

GAO Highlights

Highlights of [GAO-14-12](#), a report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

In June 2010, the President issued a memorandum directing federal agencies to achieve \$3 billion in real property cost savings by the end of fiscal year 2012 through a number of methods, including disposal of excess property, energy efficiency improvements, and other space consolidation efforts.

GAO was asked to review the cost savings agencies reported in response to the memorandum. This report 1) describes the cost savings agencies reported in response to the June 2010 presidential memorandum and how those savings were identified by selected agencies and 2) determines the extent that selected agencies' reporting of savings was reliable and transparent, and how, if at all, reporting of real property cost savings could be improved. GAO reviewed OMB guidance for implementing the memorandum, reviewed the cost savings agencies reported on the administration's Performance.gov website, and obtained documentation from and interviewed officials from six agencies and OMB staff about the agencies' reported cost savings. GAO selected the agencies based on their overall cost-savings targets and the types of savings measures implemented, among other things.

What GAO Recommends

GAO recommends that the Director of OMB establish clear and specific standards to help ensure reliability and transparency in the reporting of future real-property cost savings. OMB generally agreed with GAO's recommendation.

View [GAO-14-12](#). For more information, contact David J. Wise at (202) 512-2834 or wised@gao.gov.

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FEDERAL REAL PROPERTY

Improved Standards Needed to Ensure That Agencies' Reported Cost Savings Are Reliable and Transparent

What GAO Found

Agencies reported real property cost savings of \$3.8 billion in response to the June 2010 presidential memorandum from disposal, space management, sustainability, and innovation activities. Space management savings, defined by the Office of Management and Budget (OMB) as those savings resulting from, among other things, consolidations or the elimination of lease arrangements that were not cost effective, accounted for the largest portion of savings reported by all agencies, and for about 70 percent of the savings reported by the six agencies GAO reviewed—the General Services Administration (GSA) and the Departments of Agriculture (USDA), Energy (DOE), Homeland Security (DHS), Justice (DOJ), and State (State). The requirements of the memorandum, as well as agencies' individual savings targets and the time frame for reporting savings, led the selected agencies to primarily report savings from activities that were planned or under way at the time the memorandum was issued.

GAO's review of the six selected agencies identified several problems that affect the reliability and transparency of the reporting of cost savings in response to the June 2010 memorandum. In particular, the memorandum and subsequent guidance issued by OMB were not clear on the types of savings that could be reported, particularly because the term "cost savings" was not clearly defined. For example, officials from several agencies GAO reviewed said the guidance was unclear about whether savings from cost avoidance measures could be reported. In addition, the agencies interpreted the guidance differently and, in some cases, did not follow the guidance, practices that led to inconsistent reporting, for example:

- *Agencies made different assumptions in reporting disposal savings:* Two agencies reported one year of avoided operations and maintenance savings for the year in which the disposal occurred, while three agencies reported up to 3 years of savings depending on when disposals occurred during the 3-year period.
- *Some agencies did not deduct costs associated with their disposals:* State and DHS did not deduct the costs associated with their reported disposal savings. DOE deducted costs for some of its reported disposals savings, but did not deduct costs for disposals carried out by its Office of Environmental Management.
- *Some agencies reported savings outside the time frame of the memorandum:* GSA reported savings from a property exchange, but retained ownership of the site in 2013, after the deadline, fiscal 2012's end. USDA reported savings from office closures that occurred in fiscal year 2013.

Finally, OMB did not require agencies to provide detailed documentation of their reported savings or include specific information about agencies' reported savings on Performance.gov, limiting transparency. Agency officials stated that the memorandum broadened their understanding of real property cost-savings opportunities. However, establishing clearer standards for identifying and reporting savings would improve the reliability and transparency of the reporting of cost savings and help decision-makers better understand the potential savings of future initiatives to improve federal real-property management.