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RESOURCES, COMMUNITY,  
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B-215847

MARCH 15, 1985

RELEASED

The Honorable Mike Synar  
Chairman, Subcommittee on Environment,  
Energy, and Natural Resources  
Committee on Government Operations  
House of Representatives



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Dear Mr. Chairman:

Subject: Implementation Status of the Office of Management  
and Budget Circular A-76 Program at the  
Department of the Interior's National Park  
Service and Bureau of Reclamation  
(GAO/RCED-85-56)

As requested in your September 15, 1983, letter, we reviewed the efforts of the Department of the Interior's National Park Service and Bureau of Reclamation to implement Office of Management and Budget (OMB) Circular A-76. The A-76 policy was first issued in 1955 in a Bureau of the Budget bulletin and then reissued as OMB Circular A-76 in 1966. The circular states that, when feasible and economical, federal agencies should rely on the private sector for commercial goods and services. The A-76 process requires each agency to analyze functions performed in-house and contract for those that could be more effectively and economically performed by commercial sources.

We found that both agencies had been slow to implement the circular, although progress had improved since 1982. Although the jobs of many Park Service and Reclamation employees are subject to the A-76 process, few had been affected as of September 30, 1984, because of the agencies' limited progress in implementing the circular. We also found that both agencies' headquarters offices and field units were using various approaches to implement the circular. In one key area, developing inventories of contractible activities, these differences resulted in inconsistent and incomplete listings of activities that could be contracted under the A-76 program.

In September and October 1984, the Congress and OMB took actions that significantly affect both agencies' A-76 programs. The Congress passed legislation that requires the Park Service

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to obtain congressional approval of funds for contracts that result from A-76 analyses. OMB did not change the basic A-76 policy but did modify the procedures used to determine whether activities should be contracted. These actions were taken after we completed our fieldwork, and the information contained in this report, except where otherwise noted, does not reflect the impact of OMB and congressional actions. As agreed with your office, this report focuses on the status of the agencies' A-76 programs as of September 30, 1984. We do, however, discuss the potential impacts of the congressional and OMB changes. Because these changes may affect many of the matters discussed in this report, we do not make any recommendations.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

In your letter of September 15, 1983, you asked us to provide information on the Department of the Interior's implementation of OMB Circular A-76. You also requested that we obtain information on whether the agencies were using the A-76 process to meet personnel ceiling reductions made by OMB. Senator Max Baucus subsequently asked us to assess the status of Interior's National Park Service A-76 program at Glacier National Park in Montana. After discussing the requests with your office and Senator Baucus' staff, it was agreed that we would combine both requests, limit the review to Interior's National Park Service and Bureau of Reclamation, and focus on determining the A-76 program's progress, results, and impact on agency employees. Since our prior reports have concluded that the A-76 program can improve the economy and efficiency of federal agency operations, we did not assess A-76's overall merit.

We conducted our review at Interior, Park Service, and Reclamation headquarters' offices in Washington, D.C., and 8 of 17 agency regional offices and 19 of 402 field locations (primarily parks and project offices). Because of the large number of agency field locations, it was impractical to review a sufficient number of locations to project the results to either the regional office or agency level. The field locations we selected, however, provided broad coverage and examples of both agencies' functions and A-76 operations. In addition, we obtained agencywide statistical data on A-76 program status, cost, and activities from the agencies' headquarters offices whenever possible.

We also discussed the A-76 program with OMB officials and representatives of private organizations interested in the program. Enclosure I of this report provides more detailed information on our scope and methodology and lists the agency locations that we visited.



OMB CIRCULAR A-76

Bureau of the Budget Bulletin 55-4, issued January 15, 1955, stated that the federal government should not provide any service or product that could be procured from private enterprise. In 1966, after the Bureau of the Budget became OMB, the bulletin was reissued as OMB Circular A-76. In 1979 the circular was revised to recognize that some functions must be performed by government personnel but, in other cases, contractor performance could be cheaper and more effective. The revised circular also included detailed guidelines for the agencies to follow when comparing in-house and contractor costs to determine if contracting would be cheaper. OMB reissued the circular again in 1983, primarily to simplify the cost comparison process.

According to the circular, government agencies should use private contractors to perform certain activities when contracting would be more effective and economical. The circular divides federal activities into two categories--"governmental functions" and "commercial activities." The first category includes inherently governmental operations that should be performed only by federal employees because the functions involve exercising government authority or using judgment to make government decisions. For example, the circular identifies the functions of directing federal employees and setting program priorities as governmental. Commercial activities, however, are those operations that provide goods or services that could be obtained from private contractors (e.g., maintenance, data processing, and engineering). The circular allows federal employees to perform these activities but only under certain conditions. For example, federal employees can perform a commercial activity if it is required for national defense, no satisfactory commercial source is available, or if government operation is cheaper than contracting. If not, the activity should be contracted.

The circular directs each agency to review all its operations and develop an "inventory" of all commercial activities, which separately lists activities involving 10 or fewer full-time equivalents (FTEs<sup>1</sup>) and activities of more than 10 FTEs. The agency must then review each activity to determine if it should be contracted. Activities of 10 or fewer FTEs may be directly contracted without further analysis if "fair and reasonable prices" can be obtained from qualified sources.

For each activity not directly contracted, the agency must conduct a "cost comparison" which involves the following steps:

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<sup>1</sup>A standard way to measure employee positions in "equivalent" units of full-time work. One FTE equals 2,087 annual work-hours. For example, a seasonal position filled full-time for 6 months equals 0.5 FTEs.



- prepare a "performance work statement" that describes the tasks involved in carrying out the activity;
- conduct a "management study" to identify, if possible, more efficient ways to perform the activity in-house;
- calculate the activity's in-house cost based on the management study results;
- obtain commercial bids for the activity; and
- compare the in-house cost to the bids.

If the cost comparison shows that performance by contract would be cheaper by at least 10 percent of the government's personnel costs, the activity must be contracted to the lowest responsible bidder.

In September 1984, OMB issued additional guidance on the A-76 process. This guidance does not change the basic A-76 policy, but it does affect the program's scope and the steps involved in identifying and reviewing activities. For example, Interior is no longer required to review activities of 10 or fewer FTEs. Another important change requires agencies to include both governmental and commercial activities on their A-76 inventories and conduct management studies of all these activities. However, only those determined to be commercial will be reviewed for possible contracting. OMB changes are discussed in more detail on pages 13 to 15.

#### A-76 PROGRAM PROGRESS AND STATUS

Both Park Service and Reclamation have been slow to implement Circular A-76 and neither has met deadlines established for completing reviews of commercial activities. Recently, however, both agencies accelerated their efforts to review commercial activities and, as of September 30, 1984, 117 A-76 reviews<sup>2</sup> had been completed. As of that date, the agencies' A-76 inventories included a total of 556 activities.

In 1984 Park Service and Reclamation estimated that costs to implement the A-76 program, including conducting all reviews, would total about \$13.8 million. The agencies estimated that as of September 30, 1984, A-76 reviews had reduced annual operating costs by about \$1.8 million. However, these savings are recurring and represent only those reviews that had been completed. In addition, the agencies had not estimated potential savings

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<sup>2</sup>In this report we define A-76 reviews as either cost comparisons or decisions to directly contract activities of 10 or fewer FTEs without cost comparisons.



from future reviews; therefore, it is difficult to compare program costs to benefits.

Because few activities and FTEs had been contracted, and the agencies have tried to reassign many affected employees, A-76's impact on agency personnel has been relatively minimal.

#### Limited progress

As of September 30, 1984, Park Service and Reclamation had not reviewed most of the commercial activities on their A-76 inventories and neither agency had met OMB or Department A-76 program milestones. For example, the 1979 circular revision required agencies to prepare commercial activity inventories and review all these activities by March 29, 1982. Both agencies did prepare inventories but, as of the review completion deadline, the Park Service had reviewed only 1 of the 146 activities on its inventory at that time while Reclamation had reviewed only 2 of its 200 activities.

In July 1982 the Secretary of the Interior requested all Interior agencies to update their commercial inventories and review 50 percent of their activities by the end of fiscal year 1983 and the other 50 percent by the end of fiscal year 1984. Park Service and Reclamation revised their inventories, but again neither agency met the target completion dates for conducting reviews. In July 1982 the Park Service expanded its inventory to 711 commercial activities. Since then the agency has revised, consolidated, and updated its inventory and review schedules several times. The most recent inventory, revised in June 1984, included 447 activities (3,503 FTEs). As of September 30, 1984, the Park Service had reviewed 56 (363 FTEs) of these activities. The agency also completed reviews of 6 other activities (11 FTEs) that were not included on the current inventory because the reviews were completed prior to this inventory's development.

Reclamation also did not complete its A-76 reviews as scheduled. In July 1982 the agency revised its inventory from 200 to 116 commercial activities and scheduled 60 activities for review by the end of fiscal year 1983 and the other 56 in fiscal year 1984. In December 1983, Reclamation revised its commercial inventory to 109 activities. As of September 30, 1984, the agency had reviewed 30 of these activities (74 of 1,186 FTEs). This total does not include another 25 activities (80 FTEs) that Reclamation had previously reviewed and, as a result, had deleted from its current A-76 inventory.

Almost 400 of the 447 activities on the Park Service's inventory were support and maintenance functions such as custodial services, general maintenance, and refuse collection. Reclamation's 109 inventory activities included 40 maintenance functions but also listed a number of other activities such as



geological surveying and drilling, film and videotape production, and art and graphics services.

### Current status and results

The following table summarizes the results of all of the agencies' A-76 reviews completed as of September 30, 1984.

	<u>Park Service</u>		<u>Reclamation</u>		<u>Total</u>	
	<u>Activities</u>	<u>FTEs</u>	<u>Activities</u>	<u>FTEs</u>	<u>Activities</u>	<u>FTEs</u>
Retain in-house (after cost comparison)	45 <sup>a</sup>	330	16 <sup>b</sup>	76	61	406
Contract (after cost comparison)	3 <sup>a</sup>	5	5 <sup>b</sup>	33	8	38
Contract (without cost comparison)	<u>14</u>	<u>39</u>	<u>34</u>	<u>45</u>	<u>48</u>	<u>84</u>
Total reviewed	<u>62</u>	<u>374</u>	<u>55</u>	<u>154</u>	<u>117</u>	<u>528</u>

<sup>a</sup>Thirty-six of the Park Services' 48 completed cost comparisons involved activities of 10 or fewer FTEs.

<sup>b</sup>Fifteen of Reclamation's 21 completed cost comparisons involved activities of 10 or fewer FTEs.

As the table shows, relatively few A-76 cost comparisons have resulted in decisions to contract commercial activities. Of the 69 completed A-76 cost comparisons, only 8 (38 FTEs) resulted in decisions to contract activities. The other 61 completed cost comparisons (406 FTEs) showed that the activities should be retained in-house. Most of the decisions to contract commercial activities involved activities of 10 or fewer FTEs (48 activities totaling 84 FTEs) and, as allowed by the circular, these activities were contracted without performing cost comparisons.

### Several factors have affected A-76 program progress

We identified four primary factors that affected the agencies' progress in implementing Circular A-76. First, management did not emphasize the A-76 program. Second, personnel resources and technical expertise needed to conduct the reviews were not always available. Third, required operations and performance data were lacking. Fourth, a large portion of the resources available for A-76 reviews were used to conduct cost comparisons of small activities involving 10 or fewer FTEs, which did not necessarily require cost comparisons.

Interior, the Park Service, and Reclamation did not emphasize A-76 implementation before mid-1982. As a result, Park Service and Reclamation field offices made little effort to



review A-76 activities (e.g., only 3 of the 346 activities on both agencies' inventories were reviewed as of March 29, 1982). In July 1982, however, the Secretary of the Interior criticized the Department for ". . . a less than aggressive support for the policies articulated in OMB Circular A-76" and requested Interior's agencies to begin conducting A-76 reviews. Park Service and Reclamation subsequently increased their A-76 program emphasis and directed their field units to give the program a higher priority.

Another factor that delayed A-76 program implementation was the lack of needed resources and technical expertise. Although the agencies identified hundreds of commercial activities, no additional field office personnel slots were specifically allocated for the A-76 program. According to headquarters and field officials, many personnel were assigned A-76 program responsibilities as "collateral duties" and resources available for the program were limited. As a result, little work was done on A-76 reviews. In addition, although OMB recommends that A-76 reviews be performed by staff members with expertise in such technical areas as personnel, management analysis, contracting, and cost analysis, these skills were not always available at the Park Service and Reclamation field units we visited. In some cases, administrative officers, maintenance personnel, and office managers performed key A-76 review steps such as management studies and cost calculations. Although these personnel received some A-76 training, we believe they did not have the recommended technical background.

The lack of data and information on the activities being studied has also slowed A-76 reviews. In both Park Service and Reclamation, basic information needed for A-76 reviews--such as who performs the activities, how and when they are performed, what they cost, and to what standards they must be performed--has not been readily available. We recently reported on the need for such data in the Park Service. In our June 1, 1984, report National Park Service Needs a Maintenance Management System (GAO/RCED-84-107), we stated that the agency needed to develop a system to plan, organize, direct, and review maintenance activities. According to our report, parks did not have needed information such as workload inventories, maintenance task listings, work schedules, performance standards, or cost records. Because these types of information are also needed to conduct A-76 analyses, the agencies' field units we visited during this review had used a variety of techniques to develop the data. In some cases, time-consuming surveys, physical inspections, and reviews of job orders or other records were conducted. In other instances, this information was estimated based primarily on the staff's knowledge of the activity.

Finally, overall progress was delayed because A-76 program resources, particularly in the Park Service, were used to conduct cost comparisons of activities of 10 or fewer FTEs.



According to the circular, these activities could have been contracted without cost comparisons. Park Service A-76 program officials recognized that conducting full-scale reviews of these smaller activities increased workloads. They stated that the cost comparisons were conducted, however, to allow the federal employees an opportunity to prove that they could perform the activities more efficiently and economically than contractors. This was done in an attempt to minimize adverse impacts on federal employees. As of September 30, 1984, 36 of the 62 reviews the Park Service had completed involved cost comparisons of activities of 10 or fewer FTEs. Reclamation, in contrast, contracted many of these activities without cost comparisons. As of September 30, 1984, Reclamation had reviewed 55 activities; 34 were of 10 or fewer FTEs and were directly contracted.

Although these four factors affected overall A-76 progress, recent Park Service and Reclamation efforts have accelerated A-76 program implementation. The Park Service, for example, completed 56 reviews in fiscal year 1984. Overall the agency has completed a total of 62. Reclamation's progress also accelerated following the Secretary's July 1982 A-76 directive. The agency completed 49 of its total of 55 reviewed activities after the directive, including 24 activities in fiscal year 1984.

Program costs and benefits  
difficult to compare

Both agencies report that their A-76 programs have produced some dollar benefits by reducing activities' operating costs. These savings resulted from either contracting the activities or improving the efficiency of those retained in-house. As of September 30, 1984, Park Service records showed that 54 of its 62 completed A-76 reviews would reduce annual operating costs, for those activities involved, by an estimated total of about \$451,000; Reclamation's data showed that 21 of its 55 completed reviews would save an estimated total of about \$1,314,000. The agencies' records did not indicate the amount of savings that resulted from the other 8 Park Service and 34 Reclamation A-76 reviews as they were contracted without performing cost comparisons.

In the Park Service, estimated annual cost reductions for the 54 individual reviews ranged up to about \$67,000, but 21 of the completed reviews did not result in any savings. In these cases, the activities were retained in-house because no bids were received that were 10 percent lower than in-house personnel costs, and the management studies did not identify any ways to reduce in-house costs.

Annual savings estimates from Reclamation's completed A-76 cost comparisons ranged up to about \$457,000; but six of the completed reviews did not show any savings because the activities were retained in-house, and no management studies were



conducted (these studies were not required prior to the 1983 circular revision). Both agencies' cost reductions are 1-year estimates; but, because the activities involved are recurring operations, savings should also recur.

According to Park Service and Reclamation officials, the estimated costs of A-76 implementation in both agencies total about \$13.8 million. While neither agency has a system to identify actual A-76 program costs, regions and offices have reported estimates of the costs to establish their A-76 programs and perform reviews. The Park Service units estimated that program costs through fiscal year 1984, to establish the A-76 program and complete 62 reviews, would be about \$6 million. Total program costs, to initiate the program and review all 447 inventory activities, were estimated to be about \$11.8 million. Reclamation's regional offices estimated that their A-76 costs, to initiate the program and review all 109 inventory activities, would total about \$2 million. Both agencies' estimated costs exceeded estimated savings, as of September 30, 1984. However, the savings estimates are recurring and apply to only a small number of completed reviews (many of which involved 10 or fewer FTEs), while the cost estimates include implementation expenses covering the agencies' entire A-76 programs. As more reviews are completed, the agencies' savings estimates should increase.

In addition, the A-76 review process produced benefits other than dollar savings. Park Service and Reclamation program officials pointed out that A-76 reviews provided them with a better understanding of the tasks involved in each activity and developed performance standards that had not existed before.

#### Few employees affected by the A-76 programs so far

Because Park Service and Reclamation had completed reviews of only a small number of commercial activities and FTEs, relatively few employee positions had been affected as of September 30, 1984. The agencies' inventories of commercial activities list a total of over 4,600 FTEs; but activities including only about 528 FTEs had been reviewed, and agency records showed that 142 positions were actually affected. Many positions were unaffected because activities were retained in-house. As shown in the table on the following page, 15 Park Service positions were eliminated after A-76 reviews (11 were temporary slots that will not be filled in the future and 4 involved permanent employees who were involuntarily separated). Another 39 employees or positions were reassigned, downgraded, or voluntarily left the agency. In Reclamation, 20 positions were eliminated (19 employees were separated and 1 job was vacant) and 52



employees or positions were downgraded, reassigned, or voluntarily left the agency.

	<u>Total FTEs reviewed</u>	<u>Total positions affected</u>	<u>Positions eliminated</u>	<u>Positions downgraded</u>	<u>Employees reassigned, retired, or resigned</u>	<u>Other</u>
Park Service	374	66	15	19	20	12 <sup>a</sup>
Reclamation	154	76	20	16	36	4 <sup>b</sup>

<sup>a</sup>Four Park Service employees had their work schedules reduced from full-time to part-time. Another eight were reassigned, retired, or downgraded; but more specific breakdowns were unavailable.

<sup>b</sup>As of September 30, 1984, the agency had not decided how these four displaced employees would be handled.

The circular directs agencies to attempt to find other positions for employees adversely affected by A-76 reviews. A-76 program officials at Interior, the Park Service, and Reclamation try to minimize adverse employee affects by reassigning or downgrading (and not separating) affected employees. Some officials, however, were concerned that more employees may be displaced in the future because most of the A-76 reviews (and FTEs) had not yet been conducted. According to these officials, if these reviews were to eliminate large numbers of jobs, field units may not be able to reassign all displaced employees.

In your letter, you expressed concern that the agencies might use the A-76 process to contract activities in order to meet FTE ceiling reductions made by OMB. The circular prohibits A-76 contracting solely to meet personnel ceilings, and we did not find that Park Service and Reclamation had used the A-76 program in this fashion. Overall, as discussed earlier, the agencies have been slow to implement A-76, and program results--including the contracting of activities--have been limited. The Park Service and Reclamation could have used the A-76 process to reduce personnel levels by directly contracting activities of 10 or fewer FTEs without conducting cost comparisons. As of September 30, 1984, however, both agencies had directly contracted only 84 FTEs, although their current inventories include 1,381 FTEs in activities of 10 or fewer FTEs.

A-76 DECENTRALIZATION LED TO PROGRAM  
IMPLEMENTATION INCONSISTENCIES  
AND INCOMPLETE INVENTORIES

A-76 program implementation in Interior, the Park Service, and Reclamation is highly decentralized; as a result, the agencies and their field units have adopted different implementation strategies and processes. As agreed with your office, we did not evaluate individual A-76 reviews and did not determine



whether these differences affected the quality of A-76 studies or their results and decisions. However, in one key program area, developing inventories of commercial activities, the differences led to inconsistent and incomplete listings.

#### A-76 programs implemented differently

Interior's Assistant Secretary for Policy, Budget, and Administration has departmentwide A-76 program responsibility but has delegated actual implementation responsibility to Interior's individual agencies. This decentralization allowed the Park Service and Reclamation to adopt different A-76 policies and procedures. For example, the Park Service's program guidance to field units included an overall A-76 directive and a series of 26 "issuances" discussing specific aspects of the program. In contrast, Reclamation did not develop any overall A-76 directives or instructions but did attempt to standardize some A-76 processes, which the Park Service left up to its field units. Reclamation headquarters designated specific commercial activities that field units were required to include on their A-76 inventories. Reclamation also established two task forces to develop standard approaches for all units to use to review the agency's two largest activities, geological surveying and heavy equipment maintenance. The Park Service, on the other hand, identified some "typical" commercial activities but allowed field units to individually determine which activities were contractible. The Park Service also did not develop standard approaches for conducting reviews of similar activities located in different units.

Park Service and Reclamation also decentralized their A-76 programs. We found contrasting differences in the field units' implementation of A-76 in areas such as the number of commercial activities identified, the number of personnel assigned to A-76, and the amount of A-76 implementation costs incurred. The actual A-76 reviews were also performed differently. For example, Reclamation's Mid-Pacific and Lower Missouri regions and the Park Service's Rocky Mountain region established interdisciplinary review teams to conduct reviews of commercial activities at locations throughout each region. The other regions we reviewed required individual parks and project offices to conduct their own reviews.

#### Commercial inventories inconsistent and incomplete

Park Service and Reclamation A-76 commercial inventories were prepared in a variety of ways. Some field units attempted to include all commercial activities on their inventories. Others, however, did not identify any commercial activities or else listed some but omitted others which could be contracted.

We found that inventory sizes varied considerably among both agencies' units. Park Service and Reclamation



headquarters' officials stated that these differences in inventory sizes resulted primarily from the different approaches the agencies' units used to prepare A-76 inventories. In the Park Service, 4 of the agency's 13 regions and offices listed over 25 percent of their total FTEs on the A-76 inventory, but 5 regions and offices reported less than 15 percent. For example, the Pacific Northwest region's A-76 inventory represented about 11 percent of its total fiscal year 1984 FTEs, while the National Capital region's inventory included about 39 percent. We found the same situation at Reclamation--percentages ranged from zero at agency headquarters to about 31 percent in the Mid-Pacific region. Five of the agency's 9 regions and offices included under 10 percent of their total FTEs, 2 between 10 and 20 percent, and 2 more than 20 percent.

We identified specific commercial activity inconsistencies and omissions in both the Park Service's and Reclamation's A-76 inventories. The following examples illustrate these inventory deficiencies.

- In the Park Service, three regional office headquarters' offices--Western, Pacific Northwest and Southwest--and over 70 parks did not report any commercial activities. The three regional office locations had combined fiscal year 1984 FTE budgets totaling 520, and 13 of the parks had 1984 FTE budgets ranging from 20 to 58. In 1983 a Western regional office A-76 review committee identified several non-maintenance functions that could be contracted including data processing, property appraisal, and several personnel operations. The regional office's A-76 coordinator explained that these activities were not identified for inclusion in the A-76 inventory because the Park Service focused program implementation on maintenance. Since the Western region's headquarters office did not perform any maintenance activities with in-house personnel, it did not list any commercial activities.
- The Park Service's Joshua Tree National Monument (47 FTEs) did not list any commercial activities, although monument employees perform grounds maintenance at 552 campsites and 9 picnic areas. Grounds maintenance is listed as a commercial activity at many other parks.
- At the Park Service's Golden Gate National Recreation Area, a 1983 study identified 87 FTEs (in 14 activities) that could be contracted, but park officials did not include the FTEs on the park's A-76 inventory. In one activity, 35 FTEs were excluded from the inventory because park officials wanted to retain the functions performed by the employees in-house to maintain flexibility in their operations.



- In Reclamation's Pacific Northwest region, the Chief of Property Management stated that the regional office's inventory is "conservative." The inventory was also based on the outdated 1979 version of the circular even though Interior and the 1983 circular required updated inventories. At our request, regional officials identified several contractible activities, including warehouse operations (23 employees), which are not on the A-76 inventory.
- A-76 program officials in Reclamation's Lower Colorado region stated that most of the region's functions could be performed by contractors. Regional personnel specifically identified two contractible functions--dredging (35 FTEs) and warehouse and supply management (17 FTEs)--which are not on the region's inventory. If added, these activities would increase the FTEs on the region's inventory by 25 percent. Regional officials consider their inventory "fairly complete" but are reluctant to identify more commercial activities because of the increased workload that more A-76 reviews would produce.
- In Reclamation's Mid-Pacific region, a 1984 regional office contracting-out study concluded that a number of functions not on the A-76 inventory could be contracted. These activities, totaling at least 86 FTEs, included engineering and engineering support, ADP operations, reservoir maintenance, and map making. Regional officials stated that these activities are not on the office's A-76 inventory because the region only listed the activities headquarters directed it to include.

CONGRESSIONAL AND OMB ACTIONS  
WILL CHANGE A-76 PROGRAMS

Recent congressional and OMB modifications to the A-76 process should significantly affect several aspects of the Park Service's and Reclamation's A-76 programs. The changes address many of the A-76 program implementation aspects discussed in this report, including program resources and training, sources of information needed for A-76 reviews, reviews of activities of 10 or fewer FTEs, treatment of displaced employees, and the development of commercial inventories.

On October 24, 1984, President Reagan signed Public Law 98-540, Amendment to the Volunteers in the Parks Act of 1969, which states that ". . . management and regulation of natural resources on Federal land are inherently governmental functions and should be performed by federal employees." Provisions in the law prohibit the Park Service from signing any A-76 contracts during fiscal years 1985 through 1988 unless the Congress specifically provides funds for such contracts. Although the A-76 policy still applies to the Park Service, this restriction adds another step to the A-76 process.



The act also exempts Park Service commercial activities of 10 or fewer FTEs from the A-76 process. This change significantly reduces the agency's current A-76 program because 345 of the 447 activities (1,233 of 3,503 FTEs) on its existing inventory contain 10 or fewer FTEs. As discussed earlier, A-76 progress was delayed because the Park Service was utilizing A-76 resources, in many cases, to review these small activities.

Finally, the law requires the Park Service to implement a maintenance management system--see discussion of this system on page 7. When implemented, this system should provide much of the data the agency needs to conduct A-76 reviews.

In September 1984, OMB made several changes to the overall A-76 program. These changes, part of OMB's Productivity Improvement Program, alter the A-76 program's scope and process on a broad scale. First, OMB specifically directed that all Interior agencies were not to begin any additional reviews of activities of 10 or fewer FTEs (Public Law 98-540 applies to the Park Service but not to Reclamation). OMB's new guidance allows Reclamation to retain these smaller activities in-house, without conducting A-76 reviews of them. Reclamation's inventory included 54 small activities (148 FTEs) which had not been reviewed as of September 30, 1984.

OMB is also requiring agencies to revise their inventories to include all functions--governmental as well as commercial--in 14 specific categories of activities.<sup>3</sup> Management studies and cost comparisons will be required for both governmental and commercial activities, and bids will be solicited from other government agencies as well as private sources. The in-house costs of governmental functions, however, will be compared only to bids from other federal agencies; these functions will not be contracted commercially. The new inventory criteria and standard categories include activities that were not listed on Reclamation's or Park Service's inventories as of September 30, 1984. However, in accordance with the new guidance, Reclamation's activities in areas such as warehousing, engineering, and data processing should now be listed and reviewed. Similarly, all Park Service operations that fall in the 14 categories must now be included on the inventory, even if they were not previously listed.

OMB's guidance recognizes that the new requirements may increase A-76 program workloads. As discussed earlier, Park

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<sup>3</sup>Automated data processing, data transcription and keypunch, training, audiovisual, food service, facilities/grounds/utilities maintenance, mail and file, architecture and civil engineering, library, laundry and dry cleaning, warehousing/stock handling, motor pool/vehicle maintenance, accounts management, and loan processing.



Service's and Reclamation's A-76 programs were already affected by resource and expertise shortcomings. OMB is addressing this problem by requiring agencies to identify the number of people and amount of training needed to complete reviews of all listed functions. OMB is also requiring agencies to develop plans to retrain and utilize employees displaced by the program.

These recent congressional and OMB actions will significantly modify the agencies' A-76 inventories and review processes and therefore affect the program aspects discussed in this report. OMB is planning to reissue Circular A-76 to incorporate these changes, which are currently being implemented by Park Service and Reclamation. As a result, we do not make recommendations.

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At your request, we did not obtain official agency comments from the Department of the Interior, Park Service, or Reclamation. We did, however, brief Interior officials on the results of this review, and their comments are incorporated in the report where appropriate.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to other interested parties and make copies available to others upon request.

Sincerely yours,



J. Dexter Peach  
Director

Enclosure



SCOPE AND METHODOLOGY

We conducted our review at the Department of the Interior, National Park Service, and Bureau of Reclamation headquarters' offices in Washington, D.C., and at the following field locations:

<u>Field unit</u>	<u>NATIONAL PARK SERVICE</u>	<u>Location</u>
National Capital Regional Office		Washington, D.C.
Harpers Ferry National Historical Park		Harpers Ferry, WV
Pacific Northwest Regional Office		Seattle, WA
Mount Rainier National Park		Ashford, WA
Coulee Dam National Recreation Area		Coulee Dam, WA
Olympic National Park		Port Angeles, WA
Rocky Mountain Regional Office		Denver, CO
Glacier National Park		West Glacier, MT
Yellowstone National Park		Yellowstone National Park, WY
Western Regional Office		San Francisco, CA
Golden Gate National Recreation Area		San Francisco, CA
Sequoia - Kings Canyon National Park		Three River, CA
Denver Service Center		Denver, CO

<u>Field unit</u>	<u>BUREAU OF RECLAMATION</u>	<u>Location</u>
Lower Colorado Regional Office		Boulder City, NV
Lower Colorado Dams Project Office		Boulder City, NV
Yuma Project Office		Yuma, AZ
Lower Missouri Regional Office		Denver, CO
North Platte River Project Office		Mills, WY
South Platte River Project Office		Loveland, CO
Mid-Pacific Regional Office		Sacramento, CA
Fresno Central Valley Project Construction Office		Fresno, CA
Tracy Central Valley Project Office		Tracy, CA
Pacific Northwest Regional Office		Boise, ID
Grand Coulee Project Office		Grand Coulee, WA
Yakima Project Office		Yakima, WA
Columbia Basin Project Office		Ephrata, WA
Engineering and Research Center		Denver, CO

We judgmentally selected our sites to (1) include both urban and rural field units of different sizes, (2) provide broad geographical coverage of both agencies, and (3) have a wide diversity of activities that would enable us to perform a comprehensive assessment of the A-76 process at both agencies.

To identify Interior's, the Park Service's, and Reclamation's A-76 implementation policies and procedures, we



reviewed headquarters' guidelines and directives and interviewed headquarters' A-76 program officials. We also interviewed OMB program officials and discussed A-76 implementation status with other organizations, including the National Federation of Federal Employees, the National Parks and Conservation Association, and the Business Alliance on Government Competition.

At the various agency field locations, we

- reviewed pertinent records and documents including A-76 procedures and instructions, lists of functions to be reviewed for possible contracting, review schedules, and summaries of review results;
- interviewed park superintendents, project office directors, A-76 program personnel, and employee groups to discuss A-76 history, organization, process, progress, results, and impacts; and
- performed various analyses of A-76 progress and results including comparisons of A-76 program operations to departmental, agency, and OMB Circular A-76 requirements.

As agreed with your office, we did not evaluate individual A-76 reviews of agency activities or assess whether the resulting decisions (to retain activities in-house or contract) were reasonable. We did not analyze these reviews because at the time of our field work Park Service and Reclamation had completed only a small number of A-76 reviews. Evaluating these reviews would not have provided a valid representation of the overall quality of A-76 reviews at these agencies.

Our review, conducted from November 1983 to September 1984, followed generally accepted government auditing standards. At your offices's request, we did not obtain written agency comments on this report. We did, however, brief Interior officials on the results of our review, and their views have been incorporated in the report where appropriate. Some of the Park Service and Reclamation data contained in this report (A-76 costs and savings, for example) are estimates prepared by agency field locations. We were not able to verify the accuracy of these estimates since they were compiled in various manners at numerous different locations, and we did not perform work at most of these locations.

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