

12/25/79 111056

REPORT BY THE
Comptroller General
OF THE UNITED STATES

FCC's Decision To Consolidate Licensing Division In Gettysburg, Pa. Was Made Without Adequate Analysis

The Federal Communications Commission may achieve some benefits with the planned consolidation of its Private Radio Bureau's Licensing Division in Gettysburg, Pennsylvania. However, FCC has not adequately analyzed all the benefits or costs of consolidation.

Some benefits FCC expects were not adequately supported and could be partly achieved without consolidation. Also, FCC did not evaluate thoroughly the costs involved, particularly the loss of experienced staff. About 84 percent of the Washington staff indicated that they either definitely or probably will not transfer to Gettysburg.

FCC should reconsider its decision to consolidate its Licensing Division in Gettysburg.

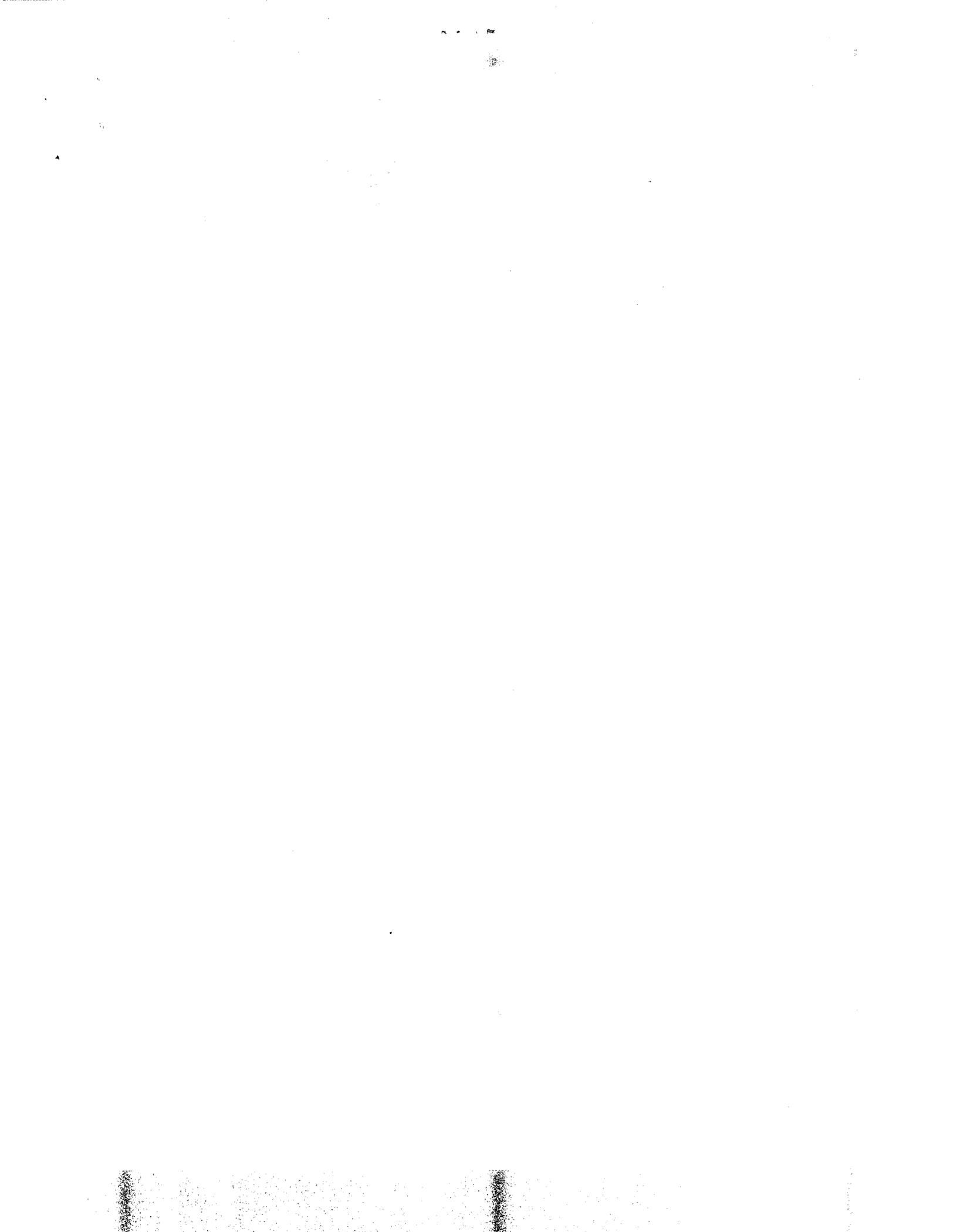


111056



008020

CEG-80-27
DECEMBER 3, 1979





COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-145252

9
The Honorable Paul S. Sarbanes
United States Senate

12
The Honorable Henry S. Reuss
Chairman, Committee on Banking,
Finance and Urban Affairs
House of Representatives

HSR 05480

1
2
In response to your July 10, and July 18, 1979, requests, we reviewed the Federal Communications Commission's (FCC's) justification for the planned consolidation of its Private Radio Bureau's Licensing Division in Gettysburg, Pennsylvania. Presently about 90 employees work in the Division's Washington, D.C., office and about 77 in the Gettysburg office. We examined FCC's support for its belief that consolidating the Division will result in improved service to the public. We surveyed the availability and cost of office space both in the Washington and Gettysburg areas. We also evaluated, to the extent possible, the costs associated with the consolidation and attempted to determine the impact consolidation would have on affected employees. 71 03-13

Our review disclosed that FCC lacks adequate support for the benefits it expects to occur through consolidation. Likewise, it has not accurately assessed the costs which will result from the move. Because of this, we recommend that FCC reconsider its decision to consolidate the Licensing Division in Gettysburg. Our findings are summarized below and discussed in more detail in appendix I.

The Private Radio Bureau's Licensing Division is responsible for all aspects of licensing in the private radio services--a highly diverse set of communications services ranging from citizens band radio to private microwave. The Division's primary goal is to license all stations as quickly as possible upon receipt of an appropriate application from an eligible individual.

In May 1979 FCC decided to consolidate the Licensing Division by transferring the functions located in Washington to Gettysburg. It plans to make this consolidation over a 3-year period. By October 1979 FCC had transferred some licensing functions to Gettysburg. However, most of the licensing functions which were performed in Washington before

the consolidation decision will remain there until FCC locates an adequate facility in Gettysburg.

The decision to consolidate was not predicated on dollar savings but rather on improving Division operations and, thus, increasing service to the public. Specifically, FCC stated that through consolidation it would be able to improve Division operations by:

- Reducing administrative duplication and overlap.
- Increasing management flexibility in shifting the work force to meet peak work loads.
- Reducing application backlog and improving processing times.

Cost savings were, however, a factor in FCC's selection of Gettysburg as the site of the consolidation. For example, FCC stated that since employee turnover in Gettysburg was approximately one third of that in Washington, consolidation in Gettysburg would reduce training costs, while also creating a more stable work force. In addition FCC estimated that relocation would save \$120,000 per year through reduced space rental costs and would make available "urgently needed" office space for other programs at headquarters. FCC did not, however, prepare a detailed analysis quantifying all the benefits and costs associated with consolidation.

C3
C4 In letters dated June 4, 1979, FCC notified the Chairmen of the Subcommittees on State, Justice, Commerce and the Judiciary, House and Senate Committees on Appropriations, of its intention to consolidate the Licensing Division for the above reasons. On July 17, 1979, the House Subcommittee on State, Justice, Commerce and the Judiciary, held hearings to consider whether FCC funds should be reprogrammed to carry out the consolidation. During these hearings FCC supplied additional information supporting its decision to consolidate. On July 19, 1979, and August 3, 1979, the Subcommittees on State, Justice, Commerce and the Judiciary, House and Senate Committees on Appropriations, respectively, authorized FCC to reprogram funds to carry out the consolidation. H 34
S 312

While some benefits will occur through consolidation, we question whether the information FCC provided to the congressional committees accurately reflects the costs and benefits associated with the move. In this regard, some of the improvements which FCC cited are not adequately

supported; appear to be overstated; and could be accomplished, to some extent, under the existing organizational arrangement. For example, adequate documentation does not exist to support FCC's contention that through consolidation the Licensing Division will need 17 fewer positions to meet its objectives. Likewise, the gains in application processing times FCC predicted are not substantiated by thorough analysis.

Further, we believe FCC somewhat overstated the difference in turnover rates between Washington and Gettysburg. More importantly, this difference results from the promotion or reassignment of Washington employees to other positions in FCC--a situation which produces benefits as well as costs to FCC.

Since FCC has not located a building in which to house the Licensing Division in Gettysburg, we also question its estimate of savings which will occur through reduced rental costs. In this regard, it appears that rental costs in Gettysburg are likely to exceed FCC's estimate if construction or extensive renovation is required.

At the same time, we believe that FCC may not have adequately considered all the disadvantages which result from consolidation. Because of the large number of employees who are unlikely to transfer to Gettysburg (see p. 18), FCC will incur substantial training costs. Likewise, relocating the Division in Gettysburg will, to some extent, impair coordination with other FCC units and result in some inconvenience and expense to private concerns which interact with the Division.

Finally, we believe that FCC has not fully considered the ability of staff choosing not to transfer to find other employment nor its own ability to replace these workers.

We recommend that the Commission reconsider its decision to consolidate the Licensing Division in Gettysburg, Pennsylvania. As part of this reconsideration, we recommend that the Commission clearly distinguish those benefits which can be achieved only through consolidation and weigh them against the associated costs--particularly the loss of experienced staff.

FCC officials told us that while they continued to believe that consolidation of the Licensing Division would be beneficial, they would give consideration to the information contained in this report.

B-145252

As arranged with your office, we are sending copies of this report to the Director, Office of Management and Budget; Chairman, Federal Communications Commission; and the appropriate congressional committees. Copies will also be available to other interested parties upon request.

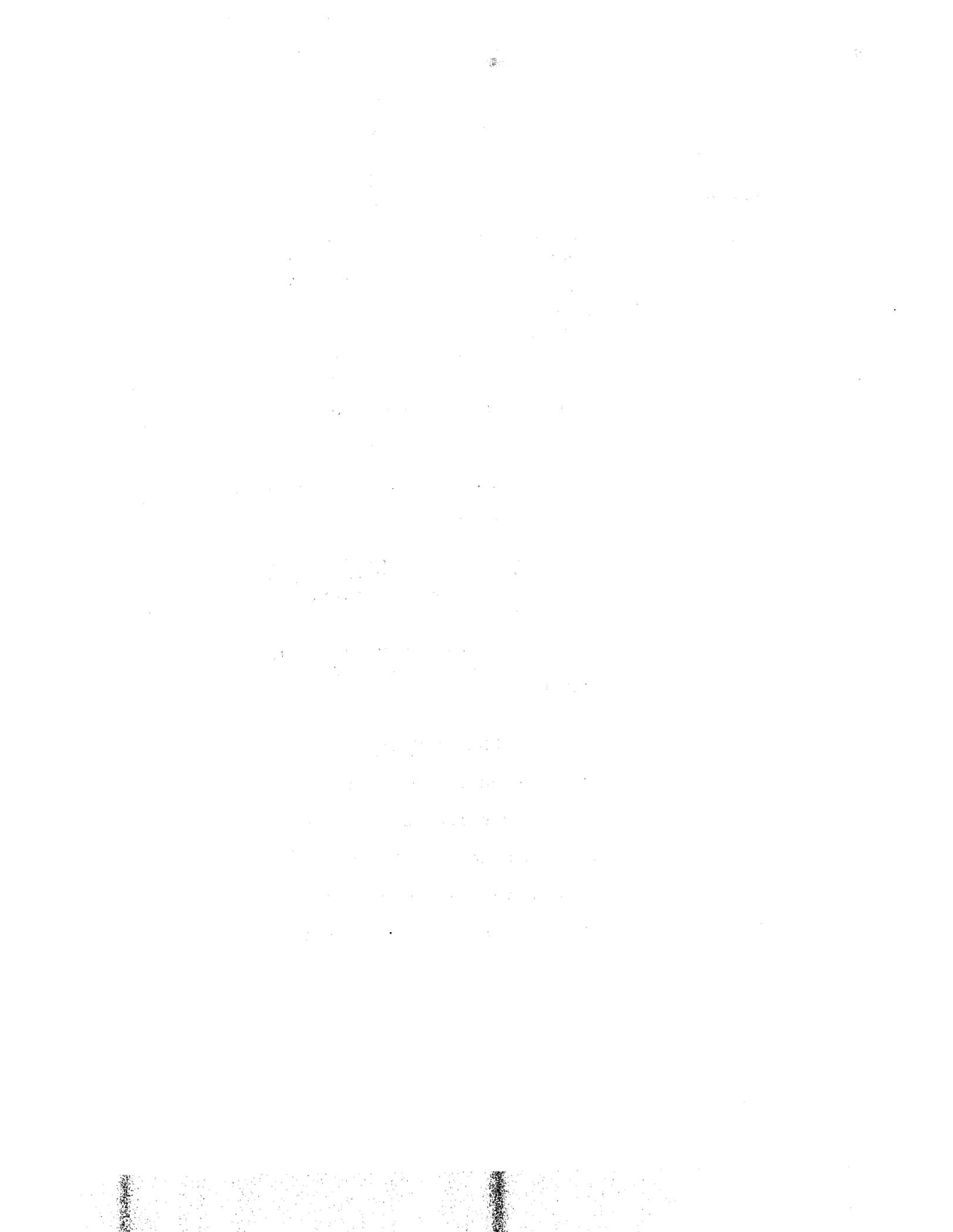

Comptroller General
of the United States

C o n t e n t s

| | <u>Page</u> |
|---|-------------|
| APPENDIX | |
| I | |
| COMPARISON OF BENEFITS AND COSTS ASSOCIATED WITH FCC'S DECISION TO CONSOLIDATE ITS LICENSING DIVISION IN GETTYSBURG, PENNSYLVANIA | 1 |
| Background | 1 |
| How FCC expects to improve service to the public through consolidation | 4 |
| Advantages of consolidation in Gettysburg | 11 |
| Costs of consolidation | 17 |
| Conclusions | 26 |
| Recommendation to the Chairman, FCC | 27 |
| Agency comments | 27 |
| II | |
| FCC'S PROJECTION OF GAINS IN SPEED OF SERVICE RESULTING FROM CON- SOLIDATION OF THE LICENSING DIVISION | 29 |
| III | |
| RESPONSES TO QUESTIONNAIRE ADMIN- ISTERED TO LICENSING DIVISION EMPLOYEES | 30 |

ABBREVIATIONS

| | |
|-----|-----------------------------------|
| CB | Citizens Band Radio Service |
| FCC | Federal Communications Commission |
| GAO | General Accounting Office |
| GSA | General Services Administration |
| OPM | Office of Personnel Management |



COMPARISON OF BENEFITS AND COSTS ASSOCIATED
WITH FCC'S DECISION TO CONSOLIDATE ITS LICENSING
DIVISION IN GETTYSBURG, PENNSYLVANIA

BACKGROUND

The Federal Communications Commission (FCC), created under the Communications Act of 1934 (47 U.S.C. 151 et seq.), is responsible for regulating interstate and international communications by radio, television, wire, and cable. FCC's regulatory objectives include (1) providing orderly development and operation of radio services, (2) making available rapid, efficient, nationwide and worldwide telegraph and telephone service at reasonable charges, (3) promoting the safety of life and property through the use of wire and radio communication, and (4) employing communication facilities in the national defense.

FCC is organized into five operating bureaus: the Broadcast Bureau, the Cable Television Bureau, the Common Carrier Bureau, the Private Radio Bureau, and the Field Operations Bureau. Bureau functions include

- developing and implementing regulatory programs,
- processing applications for licenses or other filings,
- considering complaints,
- conducting investigations, and
- taking part in FCC hearings.

Organization and responsibilities
of the Private Radio Bureau

FCC's Private Radio Bureau is responsible for regulating a highly diverse set of communication services--the private radio services. ^{1/} These services include nationwide and international use of radio by persons, businesses, State and local governments, and other organizations which are licensed to operate communications systems under their own control.

^{1/}The Broadcast Bureau regulates AM, FM, and television broadcast stations and related facilities.

The private radio services can be broken into eight major categories: aviation; marine; industrial (including business, manufacturers, petroleum, and forest products services); public safety (police, fire, and other public safety services); land transportation (railroad, motor carrier, taxicab, and automobile emergency); private operational fixed microwave; amateur (ham radio); and personal radio (including citizens band). As of 1978 about 15 million stations were authorized to operate in these services.

The Private Radio Bureau is organized into four divisions. Each is responsible for one of the Bureau's four primary activities: policy development, rulemaking, licensing, and compliance. ^{1/} The Policy Development Division conducts activities necessary to develop regulatory policy for private radio services. These include identifying major policy issues, conducting policy related research, and providing analytical assistance and advice to other divisions. The Rules Division handles all phases of rulemaking for the private radio services. It also helps the Policy Development Division to assess policy feasibility and the Licensing Division on application matters. The Licensing Division is responsible for processing applications. Finally, the Compliance Division develops and carries out programs to promote rule compliance and good operating practices.

Organization and responsibilities of the Licensing Division

The Licensing Division is responsible for all aspects of licensing for the private radio services. These responsibilities include:

- Developing application forms and procedures which will provide information required to determine whether an applicant is eligible for entry into a specific service.

^{1/}The Bureau's present structure resulted from a reorganization which took place on January 12, 1979. The reorganization was designed to improve the Bureau's operating efficiency by: improving the planning and coordination functions; eliminating conflicts between existing divisions; and allowing more flexibility in shifting resources to problem areas. At that time, the Bureau's name was changed from the Safety and Special Radio Services Bureau to the Private Radio Bureau.

- Reviewing and processing applications to determine whether an applicant is qualified and a license should be issued.
- Issuing licenses or grants containing information on the conditions of the authorization, including frequency assignment when appropriate.

In addition, the Division is responsible for streamlining the licensing process so that applicants can quickly and easily obtain a license; assisting applicants who need help in filling out applications and answering questions on service eligibility; and participating in meetings with industry, government, and user groups on licensing matters. The Licensing Division is also responsible for coordinating with other units within FCC. (See p. 21.)

The primary goal of the Private Radio Bureau's licensing program is to license all stations as expeditiously as possible upon appropriate application from any eligible person in any of the private radio services.

The Licensing Division is organized into four branches: Aviation and Marine Licensing, Microwave, Land Mobile, and Gettysburg. The Aviation and Marine Licensing Branch handles authorization of service functions for aviation and marine services. The Microwave Branch operates a licensing system for the private operational fixed microwave service and provides technical and engineering support on private microwave matters. The Land Mobile Branch directs the issuance of station licenses in the industrial, public safety, and land transportation services. The Gettysburg Branch handles service authorizations in the amateur and personal radio services. It also processes certain types of aviation and marine licenses and land mobile applications.

Scope of review

We conducted our review at FCC headquarters in Washington, D.C., and at its office in Gettysburg, Pennsylvania. We reviewed pertinent legislation, agency documents and reports, and interviewed FCC officials and employees. We also discussed various aspects of the Licensing Division consolidation with officials from public and private organizations, including other Federal Government agencies. We administered questionnaires to Licensing Division staff to determine

- what impact the consolidation in Gettysburg will have on Division operations and on affected employees and
- what impact would occur if the Division were consolidated in the Washington area.

We also examined FCC's justification for the consolidation and relocation, the availability and cost of space in the Washington and Gettysburg areas, the impact of the relocation on other FCC units and private concerns, and the probable costs to relocate employees.

HOW FCC EXPECTS TO IMPROVE
SERVICE TO THE PUBLIC
THROUGH CONSOLIDATION

The primary reason FCC offered for consolidation of its private radio licensing functions is that the consolidation would improve Licensing Division operations and thereby result in improved service to the public. FCC has stated that geographical separation of the Division has been a "major obstacle" to the efficient use of its staff and that consolidating the Washington and Gettysburg licensing operations would produce "numerous long term benefits."

The improvements FCC expects as a result of consolidation include:

- Reducing overlap and duplication of administrative functions, reducing the number of positions needed.
- Increasing management flexibility in allocation of work force to accommodate peak work loads.
- Reducing the application backlog and providing faster service to applicants.
- Improving intra-divisional coordination.
- Increasing potential for cross training and career advancement of Division employees.

While consolidating the Licensing Division should produce some improvements, we question the extent to which the improvements will outweigh the costs associated with the consolidation. Specifically, we believe that some benefits

- are not supported by sound, detailed analyses;
- are overstated; and

--could be achieved to some degree even if consolidation does not occur.

FCC officials told us that they had not analyzed what improvements could be achieved under a divided Licensing Division because they believed such improvements would be fewer than those which are possible through consolidation. In addition, it appears that support for some of the improvements cited was not developed until after the Commission approved the consolidation.

Elimination of administrative duplication

A primary benefit cited by FCC resulting from consolidation is the elimination of administrative duplication and overlap which reportedly exists under a divided Division. However, savings in positions, which FCC expects to achieve through consolidation, were apparently not quantified until after FCC was requested to provide this information to the Subcommittee on State, Justice, Commerce and the Judiciary, House Committee on Appropriations during hearings conducted on July 17, 1979. In its submission to the subcommittee, FCC estimated that consolidation of the Licensing Division would result in the elimination of the need for 25 positions--that is, it would take 25 additional positions for the Division to achieve its fiscal year 1981 speed of service 1/ objectives if the consolidation did not occur. FCC officials told us that they had subsequently furnished the subcommittee a revised estimate which indicated that the need for 17 positions rather than 25 would be eliminated through consolidation.

While consolidation of the Licensing Division may lessen administrative overlap, allowing a more efficient realignment of responsibilities among Division employees, we believe that FCC lacks adequate support for its projection concerning the number of positions which it believes can be eliminated through consolidation. Further, we believe that FCC's projection may be overstated and that some of the changes which FCC proposes to eliminate these positions could take place under either a consolidated or divided Division.

1/Speed of service is basically the number of days FCC takes to process an application in a particular service.

FCC officials told us that under a consolidated Division they would be able to eliminate administrative duplication, increase workflow efficiencies, and reduce training time. Through this they believed that time could be shifted from indirect administrative support activities to direct applications processing functions, thus, allowing a consolidated Division to carry out the same functions with 17 fewer positions than would be needed under the existing situation.

In this regard, FCC furnished us an analysis which identified 14 positions which it believed could be eliminated through consolidation. FCC officials said that three additional positions could be eliminated as a result of reduced training time because of lower staff turnover in Gettysburg. We were told that FCC had not developed data to substantiate the elimination of the need for the eight additional positions which were included in its original estimate to the Subcommittee on State, Justice, Commerce and the Judiciary.

We believe that FCC lacks adequate data to support its analysis that it can eliminate the need for 14 positions through consolidation. Rather, based on our discussions with the incumbents in these positions, their supervisors, and other FCC officials, the elimination of these positions would necessitate the absorption of considerable amounts of work by other employees. In this regard, none of the incumbents or supervisors with whom we spoke had been consulted regarding the feasibility of eliminating these positions. In addition, the persons in certain of the positions which FCC proposes to eliminate have responsibilities which are different from those identified by FCC in its analysis. The following examples are illustrative.

In its analysis FCC proposed to eliminate four positions within the Division's Land Mobile Branch:

- An engineering position.
- A communications assistant position.
- Two clerk/typist positions.

According to FCC the engineering position may be eliminated because, after consolidation, the Branch will no longer be responsible for technical support of the present Gettysburg Branch. However, FCC officials familiar with the technical assistance currently provided to Gettysburg stated that they did not foresee any change in engineering responsibilities as a result of consolidation and, therefore, did

not agree that an engineering position could be eliminated. After reviewing our draft report, FCC officials told us that this position had been included in their analysis in error.

FCC proposes to eliminate a communications assistant position by absorbing its functions into the line and technical sections in the Branch. According to Branch officials, the communications assistant is responsible for responding to written and telephone inquiries, including congressional inquiries and is fully occupied. They believed the position's duties could be shifted to the line or technical sections, but they did not see how consolidation would eliminate them. Rather, they believed such a move would place additional responsibilities on persons who have little or no time to absorb them.

The two clerk/typist positions which are to be eliminated were, according to FCC's analysis, created to assist the Branch's control and record unit--the unit responsible for controlling, screening, and distributing applications. Since after consolidation the Branch's control and record functions would be shifted elsewhere, FCC said the positions are no longer needed.

While the clerk/typist positions are organizationally assigned to the Branch Chief's Office, the Branch Chief said that the clerk/typists have been reassigned elsewhere--one to assist the communications assistant and the other to the Branch's Advanced Systems Unit. FCC officials familiar with the actual duties of these individuals stated that they are very busy and could not explain how these positions would be saved through consolidation.

Also, the savings in positions which FCC says will result from consolidation of control and status functions is not supported by detailed analysis. These savings constitute 9 of the 14 positions which FCC expects to save by eliminating administrative duplication. While Division officials agreed that some efficiencies may be gained by consolidating control and status functions, they questioned how the responsibilities of the existing staff could be performed with nine fewer people. Further, improvements apparently can be made in the present system, regardless of consolidation, if FCC proceeds with its plans to automate its application and control functions. Division officials acknowledged that improvements could undoubtedly be made in control and records functions under a divided Division; however, they had not analyzed this possibility because they believed more improvements could be achieved through consolidation.

Increase in staff flexibility

FCC's ability to reassign staff to deal with fluctuations in work load and staff availability is another benefit it attributes to consolidating the Licensing Division. FCC has called the geographic separation of the Licensing Division staff a major obstacle to its ability to shift its resources to areas where they are most needed.

FCC officials told us that they had prepared no formal analyses to support the need for the increased flexibility which they believed could be realized through consolidation. Rather, we were told that the need for additional flexibility was based on an "intuitive analysis" formulated through experience. FCC officials told us that additional flexibility should help them in dealing with both short-term--daily, monthly, and seasonal fluctuations in applications receipts--as well as long-term changes, such as those which FCC has experienced in processing citizens band radio service (CB) applications.

We agree that eliminating the geographical separation between the Washington and Gettysburg staffs will remove a barrier which inhibits FCC in allocating its staff to meet fluctuating work loads. While the consolidation should enable FCC to use its staff more efficiently, it is difficult to predict the extent to which future fluctuations in work loads will require this added flexibility, and the extent to which staff will be able to become proficient in processing different types of applications.

In dealing with short-term fluctuations, FCC's ability to reassign staff from service to service is restricted somewhat because employees may need to be retrained before they can effectively process applications in a radio service with which they are unfamiliar. FCC officials said this retraining time would be minimal for some services but fairly substantial for others. As a result, opinions varied concerning what benefits the additional flexibility gained through consolidation would produce. However, FCC management felt it was desirable to have the capability to reallocate staff on a daily basis as determined by management priorities and daily fluctuations in work load.

Flexibility gained through consolidation should provide greater benefits in enabling FCC to deal with large long-term variations in receipts such as that experienced with CB licenses. From 1973 to 1976, yearly CB application receipts, which are processed in Gettysburg, increased from about 250,000 to over 5 million. They declined to 2.4 million in 1978. However, based on historical data it appears that the

large increase and decline in CB applications is unique. Application receipts in other service groups have generally either steadily increased or remained relatively constant, thus seemingly minimizing the need for major reallocations of staff.

While added flexibility may be useful in dealing with the anticipated increases in CB renewal applications, 1/ FCC officials could not provide us with information on the costs which it would incur if it had to deal with these receipts under a separated Division. We were also told that it was difficult to predict whether other fluctuations such as those experienced with CB applications might occur in the future.

Improved speed of service

In its submission to the House Subcommittee on State, Justice, Commerce and the Judiciary, following its July 1979 testimony, FCC projected the speed of service which would occur with or without consolidation of the Division. In general the speed of service figures showed considerably lower processing times if the Division were consolidated. These figures are shown in appendix II.

Our review showed that FCC lacks the support to adequately justify these figures. Further, the use of these figures as a valid indicator of the gains achievable through consolidation is questionable because

- improvements in speed of service are not directly tied to the efficiencies which FCC expects to achieve through eliminating administrative duplication and
- FCC assumes that no increases in productivity will occur without consolidation, except in certain services which use automated processing techniques.

FCC officials told us that the figures used to project the speed of service were developed from estimates prepared in connection with FCC's 1981 budget. These estimates projected "productivity" increases which Division officials believed would occur during the 1979-81 timeframe. These productivity figures represent the number of applications processed per each workyear assigned to a particular service group (for example, aviation aircraft, land transportation, etc.). These workyears include not only time spent in direct

1/CB licenses must be renewed every 5 years.

application processing activities but also supervisory and administrative support time allocated to that activity. These productivity figures are then used to estimate the number of applications which will be processed in each service group, and thus to estimate the backlogs and speeds of service which will result. Gains in productivity were predicted for most service groups.

FCC officials told us that the productivity gains projected were based on a number of factors including conversion of persons from the "indirect" to the "direct" work force, general improvements in procedures, simplification of forms, etc. We were told, however, that no detailed analysis was conducted to support the productivity gains.

Other benefits of consolidation

In addition to the preceding benefits which FCC expects from consolidating its private radio licensing functions, it has stated that consolidation will

- improve intra-divisional coordination and
- increase the potential for cross training and career advancement of Division employees.

Based on our review, consolidation of the Licensing Division should produce benefits in both areas. However, these benefits may be offset to some extent if consolidation takes place in Gettysburg.

While consolidation is likely to improve intra-divisional coordination by increasing Gettysburg participation in day-to-day Division activities, consolidation in Gettysburg is also likely to impair coordination to a certain extent between the Division and other FCC units. (See p. 21.)

Likewise, consolidation should increase opportunities for cross training and advancement of Division employees, at least for those persons now working in Gettysburg. However, consolidation in Gettysburg would inhibit certain Licensing Division employees' ability to compete for positions elsewhere in FCC. Because of the costs associated with relocation, lower grade employees are generally not considered for positions outside their immediate duty station.

ADVANTAGES OF
CONSOLIDATION IN GETTYSBURG

Two advantages FCC cited for consolidating its Licensing Division in Gettysburg are a more stable work force and less expensive office space. Also, FCC maintains that if it chose to consolidate in Washington it would have to do so in the suburbs resulting not only in the loss of most of its Gettysburg staff but also a large percentage of its Washington staff. Finally, by consolidating in Gettysburg, FCC believes it will be easier for affected employees to find other jobs than if the consolidation were made in Washington.

FCC did not adequately evaluate these advantages before deciding to consolidate in Gettysburg. For example, while there has been a greater turnover of Washington staff, this has resulted from promoting or reassigning staff to other positions within FCC. This same opportunity has not been available to the staff in Gettysburg. Also, since FCC has not located adequate office space in Gettysburg to accommodate the Licensing Division, projected savings in rental costs are still uncertain. Finally, while one might logically assume that given the size of the Federal work force in Washington, it should be easier for displaced workers to find other jobs, disadvantages exist in terms of replacing these employees.

Work force stability

FCC defines staff turnover as "a person leaving a position in the Licensing Division on a permanent basis." According to this definition FCC stated that the combined 1977 and 1978 turnover rates for application examiners in Washington and Gettysburg were 59 and 18 percent, respectively. However, FCC understated the turnover rate in Gettysburg by not considering a change in job classification. Specifically, FCC hired a number of clerk/typists in Gettysburg who functioned as application examiners and whose positions were subsequently reclassified. During 1978 four of these staff members left FCC but were not included in the turnover rate. By including these individuals, the turnover rate in Gettysburg increases from 18 percent to 25 percent. An official in FCC's Office of Personnel agreed that these positions should have been included in computing the turnover rate for Gettysburg.

More important than this reclassification was the fact that FCC did not consider the reasons for staff turnover in comparing rates between Washington and Gettysburg. By FCC's definition of turnover, individuals who were promoted or reassigned to another division within the Private Radio Bureau or to another FCC bureau or office were included in the

turnover rate. However, personnel in Gettysburg, because of their lower grades, are generally not considered for other FCC positions. During 1977 and 1978, 15 Washington employees were promoted or reassigned to other positions in FCC. If these promotions and reassignments are excluded, the turnover rate is essentially the same at both locations (26 percent as compared to 25 percent) as shown in the table below.

Summary of Reasons for
Turnover of Application Examiners

| <u>Year</u> | <u>Number of authorized positions</u> | <u>Promoted/reassigned in FCC</u> | <u>Resigned/transferred to another Government agency</u> | <u>Turnover including promotions/reassignments</u> | <u>Turnover excluding promotions/reassignments</u> |
|-------------|---------------------------------------|-----------------------------------|--|--|--|
| Washington | | | | ---(percent)--- | |
| 1977 | 41 | 5 | 7 | 29 | 17 |
| 1978 | <u>46</u> | <u>10</u> | <u>4</u> | 30 | 9 |
| Total | <u>87</u> | <u>15</u> | <u>11</u> | 59 | 26 |
| Gettysburg | | | | | |
| 1977 | 21 | 0 | 1 | 5 | 5 |
| 1978 | <u>61</u> | <u>0</u> | <u>12</u> | 20 | 20 |
| Total | <u>82</u> | <u>0</u> | <u>13</u> | 25 | 25 |

According to FCC in a consolidated facility the full benefit of cross training and flexibility can only be realized when a stable work force exists; therefore, FCC considered the overall turnover rate to be more relevant than the specific reasons for this turnover. Also, FCC believes no matter what the reason for the turnover the net effect is to create a cost for the Licensing Division in terms of new employee recruitment and training. Even though the movement of Washington staff to other positions in FCC represents a loss to the Licensing Division, the movement also benefits FCC in several respects:

- It creates a pool of employees from which FCC can select candidates for higher positions.
- It offers employees an opportunity for advancement.

--It allows FCC to retain the experienced employees.

A midlevel manager within the Licensing Division said the opportunity for employees to move to other positions in FCC has been a positive motivational factor in their work performance. He also stated that past turnover has occurred gradually and has not had a detrimental effect on service to the public.

As stated on page 6, FCC estimated that it could save three positions through reduced training time because of lower staff turnover in Gettysburg. To achieve this estimate, FCC used the following methodology. First it took the average annual turnover of application examiners in Washington for the 2-year period 1977-78. This average of 13 was then multiplied by FCC's estimate of 4 months needed to train an examiner to reach a productive level. The result is 52 months of training, or 4.3 staff-years. Using the same methodology FCC determined that it would take 1.4 staff-years to train new employees if the turnover rate in Washington were reduced to the level in Gettysburg. The difference of 2.9 staff-years is the basis of FCC's estimated savings of three positions.

We agree that savings will result to the extent consolidation in Gettysburg reduces the need for the Licensing Division to train new employees to replace staff leaving the Division. However, certain problems exist in the methodology FCC used to compute these savings. Also, this methodology was not used to estimate the costs associated with training new employees to replace those not willing to transfer to Gettysburg. These issues are discussed further on page 20.

Availability and cost of office space

The Licensing Division occupies about 14,000 and 8,000 square feet of office space in Washington and Gettysburg, respectively, which accommodates approximately 90 and 77 employees, respectively. Since little room for expansion exists at either location, consolidation of the Division will require the acquisition of a larger facility.

FCC estimated that such a facility could be leased for about \$120,000 less per year in Gettysburg than in the Washington suburbs. This estimate is based on the need for 24,000 square feet of space and projected rental costs of \$12 per square foot in the Washington suburbs compared to \$7 around Gettysburg. While our review supports FCC's estimated cost of \$12 per square foot for rental space in the Washington suburbs, it is still uncertain whether FCC will be

able to acquire space in Gettysburg for \$7 a square foot since a suitable facility has not been located.

FCC, in February 1979, requested assistance from the General Services Administration (GSA), in locating a facility in the Gettysburg area. GSA, in June 1979 advertised in two area newspapers for space to meet FCC's needs. It received six responses, one from the owner of an existing facility and the others from contractors willing to construct a building to meet FCC specifications. Because the Office of Management and Budget has not advised GSA of the priority of FCC's request, it has taken no further action to locate a facility in Gettysburg.

Although GSA has not conducted a thorough market analysis of available space in the Gettysburg area, we nevertheless asked for its opinion regarding the reasonableness of FCC's estimated cost of \$7 per square foot. We were told that this estimate may be reasonable if existing space can be located which already meets FCC's needs. However, it was GSA's opinion that because of inflation and the high interest rate currently charged for new construction, it may be difficult for FCC to obtain new or renovated space in Gettysburg for under \$12 a square foot.

We also discussed the availability of office space with a realtor, the Gettysburg borough manager, and FCC officials. While they identified several existing buildings, including the one noted in response to GSA's solicitation, they agreed that each would need extensive renovation to meet FCC's needs.

FCC was authorized by the Congress to negotiate for its own space beginning in fiscal year 1980. Accordingly, FCC has contracted with a private consultant to help them locate space in the Washington and Gettysburg areas and prepare an advertisement for space. Until responses are received to these solicitations, around January 1980, FCC will not be in a position to accurately project what, if any, savings in rental costs will result by consolidating in Gettysburg.

FCC believes that any consolidation in the Washington area will have to be made in the suburbs. They cite an unfilled request to GSA since December 1978 for 15,000 square feet of space in downtown Washington as an indication of the problem associated with acquiring downtown office space.

A GSA official responsible for acquiring Federal space in the Washington area agreed with FCC that there is a severe shortage of office space in downtown Washington. Although this official did not rule out the possibility of

acquiring such space for FCC, we were told that it would be much easier to obtain space in the suburbs. FCC did not consider this a desirable option because it expected that it would lose not only its entire Gettysburg staff but also some of its Washington staff who would elect not to transfer to the suburbs. Our evaluation of the impact on Washington staff of consolidating in the suburbs is discussed on page 19 and supports FCC's view that some Washington staff would not transfer.

Also, FCC stated in its testimony before the House Subcommittee on State, Justice, Commerce and the Judiciary that by transferring its licensing functions to Gettysburg, office space would become available for its headquarters activities in Washington. While we would agree with this statement, we believe given the lack of adequate support for the other advantages of consolidation in Gettysburg discussed in this report that it would be inappropriate to justify consolidating in either Gettysburg or a suburban Washington location on this basis alone.

Reemployment of displaced workers

FCC believed that regardless of whether it chose to consolidate in Gettysburg or in Washington, there would be a high employee attrition rate. Responses to our questionnaire confirm this belief, as 91 percent of the Gettysburg staff and 84 percent of the Washington staff indicated that they would probably not transfer. However, FCC believes that under a priority placement program, it will be easier to find other jobs for its Washington staff that chose not to transfer than it would have been for its Gettysburg staff. While there are disadvantages to consolidating in either location from the standpoint of the impact on personnel, we believe that FCC should have conducted further studies prior to deciding to consolidate in Gettysburg.

FCC has drafted a priority placement plan for its Washington staff. Under this plan FCC will give its staff preferential consideration for vacant positions. According to an FCC official, this plan will be implemented in phases over a 2- to 3-year period as positions in Washington are gradually transferred to Gettysburg. Since this program had not gone into effect at the completion of our review, we were unable to assess whether it will succeed in placing Washington staff in other positions commensurate with their skills. However, logically it should have a better chance of success if it is implemented in phases as planned by FCC rather than if the entire staff had to be placed at one time.

FCC assumed that if it consolidated in Washington, it may have to terminate a substantial number of its Gettysburg staff who did not choose to move and who would have difficulty obtaining other employment. We evaluated this assumption by discussing the job market in the Gettysburg area with the manager of the local Pennsylvania State Employment Service office and an official with the Office of Personnel Management (OPM) in Harrisburg, Pennsylvania. Both officials agreed that it would be very difficult for FCC staff in Gettysburg to find comparable employment in the immediate area if the consolidation were made in Washington. However, both officials pointed out that there are three military installations within 25 to 35 miles of Gettysburg. According to the OPM official, these installations employ several thousand persons. He believed Gettysburg personnel could be placed at one of these installations within 1 year if they were willing to commute.

According to FCC, it was advised by OPM in Harrisburg that there would not be a problem in staffing positions vacated by Washington personnel electing not to move to Gettysburg. We discussed this issue with the OPM official and the manager of the State Employment Service office. While both stated that there would be no problem in staffing clerk/typist or application examiner positions, the OPM official stated that there could be a problem in replacing engineers since this is a "skill shortage" position. The results of our questionnaire show that nine engineers are in Washington and only one indicated that he would transfer to Gettysburg. According to FCC officials, the Licensing Division has had many inquiries by engineers concerning employment in Gettysburg. Therefore, they foresee no problems in replacing the engineers not transferring.

Several parties expressed their concern before the House Subcommittee on State, Justice, Commerce and the Judiciary regarding the impact the transfer to Gettysburg would have on minorities. Approximately 45 to 50 percent of the Washington staff is classified as minorities while only one minority employee out of 77 works in Gettysburg. Although FCC has stated that it is committed to a vigorous minority recruiting program in Gettysburg, this effort, regardless of how well intended, may be frustrated since there is only about a 2-percent minority population in the Gettysburg area. We noted, that since the relocation was announced, FCC has filled 10 new positions in Gettysburg with nonminority employees. The selection was made from a roster supplied by OPM which contained about 40 individuals. Officials familiar with the roster stated that it contained few, if any, minorities.

COSTS OF CONSOLIDATION

While consolidation of the Licensing Division is likely to result in some benefits, there are also several related disadvantages. Unquestionably, the largest disadvantage will be the loss of experienced personnel and the related costs to retrain new staff. Other disadvantages and costs include separation from other FCC units, inconvenience and expense to the private sector, and relocation of personnel and equipment.

Loss of experienced work force

Consolidation of the Licensing Division will result in the loss of experienced staff regardless of where it takes place. Based on our analysis, FCC will lose about 84 percent of its Washington staff or 91 percent of its Gettysburg staff depending on the site of the consolidation. To evaluate the effect of this loss, one needs to consider not only the number of persons affected but also their positions, years of experience, and the costs associated with training individuals to assume their responsibilities.

During September 1979 we surveyed Licensing Division employees both in Washington and Gettysburg to determine the impact of consolidating at several locations. We asked the staff in Washington to indicate whether they plan to transfer to Gettysburg and also whether they would be willing to transfer to any of three selected locations in the Washington suburbs in the event FCC reconsiders its decision to consolidate in Gettysburg. The Gettysburg staff was asked to indicate whether they would be willing to move to Washington. Also, since Frederick, Maryland, is about midway between Washington and Gettysburg, we asked employees at both locations to indicate whether they would stay with the Division if it were consolidated there. We received responses from 166 of the 167 employees--90 in Washington and 76 in Gettysburg--working in the Division at the time our survey was taken.

Consolidation in Gettysburg

Responses received from the 90 Washington employees show that 76, or 84 percent, do not plan to move to Gettysburg; 8 stated that they plan to move; while 6 were undecided. The table below shows the effect of the consolidation on the major position classifications which make up the Washington staff.

Willing to transfer to Gettysburg?

| <u>Position</u> | <u>Number</u> | <u>Definitely or probably yes</u> | <u>Definitely or probably no</u> | <u>Undecided</u> | <u>Percent not likely to transfer</u> |
|-------------------------|---------------|---|--|------------------|---|
| Clerk/ typist | 15 | 0 | 14 | 1 | 93 |
| Application examiner | 39 | 1 | 36 | 2 | 92 |
| Engineer | 9 | 1 | 8 | 0 | 89 |
| Regulatory assistant | 4 | 1 | 2 | 1 | 50 |
| Other (note a) | <u>23</u> | <u>5</u> | <u>16</u> | <u>2</u> | 70 |
| Total | <u>90</u> | <u>8</u> | <u>76</u> | <u>6</u> | 84 |

a/Includes managers and supervisors, communications specialists, contact representatives, program analysts, and others.

Nine respondents stated that they were in a management or supervisory position. Three of these persons indicated that they would definitely or probably move to Gettysburg; five indicated that they definitely or probably would not move; and one was undecided.

Based on the responses provided, consolidation in Gettysburg will result in the loss of experienced as well as inexperienced staff. For example, 18 of the 20 employees with more than 9 years of service in private radio licensing functions stated that they would either definitely or probably not transfer to Gettysburg. Similarly, 13 of the 17 employees in grades GS-13 or higher indicated that they would probably not transfer to Gettysburg.

Consolidation in Washington

Responses received from the 76 Gettysburg employees show that 69, or 91 percent, would either definitely or probably not transfer to Washington if the Division were consolidated there; 6 persons--all application examiners--would likely transfer; and 1 was undecided. Sixty-eight of the positions in Gettysburg are application examiners/clerks.

Consolidation in Washington will also result in the loss of experienced staff--14 of 16 people in Gettysburg with over 9 years experience indicated that they would not transfer.

If consolidation were made in the Washington suburbs, aside from the loss of Gettysburg staff, some loss of Washington staff would occur. We asked Washington staff to indicate their willingness to transfer to three suburban locations to determine the extent of this loss. The results of our survey are shown below.

| <u>Location</u> | <u>Percent not likely to transfer</u> |
|-------------------|---------------------------------------|
| Hyattsville, Md. | 17 |
| Crystal City, Va. | 20 |
| Rockville, Md. | 29 |

Our analysis also shows that regardless of which suburban location was selected, the vast majority of supervisors/managers and engineers as well as the staff with the greatest number of years of experience would transfer. For example, if the consolidation were made in Crystal City, 16 of the 18 people who indicated they would be unwilling to transfer were either clerk/typists or application examiners. Eight of nine supervisors/managers and eight of nine engineers stated that they would be willing to transfer to Crystal City. In addition, 19 of the 20 persons with more than 9 years of experience would transfer.

Consolidation in Frederick

Our analysis shows that if the consolidation were made in Frederick, Maryland, the Division would lose a large portion of both its Washington and Gettysburg staffs as shown below.

| <u>Location of staff</u> | <u>Willing to Transfer to Frederick?</u> | | | <u>Percent not likely to transfer</u> |
|--------------------------|--|----------------------------------|------------------|---------------------------------------|
| | <u>Definitely or probably yes</u> | <u>Definitely or probably no</u> | <u>Undecided</u> | |
| Washington | 28 | 52 | 10 | 58 |
| Gettysburg | <u>22</u> | <u>30</u> | <u>24</u> | 39 |
| Total | <u>50</u> | <u>82</u> | <u>34</u> | 49 |

Consolidation in Frederick would result in the loss of a larger percent of the Division's supervisors/managers and engineers than if consolidation took place in a Washington suburb. This loss, however, would be considerably less than if the consolidation is made in Gettysburg. Consolidation in Frederick would, however, result in the loss of a large percent of the Division's experienced work force.

Training costs

FCC did not survey its Washington employees about the likelihood of their transferring to Gettysburg nor did it estimate the costs to train employees to replace staff lost through consolidation.

We believe the following factors should be considered in assessing these training costs.

- The number of employees not likely to transfer and their positions and years of experience.
- The time needed for a new employee to become fully productive in the particular position.
- The extent to which employees are productive during their training period.
- The time spent by other staff to train these employees.

Our survey of FCC employees provided us with information on the number of personnel not likely to transfer, their positions and years of experience, and their estimates of the time needed for someone to become fully productive in their position. Using this information and applying the methodology FCC used to compute savings in training time due to reduced turnover in Gettysburg (see p. 13), it would take FCC about 43 staff-years to train new employees to replace the 76 persons that are not likely to transfer.

The methodology's weakness is that it does not consider all of the factors noted above. For example, employees will become increasingly productive during their training period. Therefore, using the entire time it takes an employee to become fully productive overestimates training costs while, conversely, ignoring the time spent by other staff to train new employees, underestimates these costs. We were unable to determine the extent to which these factors would affect our computation.

In addition to the costs to train new employees, FCC will also incur other personnel costs while it is transferring Licensing Division functions to Gettysburg. FCC has stated that it plans to make the transfer over a 3-year period during which time it will hire 10 temporary employees to avoid a decline in productivity. Based on FCC's estimate it will cost about \$117,000 to employ these people.

Separation from other FCC units

While consolidation of the Licensing Division may improve intra-divisional coordination, locating the Division in Gettysburg is also likely to inhibit coordination between the Division and other FCC units. FCC officials had different views, however, on the extent that coordination problems would disrupt Division operations, but generally agreed that some inconvenience would result.

In conducting its day-to-day activities, the Licensing Division must coordinate with other units in the Private Radio Bureau and elsewhere in FCC. For example, the Division coordinates with the Bureau's Rules Division on requests for waivers of FCC rules, unusual applications, and requests for rule interpretations; it coordinates air hazard clearance for antenna towers or use of special frequencies with the Field Operations Bureau's Antenna Survey Branch; and it coordinates with the Office of Science and Technology, Broadcast Bureau, and Common Carrier Bureau, among others, on applications which involve novel uses of radio systems or frequencies and require coordinated policy judgments or lead to rulemaking proceedings.

The Chief of the Licensing Division told us that he did not believe relocation of the Division to Gettysburg would greatly affect coordination with other FCC units. He said that only a relatively small percent of applications are coordinated with other FCC units and that most coordination could be handled by telephone or mail without difficulty. He noted, in this regard, that applications which must be coordinated are screened out and sent to appropriate units elsewhere in FCC as soon as they are received. He said that this procedure generally results, and should continue to result, in such applications being processed at the same time as they would be if coordination were not necessary.

The Private Radio Bureau Chief also believed that coordination would not be seriously impaired by relocating the Licensing Division. He said that while coordination would undeniably be better if the Division were located in

Washington, he believed it was a "relatively small element" compared to the benefits of consolidation.

FCC's Chairman also minimized coordination problems which might result from the relocation in his testimony before the House Subcommittee on State, Justice, Commerce and the Judiciary. The Chairman, when asked about coordination between the Private Radio Bureau's Rules and Licensing Divisions stated that there is little contact between the two groups and that such contact, if it takes place, is done by telephone. Thus, he saw no problem in separating the two divisions.

However, representatives of the National Treasury Employees Union as well as Licensing Division employees with whom we spoke believed that coordination problems would arise if the Division were relocated. They particularly noted that necessary day-to-day interaction with the Private Radio Rules Division, FCC's Office of Science and Technology, and the Field Operations Bureau's Antenna Survey Branch would be impaired because of the relocation.

Officials in each of these units believed that relocation of the Licensing Division could hinder coordination. While they told us that coordination could be handled by telephone or mail, they believed that added inconvenience, inefficiencies, and delay may result.

A Rules Division official told us that separation of the Licensing and Rules Divisions would be a distinct disadvantage, especially in matters involving the formulation and evaluation of new rules. He said that about a dozen rule decisions each year call for close day-to-day interaction with the Licensing Division. In addition he said a small percentage of applications--about 100 to 200 per year--are referred to the Rules Division from the Licensing Division each year for various reasons. While he believed that coordination difficulties which will arise because of the relocation of the Licensing Division are resolvable, he said the loss of day-to-day personal contact between the two Divisions would, nonetheless, be a problem.

An Antenna Survey Branch official told us he expected no major coordination problems to result from the relocation. However, he was concerned that some added delay and inconvenience would result, especially in handling cases which must be resubmitted to the Licensing Division to resolve problems. Such applications, he said, constitute about 5 percent of the total number of applications received from the Licensing Division. Approximately 35,000 applications were referred to the Antenna Survey Branch in fiscal year 1978.

Officials in the Office of Science and Technology told us that while it is preferable to have the Licensing Division located with the rest of FCC, most coordination could be handled without major problems if the Division were located in Gettysburg. They cited some instances in which it was advantageous to have personal contact with Licensing Division staff and in which the relocation might result in additional delay. In general, however, they believed most problems could be resolved so long as good communication with the Division is maintained.

Inconvenience and expense
to the private sector

In carrying out its day-to-day operations, the Licensing Division interacts with various members of the private sector, including communications industry representatives, law firms, and radio frequency coordinators. 1/ These persons act on behalf of private radio licensees by, for example, helping them prepare applications, inquiring about the status of applications pending before FCC, and resolving problems which may occur.

Based on our discussions with various persons who act in these capacities, relocation of the Licensing Division to Gettysburg will, at the least, result in some added inconvenience and expense to them. These persons also said that relocation of the Division in Gettysburg is likely to produce some problems during the transition period until examiners in Gettysburg are fully trained.

In considering the relocation of the Licensing Division, FCC appears to have attached little decisional weight to the impact of the move on persons who interact with the Division. For example, this impact was not discussed in the agenda item which was presented to the Commission on the relocation. Likewise, the Chief of the Private Radio Bureau stated before the Subcommittee on State, Justice, Commerce and the Judiciary that he had discussed the move with only one frequency coordinating group.

The Chief of the Licensing Division told us that he believed the relocation would not impair necessary coordination with these groups and the public. He said that, to his knowledge, frequency coordinators have little contact with

1/Private groups which recommend frequencies to applicants in the land mobile radio services.

the Division. While industry representatives do interact with Division employees, he questioned whether this interaction produces any real public benefit since, he believed

- such persons are generally interested in moving along one application at the expense of others and
- contact between them and application examiners tends to disrupt processing functions.

Attorneys, industry representatives, and frequency coordinators we contacted all believed that relocation of the Licensing Division to Gettysburg would cause them added inconvenience. However, their views differed somewhat on how serious this impact would be and to what extent the move would affect service to the public. The primary areas of concern cited were:

- Having to relocate in or commute to Gettysburg would result in additional inconvenience or expense which would be passed on to licensees.
- Licensing Division files would be less accessible to the public.
- Operational efficiency of the Division could be impaired because of the loss of trained staff and coordination problems with other FCC units.

Most firms we contacted believed it was important for them to maintain personal contact with the Licensing Division. Thus they planned to either relocate part of their operations in Gettysburg or commute regularly to Gettysburg. In general, they said the relocation would not curtail their activities; however, it will result in added expense and inconvenience which would likely be passed on to their customers in higher rates. One firm which plans to relocate was also concerned about having to replace experienced employees who did not wish to move.

We were told that relocation of the Licensing Division would also inhibit access to the Division's application files. Some firms told us that it should relieve their need for access to the files if FCC is able to maintain up-to-date microfiche records in Washington, as is presently planned. Others said, however, that they will still need access to the files to conduct research and obtain information which is not available on the microfiche records. We were told that this reduced access to the files could result in an increased number of inquiries being made to FCC staff. Likewise, one firm told us that its research of Division files also benefits FCC

in that it may disclose errors in applications and, thus, enable the Division to maintain a more accurate data base.

These firms also expressed concern about the effect the relocation would have on service to the public, especially during the transition period. A frequent concern noted was that the move was likely to cause the Licensing Division to lose many of its middle managers and experienced application examiners who would not be easily replaced. In this regard, several of the firms we spoke with noted that an increased number of problems had arisen since FCC transferred the processing of business applications to Gettysburg. They attributed this to the inexperience of Gettysburg staff in processing such applications. However, they believed that these problems should be worked out once the Gettysburg staff acquires the necessary training and experience. Several persons also believed that Licensing Division operations would be impaired because of the Division's separation from other FCC units, particularly the Private Radio Bureau's Rules Division.

Relocation of personnel and equipment

Federal travel regulations state that employees, upon permanent transfer from one official station to another, are entitled to reimbursement for residence transactions and transportation of household goods. In addition an employee will be reimbursed for other miscellaneous costs, such as travel with dependents to locate a residence, occupancy of temporary quarters, and temporary storage of household goods.

For employees owning homes, the largest reimbursable expense is residence transactions. Employees are entitled to receive up to \$8,000 in connection with the sale of their residence and up to \$4,000 in purchasing a new home. Therefore, a sale at the old duty station and a purchase at the new duty station can result in a reimbursement of up to \$12,000. Regarding transportation of household goods and other miscellaneous expenses, FCC estimated that these would cost a maximum of \$1,900 and \$2,300, respectively, for each employee choosing to transfer to Gettysburg. We determined that these are valid estimates.

Results of our questionnaire show that seven of the eight employees who stated that they would probably transfer to Gettysburg own their home, while the other rents. Six of these employees stated that they intend to purchase a home in Gettysburg while the other two plan to rent. Using the figures discussed above, we estimated that it would cost a maximum of \$105,600 to relocate these employees. In addition if the six employees who were undecided about moving

to Gettysburg were to transfer, the additional maximum cost to relocate them would be about \$53,200.

Aside from the costs to relocate employees, FCC estimated that it would incur an additional \$50,000 in expenses relating to the consolidation in Gettysburg. This estimate includes costs to transport furniture, files, and equipment and to prepare new office space in Gettysburg including the installation of telephones and ADP equipment. It also includes travel by Washington staff to train new employees in Gettysburg during the phased transfer of the Division.

CONCLUSIONS

FCC's primary justification for consolidating the Private Radio Bureau's Licensing Division in Gettysburg is that it expects consolidation to improve service to the public while reducing space rental and personnel training costs. While some benefits should be derived through consolidation, FCC did not fully analyze these benefits, consider alternative means to achieve them, or completely evaluate associated costs. Further, FCC seems to have overestimated the advantages of consolidation while minimizing some of the disadvantages.

By consolidating its Licensing Division, FCC expects to increase its operational efficiency and thus improve service to the public. Specifically, FCC states that through consolidation it will be able to reduce duplication in administrative functions while increasing the flexibility of its work force. However, these advantages are not supported by detailed analysis, are apparently overstated, and could partly be achieved without consolidation.

While consolidation of the Licensing Division should lessen some administrative overlap, FCC lacks adequate support for its estimate that the Division could be as efficient with 17 fewer positions than the number of positions which would be needed if the Division remains divided. While some increased efficiencies may result from consolidation, we believe that the gains projected by FCC may be overstated and could be achieved to some extent without consolidation.

While consolidation should provide FCC with greater flexibility in allocating staff to meet peak work loads it is not clear to what extent the added flexibility is needed and to what extent it will improve Division operations. In addition FCC lacks adequate data supporting its projected increase in speed of service resulting from consolidation.

Moreover, some of the advantages to consolidating in Gettysburg which FCC identified were not adequately evaluated. Specifically, FCC has not located a suitable facility in Gettysburg to house the consolidated Licensing Division; therefore, projected savings in rental costs are uncertain. Also, there has been a higher turnover of staff in Washington compared to Gettysburg; however, this is the result of promotions and reassignments within FCC. While this turnover represents a loss to the Licensing Division, it also provides some benefits to FCC.

Likewise, FCC may not have fully considered the costs related to consolidation. The largest of these will be the loss of experienced staff and the related costs to recruit and train new employees to replace them. The geographic dislocation from other FCC activities and the added inconvenience and cost to industry representatives and law firms, are additional factors detrimental to FCC's decision to consolidate in Gettysburg.

We recognize that the benefits and costs associated with consolidation cannot be precisely quantified. Because of this, it is difficult to arrive at a definitive conclusion regarding whether the Licensing Division should be consolidated. Nevertheless, we believe FCC could have done a better job of analyzing the costs and benefits associated with consolidation. We believe, because of the significant affect on personnel, such an analysis is still warranted.

RECOMMENDATION TO THE CHAIRMAN, FCC

We recommend that the Commission reconsider its decision to consolidate the Licensing Division in Gettysburg, Pennsylvania, in light of the information contained in this report. In reconsidering the consolidation we recommend that the Commission (1) identify and evaluate improvements which can be made without consolidation, (2) identify and evaluate additional improvements which can only be achieved through consolidation, and (3) determine whether these additional improvements outweigh the costs--particularly the loss of experienced staff--associated with achieving them.

AGENCY COMMENTS

In discussing the report, FCC officials continued to believe that consolidation of the Licensing Division would be beneficial. They stated that they would, however, give consideration to the information contained in our report.

FCC officials also furnished us a new analysis which they had prepared supporting the projection that the need for 17 positions will be eliminated through consolidation. According to this analysis, 13 of the positions which FCC believes will be eliminated result from increased processing efficiency only possible through consolidation, rather than from the elimination of duplicate functions. One position is saved through the elimination of administrative overlap and three through reduced training.

While we believe that increased operational efficiencies such as those identified in this analysis may be achievable, we question the extent to which they are achievable only through consolidation. In this regard, we continue to believe that FCC should clearly differentiate between those efficiencies which can be achieved with a divided Division and those achievable only through consolidation.

In addition, although time constraints would not permit us to do a detailed review of this new analysis, our cursory examination led us to conclude that this analysis, like the first one FCC prepared, is not well supported. Specifically, we believe that FCC lacks the productivity data necessary to support the information contained in the analysis.

FCC'S PROJECTION OF GAINS IN SPEED OF SERVICE
RESULTING FROM CONSOLIDATION OF THE LICENSING DIVISION

The table below compares the speed of service for June 1979 and FCC's projections of speed of service in days with and without the proposed consolidation, assuming no change in resources. Projected speed of service is shown for these purposes as of the end of fiscal year 1981. In addition the projected speed of service figures include an increase in receipts of 15 percent for fiscal years 1980 and 1981.

| <u>Service</u> | <u>June 1979 speed of service</u> | <u>Projected speed of service without consolidation</u> | <u>Projected speed of service after consolidation</u> |
|--------------------------|---|---|---|
| | - - - - - (days) - - - - - | | |
| Aircraft | 24 | 61 | 27 |
| Ground | 46 | 134 | 38 |
| Ship | 28 | 69 | 30 |
| Coast | 30 | 136 | 43 |
| Public safety | 100 | 100 | 81 |
| Land trans- portation | 100 | 145 | 59 |
| Other | | | |
| industrial | 65 | 113 | 81 |
| Business | 58 | 104 | 67 |
| 470--512 | | | |
| Megahertz | 58 | 56 | 15 |
| 800 Megahertz | 76 | 76 | 51 |
| Microwave | 93 | 133 | 133 |
| CB/radio control | 27 | 83 | 52 |
| GMRS (note a) | 18 | 127 | 77 |
| Amateur | 23 | 75 | 49 |
| Restricted permits | 23 | 92 | 92 |

a/ General mobile radio service.

RESPONSES TO QUESTIONNAIRE
ADMINISTERED TO
LICENSING DIVISION EMPLOYEES

Responses from Washington employees
(90 respondents)

1. What's your age?

| | | |
|----------|----------------|---------|
| Under 20 | <u> 10 </u> | (11.1%) |
| 20-30 | <u> 32 </u> | (35.6) |
| 31-40 | <u> 25 </u> | (27.8) |
| 41-50 | <u> 12 </u> | (13.3) |
| 51-60 | <u> 10 </u> | (11.1) |
| Over 60 | <u> 1 </u> | (1.1) |

2. What's your marital status?

| | | |
|-----------------------|----------------|--------|
| Single | <u> 41 </u> | (45.6) |
| Widowed | <u> 2 </u> | (2.2) |
| Married | <u> 35 </u> | (38.9) |
| Separated or divorced | <u> 12 </u> | (13.3) |

3. What's your current GS level?

| | | |
|--------------|----------------|--------|
| 4 and under | <u> 34 </u> | (37.8) |
| 5-7 | <u> 31 </u> | (34.4) |
| 8-12 | <u> 8 </u> | (8.9) |
| 13 or higher | <u> 17 </u> | (18.9) |

4. What's your present position/title description?

| | | |
|------------------------|----------------|--------|
| Clerk/Typist | <u> 15 </u> | (16.7) |
| Application Examiner | <u> 39 </u> | (43.3) |
| Electronics Engineer | <u> 9 </u> | (10.0) |
| Regulatory Assistant | <u> 4 </u> | (4.4) |
| Other (please specify) | <u> 23 </u> | (25.6) |

5. Where do you presently live?

| | | |
|------------------------|-----------|--------|
| Montgomery Co. | <u>7</u> | (7.8) |
| Prince George's Co. | <u>31</u> | (34.4) |
| Northern Va. | <u>18</u> | (20.0) |
| Washington, D.C. | <u>29</u> | (32.2) |
| Other (please specify) | <u>5</u> | (5.6) |

6. How do you usually get to work?

| | | |
|------------------------|-----------|--------|
| Walk | <u>4</u> | (4.4) |
| Personal auto | <u>16</u> | (17.8) |
| Carpool | <u>9</u> | (10.0) |
| Public transportation | <u>60</u> | (66.7) |
| Other (please specify) | <u>1</u> | (1.1) |

7. What is your present housing arrangement?

| | | | |
|------------------------------|-----------|--------|----------|
| Own my own home | <u>36</u> | (40.9) | <u>1</u> |
| Rent a house or apartment | <u>39</u> | (44.3) | |
| Live with parents or friends | <u>13</u> | (14.8) | |

8. How many years experience do you have in Private Radio licensing activities? Include experience both in your present position and experience in the former Safety and Special Radio Services Bureau.

| | | | |
|-------------------|-----------|--------|----------|
| Less than 1 year | <u>26</u> | (29.2) | <u>2</u> |
| 1-3 years | <u>18</u> | (20.2) | |
| 4-6 years | <u>16</u> | (18.0) | |
| 7-9 years | <u>9</u> | (10.1) | |
| More than 9 years | <u>20</u> | (22.5) | |

1/Adjusted percentages--2 persons not responding.

2/Adjusted percentages--1 person not responding.

9. How long would it take someone like you to obtain the training and on-the-job experience needed to do your job at your current level of performance?

| | | | |
|---------------------|-----------|--------|----------|
| Less than 1 month | <u>10</u> | (11.4) | <u>1</u> |
| 1-3 months | <u>16</u> | (18.2) | |
| 4-6 months | <u>12</u> | (13.6) | |
| 7-12 months | <u>15</u> | (17.0) | |
| More than 12 months | <u>35</u> | (39.8) | |

10. Will you transfer to Gettysburg when the Licensing Division moves?

| | | |
|----------------|-----------|--------|
| Definitely yes | <u>3</u> | (3.3) |
| Probably yes | <u>5</u> | (5.6) |
| Undecided | <u>6</u> | (6.7) |
| Probably no | <u>15</u> | (16.7) |
| Definitely no | <u>61</u> | (67.8) |

11. If you transferred to Gettysburg, what would you most likely do about housing?

| | | |
|--|-----------|--------|
| Not applicable--not planning to transfer | <u>77</u> | (85.6) |
| Rent in Gettysburg area | <u>3</u> | (3.3) |
| Purchase a house in Gettysburg area | <u>9</u> | (10.0) |
| Other (please specify) | <u>1</u> | (1.1) |

12. If you do not plan to move to Gettysburg, what is your primary reason?

| | | | |
|--|-----------|--------|----------|
| Husband or wife would have to give up job | <u>15</u> | (18.5) | <u>2</u> |
| Concerned about housing, transportation, and schools around Gettysburg | <u>11</u> | (13.6) | |
| Strong like for present area (recreational opportunities, social life, church, etc.) | <u>26</u> | (32.1) | |
| Other (please specify) | <u>29</u> | (35.8) | <u>3</u> |

1/Adjusted percentages--2 persons not responding.

2/Adjusted percentages--9 persons not responding.

3/Many individuals indicated that all of the reasons were equally important.

To the best of our knowledge FCC is planning to consolidate the Licensing Division in Gettysburg. However, there is always the possibility that plans could change. Therefore, we would like to obtain your feelings about moving to other locations in the following questions.

13. Just in case the Licensing Division did not move to Gettysburg would you stay with the Division if it were relocated to the following location in the D.C. area?

Crystal City, Va.

| | | |
|----------------|-----------|--------|
| Definitely yes | <u>42</u> | (46.7) |
| Probably yes | <u>21</u> | (23.3) |
| Undecided | <u>9</u> | (10.0) |
| Probably no | <u>10</u> | (11.1) |
| Definitely no | <u>8</u> | (8.9) |

14. Would you stay with the Licensing Division if it were relocated to the following location in the D.C. area?

Rockville, Md.

| | | |
|----------------|-----------|--------|
| Definitely yes | <u>28</u> | (31.1) |
| Probably yes | <u>27</u> | (30.0) |
| Undecided | <u>9</u> | (10.0) |
| Probably no | <u>16</u> | (17.8) |
| Definitely no | <u>10</u> | (11.1) |

15. Would you stay with the Licensing Division if it were relocated to the following location in the D.C. area?

Hyattsville, Md.

| | | |
|----------------|-----------|--------|
| Definitely yes | <u>39</u> | (43.3) |
| Probably yes | <u>26</u> | (28.9) |
| Undecided | <u>10</u> | (11.1) |
| Probably no | <u>8</u> | (8.9) |
| Definitely no | <u>7</u> | (7.8) |

16. Just in case the Licensing Division did not move to Gettysburg, would you stay with the Division if it were relocated in the Frederick, Md. area (approximately 40 miles north of Washington, D.C.)?

| | | |
|----------------|--------------|--------|
| Definitely yes | <u> 9 </u> | (10.0) |
| Probably yes | <u> 19 </u> | (21.1) |
| Undecided | <u> 10 </u> | (11.1) |
| Probably no | <u> 18 </u> | (20.0) |
| Definitely no | <u> 34 </u> | (37.8) |

Responses from Gettysburg employees
(76 Respondents)

1. What's your age?

| | | |
|----------|--------------|---------|
| Under 20 | <u> 3 </u> | (3.9%) |
| 20-30 | <u> 41 </u> | (53.9) |
| 31-40 | <u> 13 </u> | (17.1) |
| 41-50 | <u> 12 </u> | (15.8) |
| 51-60 | <u> 7 </u> | (9.2) |

2. What's your marital status?

| | | |
|-----------------------|--------------|--------|
| Single | <u> 15 </u> | (19.7) |
| Widowed | <u> 2 </u> | (2.6) |
| Married | <u> 50 </u> | (65.8) |
| Separated or divorced | <u> 9 </u> | (11.8) |

3. What's your current GS level?

| | | |
|-------------|--------------|--------|
| 4 and under | <u> 46 </u> | (60.5) |
| 5-7 | <u> 27 </u> | (35.5) |
| 8-12 | <u> 3 </u> | (3.9) |

4. What's your present position/title description?

| | | |
|----------------------------|--------------|--------|
| Application Examiner/Clerk | <u> 68 </u> | (89.5) |
| Regulatory Assistant | <u> 1 </u> | (1.3) |
| Other (please specify) | <u> 7 </u> | (9.2) |

5. How do you usually get to work?

| | | |
|------------------------|-----------|--------|
| Walk | <u>7</u> | (9.2) |
| Personal auto | <u>48</u> | (63.2) |
| Carpool | <u>20</u> | (26.3) |
| Other (please specify) | <u>1</u> | (1.3) |

6. What's your present housing arrangement?

| | | |
|------------------------------|-----------|--------|
| Own my own home | <u>45</u> | (59.2) |
| Rent a house or apartment | <u>20</u> | (26.3) |
| Live with parents or friends | <u>11</u> | (14.5) |

7. How many years experience do you have in Private Radio licensing activities? Include experience both in your present position and experience in the former Safety and Special Radio Services Bureau.

| | | |
|-------------------|-----------|--------|
| Less than 1 year | <u>12</u> | (15.8) |
| 1-3 years | <u>21</u> | (27.6) |
| 4-6 years | <u>23</u> | (30.3) |
| 7-9 years | <u>4</u> | (5.3) |
| More than 9 years | <u>16</u> | (21.1) |

8. How long would it take someone like you to obtain the training and on-the-job experience needed to do your job at your current level of performance?

| | | | |
|---------------------|-----------|--------|----------|
| Less than 1 month | <u>12</u> | (16.0) | <u>1</u> |
| 1-3 months | <u>19</u> | (25.3) | |
| 4-6 months | <u>17</u> | (22.7) | |
| 7-12 months | <u>13</u> | (17.3) | |
| More than 12 months | <u>14</u> | (18.7) | |

9. Just in case the consolidation of the Licensing Division were made in Washington, D.C., would you move?

| | | |
|----------------|-----------|--------|
| Definitely yes | <u>2</u> | (2.6) |
| Probably yes | <u>4</u> | (5.3) |
| Undecided | <u>1</u> | (1.3) |
| Probably no | <u>16</u> | (21.1) |
| Definitely no | <u>53</u> | (69.7) |

1/Adjusted percentages--1 person not responding.

10. If you would not move to Washington, D.C., what would be your primary reason?

| | |
|--|-------------------------------------|
| Husband or wife would have to give up job | <u> 26 </u> / (37.1) <u> 1 </u> |
| Concerned about housing, transportation, and schools around Washington, D.C. | <u> 10 </u> / (14.3) |
| Strong like for present area (recreational opportunities, social life, church, etc.) | <u> 28 </u> / (40.0) |
| Other (please specify) | <u> 6 </u> / (8.6) |

11. Just in case consolidation of the Licensing Division was not made in Gettysburg, would you stay with the Division if it were relocated in the Frederick, Md. area (approximately 40 miles west of Gettysburg)?

| | |
|----------------|------------------------|
| Definitely yes | <u> 4 </u> / (5.3) |
| Probably yes | <u> 18 </u> / (23.7) |
| Undecided | <u> 24 </u> / (31.6) |
| Probably no | <u> 21 </u> / (27.6) |
| Definitely no | <u> 9 </u> / (11.8) |

 1 /Adjusted percentages--6 persons not responding.

(062260)

Single copies of GAO reports are available free of charge. Requests (except by Members of Congress) for additional quantities should be accompanied by payment of \$1.00 per copy.

Requests for single copies (without charge) should be sent to:

U.S. General Accounting Office
Distribution Section, Room 1518
441 G Street, NW.
Washington, DC 20548

Requests for multiple copies should be sent with checks or money orders to:

U.S. General Accounting Office
Distribution Section
P.O. Box 1020
Washington, DC 20013

Checks or money orders should be made payable to the U.S. General Accounting Office. NOTE: Stamps or Superintendent of Documents coupons will not be accepted.

PLEASE DO NOT SEND CASH

To expedite filling your order, use the report number and date in the lower right corner of the front cover.

GAO reports are now available on microfiche. If such copies will meet your needs, be sure to specify that you want microfiche copies.

AN EQUAL OPPORTUNITY EMPLOYER

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

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



THIRD CLASS