the public.

Print Distribution

"**Pueblo**, Colorado 81009" remains one of the best known mail addresses in the country. It's where Americans order millions of publications published by more than 40 federal departments and agencies. The Government Printing Office facility in Pueblo provides warehousing and order fulfillment services for the tens of thousands of orders received weekly from the public as a result of the **Catalog**, media mentions and marketing promotions done by CIC.

Distribution is done on a reimbursable basis. CIC coordinates the overall process and bills the organizations participating in the free distribution program to cover associated costs.

Surveys conducted by CIC have consistently shown a lower cost for its distribution services than those charged by the private sector. In the most recent survey, CIC's charge for each publication distributed was \$.52 per copy and the closest competitor's cost was \$.85, approximately 63 percent higher. CIC's lower cost is largely the result of efficiencies realized through the economies of scale provided by a central point of distribution for many agencies. Approximately 50 full-time GPO employees at the Pueblo, Colorado address serve CIC and the public by responding in a timely and efficient fashion to requests for millions of publications annually. No other source can match this no-frills approach to providing important and cost-effective services to the public. The end result is that citizens save time and money by not having to contact a variety of Government offices to obtain valuable federal information.

In an initiative commencing in the fall of 1996, CIC began to take orders for publications by telephone. Previously, CIC had taken telephone orders only for the **Catalog**, but all publication orders were handled through the mail. In the fall 1996 edition of the **Catalog**, a test was conducted in which 500,000 copies included the option of calling a non-tollfree number to order publications. This was repeated in the winter 1996-97 edition and, beginning with the spring 1997 edition, all copies of the **Catalog** will include instructions for telephone orders. This logical enhancement of CIC services, provides customers a third easy method (along with mail and fax) for ordering printed publications.

During fiscal year 1996, CIC and its customer agencies were buffeted by the government shutdowns and the budgetary uncertainties and cutbacks resulting from the months long delay in agreeing on 1996 spending levels. CIC lost 400 staff days of production and for the first time was unable to meet the publishing schedule for an edition of the **Catalog**. This resulted in a significant loss of **Catalog** orders and publication distribution. CIC's customer agencies also had to revise or eliminate planned public outreach efforts in coping with these disruptions which greatly reduced the availability of publications and contributed to reduced numbers of printed publications distributed via mail order through the Pueblo facility. CIC's fiscal year 1996 distribution totaled 7 million publications as compared to 9.5 million in fiscal year 1995.

On the revenue side, user fees from the public came to \$251,683 while the Government Printing Office received \$1,587,653 from the sales of publications distributed through CIC. The Consumer Information Center remains firmly committed to the importance of providing the public with substantive and unbiased printed information. The emergence and growth of successful methods to communicate with portions of the public electronically does not reduce the need or CIC's commitment for a strong print distribution program to meet the informational needs of consumers.

Electronic Access

Public use and acceptance of the World Wide Web (WWW) as an important and dependable source of information continued to grow rapidly during fiscal year 1996. A study conducted in October 1996 by PC-Meter found home use of WWW jumped from 4.3 million homes to 11 million in one year. In October 1994, when CIC first established a Home Page, the World Wide Web was sparsely populated in comparison to today when hundreds of thousands of websites including those of major corporations, and educational and government institutions are competing for the time of an expanding online audience. In this increasingly competitive environment, CIC's Home Page (<http://www.pueblo.gsa.gov>) continues to be recognized as an outstanding site. In May, the site was selected by Cyberhound as an "All-Star Fetch" scoring 4 stars in all categories (content, design, technical merit and entertainment). In October, the site was named "Yahoo! Pick of the Week." The December 1996 edition of PC Computing Magazine named it as one of the best 1,001 websites. And as part of the Administration's efforts to streamline government and make it more responsive, plans are in progress to prominently display CIC's Home Page address at the top of the U.S. government's newly revised "Blue Pages" listings destined for as many as 6,247 telephone directories nationwide.

The CIC has the latest **Consumer Information Catalog**, along with the full text of more than 200 publications listed in the **Catalog**, available on the Internet via WWW, Gopher, and FTP access methods. Also included are publications that have been dropped from the **Catalog** due to insufficient quantities or funds to support printed distribution. These publications remain on the Internet for access by the public electronically.

During fiscal year 1996, CIC redesigned and reorganized the site to make it faster, better looking, and easier to navigate. An enhanced search page now enables users to do keyword and concept searches and to link to major Internet search sites. CIC is working to develop a Listserv capability which will allow individuals with e-mail access to the Internet to request that the **Catalog** and other federal information be delivered directly to their e-mail boxes.

CIC information on the Internet has become more widely available since the major online telecommunications services (America Online, CompuServe, Prodigy, and Microsoft Network) have provided their millions of members

with Internet access. Users of these systems now have access to the **Catalog** and information from the publications to read online or to download to their own computer. A major advantage of these systems is that they provide local access numbers for most of the country and currently are more widely used by average consumers than are local Internet service providers or electronic bulletin board systems.

During November 1996, CIC was the first site on the Internet to make the 1997 **Consumer's Resource Handbook** available electronically. This important publication can be directly accessed from CIC's Home Page and is available to the public in three formats (.txt, .html, .pdf) for their use.

CIC continues to update and promote its electronic bulletin board system (BBS) to the public. This system includes the **Catalog** and all of the publications as well as a wide variety of announcements about upcoming consumer events. CIC also uses the BBS to provide the media with around-the-clock access to federal information. Writers and editors, often with short deadlines, can review and download 147 press releases and radio scripts on a variety of publications and topics. Access to the CIC BBS is available through direct dial-in (202-208-7679) as well as gateway access through other federal BBS systems including: FedWorld, a BBS operated by the National Technical Information Service; and SBA Online, the Small Business Administration's BBS. The growth of both the WWW and the numbers of individuals accessing information via the Internet has reduced usage of the BBS from a high of nearly 25,000 calls per year to the current rate of 7,467. CIC is currently evaluating whether to continue operating the BBS at this reduced level of activity or focus its resources solely on offering service through the Internet.

During fiscal year 1996, CIC electronic information was accessed 2.4 million times compared to 1 million accesses in 1995. These efforts underscore CIC's commitment to providing Americans access to valuable government publications in the emerging information age. CIC remains dedicated to supporting the needs of its public audience and its agency customers by providing additional methods of information dissemination while reducing the overall cost to the government.



CONCLUSION



The Consumer Information Center's requested appropriation for fiscal year 1998 totals \$2,119,000, which is a decrease of \$141,000 from the current year's amount. The request includes a nominal increase of \$59,000 to cover increased costs for salaries and benefits and staff support services from GSA. This increase is completely offset by a decrease of \$200,000 representing transferring back to the U.S. Office of Consumer Affairs the responsibility to produce and distribute the **Consumer's Resource Handbook**.

Our nation continues to undergo major transformations in the way information is shared in the computer age. CIC is experiencing this reality in the form of a decrease in its mail order business. Instead, consumers are accessing information through electronic means in rapidly increasing numbers. CIC is in the forefront of federal efforts to take advantage of these new methods of information dissemination with an Internet website that the public will access more than 3 million times in fiscal year 1998. This is a threefold increase over 1995, the first year the website was available.

Budgetary constraints on federal customer agencies continue to present a challenge to CIC. Federal cutbacks in the variety and the quantity of printed publications available, combined with the public's desire for easier and quicker access to information, have spurred CIC to expand and strengthen two important programs. First, CIC has redoubled efforts to identify private sector partners who share federal information goals and can provide resources to stretch limited federal dollars. And secondly, CIC has implemented telephone ordering systems for both the **Consumer Information Catalog** and its publications. These efforts complement CIC's ongoing efforts to identify and obtain valuable federal information, its media and marketing programs, its centralized distribution system based in Pueblo, Colorado, and its widely acclaimed electronic information activities - all of which combine to make CIC an essential source for citizens desiring unbiased and vital consumer information from their federal government. CIC remains uniquely positioned among federal agencies to perform the services it has so effectively delivered to the American public since 1970.



End of Document
