



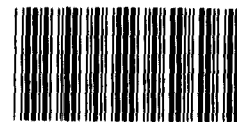
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

117100

December 17, 1981

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

B-205850



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The Honorable Steny H. Hoyer
House of Representatives

Dear Mr. Hoyer:

Subject: Proposed Relocation/Consolidation of the Soil
Conservation Service's Cartographic, Employee
Development, and Information Staffs at Fort Worth,
Texas (CED-82-26)

This report is in response to your July 15, 1981, letter asking us to review the Department of Agriculture's proposed relocation of certain Soil Conservation Service functions from Lanham, Maryland, to Fort Worth, Texas, as well as alternatives to the move. The relocation is part of a proposed overall Service reorganization; consolidation, and employee reduction plan dated October 19, 1981, which also would affect several Service offices in Washington, D.C.; Nebraska; Oregon; and Pennsylvania.

We reviewed the Service's October 19, 1981, proposal and examined the backup material provided us in support of the planned consolidation and relocation of its cartographic, employee development, and information staffs to Fort Worth. We interviewed Service and General Services Administration officials in Nebraska, Texas, and Washington, D.C. Also, we requested the Service to make an analysis showing the results of consolidation without relocation.

As a result of our review, we have concluded that neither the Service's October 19 proposal nor its supporting data provides an adequate basis for judging the merits of the proposed move to Fort Worth. Without concluding whether such a move can ultimately be justified, we believe that the October 19 proposal is sufficiently flawed to render it inadequate as a basis for decision.

We expressed our concerns orally to the Department's Office of the Assistant Secretary for Administration and to its Director of Personnel and followed this up with a letter to the Director on December 10, 1981. A copy of that letter, and some of the material provided with it containing a more detailed discussion of the types of questions and concerns we have, is enclosed. In general terms, our questions and concerns have to do with:

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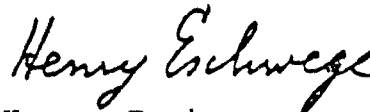
- Benefits not related to the move were attributed to it.
- Program operations were not analyzed adequately.
- Uncertainties about the types of variables which were included or omitted from the cost/benefit analysis as well as the values assigned to some of the variables included.
- Inadequate backup or supporting data.

On December 15, 1981, an Assistant to the Director of Personnel advised us that based on our letter of December 10, 1981, the October 19, 1981, proposal would be returned to the Service for further study.

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As agreed with your office, we do not plan to pursue this matter any further. We understand, however, that if the Service develops a new relocation proposal for its cartographic, employee development, and information staffs, the Congressman may request another GAO review at that time. Also, as agreed with your office, when this report is issued to you, it will also be made available to interested parties.

Sincerely yours,



Henry Eschwege
Director

Enclosure



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

December 10, 1981

Mr. John W. Fossum
Director, Office of Personnel
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Mr. Fossum:

Subject: Proposed Relocation/Consolidation of the
Soil Conservation Service's Cartographic
Units and Other Staffs at Fort Worth,
Texas

At the request of Congressman Steny H. Hoyer we have been reviewing the proposed relocation/consolidation of the Soil Conservation Service's cartographic, employee development, and information staffs at Fort Worth, Texas. This move is part of an overall Service reorganization, consolidation, and employee reduction proposal which was forwarded to your Office for approval on October 19, 1981.

On November 25, 1981, we advised the Office of the Assistant Secretary for Administration that we had a number of questions concerning the back-up material we had received from the Service in support of the proposal and that we thought the Department might want to give consideration to these questions before a decision on the proposed move is made. On November 30, 1981, we were advised by the Office of the Assistant Secretary that the proposal had been sent back to your office and that you would meet with us on December 3, 1981, to consider our questions and concerns.

In our December 3, 1981, meeting we pointed out a number of problems we had encountered in trying to evaluate the proposed relocation/consolidation plan. We also told you that neither the proposal nor the back-up data furnished us by the Service provides an adequate basis for definitive conclusions on the merits of the move. Accordingly, it was our opinion that some further study of the proposed consolidation/relocation of the cartographic, employee development, and information staffs at Fort Worth might be in order. We suggested that if you decide that the Service should submit a new proposal, it should (1) be structured similar to the analysis prepared by the Service at our request (enclosure I), (2) compare the present organization

of the cartographic, employee development, and information staffs with a reduced, consolidated organization and with a reduced but not consolidated organization, (3) consider the questions, problems, issues, and concerns we raised, and (4) be based on back-up material that would fully support and validate every substantive fact and figure used in the proposal's analysis.

As agreed during our meeting, we are enclosing material which (1) summarizes our questions and concerns with the October 19, 1981, proposal and additional data provided us by the Service, and (2) gives some specific examples of the basis for our questions and concerns (enclosure II).

We believe our suggested actions will provide the Department with a better basis for judging the true consequences of any proposed relocation/consolidation of the three staffs.

We would appreciate your informing us of the actions taken on our suggestions. Also, we appreciate your assurance that we will be given the opportunity to review any new relocation/consolidation proposal prepared by the Service.

Sincerely yours,

/s/

John L. Vialet
Senior Group Director

Enclosures - 2

SYNOPSIS OF ENCLOSURE II
TO DECEMBER 10, 1981
LETTER TO DIRECTOR OF PERSONNEL,
U.S. DEPARTMENT OF AGRICULTURE

Congressman Steny H. Hoyer requested that the General Accounting Office (GAO) review the Soil Conservation Service's (SCS's) justification for the planned relocation of its cartographic unit from Lanham, Maryland, to Fort Worth, Texas. This relocation is part of an overall SCS reorganization, consolidation, and employee reduction plan which will also affect several SCS offices in the District of Columbia area, Nebraska, Oregon, and Pennsylvania.

The key concerns are twofold: is the agency's overall analysis valid and, if so, could all or most of the same results be achieved without geographic relocation and consolidation. Neither the October 19, 1981, relocation/consolidation proposal nor the back-up data furnished us provides an adequate basis for making informed judgements and definitive conclusions responsive to these concerns. Moreover, there is a large disparity between the benefits attributed to the relocation/consolidation in the October 19 proposal and those in a subsequent SCS analysis provided us. For example, the October 19 proposal (see p. 3) reports that consolidation of the cartographic staff will result in "a reduction of 94 positions and an annual savings of \$3,800,307". SCS's subsequent analysis shows that the benefits to be derived solely from relocation are only 16 positions and the savings only \$328,000. The October 19 figures are significantly higher because (1) they reflect reductions in budgeted positions, many of which are vacant, whereas the subsequent analysis shows a net savings only for those personnel reductions which could be directly attributed to relocation and (2) while the proposal purports to weigh the merits of consolidation v. current operations, it is actually a measure of three distinct variables--geographic consolidation, program or service reductions, and employee reductions.

Specific examples which illustrate the types of questions and concerns raised during our review of the October 19 proposal and backup data are discussed below. In general terms, the questions and concerns can be categorized as

- improperly attributing to the move benefits which are derived from nonrelocation activities,
- inadequate program analysis,
- uncertainties about cost/benefit analysis methodology (types of variables included or omitted as well as values assigned to the included variables), and

--inadequate backup or supporting data.

IMPROPERLY ATTRIBUTING TO THE MOVE
BENEFITS WHICH ARE DERIVED FROM
NONRELOCATION ACTIVITIES

In its October 19 proposal, SCS compares estimated annual operating costs for its cartographic, employee development, and information staffs at their current four sites with projected annual operating costs if these activities were consolidated at one of four possible locations--Lanham, Lincoln, Fort Worth, or Portland. While this analysis purports to weigh the merits of consolidation v. current operations, it is actually a measure of three distinct variables--geographic consolidation, program or service reductions, and employee reductions. Although these variables are not mutually exclusive, it does not necessarily follow that they must be examined on an all-or-nothing basis. Nor is it proper to attribute the benefits of all three variables solely to consolidation since service and employee reductions may be possible without consolidation.

On November 9, 1981, we met with several senior-level SCS officials, including the Associate Chief, to brief them on the types of problems we were encountering in our attempt to analyze the proposed relocation/consolidation at Fort Worth. One outcome of the meeting was an SCS commitment to (1) determine what savings and reductions would be possible for the three staffs without relocation and (2) to compare this reduced organization with a consolidated organization in Fort Worth. The officials admitted that savings were possible without relocating and said that Lanham, Maryland, space requirements offered a good example.

The Lanham facility was designed for 150 cartographic personnel plus room for future expansion. Because Lanham has been operating with about one-half that number of employees, perhaps about one-half of the space could be given up right now by the cartographic staff without any consolidation or reduction in current operations. The subsequent analysis provided us shows the rental savings attributable to relocation of \$329,000 and the total benefits of relocation of \$530,556 in reduced annual operating costs and not the \$2.1 million shown in the October 19 proposal. The \$2.1 million figure includes relocation benefits plus benefits derived from such things as program and service reductions, employee reductions, and giving up space which exceeds SCS current needs.

INADEQUATE PROGRAM ANALYSIS

Statements pertaining to increased program efficiencies throughout the proposal need substantiation. "Professional judgment" is, of course, a very important consideration when

management is analyzing its operation. However, for a change of this magnitude we think it reasonable that a thorough, methodical program analysis be conducted with every reasonable attempt made to quantify as many variables as possible. On the basis of our discussions with SCS officials and our analysis of the background and supporting data furnished us, we can only conclude that such a definitive analysis has not been made.

SCS formed a committee in March 1981 to perform a technical analysis of the cartographic staff consolidation. The committee issued its report in June 1981 which recommended consolidating at one site with 241 permanent, full-time (PFT) cartographic employees. In September 1981, the chairman of the consolidation committee and the Director of Cartography sent a memorandum to the Deputy Chief for Natural Resources which seems to summarily discount the value of the June 1981 report. The memorandum praises the report but then states that several other alternatives are possible, including one which sets a maximum ultimate employment level of 241 employees and an intermediate level of 200. According to the memorandum "as consolidation nears completion [SCS could] reevaluate staffing and space requirements." It would appear that SCS has a 27-page analysis to justify a recommendation for 241 PFT employees and a 2-page memorandum to justify alternatives. We asked SCS officials about this alternative at the November 9 meeting since this action would increase employment and negate some of the savings upon which the relocation/consolidation proposal is based. The officials said that an evaluation would be made and an increase was possible but that it was also possible that the decision could go the other way. That is, that other alternatives in the memorandum included staffing levels of 163 and 150. The October 19 proposal forwarded to the Department for decision contains no such alternatives.

Referring to a consolidation involving 200 employees, the proposal (p. 3) says that accomplishment levels will be below normal during a transition period but then "the cartographic staff will operate without duplication of effort and the level of accomplishment will be at or above preconsolidation levels." Neither the proposal nor the backup material offers an analysis of program operations at employment levels of 150, 163, 200, or 241. It would seem that before SCS commits itself to closing down regionalized offices, reducing staff, and disposing of equipment it should have a definitive plan detailing how its current operations would be affected under varying employment levels. Questions that arise include:

--What programs or services will be eliminated? Which ones will be reduced? Which ones will be performed by commercial contractors? At what cost? Which of the reduced or eliminated services will SCS State offices want to retain? Why? At what cost? Are there time/motion studies or workflow analyses which would help quantify

machine/human/process productivity? Have the present and projected programs been analyzed, with input from "consumers" of cartographic products, to prioritize programs and services?

We believe that SCS should have supported answers to such questions and should have a better idea of what its cartographic needs will be before it proceeds with a move such as has been proposed.

UNCERTAINTIES ABOUT COST/BENEFIT ANALYSIS METHODOLOGY

The October 19 proposal concludes that annual operating costs for the cartographic, employee development, and information staffs will decrease \$2.1 million after consolidation (from \$10.8 million to \$8.7 million). SCS's subsequent analysis concludes that only about \$531 thousand of the \$2.1 million savings can be specifically attributed to consolidating operations at Fort Worth. Both estimates seem questionable. The more significant problems with the cost/benefit analysis fall into two categories: personnel and rent.

Personnel

As stated earlier, a major problem with the October 19 proposal is that it deals with reductions in budgeted positions--many of which are vacant--and not with actual reductions in the number of permanent, full-time employees. Additionally, a better basis is needed for estimating the one-time costs of consolidation based on such considerations as how many employees (by grade and job classification) would choose to relocate; how many would have to be recruited, hired, and trained; how many would have to be separated.

We believe that SCS needs to establish, with some degree of certainty, what the employment level would be (150, 163, 200, 241, etc.); otherwise, the costs and benefits of a relocation/consolidation cannot be accurately compared. Even in the latest SCS analysis provided us, which is based on a 208-PFT employee level, questions arise as to what the actual number should be. The analysis compares a PFT staff of 224 employees at the four existing sites to 208 PFT employees at a consolidated site. There is some question about whether the 208 figure should be 216 or 217.

In addition to its effect upon a cost/benefit analysis, the number of PFT employees will also directly affect future commercial contracting costs. SCS needs to do a better job of correlating planned program and service levels with varying employment levels to ascertain what effect different combinations of such levels will have on future contracting costs. The subsequent proposal shows a \$445,000 increase in contracting costs

directly related to a reduction of 6.5 staff years of employment. Proposed reductions in the cartographic staff could amount to 72 staff years (a drop from 272 to 200). What would the effect of the remaining 65.5 staff-year reduction be?

Rent

We have major questions about the amount of rent included in the cost/benefit analysis. The rental cost figures used by SCS do not represent the actual costs incurred by the Government. SCS used rent amounts based on the standard level user's charge (SLUC) which must be budgeted for by SCS and "paid" to GSA. This SLUC rate is an accounting factor used in budget transactions between Government agencies. The SLUC rate that SCS "pays" is based upon rents charged for similar space (labs, offices, etc.) in specified geographic areas. However, actual cost to the Government to provide that space could vary widely since the space could be commercially leased (as in Lanham), it might be obtained in a very modern Federal building (as in Lincoln), or it might be located in an old, fully amortized, federally owned frame building (as in Fort Worth).

While SCS is rightfully concerned about costs and benefits affecting its budget picture, a cost/benefit analysis based on the SLUC rate does not truly recognize what the actual cost to the Government would be. The actual, real-Treasury-dollar costs (including moving costs, separation pay, facility renovation, unexpired commercial lease penalties, etc) must be weighed against actual, real-Treasury-dollar benefits to be derived from the move (reduced wages, reduced rent, etc.). While GSA SLUC rates have practical budgetary uses, they just are not a good basis for measuring real-dollar costs to the Government.

Other factors to be considered in estimating rental costs for the proposed move are as follows.

- According to GSA, the Lincoln Federal building has had a chronic history of vacant space and it will be very difficult to fill vacated SCS space (located in the basement). There is no real-dollar rent savings to the Government from SCS vacating this space.
- It is likely that GSA may have to move some smaller Federal agencies out of federally owned facilities in Fort Worth to make room for SCS. There will be an increase of real-dollar costs associated with this move since GSA will have to lease commercial space for the moved agencies. A very preliminary GSA rental estimate for the commercial space that would be needed was about \$300,000 a year.

--Breaking the lease for the Lanham facility may not be possible and GSA would probably be liable for several years of rent. How much of that liability should be included in cost/benefit calculations will depend upon how quickly GSA can find a suitable replacement tenant. Even though SCS will not actually pay this entire cost, it is a cost to the Government which must be borne by GSA and should be included in the cost/benefit analysis.

--The recent move of SCS to the Lanham facility cost the Government several million dollars. SCS should perhaps recognize this fact through an unamortized expense account to be associated with the one-time costs of the move to Fort Worth.

INADEQUATE BACKUP OR SUPPORTING DATA

If SCS submits a new proposal it should develop a package of backup material that would fully support and validate every substantive fact and figure used in the analysis. Studies and sources of "hard" empirical data should be cited. If a figure is based on estimates or professional judgment it should be identified for what it is and all underlying assumptions should be clearly stated. This kind of information is essential for the Department to be fully aware of the true consequences of whatever actions it may take.