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

B-164031(2)

R+G Dear Mr. Mailliard:

On August 31, 1971, you requested our assistance in determining whether further delay in constructing a proposed addition to the Dental Health Center in San Francisco, California, was essential and in the best interests of the Government.

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The Dental Health Center--a facility of the National Institutes of Health (NIH), Department of Health, Education, and Welfare (HEW)--was established in 1961 as a center for applied research and training in the dental health field. In fiscal year 1966, \$250,000 was appropriated for planning of an addition to the center, and in fiscal year 1968, \$2,558,000 was appropriated for construction of the addition.

In July 1966 the General Services Administration, acting on behalf of NIH, awarded a contract to Neill Smith and Associates for design of the addition which was to be used for research and training purposes. The final designs were completed by the contractor in November 1970.

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NIH became aware in 1968 that the funds appropriated for construction were no longer sufficient and that an estimated additional \$628,000 would be needed. In 1969 funds were reprogrammed to meet the then-estimated construction cost of \$3,186,000. The General Services Administration informed NIH in March 1970 that the estimated cost of construction, based on starting construction in fiscal year 1971, had again increased to \$3,986,000. According to NIH officials these increases were caused primarily by the escalation of construction costs.

NIH officials said that they asked for \$2.3 million in their fiscal year 1972 budget request, prepared in 1970, to cover (1) the \$800,000 difference between the March 1970 estimate of \$3,986,000 and the available funds of \$3,186,000 and (2) \$1.5 million for built-in equipment, such as television equipment for training purposes. An additional \$1 million will be needed for non-built-in equipment.

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NIH officials told us that the Office of Management and Budget (OMB) had deleted the \$2.3 million in preparing the budget request submitted to the Congress. They said that OMB might have deleted the \$2.3 million because of an overlap in research functions between two components of NIH, the National Institute of Dental Research and the Division of Dental Health. The Dental Health Center is, organizationally, a part of the Division of Dental Health.

The overlap of research functions was resolved as of February 1971 by phasing out the research responsibilities of the Division of Dental Health. NIH officials have advised us that (1) the addition to the Dental Health Center can now be constructed within the available funds of \$3.1 million by redesigning the building to eliminate the research facilities that were originally included in the designs and (2) equipment funds in the amount of \$2.5 million will still be needed for the facility.

In July 1971 HEW requested OMB's approval to (1) construct the facility to conform to the revised functions it would serve and (2) include \$1.5 million in the fiscal year 1973 budget for built-in equipment. According to NIH officials a contract for the design of the facility will not be executed unless they obtain a favorable response from OMB. At October 31, 1971, OMB had not responded to HEW.

NIH is currently working on a new set of requirements for the facility from which the architectural planning can be made. It will take about 3 months to complete the set of requirements before NIH will be in a position to select a firm to redesign the facility if and when OMB approves its July 1971 request. It will take about 9 months to redesign the building and an additional 20 months for its construction.

Although no funds for the addition to the Dental Health Center were included in the fiscal year 1972 budget request submitted to the Congress, the Senate Committee on Appropriations, in its report dated July 29, 1971, on the HEW fiscal year 1972 appropriations bill, specifically recommended that \$1.5 million be appropriated for equipping the Dental Health

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Center. The \$1.5 million, however, was deleted by the committee of conference in its report dated August 5, 1971.

It appears that the primary reason for the current delay in constructing the facility is due to the phaseout in February 1971 of the research function of the Division of Dental Health. This phaseout of the research function caused a need for the facility to be redesigned to exclude the research areas provided for in the original design work.

Since it was decided to phase out the research function of the Division of Dental Health to avoid a duplication of research efforts within NIH, we see no basis for questioning that decision. In addition, it appears appropriate for HEW to seek OMB approval before contracting for the redesign of the facility since the facility was originally justified on the basis that it would provide both research and training functions.

As requested, the documents furnished to us with your letter of August 31, 1971, are being returned to your office under separate cover.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report. We trust that these comments will serve the purpose of your inquiry.

Sincerely yours,



Comptroller General  
of the United States

The Honorable William S. Mailliard  
House of Representatives