



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

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B-205919

JANUARY 18, 1982

The Honorable Glenn English
Chairman, Subcommittee on Government
Information and Individual Rights
Committee on Government Operations
House of Representatives

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by the Office of Congressional Relations.

Dear Mr. Chairman:

Subject: Potential Impact of National Archives and Records
Service Budget Reductions (GGD-82-10)

On September 15, 1981, you asked for our views on the potential impact of proposed fiscal year 1983 budget cuts at the National Archives and Records Service's (NARS's) Office of Records and Information Management. Because of the need for a timely response to your concerns, we did not perform a detailed review of the matter. Also, although budget cuts are being proposed for NARS' Federal records center program, we did not analyze their impact. We relied extensively on our recent audit work at NARS and obtained key documents concerning the proposed budget reduction. We also interviewed NARS officials to obtain their views on the reasons for, and impact of, the budget reduction. Our conclusions are based primarily on positions we have taken in earlier reports and testimony.

The Administrator of General Services has Government-wide records management responsibilities, which have been assigned to NARS. NARS' role is to guide agencies and to help them with their records creation, maintenance, use, and disposition programs. NARS' functions include: developing and improving records management standards, procedures, and techniques; operating Federal records centers; and evaluating the effectiveness of agency records management practices. Except for Federal records center functions, NARS' Office of Records and Information Management carries out these functions.

In response to a directive from the Administrator, NARS was requested to submit a revised budget package reflecting additional reductions from the total NARS budget. The Archivist of the United States, the head of NARS, proposed a reduction in the appropriated portion of the Office of Records and Information Management's budget from \$3.4 million in 1981 to \$1.6 million in 1983--a reduction of over 50 percent. More recent fiscal year 1982 budget cuts may accelerate these reductions.

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We believe that any actions which substantially reduce NARS' records management program and staff could:

- reduce the level of expertise available in Federal records and information management;
- reduce the savings which NARS staff can produce for the Government (one recent NARS study on mail management resulted in Federal agencies saving over \$26 million in mailing costs); and
- reduce resources devoted to implementing the Paperwork Reduction Act of 1980 and bringing about improvements in the records and information management program.

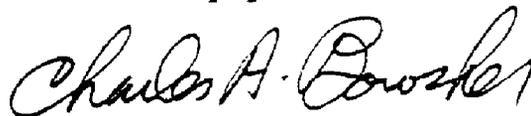
These matters are discussed in further detail in the enclosure.

We recognize that difficult decisions have to be made in identifying where cuts should be made to reduce Federal expenditures. While we are not privy to the criteria that were used in making the NARS funding proposal, we suspect that insufficient weight was given to the tangible benefits resulting from this agency's activities.

We provided NARS officials with a draft of this report for review and comment. They agreed with our observations as well as the facts presented in this report.

As directed by your office, we will send copies of this report 3 days after it is issued to the House Committee on Government Operations, the Senate and House Committees on Appropriations, the Senate Committee on Governmental Affairs, the Director of the Office of Management and Budget, the Administrator of General Services, and the Archivist of the United States.

Sincerely yours,



Comptroller General
of the United States

Enclosure

POTENTIAL IMPACT
OF NATIONAL ARCHIVES AND
RECORDS SERVICE
BUDGET REDUCTIONS

BACKGROUND

Because of across-the-board budgetary reductions, the Archivist of the United States, head of the National Archives and Records Service (NARS), created a task force to evaluate its records and information management programs. While the task force was conducting its work, additional budgetary changes were made, and the task force effort was redirected to evaluate ways to accommodate more severe budget reductions. NARS' Office of Records and Information Management is targeted for a \$1.8 million reduction in its fiscal year 1983 budget. This reduction amounts to over 50 percent of its 1981 budget (\$3.4 million). The chart below shows the funding and staffing impact of the proposed reduction.

Funds and Staffing
for the Office of Records and
Information Management

		<u>1983</u>			
		<u>1981</u>	<u>1982</u>	<u>Budget Request (note a)</u>	<u>Budget Goal</u>
<u>Direct funding</u>					
Funds (millions)	\$3.4	\$3.2	\$5.5	\$1.6	
Full time employees	85	83	134	45	
<u>Reimbursable funding</u>					
Funds (millions)	\$1.7	\$1.8	-	b/\$0.6	
Full time employees	48	45	-	b/13	

a/ The Office of Records and Information Management proposed to fund all of its staff through direct appropriations, as recommended by GAO in our report entitled "Program to Improve Federal Records Management Practices Should Be Funded By Direct Appropriations" (LCD-80-68, June 23, 1980). The Office also requested an additional \$434,000 to implement the Paperwork Reduction Act.

b/ NARS officials advised us that they have not made any final decisions on the 1983 level of reimbursable funding. NARS receives reimbursable funds for performing records management assistance services for other agencies.

The task force proposed numerous actions to achieve its fiscal year 1983 budget goal, including program and organizational changes. The most significant step proposed would be to eliminate NARS' regional records and information management divisions.

The recent call for a 12-percent fiscal year 1982 budget cut may accelerate the program changes needed to respond to this budget cut. However, NARS officials have not yet made any final decisions on such actions. In fact, officials advised us that they may not abolish the regional offices. Instead, the offices would attempt to operate on a reimbursable basis for records management studies conducted for other Federal agencies.

BUDGET CUTS WOULD
REDUCE RECORDS
MANAGEMENT EXPERTISE

Most of the Office of Records and Information Management budget is expended for salaries. Therefore, the proposed budget cuts for that Office will cause staff reductions and the loss of records management expertise.

An analysis of the employment history of the office staff reveals an average of 8.4 years of records management experience. Assuming that junior staff would be the first to go, the magnitude of the proposed reduction is such that the result would be a significant loss of records management experience. Even if funding for the records management program is restored at some future date, it would take 2 to 3 years to train new entry level analysts.

NARS has long been the recognized leader in developing records management improvement practices. This is due mainly to the expertise its staff has developed over the years. The need for adequately trained records management personnel has been acknowledged in numerous congressional and executive studies of records management practices. The loss of qualified NARS staff would severely restrict its records management improvement efforts and the resulting Government-wide savings.

NARS' RECORDS MANAGEMENT
STAFF PAYS ITS WAY

Improved records management practices can result in significant savings to the Federal Government. NARS' fiscal year 1980 report on records management studies conducted for agencies showed one-time savings or cost avoidances of \$1.5 million and over \$1.6 million per year in recurring savings. NARS' field offices reported \$575,000 in one-time savings and about \$200,000

in recurring savings for fiscal year 1980. The results of NARS' Government-wide study of agencies' mail management practices are even more impressive. In response to recommendations made by NARS, Federal agencies have reported over \$26 million in reduced mail costs.

The savings which are reported may be only a small part of the actual benefits resulting from NARS' records management activities. NARS does not receive reports on the results of all the studies it conducts for agencies. Further, the benefits derived from NARS' guidance and training are not measured. A GAO report 1/ contains indicators of some savings achieved by agencies. Agency recipients of the Federal Records and Information Management Award have reported first year savings of \$1 billion to \$1.5 billion and recurring annual savings of \$650 million to \$700 million resulting from records management improvements. These savings result in part from the application of good records management practices based on the standards and guidelines developed by NARS.

NARS has had problems in timely issuance of handbooks in areas such as word processing--an area of rapid technological advances. Only recently has NARS been able to improve the handbook situation. We reported that, had NARS issued a timely word processing handbook, nine agency-developed handbooks might not have been needed. 2/ A reduction in NARS records management staff could contribute to further delays in issuing handbooks and similar duplication within the Federal Government.

BUDGET CUTS WILL AFFECT IMPLEMENTATION OF THE PAPERWORK
REDUCTION ACT AND ATTAINMENT OF IMPROVEMENTS
IN THE RECORDS AND INFORMATION MANAGEMENT PROGRAM

The Paperwork Reduction Act of 1980 was hailed as a means of improving Federal information and records programs. Specific organizational and reporting mechanisms were created to provide for high level agency attention to information and records programs with accountability to the Congress for these activities. The act assigns key responsibilities to the General Services Administration (GSA), the performance of which will be adversely affected by the substantial reduction proposed for NARS' records and information management program.

1/"Federal Records Management: A History of Neglect" (PLRD-81-2, Feb. 24, 1981).

2/"Program to Improve Federal Records Management Practices Should Be Funded by Direct Appropriations" (LCD-80-68, June 23, 1980).

Three sections of Title 44 of the United States Code, as amended by the Paperwork Reduction Act of 1980, specifically affect the functions and responsibilities of NARS' Office of Records and Information Management. The first, Section 3513, requires the Director, Office of Management and Budget (OMB), to review, with the advice and assistance of the GSA Administrator, each agency's information management activities at least once every 3 years. The second, Section 3504(e)(3), requires the OMB Director to coordinate records management policies and programs with related information programs such as information collection, statistics, automatic data processing, telecommunications, and similar activities. The third, Section 2904(10), requires that the Administrator report to OMB as well as congressional appropriations and oversight committees on the results, including agency actions, of NARS' records management assistance work and inspections of records management programs.

The House Report on H.R. 6410, now the Paperwork Reduction Act of 1980, addresses the issue of GSA's central management responsibilities. The following excerpts clearly show the expectations for GSA's role in implementing the act:

"GSA is also assigned new central management responsibilities under this legislation. As a means of identifying needed improvements in the agencies' information activities, H.R. 6410 requires the OMB Director, with the advice and assistance of GSA, to review the information resources management activities of each agency at least once every 3 years to ascertain their adequacy and efficiency. The results of these reviews are to be reported to the agency head and selected congressional committees.

GSA was given this function of assisting the OMB Director in reviewing agency information activities because of its current expertise in ADP, telecommunications, and records management. The assignment of this central management function, however, may suggest the need for a consolidation of GSA activities pertaining to ADP, telecommunications, and records management. Furthermore, GSA may have to increase its staff assigned to these activities in order to do a creditable job in its review of the agencies information activities."

* * * * *

"The Committee expects GSA's fulfillment of this new responsibility to be a crucial part of the new management structure created under this legislation."
(Underscoring added.)

In response to the Paperwork Reduction Act, GSA initiated a staff study of the information management functions it performs under the Federal Property and Administrative Services Act, as amended, and the Federal Records Act, as amended. The purpose of the study was to identify any necessary changes in GSA's priorities, organization, and allocation of resources to respond to the Paperwork Reduction Act. NARS' internal analysis of the proposed budget cuts also addressed the issue of responding to the Paperwork Reduction Act. Our comments are based primarily on these study reports, although they are still considered to be draft reports and neither of them represents official GSA or NARS positions. The drafts have changed substantially over a period of 4 months, and the changes in program priorities and staffing reflect the growing reality of NARS' budget situation.

The draft GSA reports on implementing the Paperwork Reduction Act contain several references to the role GSA may have. One draft report states that GSA's information management expertise, responsibilities, and authorities will be an essential ingredient in the success of the new program. The draft GSA report showed the agency clearly recognized the significance of its role in relation to the Paperwork Reduction Act.

Unfortunately, the budget situation will limit the resources committed to these functions, which are critical to the effective implementation of the Paperwork Reduction Act.

GSA is responsible for developing and issuing the regulations that govern records and information management. As agencies begin to establish their information management programs under the Paperwork Reduction Act, the standards and guidelines developed by GSA will be increasingly important. As OMB issues overall policy guidance in areas affecting GSA programs, GSA must develop necessary implementing regulations. For all these reasons, the draft stated, GSA should expect to devote more resources to the development and issuance of information management standards.

As noted above, the Paperwork Reduction Act requires that GSA provide advice and assistance to OMB in reviewing agencies' information activities. OMB has not issued specific guidance regarding the nature or scope of these reviews or GSA's role in them, if any. NARS' efforts in conducting inspections of agencies' records and information management programs may be curtailed because of the proposed budget cuts.

Our review of GSA's draft reports shows a reduction in resources committed to areas which are important to the act. For example, 30 staff years were suggested for fiscal year

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1984 inspections in the April 1981 draft report. In addition, 20 staff years were suggested for assisting OMB in conducting the triennial reviews required by the act. The latest draft of the same report shows only 26 staff years for inspections and possibly 11 staff years to support OMB.

The NARS draft report on accommodating the budget reductions shows only 15 staff years possible for fiscal year 1983 inspections, a reduction from 17 in fiscal year 1980. However, the study report is based on an estimated 55 available staff years. Internal estimates by the Office of Records and Information Management place the staff years at 45 in order to remain within the budget.

The NARS draft report also raises the issue of responding to the Paperwork Reduction Act. The task force recommends that NARS continue the substance of its programs until guidance from OMB is clear. The task force also suggests that NARS point out the impact on its current programs if OMB-imposed requirements are not accompanied by added resources. Clearly, this is a drastic change in position from the early draft of the GSA task force report which called for rather aggressive implementation of the Paperwork Reduction Act.

In our report entitled "Federal Records Management: A History of Neglect" (PLRD-81-2, Feb. 24, 1981), we expressed optimism that records management improvements could be achieved through (1) improvements being promoted at NARS and (2) effective implementation of the Paperwork Reduction Act. We pointed out that Federal records management programs and practices have a history of limited resources and inadequate attention. NARS' proposed budget action further confirms this observation and leads us to question whether the potential records management improvements we reported will be achieved.

We suggested that with the Paperwork Reduction Act, OMB could monitor NARS' program improvements as well as agency records management improvements. Further, reporting provisions of the act--reports by NARS to agency heads as well as to OMB and the Congress--would promote long-needed attention to records management. However, these reports result from NARS' inspections and assistance to agencies, as well as from triennial reviews. NARS' proposed budget action would severely restrict any substantial activity in these areas.

CONCLUSIONS

We believe the proposed budget reductions in NARS' records and information management program are questionable in view of

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the substantial Government-wide savings NARS has already achieved and could continue to achieve through the improvements it recommends. The reductions will also affect NARS' ability to carry out its role in implementing the Paperwork Reduction Act.

We recognize that difficult decisions have to be made in identifying where cuts should be made to reduce Federal expenditures. While we are not privy to the criteria that were used in making the NARS funding proposal, we suspect that insufficient weight was given to the tangible benefits resulting from this agency's activities.