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Highlights

Highlights of [GAO-04-119T](#), a testimony before the Committee on Governmental Affairs, United States Senate

Why GAO Did This Study

The federal government faces long-standing problems with excess and underutilized real property, deteriorating facilities, unreliable real property data, and costly space. These problems have multibillion-dollar cost implications and can seriously jeopardize agencies' missions. In addition, federal agencies face many challenges securing real property due to the threat of terrorism. This testimony discusses long-standing, complex problems in the federal real property area and what actions are needed to address them.

What GAO Recommends

This testimony discusses recommendations that GAO has previously made. There is a need for a comprehensive and integrated transformation strategy that could identify how to realign real property and dispose of unneeded assets; address repair and restoration needs; develop reliable data; reduce the reliance on costly leasing; and protect assets from terrorism.

An independent commission or governmentwide task force may be needed to develop this strategy, and legislative actions are needed to provide agencies with tools and incentives to help them address the problems. If resulting actions address the problems, agencies will be better able to recover asset values, reduce operating costs, improve facility conditions, enhance security, and achieve mission effectiveness.

www.gao.gov/cgi-bin/getrpt?GAO-04-119T.

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FEDERAL REAL PROPERTY

Actions Needed to Address Long-standing and Complex Problems

What GAO Found

Government data show that over 30 agencies control hundreds of thousands of real property assets worldwide, including facilities and land, which are worth hundreds of billions of dollars. Unfortunately, much of this vast, valuable portfolio reflects an infrastructure based on the business model and technological environment of the 1950s. Many of the assets are no longer effectively aligned with, or responsive to, agencies' changing missions and are therefore no longer needed. Further, many assets are in an alarming state of deterioration; agencies have estimated that restoration and repair needs are in the tens of billions of dollars. Compounding these problems are the lack of reliable governmentwide data for strategic asset management, a heavy reliance on costly leasing instead of ownership to meet new space needs, and the cost and challenge of protecting these assets against potential terrorism.

Given the persistence of these problems and related obstacles, we designated federal real property as a new high-risk area in January 2003. Resolving these problems will require high-level attention and effective leadership by both Congress and the administration. Also, current structures and processes may not be adequate to address the problems. Thus, as we have reported, there is a need for a comprehensive, integrated transformation strategy for real property that will focus on some of the underlying causes that contribute to these problems, such as competing stakeholder interests in real property decisions, various legal and budget-related disincentives to businesslike outcomes, inadequate capital planning, and the lack of governmentwide focus on real property issues. It is equally important that Congress and the administration work together to develop and enact needed reform legislation to give real property-holding agencies incentives and tools they need to achieve better outcomes. This would also foster a more businesslike real property environment and provide for greater accountability.



Source: VA.

A vacant VA hospital building in Milwaukee, WI



Source: PTO.

The U.S. Patent and Trademark Office (PTO) Construction Project in Alexandria, VA (February 2003)