121201

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Committee On Government Operations, House Of Representatives

RELEASED

Financial Information Lacking On Government Telecommunications Services And Equipment

Citing a lack of specific figures on the total amount of financial information for the government's acquisition and use of telecommunications services and equipment, the House Committee on Government Operations sent a questionnaire to 41 departments and agencies. GAO's review of the responses found that the information obtained was inaccurate, incomplete, and did not maintain known or expected relationships between payments, expenditures, and costs.

However, based on information obtained from other government sources, GAO estimated that the government's total expenditures for telecommunications services and equipment exceeded $10 billion for fiscal year 1981. But this information, as well as the information provided in response to the Committee's questionnaire, is inconclusive and not reliable because it does not contain complete cost data for all types of services and equipment included in the report.

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FEBRUARY 25, 1983

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

MISSION ANALYSIS AND
SYSTEMS ACQUISITION DIVISION

B-209904

The Honorable Jack Brooks
Chairman, Committee on
Government Operations
House of Representatives

Dear Mr. Chairman:

This report summarizes the compilation of the telecommunications financial information submitted to your office by various government departments and agencies.

This report also cites your concerns that no specific figures are available for use by the Congress and/or the general public, indicating the total amount of expenditures for the government's acquisition and use of telecommunications services and equipment. Although we estimate that the government's total expenditures for telecommunications services and equipment exceed $10 billion for fiscal year 1981, this information is inconclusive and not reliable enough to resolve your concerns because it, as well as the information provided in response to your questionnaire, does not contain complete cost data. In effect, no one inside or outside of the government really knows how much the government actually spends for telecommunications services and equipment.

We did not obtain agency comments on this report as you requested. Also, we plan no further distribution of this report until 30 days from the date of the report unless you publicly announce its contents earlier. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

W. H. Shelley, Jr.
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE CHAIRMAN,
COMMITTEE ON GOVERNMENT
OPERATIONS, HOUSE OF
REPRESENTATIVES

FINANCIAL INFORMATION LACKING ON GOVERNMENT TELECOMMUNICATIONS SERVICES AND EQUIPMENT

D I G E S T

The Chairman, House Committee on Government Operations, is concerned that no specific figures are available for use by the Congress and/or the general public, indicating the total expenditures for the government acquisition and use of telecommunications services and equipment.

In an attempt to obtain this information, the Committee sent a questionnaire to 41 departments and agencies, asking each to provide, for fiscal years 1979 through 1982, the dollar amount of contracts and expenditures to vendors for communications and teleprocessing services, value added networks, electronic mail, word processing, voice, data, and any special or dedicated circuits. All 41 departments and agencies responded.

The Committee Chairman asked GAO to compile the information obtained from the respondents and to compare it with similar information obtained from other government sources. In this regard, only 39 responses were provided to GAO for inclusion in the compilation because 2 responses were classified for purposes of national security.

GAO's compilation of the information showed it is inaccurate, incomplete, and did not maintain known relationships between payments, expenditures, and costs for several reasons. (See pp. 2 to 5.) As a result, the information is not reliable enough to resolve the Chairman's concerns.

Using information obtained from other government sources, GAO estimated that the government's telecommunication costs exceeded $10 billion for fiscal year 1981. Although the information used as the basis for GAO's estimate is the best available, it is inconclusive because it does not contain complete cost data for all types of services and equipment included in this report.

Contents

ABBREVIATIONS

DOD	Department of Defense
FTF	Federal Telecommunications Fund
GAO	General Accounting Office
OMB	Office of Management and Budget

CHAPTER 1

SUMMARY OF TELECOMMUNICATIONS QUESTIONNAIRE RESPONSES

The Chairman, House Committee on Government Operations, asked us to review and summarize the telecommunications financial information obtained from selected government departments and agencies. We found that this information provided by these organizations is inaccurate, incomplete, and lacked known or expected relationships between payments to vendors, expenditures, and program costs.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our effort was to assemble financial information on telecommunications equipment and services acquired and used by the government. The Chairman is concerned that no specific figures, showing how much and where money is spent for the acquisition and use of telecommunications equipment and services, are available to the Congress and the general public.

In an attempt to obtain this type of information, the Committee prepared a questionnaire and distributed it to 41 different departments and agencies. (An example of the transmittal is shown in app. V.) In essence, this questionnaire asked each addressee to provide, for fiscal years 1979 through 1982, dollar amounts for payments to vendors, expenditures, and program costs for the following categories of services--communications and teleprocessing, value added networks, electronic mail, word processing, voice, data, and any special or dedicated circuits. All 41 departments and agencies responded.

We were provided 39 of the 41 responses for use in the compilation. Two responses were classified for purposes of national security. We did not verify or validate the information contained in the responses due to its massive volume, the wide geographical dispersion of many of the respondent's organizational units, and the way cost information is maintained by the various departments and agencies. Governmental accounting systems do not make this type of information readily available.

The information submitted on the questionnaires was summarized without alteration; the information presented in selected questionnaire responses was reviewed; and responses were discussed with responsible officials from selected organizational components.

Our limited review was made in accordance with generally accepted government auditing standards. The financial information submitted on the questionnaires and obtained from other government sources was not verified or independently assessed because preliminary testing disclosed that such efforts were impractical.

INFORMATION PROVIDED BY RESPONDENTS

The following chart summarizes the financial information provided by the respondents. (See apps. II, III, and IV for supporting schedules.) Payments to vendors should represent actual amounts paid to commercial vendors for services and equipment received. Expenditures should include payments to vendors and other cost elements such as those incurred for government personnel and reimbursements to other government agencies for telecommunications services and equipment.

Reported Financial Information

Description	Fiscal year 1979	1980	1981	1982
	(billions)			
Payments to vendors	$1.0	$1.6	$1.9	$ 2.2
Expenditures	0.1	1.1	1.7	1.9
Program costs	0.1	1.3	1.8	2.1

Program costs should include expenditures and unpaid balances on contracts to vendors for services and equipment yet to be received. Therefore, program costs should be equal to or greater than expenditures, and expenditures should be equal to or greater than payments to vendors. These relationships are not reflected through comparison of the figures for payments to vendors, expenditures, and program costs in the above chart.

In addition, we found the following inaccuracies, inconsistencies, and lack of completeness in the information provided by the respondents:

--Forty-seven percent of the responses reported expenditures for circuitry and equipment that were not reflected as payments to vendors.

--Forty-nine percent of the responses incorrectly reported interagency reimbursables. Both the General Services Administration and the Defense Communications Agency were frequently reported as vendors or the reimbursables were reported as direct payments to vendors, such as Associated Bell, Western Union, and American Telephone and Telegraph.

--Seventy-two percent of the responses omitted intra-agency allocations and/or interagency reimbursables from expenditures.

--Seventy-two percent of the responses reported payments to vendors that were not shown as part of expenditures.

--Thirty-three percent of the responses did not submit what we considered as essential appendixes or, if submitted, they lacked necessary details.

--The National Aeronautics and Space Administration combined inputs from 11 field activities with headquarters information. As headquarters personnel had only minimal knowledge of the field inputs, there was no assurance the information was accurate, complete, or consistent with information provided to the Office of Management and Budget (OMB) in compliance with Circular A-11.

--Situations similar to the National Aeronautics and Space Administration were encountered at the Veterans Administration (231 field activities), the Coast Guard (12 field activities), and the Department of Energy (32 field activities).

--The Federal Aviation Administration did not solicit details on local telecommunications services for approximately 1,000 field activities. The individual preparing the response doubted that the information was available in the format requested.

--Respondents used varying and inconsistent definitions of the term "telecommunications." For example:

  --Law enforcement agencies included mobile and hand held radios.

  --The Department of Energy did not include radio networks or powerline transmission telecommunications systems.

--Respondents used differing cost bases or sources for completing their responses when the questionnaire requested payments, expenditures, and program costs. As a result, information supplied was inconsistent between respondents. For example:

  --The Agency for International Development included headquarter's expenditures, but used budget data for their 87 overseas locations. The Department of State, with four payment offices, used a similar technique.

--The Federal Aviation Administration, whose accounting system did not contain retrievable historical information, used a regression analysis to estimate fiscal year 1979 through 1982 expenditures. Also, the validity of this analysis is questionable as a $486,000 item was omitted from the base year.

--Suppliers of teleprocessing services do not distinguish between circuit charges and computer-connect charges, so some respondents reported total costs while others made some factual or arbitrary cost breakouts.

--The Federal Emergency Management Agency generated its response from its accounting system. The Agency officials did not entirely trust this source because we recently issued a report [1] which pointed out the absence of integrated accounting systems in five major activities.

--The sources used by respondents include cost accounting reports, accounts payable, OMB Circular A-11 submissions, contract files, and personnel systems. However, we have no assurance that each respondent used all of these sources and carefully compared and resolved differences in the financial information contained in these sources.

--Respondents excluded certain information from their completed appendixes or segments of the questionnaires. As a result, the financial information reported was incomplete. For example:

--The U.S. Postal Service did not report payments to vendors and expenditures on administrative telephone services managed by about 19,600 postmasters.

--The Department of Defense (DOD) response excluded local telecommunications (approximately 500 locations), tactical, satellite, and command and control systems.

Although many difficulties were encountered by the departments and agencies in obtaining the information and preparing their responses to the questionnaire, the information obtained

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[1] "Weaknesses in Internal Financial and Accounting Control at the Federal Emergency Management Agency" (GAO/AFMD-82-87, June 17, 1982).

does represent a first step towards evaluating what is needed to establish a baseline or data base for use in managing financial information on U.S. government telecommunications services and equipment. Our analysis of the responses shows that there is a need for improved uniformity and flexibility in processing and maintaining telecommunications financial information. For example:

--The departments and agencies do not use common definitions for key terms, such as "telecommunications."

--Cost bases or sources of information to be used in preparing the responses are not uniform in the departments and agencies.

--Cost information is generally not processed and maintained by function; therefore, agencies could not readily comply with the requirement to respond by functions, for example, word processing, teleprocessing, voice, and data.

CONCLUSIONS

For the reasons described on pages 2 to 5, we believe that the summary of telecommunications financial information as presented herein is not reliable or accurate enough to satisfy the Chairman's concerns.

Improved uniformity and flexibility in processing and maintaining telecommunications financial information may still not provide the desired results, in part, until the following situations are resolved:

--Budgetary and accounting information is maintained in a fashion that helps or otherwise makes the information readily available in a standardized manner.

--Establishing uniform definitions and interpreting technical terms are essential, but virtually impossible to attain without support from within the Executive Office of the President, such as OMB.

--Only passive compliance by the respondents may be achieved when management is decentralized, intra-agency allocations and interagency reimbursements are involved, or mandatory or repetitive requirements do not necessitate the maintenance or use of such information.

The effective management of information is becoming critical to the departments and agencies. For example, increases in productivity can be supported by making investments in better information systems. However, when senior management

is unaware of telecommunications costs for services and equipment, then major decisions could be made, concerning investments in information systems, without the benefit of accurate data bases for the telecommunications portion of the systems.

CHAPTER 2

OUR COMPILATION AND COMPARATIVE TELECOMMUNICATIONS FINANCIAL INFORMATION

Our primary task was to summarize the financial information from the questionnaires. However, during discussions, the Committee established secondary tasks for us as follows:

--Eliminate duplicate or incorrect information, reclassify financial information as necessary, and incorporate readily available information from secondary and other sources (hereafter referred to as compilation).

--Obtain similar types of telecommunications financial information from other government reporting sources.

--Estimate total government telecommunications costs.

Our efforts on each of these secondary tasks were concentrated on fiscal year 1981 because it was the latest or most current year for which actual data was available.

METHODOLOGY FOR COMPILATION OF TELECOMMUNICATIONS FINANCIAL INFORMATION

Our compilation of fiscal year 1981 payments to vendors and expenditures amounted to $2.2 and $2.7 billion, respectively. The compilation provided some improvement in the financial information submitted by the departments and agencies, but the results are inconclusive since the process did not eliminate all deficiencies noted and described in chapter 1 or identify total telecommunications costs because such information is not readily available.

Telecommunications, as we defined it for compilation purposes, was the transmission of an electronic signal at a distance (within a building, around-the-world, or through outer space) using various types of transmission media (wire, cable, fiber optics, microwave, satellites, radios, and so forth). Within this definition, some telecommunications can be acquired for and/or restricted for use in transmitting either voice or data. However, telecommunications technology has achieved the level where the networks and telecommunications services are transparent to their user so a single circuit can be ordered for serving both voice and data traffic. For example, modems (modulators/demodulators) can be used to transmit data over

voice grade services, including the public telephone network, without the payers' or suppliers' knowledge. Therefore, our compilation was directed to the broad classifications of payments to vendors and expenditures.

Our premise was that payments to vendors would reflect only payments made by the respondent to commercial telecommunications vendors, and expenditures would reflect payments to commercial vendors, interagency and intra-agency reimbursements, and personnel and other telecommunications costs. Program costs were not compiled because identifying the unpaid balances on contracts to commercial vendors was highly impractical. Also, in our opinion, the questionnaire responses did not readily permit reclassification into the program cost categories. Our premise was supplemented with guidelines as follows:

--Payments to vendors should

  --be mutually exclusive with duplications being eliminated,

  --exclude reimbursements to other government entities for intra- and interagency telecommunications services,

  --reflect any reported telecommunications circuitry and equipment costs shown on the expenditure appendixes, and

  --include only the word processors with a telecommunications capability.

--Expenditures should

  --reflect all payments to vendors,

  --include all intra- and interagency reimbursables under-voice and data, and

  --be mutually exclusive with duplications being eliminated.

--Compilation of payments to vendors and expenditures would be only accomplished for fiscal year 1981.

We reviewed the questionnaire responses and obtained additional information on general telecommunications from secondary or other sources that we felt could readily provide the information. These sources and areas were:

--Headquarters, Air Force, Washington, D.C.--local services for worldwide posts/camps/stations.

--Headquarters, Army, Washington, D.C.--local services for worldwide posts/camps/stations.

--Naval Facilities Engineering Command, Arlington, Virginia--local services for worldwide posts/camps/stations.

--Defense Telephone Service, Washington, D.C.--local and long-distance services provided by the Agency's working capital fund to military and civil agencies.

--Defense Commercial Communications Office, Scott Air Force Base, Illinois, an element of the Defense Communications Agency--long-distance services provided via the Automatic Voice Network and the Automatic Data Network to both military and civil agencies and dedicated long-distance telecommunications for both DOD and non-DOD activities.

--Federal Telecommunications Fund (FTF) (operated by the General Services Administration)--local and long-distance voice and data services provided to military and civil activities.

The financial information submitted by the 39 respondents included telecommunications data on 122 organizational components. 2/

We held discussions with responsible officials of 49 of the 122 components (31 by actual visits and 18 by telephone interviews). These components reported $1.6 billion in fiscal year 1981 or 87 percent of the total $1.9 billion 3/ payments to vendors. We found that over 21,000 physical locations maintained the basic information, in various levels of detail, requested by the questionnaire.

2/Twenty components of the Department of Agriculture filed responses with the Committee; however, the dollar sum of the 20 responses was less than the dollar sum included in the Department's consolidated report. Therefore, we used the consolidated report for our compilation and considered it as one response.

3/This includes $1 billion as payments to vendors from the major working capital or industrial fund telecommunications operations (the General Services Administration's FTF and Teleprocessing Service Program and DOD's Communications Services Industrial Fund). Past experience attests to the reliability of the reported payment to vendor data from these funds.

The information associated with the 49 components was compiled using the information from the original questionnaire, secondary or other sources, and discussions with responsible officials. The information associated with the remaining 73 components was compiled by removing reimbursables from the payments to vendors appendixes, adding vendor payment data to the respondent's annual expenditures, and adding omitted reimbursable costs to annual expenditures.

Organizational components reported a total of $1.9 billion for fiscal year 1981 payments to vendors. We identified unreported payments to vendors of about $533.7 million, while reducing reported payments to vendors by $203.3 million. Thus, we arrived at a new payments to vendors figure of about $2.2 billion. (See app. VI.) Since the questionnaire also requested the information by vendor, the major vendors after compilation are shown in appendix VII by category.

Organizational components reported a total of $1.7 billion for fiscal year 1981 expenditures. Of this amount, we did not attempt to compile $842 million (involving 6 respondents or 54 components) as significant unresolved differences existed. Compiling the remaining $823 million increased the expenditures to $1.9 billion. Adding the amount, we did not attempt to compile the fiscal year 1981 expenditures amount to $2.7 billion. (See app. VI.)

We believe the compilation provides some improvement in the financial information submitted by the various departments and agencies. However, the information is inconclusive because the process did not resolve all the difficulties associated with it, such as the use of differing cost bases, inconsistent presentation of information, and the incompleteness of some data. (See pp. 2 to 5.)

COMPARATIVE FINANCIAL INFORMATION OBTAINED FROM OTHER GOVERNMENT REPORTING SOURCES

Telecommunications financial information was obtained from two other reporting sources--Federal Procurement Data System and Acquisition, Operation, or Use of Telecommunications Services or Facilities submissions under OMB Circular A-11 (Preparation and Submission of Budget Estimates).

Federal Procurement Data System

The Federal Procurement Data System is a system administered by the General Services Administration for collecting, developing, and disseminating procurement data on contract actions of $10,000 or more. We researched seven federal supply classification codes dealing with telecommunications goods and services. Four of the classification codes contained activity for 1 or more of the 39 respondents. The Federal Procurement Data System telecommunications contracts totaled $7.9 billion for fiscal year 1981. (See app. VIII.)

We did not perform any reliability assessment of computer tapes providing this information; however, several of our prior reports 4/ question the accuracy and completeness of this source. Also, we did not attempt to correlate or reconcile between the questionnaires and the Federal Procurement Data System because of the differences in classifications (the Federal Procurement Data System contract amounts versus payments to vendors) and the inconsistencies and incompleteness of the responses to the questionnaires.

Submissions under OMB Circular A-11

Submittals under section 43.3, OMB Circular A-11 presented obligations information on telecommunications. These submittals were located for 35 of the 39 respondents as 3 respondents were exempt from the requirement and the response from 1 respondent was not located. The 35 submittals totaled $10.2 billion in fiscal year 1981 obligations. (See app. IX.)

We have not assessed reliability of the department and agency submittals. However, the National Telecommunications and

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4/Report to the Chairman, Subcommittee on Human Resources, Committee on Post Office and Civil Service, House of Representatives on "The Federal Procurement Data System--Making It Work Better" (PSAD-80-33, Apr. 18, 1980).

Report to the Chairman, House Committee on Government Operations on "Less Sole-Source, More Competition Needed on Federal Civil Agencies' Contracting" (PLRD-82-40, Apr. 7, 1982, see pp. 44 and 45).

Letter report to the Chairwoman, Subcommittee on Human Resources, Committee on Post Office and Civil Service, House of Representatives on "Analysis of Internal Control Systems to Ensure the Accuracy, Completeness, and Timeliness of Federal Procurement Data" (GAO/PLRD-82-119, Sept. 23, 1982).

Information Administration, the Department of Commerce, issued a report [5] concluding that the exhibit represented a potentially valuable management tool, but agency submissions were incomplete and inaccurate. The report suggested short-term steps to improve the accuracy and reliability and long-term steps to extend and expand the uses of the submittals. A revised Circular A-11, issued in July 1982, replaced the separate automatic data processing and telecommunications reporting requirements with an integrated information technology systems reporting requirement. In our opinion, this revision does not appear to incorporate the steps suggested by the National Telecommunications and Information Administration.

We did not attempt to correlate or reconcile questionnaire expenditures or program costs with these submittals because of the differences in classifications (questionnaire expenditures or costs versus obligations), inconsistencies and incompleteness in the questionnaire responses, and the significance of the differences between reported amounts.

ESTIMATED TELECOMMUNICATIONS COSTS

We estimate that the total fiscal year 1981 costs incurred by the government for its telecommunications equipment and services at over $10 billion. This is based on the following information:

(1) Our prior experience indicates that some telecommunications costs were excluded in the questionnaire responses.

(2) The Federal Procurement Data System information excludes contracts under $10,000 and does not include some other expenditures, such as those for government personnel.

(3) Summarization of OMB Circular A-11 submittals totaled $10.2 billion despite the exempt and missing submittals.

(4) The National Telecommunications and Information Administration report estimated telecommunications obligations to exceed $8 billion for fiscal year 1979 and cited growth factors of 11.7 and 12.3 percents for

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[5] "Federal Telecommunications Resources Management Analysis," a report prepared for the Office of Regulatory and Information Policy, OMB, Washington, D.C., by the Office of Government Communications, Office of Federal Systems and Spectrum Management, National Telecommunications and Information Administration, Washington, D.C. (Dec. 1980).

fiscal years 1980 and 1981, respectively. Projecting the obligations by the growth factors yields estimated fiscal year 1981 obligations at $10 billion.

CONCLUSIONS

The results of the secondary tasks do not satisfy the Chairman's concerns for several reasons:

--First, the compilation process did not resolve all difficulties such as differences in cost bases, inconsistent presentation of information, and incompleteness of some data.

--Second, the accuracy and completeness of information from other government sources were questioned under other reviews.

--Finally, our estimate was primarily based on the information presented by the other government sources.

However, these secondary tasks clearly support the fact that the questionnaire responses were not reliable or accurate and thus did not satisfy the Chairman's concerns.

Since the financial information was not readily available, no one inside or outside the government really knows how much the government actually spends for telecommunications services and equipment.

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NINETY-SEVENTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS
2157 Rayburn House Office Building
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December 1, 1981

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The Honorable Charles A. Bowsher
Comptroller General
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear General:

Enclosed is a copy of a questionnaire sent to major departments and agencies concerning the government's investment in telecommunications technology. I believe that the information gained from the review of the responses will not only be extremely helpful to this Committee, but to the Congress as a whole as it faces the many telecommunications issues currently being considered. I would appreciate it if you would provide the necessary resources to assist this Committee in validating the information and performing the necessary evaluation of the material obtained during this review.

With best wishes, I am

Sincerely,

JACK BROOKS
Chairman

Enclosure

REPORTED PAYMENTS TO VENDORS

Department/Agency/Activity	Fiscal year payments 1979	1980	1981	1982
	(thousands)			
Executive Office of the President	$ -	$ 43	$ 49	$ 2
Department of Agriculture	49,218	50,206	69,050	79,757
Department of Commerce	28,423	31,418	38,452	44,358
DOD:				
Dept. of the Army	47,593	99,375	113,879	110,503
Dept. of the Navy	26,264	59,870	78,588	86,414
Dept. of the Air Force	5,284	106,707	128,716	195,345
Defense agencies	3,286	24,643	34,648	38,939
Communications Services Industrial Fund	-	165,246	172,805	198,530
Department of Education	4,894	4,032	41,819	11,269
Department of Energy	80,973	100,635	111,595	131,026
Department of Health & Human Services	65,450	71,869	79,980	95,039
Department of Housing & Urban Development	6,166	6,645	7,761	8,548
Department of the Interior	9,389	11,161	15,618	20,516
Department of Justice	4,167	4,449	7,234	9,977
Department of Labor	3,547	10,886	15,354	15,890
Department of State	12,633	21,365	20,477	23,244
Department of Transportation	112,998	124,195	150,308	183,002
Department of the Treasury	34,126	39,302	46,858	52,451
Agency for International Development	55	36	1,395	832
Civil Aeronautics Board	514	565	599	716
Commodity Futures Trading Commission	-	307	299	395
Environmental Protection Agency	5,661	12,576	14,772	15,371
Export-Import Bank	287	317	296	313
Federal Communications Commission	1,371	1,559	1,622	2,039
Federal Deposit Insurance Corporation	1,412	1,855	2,158	2,779
Federal Emergency Management Agency	-	20,951	23,915	29,135
Federal Maritime Commission	261	302	352	280
Federal Reserve System a/	652	625	838	1,052
Federal Trade Commission	2,717	3,176	3,272	3,421
General Services Administration:	12,895	13,730	13,076	13,330
Federal Telecommunications Fund	370,400	408,289	490,899	612,216
Teleprocessing Services Program	46,138	66,323	73,761	81,136
Government Printing Office	1,752	1,724	1,799	2,146
Interstate Commerce Commission	8	12	22	4
National Aeronautics & Space Administration	47,205	50,917	58,150	62,127
National Science Foundation	1,455	1,228	1,292	1,334
Nuclear Regulatory Commission	6,602	7,796	6,708	11,478
OMB	-	1,056	1,586	1,020
Office of Personnel Management	950	1,125	1,609	1,746
Securities and Exchange Commission	61	82	91	14
Small Business Administration	367	798	1,449	909
Tennessee Valley Authority	14,210	17,942	17,070	17,379
U.S. International Communications Agency	2,671	3,399	3,900	5,236
U.S. Postal Service	4,183	14,094	12,278	12,788
Veterans Administration	31,489	35,665	40,586	35,161
Total	$1,047,727	$1,598,496	$1,879,985	$2,219,167

a/The 12 Federal Reserve District Banks independently procure telecommunications. Information concerning these procurements was not received in time for inclusion in the compilation process.

REPORTED EXPENDITURES

Department/Agency/Activity	Fiscal year expenditures 1979	1980	1981	1982
	(thousands)			
Executive Office of the President	$ -	$ 176	$ 302	$ 364
Department of Agriculture	61,780	64,159	76,016	88,079
Department of Commerce	38,725	62,659	65,886	80,436
DOD:				
Dept. of the Army	-	-	-	-
Dept. of the Navy	-	-	-	-
Dept. of the Air Force	-	-	-	-
Defense agencies	-	-	-	-
Communications Services Industrial Fund	-	-	-	-
Department of Education	2,381	2,959	5,665	7,713
Department of Energy	74,321	86,304	106,758	125,539
Department of Health & Human Services	71,509	78,026	90,686	118,706
Department of Housing & Urban Development	8,306	8,935	10,388	12,552
Department of the Interior	8,098	9,211	11,194	14,458
Department of Justice	29,451	35,281	40,544	55,826
Department of Labor	2,682	5,604	7,133	8,402
Department of State	66,793	77,664	86,366	96,948
Department of Transportation	80,131	193,984	616,061	641,208
Department of the Treasury	85,516	97,775	107,928	120,801
Agency for International Development	3,337	5,795	6,654	8,669
Civil Aeronautics Board	1,976	1,919	1,884	1,758
Commodity Futures Trading Commission	-	11	13	16
Environmental Protection Agency	2,060	8,214	10,620	9,130
Export-Import Bank	466	530	549	658
Federal Communications Commission	1,036	1,092	1,317	1,657
Federal Deposit Insurance Corporation	1,432	1,672	1,951	2,445
Federal Emergency Management Agency	-	81,476	94,525	111,116
Federal Maritime Commission	-	-	-	-
Federal Reserve System a/	729	756	956	1,191
Federal Trade Commission	1,078	1,143	1,278	1,507
General Services Administration:	14,878	17,032	19,141	21,265
Federal Telecommunications Fund	-	-	-	-
Teleprocessing Services Program	-	-	-	-
Government Printing Office	51	52	57	72
Interstate Commerce Commission	1,348	1,827	1,942	2,270
National Aeronautics & Space Administration	99,323	108,888	120,881	142,964
National Science Foundation	927	983	1,072	1,530
Nuclear Regulatory Commission	2,701	3,421	4,785	9,063
OMB	-	-	-	-
Office of Personnel Management	3,313	3,615	3,797	5,046
Securities and Exchange Commission	1,505	1,497	1,881	2,247
Small Business Administration	234	2,765	4,736	2,366
Tennessee Valley Authority	12,244	18,751	23,956	25,076
U.S. International Communications Agency	344	382	619	2,569
U.S. Postal Service	47,048	60,235	68,235	85,571
Veterans Administration	52,045	62,951	69,233	71,626
Total	$777,768	$1,107,744	$1,665,009	$1,880,384

a/The 12 Federal Reserve District Banks independently procure telecommunications. Information concerning these procurements was not received in time for inclusion in the compilation process.

REPORTED PROGRAM COSTS

Department/Agency/Activity	Fiscal year program costs 1979	1980	1981	1982
	(thousands)			
Executive Office of the President	$ -	$ 176	$ 302	$ 364
Department of Agriculture	42,667	46,277	52,905	61,945
Department of Commerce	40,631	52,754	66,534	81,478
DOD:				
Dept. of the Army	-	-	-	-
Dept. of the Navy	-	-	-	-
Dept. of the Air Force	-	-	-	-
Defense agencies	-	-	-	-
Communications Services Industrial Fund	-	-	-	-
Department of Education	2,381	2,955	5,527	7,558
Department of Energy	73,919	87,794	101,642	184,354
Department of Health & Human Services	113,990	119,054	133,500	148,846
Department of Housing & Urban Development	11,434	11,836	14,019	17,407
Department of the Interior	14,929	22,014	28,562	33,748
Department of Justice	38,234	31,211	37,898	48,180
Department of Labor	5,527	9,886	11,811	17,789
Department of State	79,430	99,032	106,605	111,674
Department of Transportation	180,946	337,778	790,836	846,067
Department of the Treasury	66,953	73,299	88,538	109,917
Agency for International Development	3,235	3,317	4,184	5,345
Civil Aeronautics Board	233	242	240	227
Commodity Futures Trading Commission	-	307	304	339
Environmental Protection Agency	3,701	9,654	12,029	13,326
Export-Import Bank	421	484	500	606
Federal Communications Commission	1,221	1,287	1,463	1,872
Federal Deposit Insurance Corporation	1,458	1,701	2,017	2,570
Federal Emergency Management Agency	-	81,478	94,521	111,116
Federal Maritime Commission	221	249	278	214
Federal Reserve System a/	801	780	997	1,259
Federal Trade Commission	1,072	1,138	1,256	1,488
General Services Administration:	14,878	17,032	19,109	21,265
Federal Telecommunications Fund	-	-	-	-
Teleprocessing Services Program	-	-	-	-
Government Printing Office	480	559	765	872
Interstate Commerce Commission	1,348	1,827	1,942	2,271
National Aeronautics & Space Administration	109,220	117,010	125,737	140,110
National Science Foundation	910	986	1,079	1,517
Nuclear Regulatory Commission	955	1,398	1,788	2,168
OMB	-	-	-	-
Office of Personnel Management	2,615	3,068	3,623	4,284
Securities and Exchange Commission	777	748	1,041	1,217
Small Business Administration	5,378	6,533	6,955	6,503
Tennessee Valley Authority	11,168	17,789	22,614	23,306
U.S. International Communications Agency	2,396	2,754	3,285	5,320
U.S. Postal Service	-	-	-	-
Veterans Administration	79,522	92,581	100,329	121,642
Total	$913,051	$1,256,988	$1,844,735	$2,138,164

a/The 12 Federal Reserve District Banks independently procure telecommunications. Information concerning these procurements was not received in time for inclusion in the compilation process.

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Congress of the United States
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December 1, 1981

Mr. John F. Owens
Acting Assistant Administrator
Agency for International Development
320 - 21st Street, N.W.
Washington, D.C. 20523

Dear Mr. Owens:

This Committee is undertaking an investigation of the acquisition and use of telecommunications throughout the government. While current estimates indicate that five to ten percent of the federal budget is expended on this technology, there are no specific figures available showing how much and where this money is being spent.

Part of this problem lies in the complexity and difficulty in defining telecommunications. In an age of advancing technology, the interface between telecommunications and information processing has become increasingly blurred. Hybrid systems and "enhanced" services now offer a mixture of technologies that reach far beyond the basic telephone or the stand-alone computer.

Notwithstanding, I believe it is essential that Congress and the public have a full understanding of the magnitude of this investment. This is particularly critical as the Congress considers legislation that may impact substantially on this area. I, therefore, request that you provide the necessary information to complete the enclosed questionnaire and return it to this Committee by January 15, 1982.

As the senior official appointed under the Paperwork Reduction Act, this information should be extremely helpful in carrying out your responsibilities under the law. Arrangements have been made with the General Accounting Office to review and validate agency responses and I would appreciate your full cooperation with the GAO on this matter. If you have any questions, please contact the Committee office on 225-5051.

With best wishes, I am

Sincerely,

JACK BROOKS
Chairman

Enclosure

COMPARISON OF RESPONSES AND OUR COMPILATION, FISCAL YEAR 1981

Department/Agency/Activity	Reported by respondents: Payments to vendors	Reported by respondents: Annual expenditures	Our adjustments codes a/	Compiled by GAO: Payments to vendors	Compiled by GAO: Annual expenditures
	-----(thousands)-----			------(thousands)------	
Executive Office of the President	$ 49	$ 302	4,7	$ 49	$ 341
Department of Agriculture	69,050	76,016	2,3,9	47,143	(b)
Department of Commerce	38,452	65,886	2,3,4,5,7,8	33,011	57,483
DOD:					
Dept. of the Army	113,879	-	1,4,7	211,496	282,562 c/
Dept. of the Navy	78,588	-	1,4,7	147,580	225,410 d/
Dept. of the Air Force	128,716	-	1,4,7	247,204	370,439 e/
Defense agencies	34,648	-	1,4,7	93,813	72,942 f/
Communications Services Industrial Fund	172,805	n/a	-	172,805	n/a
Department of Education	14,819	5,665	4,5,7	16,922	20,483
Department of Energy	111,595	106,758	2,3,4,7	76,267	136,019
Department of Health & Human Services	79,980	90,686	2,9	50,536	(g)
Department of Housing & Urban Development	7,761	10,388	2,4,5,8	4,911	20,986
Department of the Interior	15,618	11,194	2,9	8,988	(h)
Department of Justice	7,234	40,544	2,9	5,463	(i)
Department of Labor	15,354	7,133	9	15,354	(j)
Department of State	20,477	86,366	2,4,5,6	29,826	106,604
Department of Transportation	150,308	616,061	2,5,9	131,051	(k)
Department of the Treasury	46,858	107,928	2,3,4,5,7,8	53,922	124,440
Agency for International Development	1,395	6,654	2,4,5,6,7	2,391	5,531
Civil Aeronautics Board	599	1,884	2,4,7	89	389
Commodity Futures Trading Commission	299	13	2,3,4	29	320
Environmental Protection Agency	14,772	10,620	2,4,5	3,353	14,948
Export-Import Bank	296	549	5	231	483
Federal Communications Commission	1,622	1,317	2,4,5	273	1,491
Federal Deposit Insurance Corporation	2,158	1,951	2,3,4	521	2,140
Federal Emergency Management Agency	23,915	94,525	2,3,4,5,7	19,044	33,179
Federal Maritime Commission	352	-	2,4,7	19	297
Federal Reserve System	838	956	2,4,7	660	3,109 1/

APPENDIX VI

Department/Agency/Activity	Reported by respondents: Payments to vendors	Reported by respondents: Annual expenditures	Our adjustments codes a/	Compiled by GAO: Payments to vendors	Compiled by GAO: Annual expenditures
	------(thousands)------			------(thousands)------	
Federal Trade Commission	$ 3,272	$ 1,278	2,4	$ 2,083	$ 3,314
General Services Administration:	13,076	19,141	2,4	12,496	33,209
Federal Telecommunications Fund	490,899	n/a	2,3	484,829	n/a
Teleprocessing Services Program	73,761	n/a	-	73,761	n/a
Government Printing Office	1,799	57	2,4,5,6	575	1,929
Interstate Commerce Commission	22	1,942	4,5,7	319	1,865
National Aeronautics & Space Administration	58,150	120,881	3,4,5,7	61,821	96,543
National Science Foundation	1,292	1,072	2,3,4,5	737	1,986
Nuclear Regulatory Commission	6,708	4,785	2,3,4,5	3,770	6,424
OMB	1,586	-	2,4,7	969	1,687
Office of Personnel Management	1,609	3,797	4,5,7	458	4,430
Securities and Exchange Commission	91	1,881	4,5	349	2,285
Small Business Administration	1,449	4,736	2,4,5,7	3,262	10,310
Tennessee Valley Authority	17,070	23,956	1,2,3,4,5	23,952	29,500
U.S. International Communications Agency	3,900	619	2,4,5	1,340	3,365
U.S. Postal Service	12,278	68,235	1,3,4,5,6	36,627	67,037
Veterans Administration	40,586	69,233	4,5,7	54,487	109,570
Others:					
Defense Commercial Communications Office, non-DOD customers	-	n/a	n/a	75,507	n/a
Various nonsolicited agencies to balance FTF/Defense Commercial Communication Office vendor costs (45 agencies)	n/a	-	n/a	n/a	49,777
Total compiled	$1,879,985	$ 823,375	-	$2,210,282	$1,902,827
Not compiled m/	-	841,634	-	-	841,634
Total	$1,879,985	$1,665,009	-	$2,210,282	$2,744,461

APPENDIX VI

a/Our adjustment codes: 1=Payment/expenditure data from field offices added where appropriate. 2=Intra-agency and/or intergovernmental reimbursables were removed from appendixes A through E and added to the F-series appendixes as appropriate. 3=Duplicative payment/expenditure data eliminated. 4=Payments to vendors from appendixes A through E was added to the F-series as appropriate. 5=Payments to vendors data was increased to reflect circuitry/equipment expenditures shown on the F-series. 6=Personnel costs added to the F-series (expenditures). 7=Expenditure information from secondary sources was added to the F-series appendixes as appropriate. 8=Balance of the FTF charges for the Department was added to the expenditures for the Office of the Secretary (FY 1981 only). 9=Expenditures could not be compiled from the data available.

b/About $23.1 million in duplications and reimbursables to other government entities were eliminated from vendor payments. At least $10.9 million of the reported vendor payments and about $26 million in charges from the FTF could not be identified among the reported expenditures. We made no attempt to compile expenditures.

c/Vendor payments were increased by about $97.6 million (classed as "unspecified") for local services procured by Army post/camp/station commanders. The dollar figure was provided by Headquarters, Army, but no specific vendor data was available.

Fiscal year 1981 expenditures (originally reported as zero) were restructured to reflect (a) charges from the FTF, (b) services provided by the Defense Telephone Service-Washington, (c) the local service charges cited above, (d) charges from DOD's Communications Industrial Fund for common-user services, primarily the Automatic Voice Network and Automatic Data Network, and (e) the cost of circuitry and equipment procured by the Defense Commercial Communications Office as originally reported.

d/Vendor payments were increased by about $69 million to reflect local telephone services (worldwide) in fiscal year 1981. Specific vendor identification for these payments was provided by the Naval Facilities Engineering Command.

Expenditures, originally reported as zero, were increased to reflect (a) charges from the FTF, (b) services provided by the Defense Telephone Service-Washington, (c) the local services charges cited above, (d) charges from DOD's Communications Industrial Fund for common-user services, primarily the Automatic Voice Network and the Automatic Data Network and, (e) plus vendor costs for circuitry/equipment procured by Defense Commercial Communication Office as originally reported.

e/Vendor payments increase about $118.5 million (classed as "unspecified") for local services procured by Air Force post/camp/station commanders. The dollar figure was provided by Headquarters, Air Force; however, specific identification of vendors was not available. Expenditures were compiled in the same manner as shown for the Army and Navy.

APPENDIX VI

f/Vendor payments increased for specific vendors paid by the Defense Telephone System-Washington, D.C.--about $46.2 million, and for "unspecified" vendor payments made by the Defense Logistics Agency--about $12.9 million.

g/Analysis of the response indicated payments to vendors may be understated as much as $7.5 million. Also, as much as $50.2 million in FTF charges could not be identified as expenditures. We made no attempt to compile expenditures.

h/About $3.5 million in reported vendor payments and about $25.4 million in charges from the FTF cannot be identified among the reported expenditures. Also, the Bureau of Land Management reported only $4,000 in vendor payments; but, a footnote on appendix G states fiscal year 1982 voice and record expenditures are budgeted at about $8.6 million.

Reimbursables to other Government entities were eliminated from vendor payments where clearly identified. No restructuring of expenditures was attempted.

i/About $15.9 million in reported circuitry and equipment expenditures cannot be identified as vendor payments. Also, about $10.8 million in charges from the FTF cannot be identified as reported expenditures. Reimbursables to other government entities were eliminated from vendor payments where clearly identified. We made no attempt to compile expenditures.

j/Agency personnel advised that no field location vendor payments or annual expenditures were included in the report. About $10.9 million in reported vendor payments and about $16.9 million in charges from the FTF cannot be identified as expenditures. Reimbursables to other government entities were eliminated from vendor payments where clearly identified. We made no attempt to compile expenditures.

k/Site visits were made to the two largest Department of Transportation elements--Coast Guard and Federal Aviation Administration. The reported Federal Aviation Administration information did not include administrative telecommunications at field locations. The Federal Aviation Administration vendor payment data was developed using regression analysis that proved to be in error. For our purposes, the vendor payment data, exclusive of reported reimbursables to other government entities, was accepted as reported. Analysis of the responses from all the Department of Transportation elements indicates vendor payments may be understated by about $139 million. Also, about $29.2 million in charges from the FTF cannot be identified as expenditures. No compiling of expenditures was attempted.

l/Vendor costs and expenses from field locations were not reported.

m/The expenditures not compiled are applicable to 6 addressees and 54 respondents.

APPENDIX VI

MAJOR VENDORS OF TELECOMMUNICATIONS SERVICES,

FISCAL YEAR 1981 (AS COMPILED BY GAO)

Catetory (appendix)	Vendors	Payments (thousands)	Percent of total
Communications costs	Associated Bell Companies	$ 641,319	34
	American Telephone & Telegraph	520,892	28
	Unspecified a/	303,332	16
	Independent	146,880	8
	Western Union	79,444	4
	Not specified a/	49,228	3
	General Telephone & Electronics	25,304	1
	Foreign governments	19,917	1
	International carriers	16,375	1
	Others less than $10 million each	59,923	4
Total		1,862,614	100
Teleprocessing	Computer Sciences Corporation	58,292	25
	Control Data	37,785	16
	Boeing Computer Services	19,189	8
	Tymshare	15,671	7
	Systems Development Corporation	12,516	5
	Others less than $10 million each	87,517	39
Total		230,970	100
Value added networks	Telenet	6,832	54
	Tymnet	5,593	45
	Others less than $100,000 each	137	1
Total		12,562	100
Electronic mail	Western Union	282	45
	Telenet	103	16
	Dial Com	82	13
	Others less than $50,000 each	162	26
Total		629	100
Word processors	Not specified b/	82,578	80
	Wang	7,719	7
	International Business Machines	3,776	4
	Lanier	1,335	1
	Xerox	1,107	1
	Lexitron	1,046	1
	Others less than $1 million each	5,946	6
Total		103,507	100
Total		$2,210,282	

a/Result of our compilation.

b/Respondents did not specify vendor.

PROCUREMENT INFORMATION FROM THE FEDERAL PROCUREMENT

DATA CENTER, FISCAL YEAR 1981

Department/Agency	Federal classification codes a/ R304	S113	W058/58XX	Total
	(thousands)			
Executive Office of the President	$ -	$ -	$ -	$ -
Department of Agriculture	766	377	7,009	8,152
Department of Commerce	853	512	4,686	6,051
DOD:				
Dept. of the Army	951	33,574	1,327,470	1,361,995
Dept. of the Navy	380	36	2,554,128	2,554,544
Dept. of the Air Force	49	5,529	2,445,895	2,451,473
Defense agencies	34	590,785	245,758	836,577
Department of Education	911	-	-	911
Department of Energy	-	-	223	223
Department of Health & Human Services	-	-	275	275
Department of Housing & Urban Development	-	150	-	150
Department of the Interior	42	173	2,544	2,759
Department of Justice	428	821	9,735	10,984
Department of Labor	10,374	-	33	10,407
Department of State	294	-	13,603	13,897
Department of Transportation	275	213	138,570	139,058
Department of the Treasury	25	73	6,799	6,897
Agency for International Development b/	-	-	-	-
Civil Aeronautics Board	-	-	-	-
Commodity Futures Trading Commission	-	-	-	-
Environmental Protection Agency	459	-	53	512
Export-Import Bank b/	-	-	-	-
Federal Communications Commission	-	-	186	186
Federal Deposit Insurance Corporation b/	-	-	-	-
Federal Emergency Management Agency	-	15,570	191	15,761
Federal Maritime Commission	-	-	-	-
Federal Reserve System b/	-	-	-	-
Federal Trade Commission	-	20	-	20
General Services Administration	33	418,229	3,857	422,119
Government Printing Office b/	-	-	-	-
Interstate Commerce Commission	-	-	20	20
National Aeronautics & Space Administration	663	26,093	18,726	45,482
National Science Foundation	183	246	-	429
Nuclear Regulatory Commission	-	873	291	1,164
OMB	-	-	-	-
Office of Personnel Management	-	24	22	46
Securities and Exchange Commission	-	-	-	-
Small Business Administration	20	-	781	801
Tennessee Valley Authority	-	-	5,654	5,654
U.S. International Communications Agency	-	35	3,246	3,281
U.S. Postal Service b/	-	-	-	-
Veterans Administration	-	12,644	4,463	17,107
Other nonsolicited activities:				
ACTION	429	-	-	429
National Mediation Board	-	11	-	11
Peace Corps	-	30	-	30
Railroad Retirement Board	24	-	-	24
Selective Service System	-	-	21	21
Smithsonian Institution	-	-	45	45
U.S. Arms Control & Disarmament Agency	11	-	-	11
Total	$17,204	$1,106,018	$6,794,284	$7,917,506

a/R304--Professional, Technical, and Management Services--Automated Data Processing Transmission.

S113--Utilities and Housekeeping Services--Telephone and/or Communications.

W058--Lease or Rental of Communications, Detection, and Coherent Radiation Equipment.

58XX--Supplies and Equipment--Communications, Detection, and Coherent Radiation Equipment.

b/Agencies exempt from reporting under Public Law 93-400.

OBLIGATIONS INFORMATION FROM SUBMISSIONS UNDER

OMB CIRCULAR A-11, FISCAL YEAR 1981

Department/Agency/Activity	Exhibit 43B Includes capital investment	Exhibit 43B Excludes capital investment
	------(thousands)----	
Executive Office of the President	$ 93	$ 93
Department of Agriculture	85,923	82,473
Department of Commerce	47,747	47,294
DOD:		
Dept. of the Army	1,607,550	1,576,738
Dept. of the Navy	766,574	471,284
Dept. of the Air Force	2,138,611	2,115,153
Defense agencies	4,605,867	4,235,795
Department of Education	7,139	7,139
Department of Energy	125,044	87,336
Department of Health & Human Services	190,129	183,805
Department of Housing and Urban Development	14,792	14,792
Department of the Interior	46,507	44,331
Department of Justice	70,713	67,490
Department of Labor	4,272	3,809
Department of State	9,986	8,440
Department of Transportation	854,375	847,271
Department of the Treasury	86,749	85,729
Agency for International Development	3,704	3,486
Civil Aeronautics Board	430	416
Commodity Futures Trading Commission	21	21
Environmental Protection Agency	14,185	14,119
Export-Import Bank	384	382
Federal Communications Commission	1,335	1,335
Federal Deposit Insurance Corporation	(a)	(a)
Federal Emergency Management Agency	40,487	40,487
Federal Maritime Commission	-	-
Federal Reserve System	(a)	(a)
Federal Trade Commission	1,346	1,302
General Services Administration	11,409	9,959
Government Printing Office	(a)	(a)
Interstate Commerce Commission	1,885	1,885
National Aeronautics & Space Administration	83,810	78,679
National Science Foundation	777	670
Nuclear Regulatory Commission	5,015	4,926
OMB	545	545
Office of Personnel Management	4,705	4,670
Securities and Exchange Commission	1,765	1,765
Small Business Administration	5,803	5,803
Tennessee Valley Authority	814	814
U.S. International Communications Agency	66,609	63,647
U.S. Postal Service	(b)	(b)
Veterans Administration	89,549	71,512
Total	$10,996,649	$10,185,395

a/Exempt from reporting.

b/Submission not located.

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