"...it is the curse of Civil Service that promotion in grade is to a great extent based on the number of people supervised. It is to their advantage to hire as many people as possible, and to stretch rather than snip the red tape...."

Savings: Amount unspecified.


* * *

"Nothing drastic has been done to make it easier for agencies to get rid of incompetent workers since the Hoover Commission reported two years ago that red tape and rights of appeal from discharge were hampering efficiency.

"Of 25 cases the Commission studied, the average time required to get rid of an employee was seven months. One stenographer, unable to take and transcribe acceptable dictation and 'a chronic trouble maker of questionable character' to boot, managed to hang on for 17 months. One agency required 21 months and 14 man-years of paper work to process a reduction from 7,000 to 5,000 employees, the cost of processing alone being $42,000 figured at the average federal salary rate of $43,000 a year.

"Federal supervisors are discouraged otherwise from cutting down work forces. All supervisors can sympathize with the plight of a civilian section chief at the Memphis, Tenn., Army depot who devised a work-simplification formula which enabled him to get rid of 12 of his 28 employees. For his pains, he was threatened with a demotion under civil service rules on the ground that having fewer employes, his job carried less responsibility. He escaped demotion only by transferring."

... ...

"All agencies are under pressure in such matters as conforming with political policy, dealing with organized federal workers and responding to inquiries, requests and complaints of individual members of Congress. Any bureau chief, saddled with an incompetent assistant who has a friend in Congress, knows that the wisest course is to leave such an employe on the payroll and hire someone else to do the work."

Savings: Amount unspecified.

"One of the greatest deterrents to efficiency and economy is civil service laws and civil service regulations, most of which were made in pursuance of law. I hope no one will take out of context anything that I say here. I am not criticizing the Civil Service Commission or the members...."

"...There is no authority in the head of a department or agency to retain employees wholly on the basis of merit when reductions in force are made. I believe this factor, coupled with the complex procedures that must be gone through, practically stifles any enthusiasm in a department or agency to make personnel reductions. What are the results? The department or agency remains overstaffed and any departmental or agency program to improve efficiency and reduce costs suffers from lack of interest and support from the employees all the way down the line.

"I think the reduction-in-force regulations issued by the Civil Service Commission under the law are time-consuming, complex, difficult to administer, and do not place the proper emphasis on efficiency of individual employees. Apparently the intent of the regulations is to eliminate the personal factor in the process of selecting employees for reduction or separation, but the result has been to deprive a head of a department or agency of the authority to select employees for retention who can do an outstanding job as distinguished from those who just get by. If the head of a department or agency were given great latitude to retain employees in the service on the basis of efficient performance, there is no doubt in my mind that many department or agency heads would make a real effort to reduce personnel.

"The experience of the General Accounting Office in the past few years demonstrates that an agency can make substantial reductions in personnel under existing regulations, but I am frank to admit that, during the process, even I sometimes wondered whether it was worth what we had to go through."

Savings: Amount unspecified.

"This subcommittee wants to see whether duplication is being eliminated and whether the military departments are cross servicing and coordinating supply activities with civilian agencies.

"Our studies thus far have clearly shown that cross servicing will not only save the taxpayers' money but will also increase the effectiveness of military operations."

Savings: Amount unspecified.

* * *

"...It seems to me...that there should be a purchasing department for the entire Government. Then you would have it all centralized and you would know there is no duplication and you would know what each and every one of them had on hand at all times."

Savings: Amount unspecified.
Source: Mr. Ecton, Senator from Montana, in Hearings before the Subcommittee of the Committee on Appropriations, Senate, 82d Cong., 1st Sess., Treasury and Post Office Departments Appropriations, 1952, p. 293.

* * *

"Several months ago information came to the attention of the subcommittee indicating that under existing procedures and practices the procurement process in the Defense Establishment was unduly burdened with paper work. It was ascertained that at one field installation the execution of 10,000 contracts during the fiscal year 1950 required 37,000,000 pieces of paper--an average of 3,700 pieces of paper for each contract. Procurement officials at the operating level stated that this excessive paper work constituted a serious obstacle in the path of the accelerated defense program upon which they were then embarking."
Savings: Amount unspecified.


* * *

"Analysis of small-purchase procedures (Army Special Regulations 715-5-20) discloses that if the Certifying Officers' Act of 1951 (55 Stat., 875) were extended to the Army and revised to require the integration of all accounting functions in one accounting operation instead of having these functions dispersed among the contracting, fiscal, certifying, and disbursing officers, the following improvements would result:

(a) A 30 percent reduction in the number of steps involved (from 10 to 7).

(b) A 33-1/3 percent reduction in the number of copies used (from nine copies to six).

(c) Reduction in number of copies of vendors' invoices (from five to four or three).

(d) Improved internal controls.

(e) An improved basis for audit.

(f) A speed-up in making payments,"

* * *

"Although as indicated in the Hoover Commission report, accurate data is not available as to the number of people engaged in and the cost of processing small purchases, it would seem to be well established that at least 90 percent of the millions of individual purchase transactions fall within the 'under $1,000 class' for which the Army Form 383 is designed, and the cost of processing each such transaction is far in excess of $10. If only 1,000,000 transactions were involved, therefore, the present cost would be in excess of $10,000,000. In view of the above-noted reductions in the number of steps and copies, and the even more significant reduction in the number of 'copy-actions,' it may reasonably be concluded that at least one-third of this cost would be eliminated by the suggested legislative change, or at least $3,300,000. These costs and potential savings would, of course, be multiplied by the number of millions of transactions."
"In addition to the savings outlined above, the concentration of all accounting functions in the accounting operation would facilitate the conversion to on-the-site audits. When this conversion is accomplished it will be possible to eliminate an additional two steps and one copy of the purchase order and another invoice copy. This will result in savings not only to the processing agencies but also to the auditors and in transporting documents."

Savings: At least $3,300,000.


* * *

"Notwithstanding the intent of the Federal Property and Administrative Services Act of 1949 (61st Cong.), the Federal Supply Service of the General Services Administration is furnishing only a minimum of such common supply items as pencils, typewriter ribbons, carbon paper, etc., to the military services.

"Recommendation--

"The General Services Administrator, after advising and consulting with affected agencies as provided in section 205(h) of Public Law 152, should issue mandatory regulations for the procurement and distribution of common administrative supply items."

Savings: Amount unspecified.


* * *

"According to the Report of the Commission on Organization of the Executive Branch of the Government dated February 1919 (Hoover report) approximately 90 percent of the millions of individual purchase transactions annually are in the 'small purchase' class. This report further indicates that approximately one-half of all individual purchase transactions are for $10 or less and that it costs more than $10 to process an individual purchase transaction...in four agencies which issued a total of 217,896 individual purchase orders in the amount of $140,116,520, 48 percent of the individual
orders involved amounts of less than $20. The same report indicates that in these agencies 425 employees were engaged in issuing purchase orders and that the average daily output was two purchase orders per employee.

"Although the reports cited are not entirely in harmony, they focus attention upon a critical area in Government procurement which offers a fertile field for reduction of expense through simplification of the procurement processes now attached to such transactions. The Hoover Commission report also points out the equally pressing need for improvement in the entire small purchase area."

...These considerations have equal application to internal supply, procurement from mandatory sources, and regular purchases. The first of these considerations is the fundamental need for sound and effective planning of procurement and simplification of small procurement procedures. The second consideration is the need for inclusion in agency instructions regarding small procurement of clear and unfettered grants of authority in terms of types, quantities, frequency, or values. Such instructions also should include the conditions under which the available facilities for satisfying local needs should be used, and the extent to which some or all of the normal safeguards can be eliminated without sacrificing the interests of the United States. Unless positive action is taken by the agencies pursuant to these recommendations, and unless personnel involved are directed to observe the principles outlined, the advantages foreseen will be dissipated. All agency heads should be required to take affirmative action on these matters and thus be in a position to demonstrate results. Such action will save the Government money and manpower."

Savings: Amount unspecified.


* * *

"...The cost of paper work exceeds the cost of individual items that go to make up one half of the three million purchase orders each year."

Waste: Amount unspecified.

"There is one way, however, that the whole problem of procurement could be...solved. This would consist of appointing, for the sake of a better name, a procurement general who would have the same sort of a position that the Comptroller General has. He would have a sort of over-all supervisory control over procurement in peace as well as in war because there is much overlapping."

Savings: Amount unspecified.


* * *

"This year I said on the floor of the House, on April 26, that defense funds are no more sacred than any other public funds.

"For months I have been protesting the fact that 98 percent of all defense contracts are being let on a negotiated instead of a competitive bid basis, closing the door to small business, virtually strangling competition and making it impossible under such a set-up to obtain dollar-for-dollar value, much less any bargains for the taxpayers."

* * *

"Testimony in connection with the rehabilitation of the Sampson, N. Y., Air Force Base discloses what can happen to public money under a cost-plus-fixed-free contract whereby the Government authorizes the contractor to spend virtually any amount of your tax dollars that he sees fit in order to get the job done, as he sees fit. The more he spends, the more he collects under this fixed fee because he receives a fixed percentage of the total cost. In case anyone wonders why I am discussing the Sampson Air Force Base at this time here is the reason: on page 58, line 22 of this bill there is an authorization of $9,000,000 to be added to the millions already expended on this scandal-ridden project.

"The original contractor in the Sampson deal is listed as the Five Boro Construction Corp. and Malan Plumbing Co., Inc.

"Believe it or not, the administrative payroll of that outfit for only one week ending January 6, 1951, revealed the following astonishing regular rate salaries: Arnold Kagan, president, $1,000; Sid Feldman, vice president, $1,000; Nathan Cohen, a secretary, $600; Edward Feldman, assistant manager, $500; Hyman J. Feldman, also assistant manager, $500; Sol Feldman, an assistant office manager, $250; Irving Feldman, treasurer, $250; Nathan Prasker, an assistant secretary, $200."
"I reemphasize that those salaries were paid for only 1 week's work, and apparently in addition to any share the listed individuals may have in the profitable fixed fee. The Government did the paying with tax dollars.

"The overtime-double time racket perpetrated under the Sampson contract is almost as startling. For example, the subcommittee stated:

"The plumbers and steamfitters payroll for the week ending January 21 showed a considerable number did not work the entire week but practically all worked the last 2 days of the week (Saturday and Sunday) receiving double time.

"Typical salaries ranged from $230 to $305 per week.

"One man, by the name of J. Izzo, is listed as working 23½ hours each day for three consecutive days, Friday, Saturday, and Sunday, in addition to 10 hours a day for the previous days of the week, collecting a pay check for 1 week totaling $534."

"We can add to this Sampson scandal the testimony of a carpenter who leveled these astounding charges of waste and irresponsibility:

"First. Steam boilers without a speck of rust on them were cut up with torches.

"Second. Furnace boilers, which workmen said 'it was a shame to destroy,' were removed from buildings and carted off to a dump heap.

"Third. Glazers deliberately broke windows so that they would have to be replaced.

"Fourth. Government inspectors told truck drivers, who had been assigned to remove lumber that had been taken out of buildings, to 'get this stuff out of here before somebody sees it.'

"So there you have just one example of the cost-plus Government contract racket. In the Sampson case, it is presumably impossible to compute the total cost to the taxpayers, because the contractor was permitted, under renegotiation, to charge 'additional costs incurred because of the overtime rates to be paid for the additional time worked by employees of the contractor, and additional overhead expenses by reason thereof.'
"I see no limitations in that language with respect to overtime. And do not forget, the more the job costs, including overtime, the more the contractor makes.

"Therefore, whenever you read or hear the Truman slogans of 'defense spending' or 'whatever is necessary for defense,' think of cost plus in general and Sampson Air Base in particular."

Savings: Amount unspecified.

Source: Mr. Gross, Representative from Iowa, Congressional Record, August 10, 1951, p. 10034.

* * *

"Defense-spending economies can be effected first, through extension rather than contraction (as is now the case) in advertised-bid methods of procurement. The advertised-bid method of procurement permits more widespread, small and independent business participation in the defense production effort, strengthens the element of competition for Government procurement, and logically should result in lower costs for the military and lessened Government spending. Substitution of the advertised-bid method of procurement for negotiated-type procurement should effect great savings, particularly in highly concentrated industries, like steel, aluminum, copper, and rubber, where the tendency on the part of smaller firms is to conform to the price leadership of giant firms."

Savings: Amount unspecified.

Source: Letter from Mr. C. Wilson Harder, President of the National Federation of Independent Business, to Mr. O'Mahoney, Senator from Wyoming, as quoted in the Congressional Record, February 27, 1951, p. A1031.

* * *

"...It seems that in my State everything the Government buys is bought f.o.b. Washington or f.o.b. Norfolk or f.o.b. some other place. I have been wondering whether or not all those things could be f.o.b. and get rid of this question of transportation of things. Why could it not be bought on a unit price basis in Washington?"

"I ask that question in all sincerity.

"For instance, you will run into something like this: The Navy was getting ready to discontinue the use of coal at Norfolk. They said it was cheaper to use oil. I insisted on a comparative
study and I discovered that the coal they were discontinuing was f.o.b. navy yard. The oil they were buying was f.o.b. some place down in South America. It did look cheaper on paper that way, but actually was not.

"I sometimes wonder if, in the interest of uniformity for the Appropriations Committee picture, these figures could not be made f.o.b. point of delivery. They do it for commercial houses. Why could they not do it for the Government?"

"It seems to me one of the greatest things the departments could do would be to introduce just a little quiet search, and I would be glad to vote for an appropriation for that, for a better method of purchasing."

"May I say to you that the representatives of the two big business machine outfits in this country came to me in 1945 and asked me if I could not stop the purchase of their products and see that it was not allocated from things already purchased, due to the fact that they were being dumped on the market as surplus property. Their contention was that they would have to service it and it would be unsatisfactory, would hurt their reputations. When that happened we found warehouses full, because every time some general got assigned to Washington he had to have everything new, from a new desk and a new chair and typewriter and adding machine and comptometer, and a new this and that, and what had formerly been in that office was just moved out and put in a warehouse. That is when the quartermaster for the ground service, the Army at that time, put in that service they had of allocating furniture. That did get some of it straightened out, but not nearly enough. If we had a central purchasing agency that could be eliminated."

Savings: Amount unspecified,

"The Hoover Commission said 50 per cent of the records of the average agency could be moved to storehouses, at a saving of $27 per file cabinet so removed."

Savings: $27 per file cabinet removed.


* * *

"Records management centers, procurement and supply programs"

"In accord with the committee's policy of following-through on legislation handled, to determine its effectiveness in actual operation, the chairman authorized the staff to survey and inspect the Government's records management program initiated under Public Law 794 in the New York area.

"It was found that the program was being developed and carried out as justified, and in accord with the intent of Congress. Some difficulty was reported, however, in obtaining adequate space for establishing records centers. This difficulty was eliminated by an agreement with the Navy Department, which allocated over 50,000 square feet of warehouse space to GSA from the Navy clothing factory depot in Brooklyn. From September 1 to October 15, 1950, the Federal offices in the New York area moved files and records from high-priced office space at an annual savings of $103,000. It was also found that the Department of the Navy maintains its own record center at Garden City, N. Y., where excellent service is maintained of permanent records under the jurisdiction of that Department."

Savings: $103,000 annually.

Source: Activities of the Senate Committee on Expenditures in the Executive Departments, Eighty-First Congress, Senate, 82d Cong., 1st Sess., p. 47.

* * *

"...we advocate those records should be consolidated, and we do not think there should be a duplication of records between Civil Service and this operation here. That is in our 5-year records
program, to try to bring about a situation where we will have consolidated all the major personnel records in Government into record centers, whether they be operated by us or Civil Service, which I do not think is important."

Savings: Amount unspecified.


* * * * *

STORAGE

"...certain Government agencies, namely, the Army, the Navy, the Air Force, and the War Assets Administration, have turned over storage space to private citizens at what I believe to be a very low rate of rental. They never would tell me how much rent was received for those properties...."

"...Then they are re-rented to the Government, putting the Government in the position of paying a high rental rate for the use of its own property."

"...it has been reported that a group made approximately $2,000,000 in 1 year, by taking storage space from one agency of the Government and re-letting it to another agency of the Government.

"That sort of thing is becoming altogether too prevalent...

It further appears that the General Accounting Office has no supervision over the rates which are paid for storage in such cases as these. It may be that as the result of an investigation Congress may see fit to enact legislation providing for some supervision over transactions of this nature, which are an open invitation to graft and fraud if there are persons so minded—and it appears that in some cases they have been so minded."

Savings: Amount unspecified.

Source: Mr. Aiken, Senator from Vermont, Congressional Record, September 17, 1951, pp. 11660, 11661.
"Only with the successful development of a common language for all Federal supply activities can maximum economy and efficiency be brought to the property-management field.

Recommendation.

"Every effort should be taken to assure that the completion deadline set by the munitions board for the Federal cataloging program is met (June 30, 1952). As segments of the catalog are developed (medical, electronics, etc.) they should be put to the maximum use at all levels and in all phases of Federal supply management."

Savings: Amount unspecified.


"...I am wondering how you explain it as example of inefficiency in property accounting/. If you remember in World War II when the European theater requested 100 steam shovels or whatever it was, the minute it was shipped from the depot in this country it was dropped from the property accounts of that depot and was not picked up en route to the port. They might discover they did not want to use it whereupon it was sent into an R. and H. point, and there it became lost and it was only after the war was over that we started discovering thousands of boxcars, steam shovels and everything else. In World War I that was not followed. In World War I the property accountability followed right straight into the theater, and the only way you would get rid of it was by showing it was lost in combat or through some other source. In this last war they did not know what was in the theater because they did not know what was in the R. and H. points. There was the biggest waste we had in World War II, and that is why I am asking you about property accountability and responsibility for the other Government bureaus because it is my hope that we can get the Army back into the bounds of reality and to realize that the taxpayers have to pay for these steam shovels."
"For instance, I found 200 rotary snow plows being shipped to North Africa. I have not yet determined what they were being shipped there for. I found them down in Norfolk in process of being loaded at one time. Those things did happen.

"On the other hand, none of the other nations used that system. All of them had central procurement, but apparently it was a problem with us. As I have frequently said, if you want to cut this budget, the best thing is to find those items."

Savings: Amount unspecified.

Source: Mr. Kilgore, Senator from West Virginia, in Hearings before the Subcommittee of the Committee on Appropriations, Senate, 82d Cong., 1st Sess., Treasury and Post Office Departments Appropriations, 1952, p. 300.

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SURPLUS PROPERTY DISPOSAL

"Loose practices attending disposal of military property not only increase the demand for new acquisitions, but frequently compel the Government to buy back property recently sold. The subcommittee was informed that the Navy had recaptured millions of dollars worth of surplus property by checking through commercial ads in the newspapers where dealers were offering Government surplus for sale. Although the Navy prided itself on saving 'millions of dollars' by recapturing such surplus the subcommittee is mindful of the fact that the original disposals were made for a fraction of their cost to the Government. By retaining important items in the first place, savings would have been much greater than by buying these items at prevailing market prices."

Savings: Amount unspecified.


* * *
"...I am seeking in whatever way I can to bring an end to this terribly expensive business of buying with one hand while selling the same thing with the other. The Government recovers very little of the original cost by the time we add to it, or subtract from the amount received, the administrative cost. The surplus-disposal program is almost a liability instead of an asset."

Savings: Amount unspecified.


* * *

"When World War II ended there were...$106,000,000,000 worth of property in our war assets. There were typewriters, adding machines, trucks, automobiles, all kinds of property under the sun. What did the Congress do for the Post Office Department?"

"It will be remembered that we sold thousands and thousands of trucks to Italy for one cent on the dollar. Oh, but some may say, 'Those trucks were then in Italy. You would not have the Post Office Department go to Italy to buy trucks?'...anticipating that argument, I will proceed to take those who want to buy trucks for Government service to Terre Haute, Ind. There were 600 new trucks there, the overwhelming number of them never even having been unpacked. They were brand new, wonderful trucks. The Post Office Department could have gotten them for a dollar. Did they buy them? They did not..."

"Gimbel Bros., of New York, bought the trucks. They never unpacked them, and inside of 10 days sold them for more than a thousand dollars apiece more than they paid for them. Gimbel Bros. made $600,000 on that little simple operation. When I rose on the Senate floor and protested I was told there was going to be an investigation. I was told, 'Do not be in a hurry. We have got to gather the facts, we have got to gather the evidence.' The net result of it all was that Gimbel Bros. made more than $600,000, and kept it all with the exception of what they had to pay by way of income tax.

"So the Post Office Department had to buy new trucks. Where was the money coming from? It was to be obtained by raising the parcel-post rates."
Savings: Amount unspecified.

Source: Mr. Langer, Senator from North Dakota, Congressional Record, March 20, 1951, pp. 2751-2752.
ACKNOWLEDGMENTS

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Phillips, John
Price, Guilym A.
School and Society
Town Hall Inc.
Twentieth Century Fund
U.S. News and World Report, an independent weekly news magazine published at Washington.