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Report to Rep. Daniel J. Flood, Chairman, House Committee on Appropriations: Labor-Health, Education and Welfare Subcommittee; by Elmer B. Staats, Comptroller General.

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Social Security provides services to the public through 1,321 district and branch offices, most of which are leased by the General Services Administration (GSA). In September 1977, Social Security identified 36 offices that it considered inadequate and 16 offices whose space problems have been resolved after lengthy delays. In January 1978, 89 offices considered to be unacceptable were identified. Many of the space problems experienced by Social Security were attributable to delays in leasing space for office expansion or relocation, overcrowding and overuse of offices, and inadequate services. Findings/Conclusions: GSA generally leases district and branch offices in areas designated by Social Security. Disagreements sometimes arise over the location of offices and implementation of Government policy. Some offices were not properly maintained, caused by overcrowding and overuse of space and by inadequate services provided by lessors. Only 76 of the 1,321 district and branch offices were constructed by GSA with trust fund moneys. The average time from design start to construction completion was about 38 months, much longer than the time needed to lease. Agencies have complained because space is not leased in a timely manner. Both GSA and other agencies cite the lack of adequate staffing as a factor causing untimely performance. Other factors contributing to delays include: lack of suitable rental space in designated areas, leasing freezes due to budget constraints, lengthy negotiations, disputes over adequacy of offered space, and changes in space requirements. (RRS)

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# **REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES**

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## **Leasing Of Social Security Administration District And Branch Offices By The General Services Administration**

Social Security Administration provides services to the public through 1,321 district and branch offices, most of which are leased by the General Services Administration. Some of these offices are considered to be inadequate. Delays in leasing space for office expansion or relocation, overcrowding and overuse, and inadequate services are the reasons, in part, for this situation.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20541

B-95136

The Honorable Daniel J. Flood  
Chairman, Subcommittee on Labor,  
Health, Education, and Welfare  
Committee on Appropriations  
House of Representatives

Dear Mr. Chairman:

In House Report 95-381, dated June 2, 1977, on the Departments of Labor and Health, Education, and Welfare, and Related Agencies Appropriation Bill, 1978, the Committee asked us to investigate the reported inadequacy of a substantial number of Social Security Administration district offices leased by the General Services Administration.

We later agreed with your office to consider eight questions in our review. Detailed comments on each of the eight questions are included in appendix I and are briefly summarized below.

- Social Security provides services to the public through 1,321 district and branch offices, most of which are leased by the General Services Administration. Some offices are inadequate. In September 1977 Social Security identified 36 offices that it considered inadequate and 16 offices whose space problems had been resolved only after lengthy delays. In January 1978 it identified 89 offices considered to be unacceptable. We found that many of the space problems experienced by Social Security were attributable to delays in leasing space for office expansion or relocation, overcrowding and overuse of offices, and inadequate services.
- General Services generally leases district and branch offices in the areas designated by Social Security. However, disagreements sometimes arise over the location of offices and implementation of Government policy.

- Some district and branch offices were not properly maintained. This condition was caused in part by (1) overcrowding and overuse of space beyond designed capacity and (2) inadequate services provided by lessors. In some cases it took a long time to resolve complaints about the quality and adequacy of building services. Complaints about the quality of services were more prevalent in Region 2 (New York) than in other regions reviewed. Three offices there had to be closed temporarily due to inadequate services. General Services needs to be more responsive to complaints about the quality and adequacy of building services.
- Only 76 of the 1,321 district and branch offices were constructed by General Services for Social Security with trust fund moneys. The average time from design start to construction completion (excluding site acquisition) was about 38 months which is much longer than the time needed to lease. These buildings are newer and cleaner, but some are overcrowded. Social Security is expanding or has plans to expand 25 of the 76 offices. Some of these were completed only 5 years earlier. The construction alternative may not be economical for buildings expanded shortly after construction.
- Social Security regional officials in the four regions reviewed could not cite any instance where better space was available at equal or lower cost at the time of lease award. We found no case where Social Security notified General Services prior to lease award that better space was available at lower or equal cost.
- On January 9, 1978, we reported to the Administrator of General Services that agencies complain because space they need is not leased in a timely manner. Both General Services and customer agencies cite the lack of adequate staffing as a factor causing untimely performance. In addition to staffing, a number of factors, some beyond General Services' control, contribute to delays in meeting Social Security space requirements. These include:

1. Lack of suitable rental space in designated areas, particularly in the inner cities.
2. Rentals offered in inner-city areas that exceed the Economy Act limitation.
3. Leasing freezes due to budget constraints.
4. Lengthy negotiations.
5. Disputes between Social Security and General Services over adequacy of offered space.
6. Changes in Social Security space requirements.

Early in 1977 General Services implemented an accelerated leasing procedure for acquiring space of less than 2,500 square feet within 60 days. It was asked to extend the accelerated acquisition procedure to space requests of up to 5,000 square feet, which could cover about 67 percent of Social Security's requests for district and branch offices.

- Planning for future space requirements is generally on a year-to-year basis. According to Social Security, it is difficult to plan for possible increased space requirements for program changes that may be authorized by the Congress. Many requests for space in recent years were generated as a result of the implementation of the Supplemental Security Income program.
- The primary purpose for establishing General Services was to centralize in a single Government agency responsibility for the housekeeping functions of the executive branch, including leasing general-purpose space. We do not believe that granting independent leasing authority to Social Security is warranted. The granting of such authority would establish a precedent. However, General Services' performance in acquiring space could be improved.

Expanded construction authority would have limited impact on Social Security's space needs because it is usually feasible only for large offices with stable long-term space requirements. Social Security's most

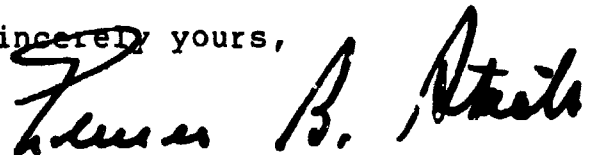
critical space problems are for one-story walk-in type offices in urban areas where construction of small buildings is usually not economical because of high land costs.

If independent leasing authority cannot be obtained, delegated authority would be considered an acceptable alternative by Social Security representatives. In our January 9, 1978, report, we suggested that General Services should adopt a more flexible position on lease delegations.

An administrative services study, which is being carried out as part of the President's Reorganization Project, is reviewing General Services' effectiveness as a central agency in the delivery of its services to Federal agencies, including acquisition of space. The study will consider the functions that could be enhanced by increased delegation or transfer of authority to program agencies.

As your office requested, we did not take the additional time needed to obtain written agency comments on the matters discussed in this report. Unless you publicly announce its contents earlier, no further distribution of this report will be made until 10 days from the date of the report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas B. Steels". The signature is written in a cursive style with a large initial "T".

Comptroller General  
of the United States

LEASING OF SOCIAL SECURITY ADMINISTRATION  
DISTRICT AND BRANCH OFFICES BY THE  
GENERAL SERVICES ADMINISTRATION

INTRODUCTION

The Social Security Administration (SSA), Department of Health, Education, and Welfare (HEW), is responsible for a variety of programs. SSA provides program services to the public through 1,321 district and branch offices.

The General Services Administration (GSA) acquires general-purpose space for Federal agencies by construction, purchase contract, <sup>1/</sup> or lease. GSA is authorized to enter into leases, not to exceed 20 years, for accommodating agencies in existing buildings or those to be erected by lessors. GSA is responsible for locating suitable space to meet agency requirements, negotiating and awarding leases, and ensuring that lease terms are met.

GSA handles about 400 requests for space a year from SSA, many of which are generated because of expanding space requirements. SSA's requests for space are reviewed by HEW's Regional Operations for Facilities Engineering and Construction and then are forwarded to a GSA regional office for action.

SSA district and branch offices are located in leased space, buildings specifically constructed for SSA with trust fund moneys, or Government-owned space, as follows:

	<u>SSA district/branch offices</u>
Leased space	1,101
Trust fund buildings	76
Other Government-owned space	<u>144</u>
Total	<u><u>1,321</u></u>

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<sup>1/</sup>The authority to acquire space by purchase contract expired June 30, 1975.

SCOPE

Our review was performed at SSA headquarters, Baltimore, Maryland; GSA central office, Washington, D.C.; HEW headquarters, Washington, D.C.; and at SSA and GSA regional offices in New York, Chicago, San Francisco, Dallas, and Fort Worth. The four Social Security regions selected for review accounted for about 49 percent of all SSA district and branch offices. We visited selected district and branch offices in the four regions and discussed the adequacy of their space with the district and branch managers. Among the offices visited were some that had been cited by Social Security in a September 1, 1977, letter to General Services as having inadequate space.

Comments on each of the eight questions considered follow.

1. ARE THERE SIGNIFICANT NUMBERS OF SSA DISTRICT AND BRANCH OFFICES WHICH ARE NOW LOCATED IN BELOW STANDARD BUILDINGS IN TERMS OF PHYSICAL PLANT CHARACTERISTICS?

At GSA's request, SSA on September 1, 1977, identified 36 offices that were housed in inadequate space and 16 offices whose space problems had been resolved only after lengthy delays. Delays in leasing space for office expansion or relocation were contributory factors for many of the space problems at SSA district and branch offices.

Offices that were not large enough to accommodate growing SSA operations became overcrowded and overused. Overuse of space contributed to heating, ventilating, air-conditioning, janitorial, and maintenance problems. For many offices at inner-city locations, GSA had difficulty in obtaining suitable additional or replacement space. This problem is discussed further under question 6. As discussed in question 3, some district and branch offices were not properly maintained.

A few offices located above the ground floor had inadequate or no elevator service, but this situation did not appear to be widespread.

By letter dated November 17, 1977, the SSA Associate Commissioner for Program Operations informed SSA regional, district, and branch office officials about the efforts taken to improve the quality of field office space. The letter stated that at a meeting at SSA headquarters:



"It was agreed to request the appropriations committees of HEW and GSA, through the Office of Management and Budget (OMB), to earmark specific amounts of GSA's appropriations for the acquisition and management of SSA field offices. This would include funds for an appropriate number of GSA staff to be dedicated full-time to the business of handling SSA space matters in the field. This approach to solving SSA's space problems appeared to be the most practicable, although other alternatives including seeking our own leasing authority were considered.

"It was also decided that additional documentation is needed to support this approach. OMA [Office of Management and Administration], SSA, has had the SSA film crew make films of selected offices to illustrate the seriousness of our need for improved space. OPO [Office of Program Operations] has developed a questionnaire to be completed by every district, branch, and teleservice center manager. This questionnaire is designed to provide a current assessment of office quality throughout the country."

The questionnaire required a series of answers about the characteristics of the facilities, including location, size, availability of transportation, adequacy of heating and air-conditioning, space layout, access to space, and other factors.

The results of the questionnaire had not been tabulated at the completion of our fieldwork on January 6, 1978. An SSA official informed us on January 11, 1978, that the preliminary results show that about 7 percent of the offices are in unacceptable space. The overall results are summarized as follows.

<u>Offices</u> <u>(note a)</u>	<u>Category</u>
282	Very good--Fully meets all applicable standards and guides.
579	Good--Meets most standards and guides.
297	Fair--Has some deficiencies but is acceptable.
104	Poor--Has some deficiencies and is barely acceptable.
<u>89</u>	Unacceptable--Does not meet standards and guides and is unacceptable.

1,351

a/Includes 1,321 SSA district and branch offices and 30 tele-service centers.

On January 18, 1978, SSA headquarters officials stated that these preliminary statistics, provided by district office managers, are subjective and do not reflect the full magnitude of the space problems.

2. ARE THE OFFICES PLACED AT THE BEST POSSIBLE LOCATIONS FOR SERVING THE ELDERLY AND DISABLED SOCIAL SECURITY POPULATION?

GSA generally leases district and branch offices in the areas designated by SSA, and SSA usually concurs in lease awards for such offices. However, disagreements sometimes arise concerning the location of offices and implementation of Government policy.

Executive Order 11512, February 27, 1970, states in part that:

"(2) Consideration shall be given in the selection of sites for Federal facilities to the need for development and redevelopment of areas and the development of new communities, and the impact a selection will have on improving social and economic conditions in the area."

In implementing the requirements of the Executive order, GSA revised the Federal Property Management Regulations and promulgated a new policy requiring that leased facilities be located in the central business district and fringe areas thereof. SSA, however, believes its field activities are customer oriented and, therefore, should be readily accessible to the community they serve.

In three of the four regions reviewed, we found that for six cases there was a conflict between GSA's central business district policy and SSA's objective of locating offices in the center of the community being served. In the other SSA region there were no conflicts concerning office locations.

In a September 1, 1977, letter to GSA, an SSA Associate Commissioner referred to the competing objectives of the Government's space management program. We were told that he was contrasting the requirements of Executive Order 11512 with section 901(b) of the Agricultural Act of 1970, as amended, which requires that first priority be given to locating new offices and other facilities in rural areas. Although there appears to be a conflict between the requirements of the act and the Executive order, we found no instances where the act was applied to the location of SSA offices.

3. IS THERE EVIDENCE THAT SERVICES PROVIDED BY LESSORS DO NOT MEET LEASE REQUIREMENTS AND THUS RENDER ADEQUATE SPACE UNACCEPTABLE?

Some district and branch offices were not properly maintained. This condition was caused in part by (1) overcrowding and overuse of space beyond designed capacity and (2) inadequate services provided by lessors. In some cases, it took a long time to resolve complaints about the quality and adequacy of building services. GSA needs to be more responsive to complaints about the quality and adequacy of building services. SSA regional officials were critical of what they considered lack of responsiveness. According to these officials, GSA often waits until a problem reaches a crisis stage before doing anything about it. As a result, SSA personnel frequently deal directly with lessors rather than through GSA to obtain correction of maintenance and repair problems.

GSA buildings managers are responsible for monitoring the adequacy of lessor services. They serve as the focal point for referring tenant complaints to lessors and for

followup to assure corrective action. According to standard lease provisions, if the lessor fails to provide required services, GSA can take over and provide those services and offset the costs against rent. Takeover and offset requires a warning letter and formal notice to the lessor and are used by GSA only as a last resort when a lessor fails to respond to repeated requests for corrective action.

Complaints about the quality of building services were more prevalent in SSA Region 2 (New York) than in the other three SSA regions reviewed. During the 8 months ended August 31, 1977, SSA complained in writing about the adequacy of lessor services for 17 of the 144 SSA district and branch offices in Region 2. More than one written complaint was received for 6 of the 17 offices. Although GSA responded to all complaints, problems in several instances remained unresolved for long periods. Three offices had to be closed temporarily due to inadequate lessor services.

SSA Region 6 cited six locations where lessors had not provided adequate services. For two of these, GSA obtained corrective action only after it threatened to provide the services and offset the cost against rent payments.

SSA Region 5 cited three branch offices where lessors did not provide adequate services. One of these offices was closed in July 1975 because it was overcrowded and poorly maintained. Region 9 cited one branch office where the lessor was not responsive to complaints about the heating, ventilating, and air-conditioning problems that have existed since SSA first occupied the building in August 1976.

4. DOES THE EVIDENCE SUPPORT THE PROPOSITION THAT THE SOCIAL SECURITY ADMINISTRATION IS ABLE TO GET BETTER FACILITIES AT A LOWER COST WHEN GSA BUILDS OFFICES WITH SSA CONSTRUCTION FUNDS?

Only 76 of the 1,321 SSA district and branch offices were constructed by GSA specifically for SSA with trust fund moneys. Most of these buildings (66) were completed between 1969 and 1973. The average time required from design start to construction completion (excluding site acquisition time) was about 38 months, much longer than the time required to lease space.

It was anticipated that when these buildings were constructed, the proposed size of the individual district office would provide adequate space for the existing staff and

capacity for about 10 years of expansion to cope with normal growth. Another 10 years of expansion could be provided later by construction of an addition to the buildings. Two offices, Modesto, California, and Corbin, Kentucky, were expected to fill expansion requirements for 20 years before additions to the buildings were needed. SSA is currently expanding or has plans to expand 25 of the 76 offices, including the Modesto and Corbin offices, because they have outgrown the space.

For example, construction of the Modesto office was completed in October 1972, on the assumption that it would meet existing and future requirements for about 20 years and could later be expanded. When occupied, the Modesto office had a staff of 50. Five years later the staff had increased to 80 and could not be accommodated in the building. About 15 are housed in a trailer in the parking lot. SSA plans to expand the building.

Both regional and headquarters SSA officials said that these buildings are usually superior to leased buildings because SSA controls the site selection and building design. The buildings are constructed according to SSA specifications, whereas the quality of leased space is determined partly by availability and must be adapted to requirements. Regional officials believe that the leasing alternative provides more flexibility to meet changes in program requirements and faster acquisitions of space. The buildings constructed for SSA are generally newer and cleaner and are more likely to have adequate parking.

Although Federal construction entails large initial expenditures, total fund requirements would be substantially less than the lease payments made for long-term leases of 20 or 30 years. However, in comparing estimated leasing costs with estimated construction costs, it is necessary to discount these costs to correspond with the timing of cash outlays. The Office of Management and Budget Circular A-104 dated June 14, 1972, prescribes the overall procedures, assumptions, discount rate, and format to be used in a comparative cost analysis to support decisions to lease or purchase general-purpose real property. This circular applies to all Federal agencies except the Postal Service.

The 76 SSA buildings were approved before issuance of that circular and were not supported by an economic analysis prepared in accordance with the criteria in the circular.

GSA made cost comparisons for 37 buildings. These comparisons indicated there would be sizable savings by Federal construction.

Following is a summary of a 1964 cost comparison for 25 buildings that was included in a prospectus submitted to the House and Senate Committees on Public Works.

Lease costs for 40 years at \$385,325 a year (undiscounted)		\$15,413,000
Project cost (undiscounted)	\$5,307,000	
Repair and upkeep 40 years (undiscounted)	2,040,000	
Interest at 3-3/4% required to amortize project cost	<u>2,399,500</u>	<u>9,746,500</u>
Savings by Federal construction		<u>\$ 5,666,500</u>

We believe that if future fund outlays were discounted to correspond with the timing of cash flows, the reported savings for Federal construction would be less. Also, expansion costs may offset part or all of the reported savings. Generally, an economic analysis will show that Federal construction and ownership, rather than leasing, is the more favorable alternative over a period of 20 years or more. For short periods leasing would generally be more economical.

#### 5. IS BETTER SPACE AVAILABLE AT EQUAL OR LOWER COST?

Officials in the four SSA regions could not cite any instance where better space was available at equal or lower cost at the time of lease award. In reviewing selected lease awards, we found that SSA or HEW's Regional Operations for Facilities Engineering and Construction participated in GSA's market surveys, approved solicitations for offers before issuance, and gave prior concurrence to leases awarded by GSA. In some cases SSA took the initiative and identified suitable space that might be leased. GSA usually followed through and contacted the building owners about leasing to the Government. We did not find any case where SSA notified GSA prior to lease award that better space was available at equal or lower cost.

#### 6. WHY ARE SSA SPACE REQUESTS NOT BEING FILLED BY GSA IN A TIMELY MANNER?

Our January 9, 1978, report (LCD-78-303), said agencies complain that GSA does not lease space for them in a timely manner. GSA established a goal of 180 days to meet agency

space requirements; however, it took an average of 239 days to fill agency requests in 1976, and for some large agencies nearly a year. Both GSA and customer agencies cite the lack of adequate staffing as a factor in delayed performance. In addition to staffing, a number of factors, some beyond GSA's control, contribute to delays in meeting SSA's space requests. These include:

- Lack of suitable rental space in designated areas, particularly in the inner cities.
- Rentals offered in inner-city areas exceed the Economy Act limitation.
- Leasing freezes due to budget constraint .
- Lengthy negotiations.
- Disputes between SSA and GSA over adequacy of offered space.
- Changes in SSA space requirements.

GSA handles between 500 and 700 space requests a year for HEW, 400 of which are for SSA. The average time required for GSA to complete HEW requests increased from 272 days in calendar year 1975 to 329 days in calendar year 1976. Since 1973, many requests for additional space were generated by the Supplemental Security Income program (SSI). This program provides benefits for the aged, blind, and disabled persons with low incomes. The SSI workload growth began on January 1, 1974, when SSA started making payments to about 3 million people converted from State and local programs. By December 1976, SSI beneficiaries had increased to 4.2 million. The following table shows the increase in the number of SSA field offices in SSA Region 2 (New York) in recent years.

Number of  
SSA Region 2 Field Offices

	<u>Government-owned</u>	<u>Leased</u>	<u>Total</u>
June 1971	5	80	85
April 1973	6	98	104
July 1975	16	144	160
August 1977	23	148	171

As of August 1, 1977, SSA Region 2 had 43 unfilled requests for space as follows:

- 26 for expansion of existing facilities.
- 10 for expansion by relocation.
- 4 for new offices.
- 3 for temporary space.

The following table shows the age of requests and GSA's expected completion dates for the space actions. It provides a rough gage of the extent of the delay problem in meeting known space requirements, as of August 1, 1977.

<u>Age of request</u>	<u>Number of requests</u>	<u>Expected completion</u>		
		<u>1977</u>	<u>1978</u>	<u>(note a)</u>
Less than 1 year	15	11	3	1
Over 1 year	10	3	5	2
Over 2 years	17	8	9	-
Over 3 years	<u>1</u>	<u>1</u>	<u>0</u>	-
	<u>43</u>	<u>23</u>	<u>17</u>	<u>3</u>

a/Not noted on status report.

Most of the requests pending for over 2 years either require construction to expand facilities or acquisition of requested locations in inner-city areas. These areas present special problems because of very limited or no suitable rental space or because the rent for space that is available exceeds the Economy Act limitation. The act limits annual rent to 15 percent of the appraised value of the building at the time of lease award. The requests pending for over 2 years included

- six requests requiring expansion of Government-owned (SSA Trust Fund) buildings,
- five requests requiring expansion space in leased facilities,
- four requests for relocation space, and
- two requests to provide space for new branch offices.



The one request over 3 years old is for additional space in Jamestown, New York. The request requires expansion of the Post Office building currently occupied by SSA.

GSA's budget constraints resulted in two leasing freezes--the first from July to December 1974 and the second from October to December 1976. According to HEW, some SSA lease actions nationwide were delayed as a result of the budget freeze.

Early in 1977, GSA implemented an accelerated leasing procedure for meeting requests for less than 2,500 square feet of space within 60 days. Officials believe that under this procedure, space could be identified, negotiations concluded, alteration plans completed, and leases executed in a few days, with delivery in 60 days or less in many instances. HEW statistics indicate that about 17 percent of SSA's space requests for district and branch offices have been for 2,500 square feet or less. HEW asked GSA to expand the accelerated acquisition procedure to space requests of up to 5,000 square feet. HEW statistics show that this could cover about 67 percent of SSA's space requests for district and branch offices. GSA officials told us they were considering the matter and there was a possibility that the procedure would be extended to requests for up to 5,000 square feet. HEW believes that extending the procedure to acquisitions of 5,000 square feet holds much promise for satisfying most of SSA's requests in a much shorter time.

We believe that this accelerated leasing procedure may reduce the time required to complete some lease actions, but it will not result in timely action when there is no suitable space available in the inner cities.

7. DOES SSA OR HEW PLAN FAR ENOUGH IN ADVANCE FOR CHANGING AND INCREASING SPACE REQUIREMENTS?

Planning for future space requirements is generally on a year-to-year basis. According to SSA, it is difficult to plan ahead for increases in space requirements resulting from possible program changes that may be authorized by the Congress. Moreover, GSA will not accept a formal request for space that is not fully justified in advance. Many of the requests for space in recent years were generated by implementation of the SSI program.

Most of SSA's space requests are on an "as soon as possible" basis. When a request for space is initiated,

the office is often already overcrowded. In effect, no leadtime is allowed for space acquisition. The overcrowded condition existing when a request is made then fosters a belief that the process is fraught with lengthy unwarranted steps and duplicative cumbersome interagency actions. When problems in the process arise, they are magnified by the critical need for additional space.

In recent years, SSA's annual increase in field facility staffing (an indicator of space requirements) has averaged about 4 percent. However, field facility staffing rose by 38 percent in fiscal year 1974 and 18 percent in 1975 due to implementation of the SSI program.

Until recently, SSA based the amount of space required on the authorized number of employees plus one half the number of employees to be added to the office staff during the term of the lease based upon approved budgeted or firmly planned personnel ceilings.

In March 1977, GSA and SSA agreed that space requests for selected offices may include a 3-year expansion capability not to exceed 10 percent with the proviso that, when operational needs call for more space, SSA may deviate from this allowance. However, if the national health insurance bill becomes law and program responsibility is assigned to SSA, the 10-percent-expansion capability may not be adequate.

8. SHOULD CONGRESS CONSIDER PROVIDING SSA WITH INDEPENDENT AUTHORITY TO NEGOTIATE LEASE CONTRACTS, OR EXPAND ITS CONSTRUCTION AUTHORITY, OR SHOULD GSA EXPAND ITS CRITERIA FOR DELEGATING LEASING AUTHORITY TO INCLUDE SSA DISTRICT AND BRANCH OFFICES?

#### Independent authority to negotiate lease contracts

SSA officials believe that SSA should be given independent leasing authority and that it would be more responsive to the needs of the field offices and could obtain suitable space in a timely manner. SSA admits that if it obtained independent leasing authority, it would have to hire and train staff to handle the functions presently handled by GSA.

However, neither GSA nor HEW's Regional Operations for Facilities Engineering and Construction favor providing SSA with independent authority to negotiate lease contracts. Both agencies believe a centralized leasing agency provides a more effective and efficient way for the Government to

acquire space than having each agency acquire its own space. An HEW official in Region 2 stated that it would be costly for SSA to acquire and develop expertise for handling leasing.

The primary purpose for establishing GSA was to centralize in a single Government agency responsibility for the housekeeping functions of the executive branch--procurement of real property, records management, and other functions. GSA was given authority to lease general-purpose space for Federal agencies.

GSA's performance in acquiring space for SSA could be improved. It could be more responsive to SSA requests and complaints, although some problems are beyond GSA's control.

We do not believe that granting independent leasing authority to SSA is warranted. SSA would be more responsive to program requirements but some problems, such as lack of suitable space in inner-city areas or the Economy Act rental limitation, are beyond its control. Moreover, granting SSA independent leasing authority, would establish a precedent for other agencies to obtain independent leasing authority.

#### Expanded construction authority

We believe that expansion of SSA's construction authority would have a limited impact on SSA's overall district and branch office space needs. The construction alternative is usually feasible only for offices with a stable long-term space requirement. However, the space requirements of many SSA offices change often. Furthermore, SSA's most critical space problems are for one story walk-in type offices in urban areas where it is usually not economical to construct small buildings because of high land costs. Also, it takes much longer to construct than lease offices.

#### Expanded delegation of leasing authority

As stated above, SSA officials would prefer independent leasing authority. They said that if this cannot be obtained, delegated authority would be an acceptable alternative. GSA and HEW's Regional Operations for Facilities Engineering and Construction do not favor granting SSA delegated leasing authority.

The Congress withdrew authority from Federal agencies to lease general-purpose space and transferred it to GSA under a 1950 reorganization plan. The plan was flexible, authorizing

GSA to delegate this authority back to the agencies, subject to standards and regulations it prescribed.

In our report dated January 9, 1978, we stated that the present lease-delegating practices are not always efficient because GSA (1) is involved needlessly in numerous small single-agency leases in remote areas where there is no concentration of Federal activities and (2) refuses to make delegations to agencies even though it cannot lease space for all of them in a timely manner. We suggested that GSA should adopt a more flexible approach on lease delegations which would consider the most economical and efficient acquisition procedures and the best use of its staff.

On June 29, 1977, the President announced that he had directed a reorganization project staff at the Office of Management and Budget to begin a comprehensive review of the management of administrative services within the Government. A preliminary review indicated significant problems with existing services.

On October 5, 1977, the Administrator of General Services and the Acting Director, Office of Management and Budget, announced that an administrative services study (now underway), to be carried out as part of the President's Reorganization Project, will be made of the GSA management and delivery of administrative services to Federal agencies. It will assess the roles of GSA and other agencies in providing services related to real and personal property, transportation, data processing, telecommunication, and records management. One of the many areas to be covered is the GSA functions that could be enhanced by increased delegation or transfer of authority to the program agencies. The Administrator said that the project must determine the full extent and validity of criticism of GSA's effectiveness as a central agency and what organizational and procedural remedies may be needed to improve the overall economy and quality of administrative services to Federal agencies.

The Administrator also said that the project will draw heavily on (1) the work of the Commission on Government Procurement and (2) our numerous studies and recommendations.