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Testimony

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**FEDERAL REAL
PROPERTY**

**Improved Data and a
National Strategy Needed to
Better Manage Excess and
Underutilized Property**

Statement of David Wise, Director
Physical Infrastructure



G A O

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Chairman Denham, Ranking Member Norton, and Members of the Subcommittee:

I am pleased to be here today to discuss the federal government's efforts to collect data on its excess and underutilized real property assets and the need to better and more effectively manage these assets. In 2004, the President issued an executive order establishing the Federal Real Property Council (FRPC). The executive order required the FRPC to work with the General Services Administration (GSA) to establish and maintain a single, comprehensive database describing the nature, use, and extent of all real property under the custody and control of executive branch agencies, except when otherwise required for reasons of national security.¹ The FRPC created the Federal Real Property Profile (FRPP) to meet this requirement and began data collection in 2005. Following the implementation of the executive order and nation-wide data collection efforts, we have reported that agencies continue to face challenges with managing excess and underutilized properties.²

My statement draws on our June 2012 report that addressed the extent to which (1) the FRPP database describes the nature, use, and extent of excess and underutilized federal real property and (2) progress is being made toward more effectively managing these properties.³ My statement highlights the key findings and recommendations of our report. Our review focused on five civilian federal real property-holding agencies—GSA and the departments of Energy (DOE), the Interior (Interior), Veterans Affairs (VA), and Agriculture (USDA).⁴ On the basis of the available data, these five agencies report approximately two-thirds of the building square footage reported by civilian agencies. To learn about the

¹Federal Real Property Asset Management, Exec. Order No. 13327, 69 Fed. Reg. 5897 (Feb. 6, 2004).

²GAO, *Federal Real Property: Proposed Civilian Board Could Address Disposal of Unneeded Facilities*, [GAO-11-704T](#), (Washington, D.C.: June 9, 2011).

³GAO, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, [GAO-12-645](#) (Washington, D.C.: June 20, 2012).

⁴We chose GSA, DOE, Interior, and VA because these agencies contained the largest total building square footage of all civilian real property agencies that are required to submit data under the executive order. We added USDA to our list of selected agencies because USDA reported significantly more excess properties than the other civilian agencies in 2009, the most recent data we had available at the time.

processes by which data on such properties are collected and submitted to the FRPP database, we obtained and analyzed the fiscal years 2008, 2009, and 2010 FRPP submissions from these agencies and visited a nonprobability sample⁵ of approximately 180 buildings at 26 sites where excess or underutilized owned buildings had been reported by the five civilian agencies.⁶ In addition, we obtained answers to a set of questions about managing excess and underutilized properties that we posed to the senior real property officers of the selected agencies. We also interviewed Office of Management and Budget (OMB) staff because OMB chairs the FRPC, oversees the implementation of the executive order, and has set cost-savings goals related to excess and underutilized properties. We conducted our review from May 2011 through June 2012 in accordance with generally accepted government auditing standards. Additional information on our scope and methodology can be found in the June 2012 report.⁷

The Federal Government Needs Better Data and a National Strategy to Improve Federal Real Property Management

We found that the Federal Real Property Council (FRPC) has not followed sound data collection practices in designing and maintaining the Federal Real Property Profile (FRPP) database, raising concerns that the database is not a useful tool for describing the nature, use, and extent of excess and underutilized federal real property. The FRPC has not ensured that key data elements—including buildings' utilization, condition, annual operating costs, mission dependency, and value—are defined and reported consistently and accurately. For example, we documented buildings reported to the FRPP as underutilized even though they were fully occupied and we also documented others that were vacant but reported as utilized. We also saw severely dilapidated buildings that were reported as being in excellent condition. In fact, at 23 of the 26 locations visited, we identified inconsistencies and inaccuracies related to these

⁵Because this is a nonprobability sample, observations made at these site visits do not support generalizations about other properties described in the FRPP database or about the characteristics or limitations of other agencies' real property data. Rather, the observations made during the site visits provided specific, detailed examples of issues that were described in general terms by agency officials regarding the way FRPP data are collected and reported.

⁶In the case of VA, which did not categorize any of its buildings as "excess," we visited sites where buildings had been reported as "not utilized" or "underutilized."

⁷[GAO-12-645](#).

data elements.⁸ As a result, FRPC cannot ensure that FRPP data are sufficiently reliable to support sound management and decision making about excess and underutilized property. In addition to problems with data consistency, we found problems with collaboration and reporting issues, among others. For example, OMB, as the Chair of the FRPC, has not collaborated effectively with the agencies that submit FRPP data and may be requiring agencies to spend resources on data collection that is not useful. The agencies we reviewed expressed concerns about the data collection process, including the amount of data collection required, the time they are given to implement new data requirements, and the ability to collect data, as required, accurately.

In addition to the various problems we found and documented with real property data, we also found that the federal government continues to face other challenges when managing excess and underutilized properties. The federal government has sought ways to generate cost savings associated with improving management of excess and underutilized properties. However, some of these efforts have been discontinued, and the potential savings for others are unclear. For example, in response to requirements set forth in a June 2010 presidential memorandum for agencies to achieve \$3 billion in savings by the end of fiscal year 2012, GSA reported approximately \$118 million in lease cost savings resulting from four new construction projects. However, GSA has yet to occupy any of these buildings, and the agency's cost-savings analysis projected these savings would occur over a 30-year period—far beyond the time frame of the presidential memorandum. Even though the cost savings achieved from efforts to improve property management are unclear, the five federal agencies that we reviewed have taken some actions to dispose of and better manage excess and underutilized property, including using these properties to meet space needs by consolidating offices and reducing employee work space to use space more efficiently. However, the agencies still face long-standing challenges to managing these properties, including the high cost of property disposal, legal requirements prior to disposal such as those related to preserving historical properties and the environment, stakeholder resistance, and remote property locations that are difficult to sell or dispose. A comprehensive, long-term national strategy would

⁸Additional examples of inconsistencies and inaccuracies are highlighted in our full report. See [GAO-12-645](#).

support better management of excess and underutilized property by, among other things, defining the scope of the problem; defining goals to be achieved; addressing costs, resources, and investments needed; and outlining the roles and coordination mechanisms across agencies.

GAO Recommended That OMB and GSA Take Action to Improve Excess and Underutilized Property Data and Management

In our June 2012 report, we made two recommendations that would help the federal government improve excess and underutilized federal real property management.⁹ We recommended that:

- GSA, in collaboration and consultation with FRPC member agencies, develop and implement a plan to improve the FRPP consistent with sound data collection practices, so that the data collected are sufficiently complete, accurate, and consistent; and
- OMB, in collaboration and consultation with FRPC member agencies, develop and publish a national strategy for managing federal excess and underutilized real property.

In written comments on the report, GSA agreed with our recommendation and stated that the agency has taken specific actions to begin addressing this recommendation, including proposing reforms of the data collection process to FRPC. OMB agreed that real property challenges remain but did not directly state whether it agreed or disagreed with our recommendation. The details of OMB's and GSA's comments and those from other agencies we reviewed, as well as our response to these comments, are addressed in full in the report.¹⁰

Chairman Denham, Ranking Member Norton, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

Contact and Acknowledgments

For further information regarding this testimony, please contact David Wise at (202) 512-5731 or wised@gao.gov. In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found

⁹[GAO-12-645](#).

¹⁰[GAO-12-645](#).

on the last page of this statement. Individuals who made key contributions to this testimony are David Sausville (Assistant Director), Russell Burnett, Keith Cunningham, Kathleen Gilhooly, Raymond Griffith, Amy Higgins, and Amy Rosewarne.

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