



Highlights of a high-risk area discussed in the GAO report entitled High-Risk Series: Federal Real Property (GAO-03-122)

Why Area Is High Risk

- Long-standing problems with excess and underutilized real property, deteriorating facilities, unreliable real property data, and costly space challenges are shared by several agencies. These factors have multibillion-dollar cost implications and can seriously jeopardize mission accomplishment.
- Federal agencies face many challenges securing real property due to the threat of terrorism.

What Remains to Be Done

There is a need for a comprehensive and integrated real property transformation strategy that could identify how best to realign and rationalize federal real property and dispose of unneeded assets; address significant real property repair and restoration needs; develop reliable, useful real property data; resolve the problem of heavy reliance on costly leasing; and minimize the impact of terrorism on real property.

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

www.gao.gov/cgi-bin/getrpt?GAO-03-122.

For additional information about this high-risk area, click on the link above or contact John H. Anderson, Jr. at (202) 512-2834 or AndersonJ@gao.gov.

HIGH-RISK SERIES

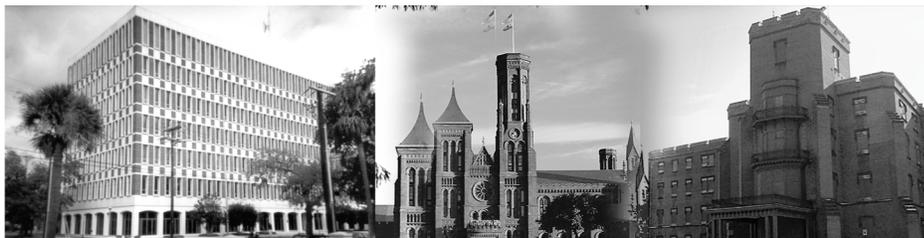
Federal Real Property

What GAO Found

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 restoration and repair needs to be 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 needs, and the cost and challenge of protecting these assets against potential terrorism.

To address these challenges, Congress and the administration have undertaken several efforts, including Defense Base Realignment and Closures Commissions, the President's Commission to Study Capital Budgeting, and various legislative initiatives. While some of these efforts and other work by individual real property-holding agencies have had some success, much remains to be done governmentwide. Furthermore, despite these efforts, the problems have persisted and have been exacerbated by competing stakeholder interests in real property decisions; various legal and budget-related disincentives to businesslike outcomes; the need for better capital planning among agencies; and the lack of a strategic, governmentwide focus on real property issues.

Given the persistence of the problems and related obstacles, we have added federal real property as a new high-risk area. Resolving these problems will require high-level attention and effective leadership by both Congress and the administration. Also, because of the breadth and complexity of the issues, the long-standing nature of the problems, and the intense debate that will likely ensue, current structures and processes may not be adequate to address the problems. Thus, there is a need for a comprehensive, integrated transformation strategy for real property. Realigning the government's real property, taking into account future workplace needs, will be critical to improving the government's performance and ensuring accountability within expected resource limits.



Sources (from left to right): Ernst & Young LLP, © 1996 Digital Stock, GAO.

Federal Real Property (from left to right): L. Mendel Rivers Building, Charleston, S.C.; Smithsonian Institution Building, Washington, D.C.; St. Elizabeths Hospital, Washington, D.C.