



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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JWA

HUMAN RESOURCES
DIVISION

August 21, 1984

B-215918

The Honorable Stephen J. Solarz
House of Representatives



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Dear Mr. Solarz:

Subject: Closing the Department of Labor's Brooklyn
Wage and Hour Area Office (GAO/HRD-84-85)

This is in response to your January 24, 1984, letter requesting us to determine what effect closing the Department of Labor's Brooklyn Wage and Hour Area Office will have on worker protection in the boroughs of Brooklyn, Queens, and Staten Island (Brooklyn Catchment Area) in New York City. You pointed out that Labor had justified closing the office, which is part of Labor's Employment Standards Administration (ESA), on the basis of cost savings and had maintained that this action would not result in a reduction in worker protection. The ESA New York regional administrator, in a September 30, 1983, letter, advised you that Labor would save about \$99,000 annually in personnel and space and equipment rental costs. In a February 13, 1984, meeting, we agreed with your office to develop information relating to Labor's estimated cost savings and its plans for providing enforcement coverage for the Brooklyn Catchment Area. We also agreed to provide information on the number of workers who visited the Brooklyn office to file complaints (walk-ins).

ESA's Wage and Hour Division is responsible for administering and enforcing various labor acts. The division investigates firms subject to the acts to determine compliance and has the authority to investigate and gather data on wages, hours, and other employment conditions or practices.

ESA has 10 regional offices nationwide that include wage and hour area offices and field stations. ESA's New York Regional Office included nine wage and hour area offices--six in New York State, two in New Jersey, and one in Puerto Rico. Besides Brooklyn, New York area offices were located in Manhattan, the Bronx, Hempstead, Buffalo, and Albany. The Brooklyn office was closed in February 1984. However, according to an ESA official, ESA had not, as of July 1984, decided to release its Brooklyn office space.

RELEASED

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Approval of the Office of Management and Enterprise
by the Office of Management and Enterprise

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RELEASED

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We met with ESA headquarters and New York Regional Office officials to discuss the reasons for closing the Brooklyn Area Office. We also met with several of the Brooklyn office compliance officers who were transferred to Manhattan as a result of the closing to obtain their views on the effects of the closing and the number of walk-in complaints that the office had received. Additionally, as requested by your office, we met with a union official in New York to discuss his concerns about the closing.

We reviewed pertinent correspondence, records, reports, and documents to assess the validity of Labor's estimated cost savings and to attempt to develop information on the number of walk-ins received by the Brooklyn office.

On April 11, 1984, we briefed your office on the results of our work. In our briefing we pointed out that the total savings Labor estimated will result from closing the Brooklyn office, in our opinion, are overstated. In February 1984, ESA gave us estimates based on recent costs that showed closing the office would result in annual cost savings of about \$93,600, of which salaries and benefits (\$77,600) and office space rental (\$9,400) comprised about 93 percent. The other \$6,600 represented the actual costs incurred for telephone, photocopying, and repair and supplies for fiscal year 1983. The \$93,600 is slightly less than the \$99,000 estimate ESA gave you in September 1983.

In our opinion, however, Labor's estimated savings of about \$93,600 are overstated by about \$16,700 because they do not take into consideration additional costs that will be incurred for office space rental for the Manhattan office, where most of the Brooklyn staff were transferred. Since the Manhattan space is more costly than the Brooklyn space, ESA will incur an additional cost of about \$7,300 per year instead of saving \$9,400 per year as it had estimated. This additional cost will reduce total savings to about \$76,900 per year.

Additionally, in developing its projected savings, Labor did not consider parking costs in Manhattan for three government vehicles assigned to the Brooklyn office and parked free in Brooklyn. However, after we discussed this with ESA officials, they advised us that to avoid any parking costs, the vehicles would continue to be parked in Brooklyn and that ESA will decide later whether to retain these vehicles.

Regarding enforcement activities for the Brooklyn Catchment Area, two fewer compliance officers (17 versus 19) are available to cover the Manhattan and Brooklyn Catchment Areas than were available before the Brooklyn office was closed. It is unclear

at this time how this reduction will affect enforcement activities for the Brooklyn Catchment Area. However, according to Labor officials, the transfer of compliance officers from Brooklyn to Manhattan will improve personnel management and enhance enforcement activities in the Manhattan and Brooklyn areas.

Because the Brooklyn office did not maintain adequate records on walk-ins, we were not able to determine how many walk-ins it handled.

The results of our work are described in more detail below.

SALARY SAVINGS

When it closed in February 1984, the Brooklyn office's authorized staffing level totaled 13--an area director, an assistant area director, nine compliance officers, a secretary, and a clerk/typist. ESA officials told us that as a result of the closing, three positions--an area director, a secretary, and a clerk/typist--would be abolished.

In June 1983 the Brooklyn area director was transferred, at his request, to the Albany office as a compliance officer. The assistant area director for the Hempstead office was temporarily transferred to the Brooklyn office as the acting area director. When the Brooklyn office closed, the acting area director returned to Hempstead, and the secretary was reassigned to the Bronx office to fill a vacant secretarial position. The clerk/typist in the Brooklyn office had accepted a fiscal clerk position in the ESA Regional Office in June 1983.

ESA expects to realize savings for the three positions beginning in fiscal year 1985. Labor's fiscal year 1985 budget justifications for ESA call for a reduction of 15 positions (from 1,471 to 1,456) for the Wage and Hour Division to be accomplished through attrition. ESA officials informed us that the 3 abolished positions will be counted toward the 15 positions to be eliminated.

OFFICE SPACE

By closing the Brooklyn Area Office, ESA claims it will save about \$9,400 annually--the 1984 rental cost for the Brooklyn office--by placing Brooklyn compliance officers in excess space that was available in the Manhattan office. In our opinion, however, closing the Brooklyn office and transferring its personnel to Manhattan will, instead of saving money, result in an additional cost of about \$7,300 annually.

In June 1983, before a decision was made to close the Brooklyn office, the General Services Administration (GSA) had notified Labor that the Manhattan office would be required to move to different space in the same building. ESA officials told us that the move is not scheduled to take place before the end of calendar year 1984. A June 9, 1983, GSA memorandum to a Labor regional office official indicated that the standard for office space allocation was 135 square feet per person. The Manhattan office, which had a staffing level of 14 before the closing of the Brooklyn office, would have been limited under the guidelines to about 1,900 square feet. In August 1983, ESA requested 3,310 square feet of space for the Manhattan office to accommodate the planned increase in its staffing level to 24 people after the Brooklyn office closing. The Manhattan office was given about 3,000 square feet--about 1,100 square feet more than it would have been entitled to had it not acquired additional staff from Brooklyn. The square footage cost for assigned space at the Manhattan location (\$14.88)¹ exceeded the square footage cost in Brooklyn (\$5.40) by \$9.48. Net costs for the 1,100 square feet of space in Manhattan, after allowing for the space vacated in Brooklyn, will be about an additional \$7,300 annually.

ESA officials did not agree that the increased staffing level of the Manhattan office necessarily resulted in additional rental costs because, in their opinion, GSA might not have provided a smaller office suite even if the staffing level remained unchanged. A GSA official told us, however, that the new space allocated to the Manhattan office was based on ESA's stated need for 24 people and that had ESA requested space for only 14 people--about 1,900 square feet, or 135 square feet per person--it would have been allocated less space.

POTENTIAL COSTS THAT HAD
NOT BEEN CONSIDERED

In its cost estimates, ESA had not considered the potential cost of parking three government vehicles in Manhattan. These vehicles were assigned to the Brooklyn office and were parked there free. A GSA official told us no parking spaces were available for the three cars at GSA owned or leased parking facilities at or near the Manhattan office. This official said that the monthly parking rate at these facilities ranged from

¹Square footage costs totaled \$15.24 after including joint use space charges for items such as "food service" and "lab and clinic."

\$25 to about \$150 a car and these costs are borne by the agencies using the spaces. Annual parking costs at these locations would range from \$900 to about \$5,400. Annual costs for parking three cars at a nearby privately owned garage would be about \$7,000. Accordingly, if the three vehicles that will now be used by compliance officers assigned to the Manhattan office were parked in Manhattan, ESA would probably incur parking costs for them.

We discussed this matter with ESA officials, who advised us that, in view of the additional costs involved with parking the cars in Manhattan, they will continue to be parked in Brooklyn. They also told us that after some experience is gained, they will decide whether to retain these vehicles.

To the extent that compliance officers need the cars to go to or from the Manhattan office during the work day, some loss of time and transportation costs may be incurred.

SERVICE TO CONSTITUENTS

The Brooklyn Area Office, which served Brooklyn, Queens, and Staten Island, was staffed with nine compliance officers. When the office was closed, seven of the nine were reassigned to the Manhattan office and the other two were reassigned to the Bronx office. The Brooklyn, Manhattan, and Bronx offices were among the smaller ones in terms of numbers of compliance officers, with 9, 10, and 11, respectively. The Buffalo Area Office had 10 compliance officers. The other five area offices had between 13 and 17 compliance officers.

The Bronx office's geographic area of responsibility remained unchanged, while the Manhattan office's responsibilities were expanded to include the Brooklyn Catchment Area. Before the Brooklyn office was closed, 19 compliance officers (10 in Manhattan and 9 in Brooklyn) carried out enforcement activities in the two areas. Since the office closing, 17 compliance officers cover these areas. However, it is not clear what, if any, effect this reduction will have on enforcement activities in Brooklyn.

ESA officials advised us that in addition to realizing some cost savings, the closing of the Brooklyn office will result in management improvements. They said that increasing the number of compliance officers in the Manhattan and Bronx offices will improve the ratio of supervisors to compliance officers in those offices. According to these officials, the Wage and Hour Division has been moving in the direction of larger area offices nationwide for a number of years based upon experience showing

that an area director, with an assistant, can effectively supervise 15 to 20 compliance officers. The reassignment of compliance officers from the Brooklyn office to the Manhattan and Bronx offices has increased the number of compliance officers from 10 to 17 in Manhattan and from 11 to 13 in the Bronx. According to the ESA officials, this allows for a more efficient ratio of supervisors to compliance officers. Although the change has not provided the optimum ratio for the Bronx office, ESA officials believe it is a move in that direction.

Also, these ESA officials explained that by serving Brooklyn and Manhattan out of the Manhattan office, ESA has greater flexibility in using available resources. They said that whereas previously ESA was limited to 9 compliance officers for the Brooklyn catchment area, now it can draw from 17 compliance officers for enforcement activities in that area. Further, they said that combining compliance officers in the two offices has provided a greater mix of skills, including foreign language skills, that is expected to improve enforcement in the Manhattan and Brooklyn areas.

ESA officials also noted that a large number of contracts in the New York Metropolitan Area were covered by the Davis-Bacon Act and the Service Contract Act. According to these officials, ESA's investigations of contractors covered by these laws frequently require close coordination with the contracting agency. They believe that this coordination will be facilitated for contracts awarded by the Department of Housing and Urban Development, the Environmental Protection Agency, and the U.S. Postal Service because these agencies are located either in the same building as the Manhattan office or within one block of it.

With regard to walk-ins to the Brooklyn office, in a letter to you dated December 18, 1983, the New York ESA regional administrator advised that "Based on supervisory review of the open and completed complaint files available, 'walk-in' complainants who gave Brooklyn home addresses represented 8% of the complaint files analyzed and is about 2-3 complainants per month on a yearly basis."

The information in the letter was based on data provided to the regional administrator by the acting area director of the Brooklyn office, who pointed out that because the area office records did not specifically identify walk-ins, "the figures presented are an estimate and should be used only as our best guess."

Consequently, beginning on October 1, 1983, to obtain more reliable data on the number of walk-ins, the Brooklyn office required that complaint files indicate whether the complaint was made by a walk-in, telephone, or mail. We reviewed files for 41 of 46 complaints received by the Brooklyn office for the 4-month period, October 1, 1983, to January 31, 1984, which were on file in the Manhattan office during our visit. Seventeen, or 41.5 percent, of the files did not indicate how the complaints were initiated. Of the remaining 24, documentation in the files indicated that 8, or about 2 a month, were made by walk-ins and 16 were made by phone or mail.

Additionally, we interviewed six of the Brooklyn Area Office compliance officers who were assigned to Manhattan to obtain their estimate of the average number of walk-in complaints they received per week while working in Brooklyn. The compliance officers estimated that for each week they spent in the office, they received between two and six walk-in complaints. However, because the information we obtained from the complaint files was incomplete and the information provided by the compliance officers could not be documented, we are not able to determine with reasonable accuracy how many walk-in complaints were filed with the Brooklyn office.

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As agreed with your office, we plan no further distribution of this report until 30 days after its issuance, unless the report's contents are publicly announced earlier. At that time we will send copies to the Secretary of Labor and other interested parties and make copies available to others on request.

Sincerely yours,



Richard L. Fogel
Director