



Highlights of [GAO-05-838T](#), a testimony before the Subcommittee on Economic Development, Public Buildings and Emergency Management, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

Over the last 20 years, GAO has compiled a large body of work on courthouse construction and federal real property. The General Services Administration (GSA) owns federal courthouses and funds related expenses from its Federal Buildings Fund (FBF)—a revolving fund used to finance GSA real property services, including the construction and maintenance of federal facilities under GSA control. The judiciary pays rent to GSA for the use of these courthouses, and the proportion of the judiciary's budget that goes to rent has increased as its space requirements have grown. In December 2004, the judiciary requested a \$483 million permanent, annual exemption from rent payments to GSA to address budget shortfalls.

In this testimony, GAO (1) summarizes its previous work on courthouse construction and (2) provides information on FBF and GAO's ongoing work on the federal judiciary's request for a permanent, annual rent exemption of \$483 million from rent to GSA.

www.gao.gov/cgi-bin/getrpt?GAO-05-838T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

COURTHOUSE CONSTRUCTION

Overview of Previous and Ongoing Work

What GAO Found

GAO's courthouse construction work to date has focused primarily on courthouse costs, planning, and courtroom sharing. In the 1990s, GAO reported that wide latitude among judiciary and GSA decision makers in choices about location, design, construction, and finishes often resulted in expensive features in some courthouse projects. The judiciary has since placed greater emphasis on cost consciousness in the guidelines for courthouse construction that it provides to GSA. Related to planning, GAO also found in the 1990s that long-range space projections by the judiciary were not sufficiently reliable, and that the judiciary's 5-year plan did not reflect all of its most urgently needed projects. The judiciary has made changes to improve its planning and data reliability. During previous work, GAO also found that the judiciary did not track sufficient courtroom use data to gauge the feasibility of courtroom sharing.

GSA has been unable to generate sufficient revenue through FBF over the years and thus has struggled to meet the requirements for repairs and alterations identified in its inventory of owned buildings. By 2002, the estimated backlog of repairs had reached \$5.7 billion, and consequences included poor health and safety conditions, higher operating costs, restricted capacity for modern information technology, and continued structural deterioration. GSA's inability to generate sufficient revenue in the past has been compounded by restrictions imposed on the rent GSA could charge federal agencies. Consequently, GAO recommended in 1989 that Congress remove all rent restrictions and not mandate any further restrictions, and the most restrictions have been lifted. Some narrowly focused rent exemptions, many of limited duration, still exist today, but together they represent roughly a third of the \$483 million permanent exemption the judiciary is currently requesting from GSA. The judiciary has requested the exemption, equaling about half of its annual rent payment, because of budget problems it believes that its growing rent payments have caused. GSA data show that GSA-owned space, occupied by the judiciary, has increased significantly. GAO is currently studying the potential impact of such an exemption on FBF, but past GAO work shows rent exemptions have been a principal reason why FBF has accumulated insufficient money for capital investment.