

GAO Highlights

Highlights of [GAO-14-188](#), a report to the Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

GAO has designated federal real property as a high-risk area due, in part, to deferred maintenance and repair that contributes to deteriorating assets. GAO has reported that the eventual need to address deferred maintenance and repair could significantly affect future budget resources.

GAO was asked to review federal deferred maintenance and repair backlogs. GAO examined, among other things, (1) selected agencies' estimated fiscal year 2012 deferred maintenance and repair backlogs and (2) the strategies, if any, these agencies used to reduce their backlogs and how those strategies compared to leading practices. GAO selected five agencies for review that had a high ratio of deferred maintenance and repairs to annual operating costs. GAO identified leading practices in managing maintenance and repair backlogs from NRC reports, analyzed data and documents from the selected agencies and the NRC, and interviewed officials from OMB, FASAB, and the selected agencies.

What GAO Recommends

GAO recommends that OMB, in collaboration with agencies, collect and report information on (1) agencies' costs for annual maintenance and repair performed, and (2) funding spent to manage their existing backlogs. OMB agreed with our recommendations. Technical comments from OMB, DHS, DOE, GSA, VA, and the Interior were incorporated as appropriate.

View [GAO-14-188](#). For more information, contact David J. Wise at (202) 512-2834 or wised@gao.gov.

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FEDERAL REAL PROPERTY

Improved Transparency Could Help Efforts to Manage Agencies' Maintenance and Repair Backlogs

What GAO Found

The five federal agencies GAO reviewed—the General Services Administration (GSA) and the Departments of Energy (DOE), Homeland Security (DHS), the Interior, and Veterans' Affairs (VA)—reported fiscal year 2012 deferred maintenance and repair backlog estimates that ranged from nearly \$1 billion to \$20 billion. In accordance with Federal Accounting Standards Advisory Board (FASAB) standards, agencies report backlog estimates in required supplementary information accompanying their financial statements in their annual financial reports. In addition, data reported by agencies and included in the Federal Real Property Profile (FRPP)—a database overseen by the Office of Management and Budget (OMB) in coordination with agencies comprising the Federal Real Property Council (FRPC)—provides information that can be used to estimate an agency's backlog. FASAB and FRPP guidelines do not share a common definition of deferred maintenance, and an agency can make different determinations when reporting information in its financial reports and to FRPP, resulting in dissimilar backlog estimates. In addition, agencies use different methods to determine and report backlogs, making estimates across agencies not comparable. For example, Interior excludes, while DHS includes, costs for some assets scheduled for disposal. In 2011 and 2012, FASAB adopted new standards that (1) clarify the definition of deferred maintenance and repair and (2) emphasize the need for consistency over time in determining and reporting backlogs. FRPC is considering incorporating the FASAB definition of deferred maintenance and repair in its fiscal year 2014 FRPP reporting guidance. These changes may result in improved information on agencies' backlogs and prove beneficial over time.

All five of the selected agencies followed eight of the nine leading practices GAO identified for managing maintenance and repair backlogs, such as the leading practice of identifying primary methods for delivering maintenance and repair activities. Four of the five agencies, however, generally did not employ a ninth leading practice—structuring budgets to identify the funding allotted (1) for maintenance and repairs and (2) to address existing backlogs. This leading practice emphasizes that sufficiently funding maintenance and repairs is important because the costs to address backlogs may be significantly greater than if maintenance and repairs had been undertaken when needed. In 2012, GAO found that agencies' budgeting processes differ to reflect the controls the appropriations committees consider important; the National Research Council (NRC) of the National Academies has also reported that agencies' budgets vary, in part, due to their different missions. OMB and FRPC agencies are working to refine FRPP data and develop performance measures that reflect current federal real-property management priorities. Thus, as OMB and FRPC agencies work to improve FRPC data and develop new performance metrics, the opportunity exists to revise requirements for agencies to collect and report costs agencies expend on annual maintenance and to address deferred maintenance and repair backlogs. Having greater information on agencies' annual funding of maintenance and repairs—and the corresponding effects on their maintenance and repair backlogs—would provide transparency about agencies' efforts to manage their real property assets and promote improved effectiveness of federal real property spending.