



Testimony

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Security and Governmental Affairs,
U.S. Senate

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**FEDERAL REAL
PROPERTY**

**Lessons Learned from
Setbacks in New Sale and
Transfer Process Could
Benefit Future Disposal
Efforts**

Statement of David Marroni, Acting Director, Physical
Infrastructure

GAO Highlights

Highlights of [GAO-23-106848](#), a testimony before the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Federal agencies face long-standing challenges in disposing of unneeded real property. These challenges include lengthy disposal processes related to statutory and regulatory requirements, a lack of upfront funding, and limitations on data used to identify excess and underutilized properties. FASTA tests several concepts designed to mitigate these issues and potentially address inefficiencies in real property disposal.

This statement discusses: (1) progress made in the implementation of FASTA; (2) options to mitigate setbacks identified by stakeholders; and (3) actions GSA has taken to identify and share lessons learned.

This statement is based primarily on GAO's October 2022 report on the implementation of FASTA ([GAO-23-104815](#)). In addition, this statement provides an update on the actions that GSA has taken in response to GAO's recommendation.

What GAO Recommends

GAO made one recommendation in its October 2022 report, that GSA, in consultation with relevant stakeholders, develop a process to collect, share, and apply lessons learned from the implementation of FASTA, including reporting any lessons learned to Congress. As of May 2023, this recommendation has not yet been fully implemented.

View [GAO-23-106848](#). For more information, contact David Marroni at (202) 512-2834 or marronid@gao.gov.

June 8, 2023

FEDERAL REAL PROPERTY

Lessons Learned from Setbacks in New Sale and Transfer Process Could Benefit Future Disposal Efforts

What GAO Found

The Federal Assets Sale and Transfer Act of 2016 (FASTA) established a new, temporary three-round process for reducing the federal government's inventory of federal civilian real property. Stakeholders in this process include the temporary Public Buildings Reform Board (Board), the General Services Administration (GSA), the Office of Management and Budget (OMB), and selected federal agencies. Stakeholders told GAO they had encountered numerous setbacks while implementing the first two rounds and identified potential options to address those setbacks in the final 2024 round. For example:

- **Delays selling properties.** Although 10 unneeded properties have sold so far, for a total of \$194 million, it took almost 2 years to sell any of the properties OMB approved for disposal during the first round in 2019. According to stakeholders, the delays were due, in part, to an evolving sales strategy.
- **Limited Board recommendations.** Sales proceeds generated from prior rounds are intended to fund costs associated with implementing OMB-approved Board recommendations in subsequent rounds, pending congressional appropriation. According to Board officials, the lack of sales proceeds deposited and appropriated from the first round limited the number, value, and complexity of properties it could recommend for disposal in the second round in 2021.

Stakeholders told GAO that committing to a sales strategy early in the process and examining the deadlines under FASTA could help mitigate some of the setbacks encountered in prior rounds.

As of May 2023, GSA has taken some actions to collect lessons learned, but has not yet fully implemented GAO's October 2022 recommendation to develop a lessons learned process. GSA has collected initial lessons learned from the implementation of FASTA including a discussion of underlying assumptions, structural issues, and challenges implementing the FASTA process. GSA solicited and incorporated feedback from the Board regarding its initial list of lessons learned. GSA also requested but has not received input from OMB. However, GSA still does not have a process for continuing to work with stakeholders to collect, share, and apply lessons learned. To make the final FASTA round a success—and to identify concepts that could improve future real property disposal efforts and any potential reforms—stakeholders' will need to leverage knowledge and experiences from the first two rounds of FASTA. Identifying efficient methods and reliable utilization data for disposal of federal real property is especially important in the aftermath of the COVID-19 pandemic, as competition for federal funds remains high and agencies' space requirements continue to evolve.

June 8, 2023

Chairman Peters, Ranking Member Paul, and Members of the Committee:

I am pleased to be here today to discuss our work on the implementation of the Federal Assets Sale and Transfer Act of 2016—also known as “FASTA”—and its connection to efforts to optimize the federal real property footprint. Federal agencies have faced long-standing challenges in disposing of unneeded federal property, including lengthy disposal processes related to statutory and regulatory requirements and a lack of upfront funding to prepare properties for disposal. We previously reported that the process for disposing of federal real property may take years, sometimes decades, to complete.¹ During that time, agencies may incur costs for maintaining buildings they no longer need. These challenges are, in part, why the management of federal real property has remained on our High-Risk List since 2003.² Identifying efficient methods for disposing of federal properties is especially important in the aftermath of the COVID-19 pandemic, as competition for federal funds remains high and agencies’ space requirements continue to evolve.³

¹GAO, *Federal Real Property: GSA Should Leverage Lessons Learned from New Sale and Transfer Process*, [GAO-23-104815](#) (Washington, D.C.: Oct 7, 2022).

²GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

³We previously reported that 17 of the 24 major federal agencies we surveyed reported that the pandemic resulted in limited reductions to office space due, in part, to the uncertainty on how employees will work in the future. However, agencies lack the space utilization data needed to make space planning decisions, including disposals. See GAO, *Federal Real Property: GSA Could Further Support Agencies’ Post-Pandemic Planning for Office Space Use*, [GAO-22-105105](#) (Washington, D.C.: Sept. 7, 2022).

FASTA established a new, temporary three-round process for reducing the federal government’s inventory of federal civilian real property.⁴ The intent of FASTA was to test concepts that could mitigate long-standing disposal challenges.⁵ FASTA included provisions that gave federal agencies, including the Office of Management and Budget (OMB) and the General Services Administration (GSA), certain responsibilities for implementing the new approach. In addition, it temporarily established an independent board—the Public Buildings Reform Board (Board)—to recommend real property reduction projects. FASTA also established a new funding mechanism—the Asset Proceeds and Space Management Fund (Asset Proceeds Fund)—to collect proceeds from the sale of properties identified through FASTA that can be used to help with the costs associated with future OMB-approved Board recommendations.⁶

Our recent work found that stakeholders faced setbacks implementing the first two FASTA rounds—in 2019 and 2021—and could face similar challenges for the final round in 2024.⁷ Specifically, there were delays

⁴Federal Assets Sale and Transfer Act of 2016 (FASTA) Pub. L. No. 114-287, § 2, 130 Stat. 1463, 1463-64. FASTA defines the term “federal civilian real property” to mean federal real property assets, including public buildings as defined in Section 3301(a)(5) of Title 40, US Code, occupied and improved grounds, leased space, or other physical structures under the custody and control of any federal agency. FASTA focuses on decreasing the federal government’s inventory of civilian real properties and excludes many types of federally owned assets. Types of properties excluded from disposal include those: located on military installations; used in connection with federal programs for agricultural, recreational, or conservation purposes; and located outside the U.S. or maintained by the Department of State or the United States Agency for International Development. FASTA § 3(5)(B), 130 Stat. at, 1467. Under FASTA, the Public Buildings Reform Board is to cease operations and terminate 6 years after the date on which the Board members were appointed. FASTA § 10, 130 Stat. at 1468.

⁵FASTA utilizes concepts that could mitigate several long-standing disposal challenges. Although FASTA does not explicitly refer to the use of these concepts as “tests,” FASTA is effectively a 6-year pilot program.

⁶The Asset Proceeds Fund is an account in the Treasury of the United States under the custody and control of GSA. FASTA § 16(b)(1), 130 Stat. 1463, 1475, as amended by Pub. L. No. 115-141, div. E, tit. V, § 527(2), 132 Stat. 348, 573 (2018). Use of funds in the Asset Proceeds Fund are subject to congressional appropriation.

⁷FASTA refers to the three rounds as the High Value Assets Round (2019), Round 1 (2021), and Round 2 (2024). FASTA § 12(b), 130 Stat. at 1469; FASTA § 12(g)(2)(A), 130 Stat. at 1471; FASTA § 12(g)(2)(B), 130 Stat. at 1471. For the 2019 round, only sales of real property were authorized. For the 2021 and 2024 Rounds, FASTA also provides that properties “can be transferred, exchanged, consolidated, co-located, reconfigured, or redeveloped, so as to reduce the civilian real property inventory, reduce the operating costs of the government, and create the highest value and return for the taxpayer.” FASTA § 11(a)(2)(B), 130 Stat. at 1468.

selling properties already approved for disposal by OMB in the first round. In addition, the Board faced challenges identifying properties to dispose of in the second round—which was eventually terminated. The Board is required to submit its final round of recommendations to OMB for approval by December 2024.

This testimony is based on our October 2022 report that examined the implementation of the first two FASTA rounds.⁸ Similar to the report, my statement will discuss (1) progress made in the implementation of the FASTA pilot program; (2) options to mitigate setbacks that stakeholders identified while implementing the FASTA pilot program; and (3) actions taken by GSA to identify and share lessons learned. My statement will also provide an update on actions taken by GSA to implement the recommendation made in our October 2022 report.

To examine these issues for our report, we analyzed agency documents about the implementation of the 2019 and 2021 FASTA rounds. We also interviewed GSA officials, Board members and staff, staff at OMB, and officials from six selected agencies.⁹ We reviewed FASTA, project plans and projected timelines for selling the 2019 round properties, and documentation and guidance related to the Board’s 2021 round recommendations, including a publicly issued report by the Board and letters by OMB.¹⁰ We developed a list of potential options to address setbacks to the FASTA process based on interviews with federal stakeholders including officials from the Board, GSA, and selected federal agencies, and staff from OMB.¹¹ We then shared and discussed the potential options with federal stakeholders in order to identify and

⁸[GAO-23-104815](#).

⁹We selected the Departments of Energy, Commerce, Agriculture, Interior, Veterans Affairs, and Labor, because they owned or were tenants of properties that: 1) were selected as part of the 2019 FASTA round; 2) were included on a published list of federal real properties OMB suggested the Board should consider for the 2021 FASTA round; or 3) had properties that were highlighted by the Board as potential future candidates for the 2021 round or as a “high-priority” for consolidation in the 2019 round according to 86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

¹⁰Board and OMB documents we reviewed included the Board’s *First Round Report: Recommendations Pursuant to the Federal Assets Sale and Transfer Act of 2016 (“FASTA”)* and OMB’s letters on criteria for the Public Buildings Reform Board (PBRB) (Dec. 1, 2021) and Response to PBRB Round 1 Submission (Jan. 26, 2022).

¹¹We refer to the Board, OMB, GSA, and selected federal agencies as “stakeholders” throughout this statement, unless noted otherwise. Stakeholders identified in FASTA also include the Board, OMB, GSA, and federal agencies.

summarize which options might improve the process for the final, 2024 round. More detailed information on our objectives, scope, and methodology for that work can be found in the issued report.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

FASTA, effectively a 6-year pilot program, uses different ways to facilitate and expedite the disposal process, and tests several new concepts designed to address long-standing disposal challenges.¹² Agencies have long struggled with managing excess and underutilized space due, in part, to the lengthy and costly disposal process. Specifically, we have reported that disposal of such property was often challenging because agencies often lack upfront funding to prepare the properties for disposal.¹³ Agencies also must adhere to applicable statutory requirements when disposing of unneeded real property, including requirements related to preserving historical properties and the environment, which can increase the time required to dispose of certain properties. In addition to these funding challenges and statutory requirements, we have previously found that the federal government experiences challenges managing and disposing of excess, surplus, and underutilized properties due to data limitations. Most recently, we have found that limited space utilization data may impact agencies' ability to

¹²Although the enacting legislation does not specifically call FASTA a pilot program, key stakeholders—including the Board, OMB, GSA, and some congressional staff—have characterized it in this way. Further, FASTA provisions exhibit some characteristics GAO has found are commonly associated with pilot programs. For example, the FASTA process is temporary, ending in 2025.

¹³GAO, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges*, [GAO-16-275](#) (Washington, D.C.: Mar. 31, 2016) and GAO, *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).

plan for the post-pandemic environment including determining the amount of space required in the future.¹⁴

FASTA established the Board to recommend property reduction projects by identifying opportunities for the federal government to reduce its inventory of civilian real property through disposal, among other things, rather than solely depending on federal agencies.¹⁵ In addition, FASTA attempted to reduce disposal time—a long-standing concern with the traditional disposal process—by creating a new, temporary disposal process and defining leadership roles and responsibilities for stakeholders. Specifically, the Board is required to submit a list of real property reduction recommendations to OMB. OMB is responsible for reviewing and approving or disapproving the Board’s recommendations. GSA—as the federal government’s disposal agent—is responsible for helping to execute activities necessary to carry out the OMB-approved Board recommendations, as are the federal agencies associated with the real property subject to the approved recommendations.

Other concepts used by FASTA that could address concerns over how long it takes to dispose of federal real property include establishing targeted timeframes and measurable goals and waiving the application of certain statutory requirements.¹⁶ Each round has specific deadlines for when the Board must submit its list of candidates to OMB for review, when federal agencies must report OMB-approved properties as excess

¹⁴In September 2022, we recommended that GSA should develop a plan to broadly share with federal agencies, including those that do not use GSA services, information learned from GSA’s pilots and other space utilization data collection efforts. See [GAO-22-105105](#).

¹⁵FASTA does not replace the traditional disposal process. Federal agencies may still identify and dispose of properties through the traditional disposal process during the duration of FASTA.

¹⁶For example, FASTA exempted the sale procedures for the 2019 round properties from federal statutory provisions to identify and make real property available for public benefit conveyance and for assistance for those experiencing homelessness. FASTA did not extend these exemptions to the 2021 and 2024 rounds.

to GSA, and when GSA must help implement the OMB-approved recommendations.¹⁷

FASTA also established a new funding mechanism to help agencies cover costs associated with Board recommendations such as those associated with disposal-related activities, which agencies often cite as a challenge.¹⁸ Specifically, the Asset Proceeds Fund, administered by GSA, was created to provide funding for costs associated with implementing OMB-approved Board recommendations.¹⁹ Use of amounts in the Asset Proceeds Fund are subject to congressional appropriation. As a result, in order to fund proposed disposal or consolidation projects, the Board would need to coordinate with GSA to make an appropriations request in advance of formally submitting its recommendations to OMB. This made the 2021 and 2024 rounds at least partially dependent on the success of previous round(s), as we have reported.²⁰

¹⁷For example, in the 2019 round, after Board approval of an identified property, federal agencies were required to submit Reports of Excess providing information about the excess real property to GSA within 60 days. As part of these submittals, GSA required certain due diligence information, including on environmental compliance and historic preservation aspects of the excess real property, among other things. For the 2019 round, GSA was also required to sell properties within 1 year of when officials accepted the agency's Report of Excess, which could be extended to up to 2 years if OMB determined it was in the financial interest of the government. FASTA does not specify when GSA had to accept the Reports of Excess.

¹⁸Disposal-related activities can include historical preservation and environmental assessments and remediation.

¹⁹The Asset Proceeds Fund is an account in the Treasury of the United States under the custody and control of GSA. FASTA § 16(b)(1), 130 Stat. at 1475, as amended by Pub. L. No. 115-141, div. E, tit. V, § 527(2), 132 Stat. 348, 573 (2018).

²⁰See [GAO-22-105345](#). To date, all funds available for use in the Asset Proceeds Fund are the result of direct Congressional appropriations from the General Fund of the U.S. Treasury. A combined total of \$50 million was appropriated to the Asset Proceeds Fund in fiscal years 2018, 2019, 2021, and 2022 to be used pursuant to Board recommendations. Specifically, the Asset Proceeds Fund received \$5 million in fiscal year 2018 appropriations to remain available until expended, \$25 million in fiscal year 2019 appropriations to remain available until expended, \$16 million in fiscal year 2021 appropriations, to remain available until expended, and \$4 million in fiscal year 2022 appropriations, to remain available until expended. Pub. L. No. 115-141, 132 Stat. 348, 572 (2018), Pub. L. No. 116-6, 133 Stat. 13, 171 (2019), Pub. L. No. 116-260, div. E, title V, 134 Stat. 1182, 1413 (2020); Pub. L. No. 117-103, 136 Stat. 49, 275 (2022). No funds were appropriated for the Asset Proceeds Fund for fiscal year 2023.

Stakeholders Reported Limited Progress in Implementation of FASTA Pilot Program

Stakeholders reported numerous setbacks during the first two rounds of FASTA and progress identifying and disposing of properties has been limited. Specifically, a number of factors have: (1) delayed the sale of the 2019 round properties; (2) limited the number, value, and complexity of properties recommended by the Board for the 2021 round; and (3) resulted in the termination of the 2021 round.

- **Delays selling properties approved for disposal during 2019 round.** Although \$194 million in sales of 10 unneeded properties have occurred as of May 2023, it took almost two years to sell any of the 12 properties that OMB approved for disposal during the 2019 round. Stakeholders told us that several factors contributed to delays in selling the properties approved for disposal during the 2019 round. These factors included: (1) changes in sales strategy; (2) time needed to complete required due diligence activities; and (3) time needed to conduct additional external stakeholder outreach and coordination. Specifically, GSA and Board officials told us that there were disagreements regarding the proposed sales strategy for the 2019 round properties and changes in this strategy contributed to prolonged disposal timeframes and a strained relationship between the Board and GSA.

GSA officials also reported delays in selling several of the 2019 round properties because they required significantly more due diligence activities than initially identified to prepare for sale. For example, GSA officials told us that a Department of Veterans Affairs Medical Center in Denver, CO, required a mandatory environmental assessment that took months to complete.

GSA officials told us that coordinating with external stakeholders, such as local interest groups and elected officials, also increased the time needed to sell the 2019 round properties. For example, the sale of the Department of Commerce's Southwest Fisheries Science Center located in Pacific Grove, CA, was delayed due, in part, to opposition from the local community. In another instance, issues related to external stakeholder outreach and coordination for the Federal Archives and Records Center in Seattle, WA led to the termination of its sale after OMB withdrew its approval.²¹

²¹OMB concluded that the process that led to the decision to approve the sale of the Federal Archives and Records Center was contrary to the administration's January 26, 2021, Memorandum on Tribal Consultation.

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- **Limited Board Recommendations for 2021 Round.** Board members and staff told us that three factors limited the number, value, and complexity of its recommendations for the 2021 round: (1) the lack of sales proceeds deposited and appropriated from the 2019 round; (2) uncertainty regarding the impact of COVID-19 on agencies' future space needs; and (3) the lack of agency incentives in the FASTA process. For example, Board members and staff told us that because GSA had not sold a majority of the properties approved during the 2019 round by the time the Board was required to submit its 2021 round recommendations, the Board only submitted a list of 15 properties for OMB approval. According to Board members and staff, this was due, in part, to the lack of sales proceeds available (deposited and appropriated) to prepare the 2021 round properties for sale. Furthermore, the 15 properties initially recommended by the Board had a total estimated long-term savings of \$275 million—more than \$2 billion short of the \$2.5 billion sales proceeds target for the 2021 round outlined in FASTA.
 - **2021 Round Termination.** On January 26, 2022, OMB disapproved the Board's initial 2021 round submission, citing several significant concerns with the recommendations and casting doubt on whether it would be possible to gain OMB approval within statutory deadlines.²² Specifically, OMB officials determined that the submission did not meet OMB's three evaluation criteria: (1) financial planning, (2) stakeholder consultation, and (3) schedule. For example, on financial planning, OMB found that the submission lacked sufficient information on project implementation costs to demonstrate that recommendations could be executed within the resources currently available (deposited and appropriated) to the Board from the Asset Proceeds Fund. OMB also noted that additional coordination between the Board and GSA was needed, including agreement on the list of recommended properties.²³ Subsequently, the Board determined that it lacked the quorum required under FASTA to respond to OMB's

²²FASTA required the Board to submit its 2021 round recommendations to OMB no later than 2 years after submitting its 2019 round recommendations. OMB must transmit a report to the Board and Congress with its approval or disapproval of the Board's recommendations no later than 30 days after receiving the Board's recommendations. In the event of disapproval, the Board has 30 days to submit its revised recommendations to OMB for approval.

²³OMB, *OMB Response to Public Buildings Reform Board (PBRB) Round 1 Submission* (Jan. 26, 2022).

concerns and to resubmit its recommendations after two Board members resigned.²⁴ As a result, the 2021 round was terminated.

Stakeholders Identified Options for the Final FASTA Round that Could Mitigate Prior Setbacks

Stakeholders we spoke with—including GSA, OMB, the Board, and selected federal agencies—identified several potential options for the final 2024 round to address setbacks encountered during the 2019 and 2021 rounds of the FASTA process. Some options were less complex, such as additional collaboration between stakeholders that might result in more positive outcomes for the final round. Other, more complex options would require higher levels of coordination across multiple stakeholders and potentially congressional action. Potential options identified by stakeholders are summarized in Table 1 and described in more detail below.

Table 1: Potential Options Identified by Stakeholders to Address Setbacks Encountered While Implementing the 2019 and 2021 Rounds of the Federal Assets Sale and Transfer Act of 2016 (FASTA)

FASTA Round	Setback	Contributing Factor(s)	Potential Option(s) to Address Setback	Responsible Stakeholder(s)
2019	Delays selling approved properties	Changes in sales strategy	Commit to a sales strategy early in the process	GSA and Board
		Due diligence activities	Increase collaboration for identifying and vetting properties	GSA and Board
			Examine FASTA deadlines	Congress
		External stakeholder outreach and coordination	Develop more comprehensive process for external stakeholder outreach	Board
2021	Board recommendations did not meet expectations	Lack of sales proceeds from 2019 round	Examine FASTA deadlines	Congress
		Impact of COVID-19 and lack of agency incentives	Align agency incentives and FASTA requirements	Congress
				Expand potential disposal pool
	Round termination	OMB disapproval	Clarify and assess OMB's process for evaluating Board recommendations	OMB

²⁴FASTA provides that five Board members shall constitute a quorum for the purposes of conducting business and three or more Board members shall constitute a meeting of the Board. FASTA § 5(b), 130 Stat. at 1466. Board members and staff we spoke with interpreted this provision as prohibiting the Board from submitting or resubmitting recommendations to OMB without a five-member Board. In November 2022, the Board reached the quorum required to conduct business.

FASTA Round	Setback	Contributing Factor(s)	Potential Option(s) to Address Setback	Responsible Stakeholder(s)
			Develop more comprehensive process for external stakeholder outreach	Board
			Examine FASTA deadlines	Congress

Source: Documentation from and interviews with Public Building Reforms Board (Board) members and staff, officials from General Services Administration (GSA), staff from Office of Management and Budget (OMB), and officials from selected federal agencies. | GAO-23-106848

Note: This table is not a comprehensive list of all potential options that could be considered for the final 2024 FASTA round. Also, additional factors could have contributed to the setbacks identified by stakeholders in our review.

- Commit to a sales strategy early in the process.** Stakeholders told us that committing to a sales strategy early in the process for the final 2024 round may help mitigate delays encountered during prior rounds. For example, Board members and staff, as well as GSA officials, told us that they are interested in improved coordination in selling properties approved for disposal. Specifically, Board officials told us that it would be helpful to reach a consensus with GSA regarding which sales strategies could meet the goals and objectives of FASTA. GSA officials acknowledged that it is important to have a fully vetted sales strategy in place and that there are opportunities to improve the working relationship between GSA and the Board.
- Increase collaboration for identifying and vetting properties.** Stakeholders told us that increased collaboration between the Board and GSA during the identification and vetting process of the final 2024 round may help mitigate delays due to completing required due diligence activities. For example, in OMB’s response to the Board’s 2021 round submission, OMB suggested that agreement between the Board and GSA on detailed project plans could help ensure that the projects identified by the Board were viable and could be completed within required timeframes and available resources. Board and GSA officials agreed that additional collaboration during the identification phase for the final 2024 round could help ensure that the Board identifies and accounts for all activities needed for disposal as part of developing project plans and schedules.
- Examine FASTA deadlines.** Stakeholders told us that examining the deadlines under FASTA could help mitigate some of the setbacks encountered in prior rounds. For example, GSA officials told us that the deadline for when the Board was required to submit its 2021 round recommendations may have not been realistic. Specifically, the 2021 round deadline was predicated on the assumption that FASTA

expedites the disposal process and waives the application of certain statutory requirements so that sales proceeds from the 2019 round would have been subsequently appropriated and therefore available before the Board's 2021 round recommendations were due. However, not all of the due diligence activities required for the sale of the 2019 round properties were completed by the Board's deadline to submit its 2021 recommendations to OMB for approval thus affecting the amount of sales proceeds deposited and available for the 2021 round, pending congressional appropriation.

Board officials told us that it is critical that the Board has access to sales proceeds well in advance of its 2024 round submission deadline. The Board reported that it has identified approximately two dozen additional properties for disposal or consolidation for the final 2024 round. However, their inclusion is contingent upon the availability and appropriation of sales proceeds in the Asset Proceeds Fund in order to demonstrate that projects can be completed with the funds currently available (deposited and appropriated)—as required by OMB. Furthermore, Board officials told us that more timely access to sales proceeds could also incentivize agencies to participate in the FASTA process.

- **Develop more comprehensive process for external stakeholder outreach.** Stakeholders told us that a more comprehensive process for external stakeholder outreach and coordination prior to the Board's submittal of its final 2024 round recommendations to OMB could help mitigate or avoid some of the issues raised by external stakeholders during prior rounds. For example, OMB emphasized the need for more comprehensive information about the Board's outreach. OMB disapproved the Board's 2021 submission, in part, due to insufficient information regarding the Board's stakeholder outreach. According to OMB, the Board should improve its process by consulting and documenting direct engagement with members of Congress, affected Tribal governments, the general public, and the agencies occupying facilities, including tenant agencies.²⁵
- **Align agency incentives and FASTA requirements.** Stakeholders told us that aligning agency incentives and FASTA requirements could help mitigate factors that contributed to the Board's limited 2021 round recommendations. For example, the Board proposed changes to

²⁵OMB, *OMB Response to Public Buildings Reform Board (PBRB) Round 1 Submission* (Jan. 26, 2022).

FASTA to grant agencies the ability to retain sales proceeds within the current FASTA process rather than only after the Board terminates in 2025.²⁶ Such proceeds could be used by agencies for other pressing priorities and would give agencies a clear benefit for participating in the final 2024 round, according to Board officials.²⁷ In addition, the Board proposed FASTA requirements that may improve agency participation in the final 2024 round, according to Board officials. For example, the Board proposed that FASTA be amended to include a requirement for agencies to share plans on ways to consolidate, reconfigure, or otherwise reduce the use of owned and leased property in the post-pandemic work environment. Board officials also told us that providing them with the authority to submit 2024 round recommendations to OMB for approval on a rolling basis (i.e. submitting individual recommendations as they are ready rather than all recommendations for a round at the same time) may provide additional opportunities to identify potential candidates and help further incentivize agency participation.

- **Expand potential disposal pool.** Stakeholders told us that expanding the potential pool of eligible disposal candidates for the final 2024 round could help mitigate factors that contributed to the Board's limited 2021 round recommendations. Specifically, Board officials told us there are opportunities to expand the pool of eligible disposal candidates by removing the exclusions of certain types of properties from the FASTA process and improving federal real property data.²⁸ In particular, the Board reported challenges due to the lack of available and reliable data that made it difficult to identify

²⁶Board members told us that at the request of a bi-partisan working group, in November 2021, the Board submitted a legislative proposal to amend FASTA. In general, section 20 of FASTA provides that, after the termination of the Board, the net proceeds from the transfer or sale of real property that is not pursuant to FASTA are to be deposited into the appropriate real property account of the agency that had custody and accountability for the real property at the time the property is determined to be excess. FASTA § 20, 130 Stat. at 1477.

²⁷OMB staff told us that amending FASTA legislation to include the Board's proposal of agencies' retaining sales proceeds earlier than FASTA originally intended could have budgetary effects. For example, under current budget enforcement mechanisms, the cost of the proposal may need to be offset by an increase in mandatory receipts or a decrease in mandatory spending for other programs.

²⁸We previously made several recommendations to GSA on the Federal Real Property Profile database it maintains, including improving the accuracy of the database, consulting with agencies on assets' information withheld from the database, and improving the public database's presentation. GSA is taking steps to implement these recommendations. See GAO, *Federal Real Property: GSA Should Improve Accuracy, Completeness, and Usefulness of Public Data*, [GAO-20-135](#) (Washington, D.C.: Feb. 6, 2020).

viable disposal candidates. For example, Board members told us that during the 2019 round they found instances of warehouse buildings being listed as utilized in federal data but that when they visited the property, the warehouses were vacant. GSA officials told us that they recently initiated an effort to verify real property data in light of the effect of the COVID-19 pandemic on agencies' future space needs and potential increases in excess and underutilized space.

- **Clarify and assess OMB's process for evaluating Board recommendations.** Stakeholders told us that clarifying and assessing OMB's process for evaluating and approving the Board's recommendations could help mitigate factors that resulted in the disapproval of the Board's initial 2021 round submission. Specifically, the Board would like OMB to clarify the types and amount of community outreach and the level of financial detail required for each project recommendation. Board officials also told us that OMB should reassess its requirement that all recommendations submitted by the Board must be supported by the funds currently available (deposited and appropriated) within the Asset Proceeds Fund.²⁹ OMB staff stated that approving projects with projected costs beyond the current appropriated amount, including conditionally approving projects pending appropriation, posed a risk to the taxpayer. OMB staff acknowledged that timely access to sales proceeds is essential for the Board to recommend potential property candidates but maintained that congressional action would be required to make those funds available.

²⁹In November 2019, OMB conducted a risk assessment and issued "Recommendation Guidelines" to help the Board identify candidates that were more likely to gain approval. As part of these guidelines, OMB stated that, based on its risk assessment, each submission must be supported by a financial execution plan that demonstrated that the projects identified by the Board could be completed with the funds currently available (deposited and appropriated) within the Asset Proceeds Fund. According to OMB, the recommendation guidelines were based upon OMB's reading of FASTA's statutory requirements and OMB's obligations under the law to ensure responsible stewardship of taxpayer dollars. See OMB, *Official Response to PBRB Recommendations*, November 27, 2019.

GSA Has Collected Some Lessons Learned but Has Not Yet Developed a Process to Inform Future Disposal Efforts

In our October 2022 report, we recommended that GSA, in consultation with relevant stakeholders, develop a process to collect, share, and apply lessons learned from the implementation of FASTA to improve the final 2024 round and future disposal efforts, including reporting any lessons learned through this process to Congress.³⁰ GSA agreed with our recommendation and stated that it had begun developing a plan to address it. In March 2023, GSA compiled an initial list of lessons learned, including a discussion of underlying assumptions, structural issues, and challenges implementing the FASTA process. In April 2023, GSA solicited and incorporated feedback from the Board regarding its initial list of lessons learned. According to GSA officials, they requested but did not receive input from OMB. In May 2023, GSA provided its initial list of lessons learned to Congress, according to a GSA official.

Although GSA has identified initial lessons learned, it does not have a documented process to work with stakeholders to collect, share, and apply lessons learned on an ongoing basis. As a result, at the time of this testimony, the recommendation has not been fully implemented. Establishing a lessons learned process could help facilitate continued communication and coordination among stakeholders—something that stakeholders have noted was lacking at times during the first two rounds. Ensuring early buy-in, support, and agreement on future recommendations is important, as indicated by the setbacks encountered in the first two rounds.

Addressing this recommendation is also critical in the aftermath of the COVID-19 pandemic, as competition for federal funds remains high and agencies' space requirements continue to evolve. As previously mentioned, managing federal real property has remained on our High-Risk List since 2003 due, in part, to long-standing challenges disposing of excess and underutilized space. To make the final FASTA round a success—and to identify ideas and lessons learned that could improve future real property disposal efforts and any potential reforms—stakeholders will need to continue to leverage knowledge and experiences from the first two rounds of FASTA. Therefore, as part our most recent update to GAO's High-Risk List in April 2023, we included a discussion of setbacks in implementing the FASTA process and that many agencies lack space utilization data needed to make cost-effective

³⁰[GAO-23-104815](#).

real property decisions.³¹ And, in May 2023, we added recommendations related to FASTA and agencies efforts to collect additional space utilization data to our list of priority recommendations for GSA to implement.³²

Chairman Peters, Ranking Member Paul, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contacts and Staff Acknowledgment

If you or your staff have any questions about this testimony, please contact David Marroni, Acting Director, Physical Infrastructure at (202) 512-2834 or marronid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Matthew Cook (Assistant Director); Colleen Taylor (Analyst in Charge); Jeff Arkin; Melissa Bodeau; Adrienne Fernandes-Alcantara; Geoff Hamilton; Thomas McCabe; Tania Uruchima; and Elizabeth Wood.

³¹[GAO-23-106203](#).

³²GAO, *Priority Open Recommendations: General Services Administration*, [GAO-23-106474](#) (Washington, D.C.: May 18, 2023).

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