



March 2016

FEDERAL REAL PROPERTY

Improving Data Transparency and Expanding the *National Strategy* Could Help Address Long-standing Challenges

Accessible Version

GAO Highlights

Highlights of [GAO-16-275](#), a report to the Ranking Member on the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The federal government has made progress addressing real property challenges within its owned portfolio, but agencies still face long-standing challenges that existed when GAO first designated real property management as a high-risk area in 2003. GAO was asked to examine the major federal civilian agencies' government-owned real property portfolio, including the progress made in addressing real property challenges. This report addresses (1) the steps taken to improve real property data, (2) the steps selected agencies have taken to address real property management challenges and the lessons learned, and (3) the extent to which the National Strategy and agencies' current capital planning practices address real property challenges. GAO analyzed fiscal year 2014 FRPP data, and government-wide guidance issued by OMB and GSA; visited 11 sites held by five civilian agencies with previously known challenges, 5 agency-identified, and 6 previously visited by GAO; and interviewed officials from these 5 agencies and OMB.

What GAO Recommends

GAO recommends that GSA, with OMB and federal agencies, assess, analyze, and identify any limitations in how agencies collect and report FRPP data and that OMB expand the *National Strategy* to include key characteristics. GSA partially concurred with GAO's first recommendation, and OMB partially concurred with both recommendations. GAO continues to believe these actions will improve FRPP and the *National Strategy* in addressing long-standing management challenges.

View [GAO-16-275](#). For more information, contact Dave Wise at (202) 512-2834 or WiseD@gao.gov

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What GAO Found

The Office of Management and Budget (OMB), the General Services Administration (GSA), and selected agencies have taken steps to improve the quality of data in the Federal Real Property Profile (FRPP)—the government-wide real property database. Those steps include issuing guidance and implementing various data validation procedures. Starting with fiscal year 2015 data, OMB and GSA are transitioning FRPP from a real property inventory to an analytical tool to guide real property management and to evaluate the performance of the government-wide portfolio. However, GSA has not analyzed agencies' collection or reporting practices or the limitations for using the data. GAO's review of FRPP shows that certain key FRPP data elements, such as utilization status, continue to be inconsistently collected and reported by agencies. An analysis could help OMB and GSA determine the extent to which efforts have improved data quality and identify the next steps. Outlining the limitations of the FRPP data, as suggested by GAO's data reliability standards, could improve transparency for decision-makers on how to properly use the data to, for example, identify underutilized properties for consolidation and colocation.

The five selected agencies GAO reviewed have taken steps to reduce agency-held space and increase utilization in response to government-wide initiatives. In addition, selected agencies have identified lessons learned from these efforts on leveraging statutory authorities and collaborating with stakeholders. For example:

- The Department of Veterans Affairs leveraged its enhanced-use leasing authority, allowing VA to partner with a non-profit organization to finance and successfully repair, operate, maintain, and utilize several underutilized buildings to house homeless veterans.
- GSA conveyed a historic post office in Portland, Oregon, to a city department; the building was then leased to and repaired by a college, thus avoiding federal holding and repair costs of about \$30 million.

Despite successes, the agencies continue to face long-standing challenges with excess and underutilized property and maintenance and repair backlogs due to a complex disposal process, competing stakeholder interests, and limited funding.

In March 2015, OMB issued government-wide guidance—the *National Strategy for the Efficient Use of Real Property*—providing a foundation to further help agencies strategically manage real property. The *National Strategy* aligns with many of the desirable characteristics of effective national strategies that GAO has identified, including describing the purpose, defining the problem, and outlining goals and objectives. OMB staff stated that the strategy is a living document that focuses on the most pressing needs. GAO believes the strategy is a major step forward. Moving forward, the strategy could incorporate additional characteristics, such as addressing maintenance and repair backlogs, a long-standing challenge, and addressing the underlying causes of real property challenges. OMB could also better link to agency performance measures to help determine the government-wide progress under the strategy. By incorporating additional characteristics, OMB could use the strategy to promote further improvements in real property management. Also, agency capital planning practices, which vary, are complementary to such government-wide initiatives.

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Abbreviations

ARS	Agricultural Research Service
CPRA	Civilian Property Realignment Act
DHS	Department of Homeland Security
DOD	Department of Defense
EUL	Enhanced-Use Lease
FRPC	Federal Real Property Council
FRPP	Federal Real Property Profile
GSA	General Services Administration
NHLPA	National Historic Lighthouse Preservation Act
NPS	National Park Service
OMB	Office of Management and Budget
USDA	Department of Agriculture
VA	Department of Veterans Affairs

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March 31, 2016

The Honorable Thomas R. Carper
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

Dear Senator Carper:

The federal government's real estate portfolio is vast and diverse, including approximately 112,000 buildings that are federally owned and managed by civilian agencies in the United States.¹ Federal real property management is on our High-Risk list, in part, due to the long-standing challenges federal agencies have faced managing their portfolios of federally owned real property, including issues regarding the reliability of real property data, excess and underutilized real property, and repair backlogs.² In March 2015, as part of the response to these challenges and as we recommended in our prior reporting on federal real property, the Office of Management and Budget (OMB) released a *National Strategy for the Efficient Use of Real Property (National Strategy)* to guide federal agencies' efforts in managing and decreasing the federal government's real property footprint.³ OMB's *National Strategy* outlined three key steps to improve real property management: (1) freeze growth in the inventory, (2) measure performance and use data to identify opportunities to improve the efficiency of the real property portfolio, and (3) reduce the size of the inventory by consolidating, colocating, and disposing of properties.

¹This number reflects data—as of September 30, 2014—as reported by civilian federal agencies subject to the Chief Financial Officers (CFO) Act of 1990 that are annually required to submit real property data at the constructed asset level to the Federal Real Property Profile (FRPP) database under Executive Order 13327. Some agencies, such as the United States Postal Service, are not required to submit real property data to the FRPP and are therefore not included in this summary. In this report, we refer to civilian agencies as those agencies, excluding the Department of Defense and the Armed Services, that are required to submit data to FRPP.

²GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington D.C.: Feb. 2015).

³OMB, *National Strategy for the Efficient Use of Real Property 2015—2020: Reducing the Federal Portfolio through Improved Space Utilization, Consolidation, and Disposal*, (Washington, D.C.: Mar. 25, 2015).

Simultaneous with the publication of the *National Strategy*, OMB issued its *Reduce the Footprint* implementation guidance, which required agencies to set annual square footage reduction targets for federal domestic buildings, among other things.⁴ These actions build upon efforts first established in OMB's *Freeze the Footprint* implementing guidance issued in 2013, which required federal agencies to identify properties that will be disposed as part of offsetting any new property acquisitions and set a timeline for agencies to freeze their real property footprint.⁵ While federal agencies are working to comply with OMB's vision and government-wide policies, we have reported that agencies continue to have difficulty reporting and tracking data on excess and underutilized properties and maintenance and repair backlogs, and that substantial barriers remain to improving the management of government-owned real property.⁶

You asked us to examine matters related to the government-owned portfolio across the major federal civilian agencies, including the progress made, the policies implemented, and the lessons learned by agencies in addressing real property challenges. This report examines (1) the steps taken to improve government-wide real property data, (2) the steps selected agencies have taken to address real property management challenges and the lessons learned, and (3) how agencies' use of capital planning practices, and how the *National Strategy* can further address real property challenges.

To address these objectives, we analyzed fiscal year 2014 Federal Real Property Profile (FRPP) data, as managed by the General Services Administration (GSA) and submitted by five civilian land-holding agencies, on federally owned properties in the United States; visited selected real property sites managed by these agencies; reviewed pertinent policies,

⁴OMB, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint*, Management Procedures Memorandum No. 2015-01 (Washington, D.C.: Mar. 25, 2015).

⁵OMB, *Implementation of OMB Memorandum M-12-12 Section 3: Freeze the Footprint*, Management Procedures Memorandum No. 2013-02 (Washington, D.C.: Mar. 14, 2013).

⁶For example, see: GAO, *Federal Real Property: Strategic Focus Needed to Help Manage Vast and Diverse Warehouse Portfolio*, [GAO-15-41](#) (Washington, D.C.: Nov. 12, 2014); *Federal Real Property: Improved Transparency Could Help Efforts to Manage Agencies' Maintenance and Repair Backlogs*, [GAO-14-188](#), (Washington, D.C.: Jan. 23, 2014); and *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).

guidance and other documents related to the agencies' real property management; and interviewed OMB staff and real property officials at the selected agencies. The five agencies we selected for review were GSA, and the Departments of Veterans Affairs (VA), Agriculture (USDA), the Interior (Interior), and Homeland Security (DHS). We selected these five agencies because together they account for nearly two-thirds of the owned building square footage in the United States reported by civilian agencies, according to FRPP data. Within three of these agencies, we focused our review on a specific component—the Agricultural Research Service (ARS) within USDA, the National Park Service (NPS) within Interior, and the U.S. Coast Guard (Coast Guard) within DHS (all referred to as “agency” in this report). The components were chosen based on their portfolio of owned buildings, their mission, and recommendations from agency officials.

As part of our review of the steps taken government-wide to improve the quality of real property data, we examined data in seven fields in the FRPP database for these five agencies—size, repair needs, owned and otherwise managed operating costs, condition index, replacement value, status, and utilization—to identify specific data anomalies, including missing data. In addition, we reviewed government-wide and agency guidance and documentation, and interviewed officials of these agencies to understand their methods for collecting, reporting, and validating real property data. We compared these methods to data management standards contained in *Standards for Internal Controls in the Federal Government*⁷ and our guidance for assessing the reliability of computer processed data.⁸ We found the data to be sufficiently reliable for our purposes, which were to assess the quality of data available in FRPP related to the agencies in our review and provide general background on the real property portfolio at selected agencies. However, because we reviewed a non-probability sample of data in FRPP, our results are not generalizable to all federal agencies, fields, or potential purposes for which the data could be used. As part of our review of the steps selected agencies have taken to address real property management challenges and the lessons learned, we analyzed a non-probability sample of federal owned buildings

⁷GAO, *Internal Control: Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

⁸GAO, *Assessing the Reliability of Computer-Processed Data*, [GAO-09-680G](#) (Washington, D.C.: July 2009).

at 11 geographic locations.⁹ We selected these locations to include diverse locations and those exemplifying the types of challenges agencies have faced in managing federally owned real property. To understand the extent to which government-wide guidance has helped selected agencies address real property challenges, we reviewed guidance issued by OMB and GSA since 2012 to address these challenges. Specifically, we evaluated the extent to which the capital planning processes at these selected agencies and components aligned with leading capital management principles outlined in (1) OMB's *Capital Programming Guide*;¹⁰ (2) our *Executive Guide: Leading Practices in Capital Decision-Making*;¹¹ and (3) the National Research Council's research on leading practices from the public and private sector.¹² We also evaluated the extent to which OMB's *National Strategy*

⁹For each agency or component in our review, we selected one location that was recommended as a successful example of managing real property challenges by agency officials, and at least one location that we examined as part of our previous work on real property. In total, to gather information about lessons learned, we reviewed three case studies of properties managed by GSA at three locations, and for each of the other agencies in our review we analyzed properties at two locations.

¹⁰OMB, *Capital Programming Guide, Version 3.0, Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets* (2014).

¹¹GAO, *Executive Guide: Leading Practices in Capital Decision-Making*, [GAO/AIMD-99-32](#) (Washington, D.C.: Dec. 1998). To develop the leading practices in this guide, we interviewed experts and reviewed academic literature to identify organizations—including state and local governments, and private sector entities—that exhibit leading capital practices. For each of the identified organizations, we interviewed senior officials from each identified organization about their capital decision-making practices, compared these practices across the organizations we identified, and highlighted innovative practices used by individual organizations as well as approaches and elements that were common across organizations.

¹²National Research Council, the National Academies, *Predicting Outcomes from Investments in Maintenance and Repair for Federal Facilities* (Washington, D.C.: 2012). These leading practices were developed by an ad-hoc committee of experts appointed by the National Research Council, assigned to develop methods, strategies, and procedures to predict outcomes of investments in maintenance and repair of federal facilities. The committee—composed of experts from public, private, and academic organizations—reviewed previous reports that focused on federal facilities management; held discussions with representatives of private-sector organizations, professional societies, and numerous federal agencies; and conducted research on specific relevant topics to formulate its findings and recommendations.

incorporated leading practices for national strategies, as identified¹³ and recommended¹⁴ in our prior work.

We conducted this performance audit from February 2015 to March 2016 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Further information on our scope and methodology can be found in appendix I.

Background

In fiscal year 2014, civilian federal agencies reported managing nearly 112,000 federally owned buildings, consisting of over 886 million square feet of real property in the United States. GSA, along with VA, ARS, NPS, and the Coast Guard manage over 44,000 federally owned buildings—representing nearly 40 percent of the federally owned buildings managed by civilian agencies—and approximately 470 million square feet. (See table 1.) Civilian agencies use buildings to meet a variety of mission needs, including for offices, schools, museums, services, hospitals, housing, and warehouses, among other things.

¹³GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, [GAO-04-408T](#) (Washington, D.C.: Feb. 3, 2004.) In this testimony, we identified these desirable characteristics by consulting statutory requirements pertaining to certain strategies we reviewed, as well as legislative and executive branch guidance for other national strategies. In addition, we studied the Government Performance and Results Act of 1993 (GPRA); general literature on strategic planning and performance; and guidance from OMB on the President's Management Agenda. We also gathered published recommendations made by national commissions chartered by Congress; our past work; and various research organizations that have commented on national strategies.

¹⁴[GAO-12-645](#).

Table 1: Fiscal Year 2014 Data for Selected Federal Agencies from the Federal Real Property Profile

	Number of federally owned buildings	Total square footage of owned portfolio (thousands)
Agricultural Research Service	2,914	14,961
Department of Veterans Affairs	6,073	150,110
General Services Administration	1,576	230,253
National Park Service	27,640	49,126
U.S. Coast Guard	6,236	26,203
Total	44,439	470,653

Source: GAO analysis of Federal Real Property Profile's data. | GAO-16-275

Note: This table excludes federally owned buildings identified as "disposed" in the Federal Real Property Profile, as well as federally owned buildings located outside the 50 U.S. states.

Within the executive branch, OMB and GSA provide leadership for management of federal real property. As the chief management office for the executive branch, OMB is responsible for oversight of how agencies devise, implement, manage, and evaluate programs and policies. For real property management, OMB develops and provides direction to agencies and is responsible for reviewing federal agencies' progress in real property management. GSA has two key leadership responsibilities related to real property management for the federal government. First, GSA acquires, manages, and disposes real property on behalf of agencies, a function that is commonly referred to as the landlord role. This function is performed by GSA's Public Buildings Service, and in doing so, GSA is responsible for managing the life cycle of its federally owned assets, including eventually disposing of such properties. Second, GSA's Office of Government-wide Policy is tasked, among other things, to identify, evaluate, and promote best practices to improve efficiency of management processes. In this policy role, GSA also provides oversight guidance, publishes performance measures, and maintains the FRPP database.

To promote efficient and economical use of federal government real property, in 2004, the President issued Executive Order 13327 establishing the Federal Real Property Council (FRPC), which is composed of senior federal real property managers and representatives

from OMB and GSA, among others.¹⁵ The executive order directed GSA, in consultation with the FRPC, to establish and maintain a single, comprehensive database describing the nature, use, and extent of all real property under the custody and control of executive branch agencies, except when otherwise required for reasons of national security. To meet this directive, GSA established the FRPP and provides guidance to agencies about how to annually report real property data under the custody and control of executive branch agencies. FRPP data can be used by government decision makers, including Congress, OMB, and agencies, to understand the nature, use, and the extent of federal real property assets. To report data for FRPP, each agency told us that it generally relies on information collected and stored in its own real property management system.¹⁶

OMB has recently undertaken several initiatives and issued guidance to federal agencies to improve the management of federal real property and address long-standing issues.¹⁷ Most notably, in March 2015, OMB introduced the *National Strategy for the Efficient Use of Real Property* to improve the utilization of federal agencies' real property. OMB's approach, as outlined in the *National Strategy*, employs a three-step policy framework to improve the cost effectiveness and efficiency of the real property portfolio:

- First, according to OMB, the *National Strategy* aims to freeze federal real property growth. In May 2012, nearly 3 years before the issuance of the *National Strategy*, OMB issued a memorandum directing agencies not to increase the size of their real-estate inventory, stating that increases in an agency's total square footage of property must be offset through consolidation, colocation, or disposal of space from the

¹⁵Exec. Order No. 13327, *Federal Real Property Asset Management*, 69 Fed. Reg. 5897 (Feb. 6, 2004).

¹⁶The executive order directs that GSA collect the information. The FRPC provides guidance for how agencies report the data for FRPP.

¹⁷These initiatives and guidance also apply to non-civilian agencies, such as the Department of Defense and the Armed Services. However, as noted previously, this report only addresses land-holding civilian federal agencies subject to the requirements of the Chief Financial Officers (CFO) Act. For more information on actions taken by the Department of Defense to address real property challenges, such as excess and underutilized property, see GAO, *Underutilized Facilities: DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations*, [GAO-15-346](#) (Washington, D.C.: June 18, 2015); and GAO, *Defense Infrastructure: DOD Needs to Improve Its Efforts to Identify Unutilized and Underutilized Facilities*, [GAO-14-538](#) (Washington, D.C.: Sept. 8, 2014).

inventory of that agency. In March 2013, OMB issued a memorandum establishing implementation procedures for the *Freeze the Footprint* policy, which directed agencies not to increase the total square footage of their domestic office and warehouse inventory compared to a fiscal year 2012 baseline. Additionally, the *Freeze the Footprint* policy assigned GSA leadership responsibilities, directing agencies to consult with GSA on promoting full implementation of the policy, including how to use technology and space management to consolidate, to increase occupancy rates in facilities, and to eliminate lease arrangements that are not cost or space effective.

- Second, the *National Strategy* identifies policy actions to measure the cost and utilization of real property assets. Specifically, OMB notes that calculating data at the individual asset level provides performance information on efficiency and identifies inefficient locations within the real property portfolio. As part of these efforts, OMB identified the improvement of the FRPP's data quality as a priority, noting that OMB and agency performance measures rely on the accuracy of these data.
- Third, the *National Strategy* identifies actions to reduce the size of the federal real property portfolio by accelerating disposals and improving space utilization. To assist with these efforts, in March 2015, OMB issued the *Reduce the Footprint* policy. As part of implementation of this policy, each agency was required to develop a Real Property Efficiency Plan, which, among other things, describes an agency's overall approach to managing real property and establishes reduction targets for office space, warehouse space, and the disposal of owned buildings. In addition to issuing implementing guidance to reduce the federal real property portfolio, the President's budget request for fiscal year 2016 included a \$200-million request for GSA to identify opportunities to implement consolidations to reduce the federal footprint.¹⁸ The request also included a proposal for \$57 million, which was not approved, to implement the administration's proposed Civilian Property Realignment Act (CPRA), which would use a board to recommend federal properties to be sold, consolidated, colocated, or reconfigured that Congress must accept or reject as a whole.

¹⁸Congress appropriated \$75 million for these activities for fiscal year 2016. Pub. L. No. 114-113 (2005).

As a result of these efforts, we have acknowledged in our 2015 High-Risk Update that the federal government has demonstrated leadership and made some progress in real property management.¹⁹ However, progress notwithstanding, we have also found that agencies still face many of the same long-standing challenges we have described since we first designated real property management as a high-risk area in 2003 due to underlying causes, such as the costs and complexity of the disposal process, geographical location of properties, and competing stakeholder interests:

- *Data reliability:* In our 2015 High-Risk Update, we reported that the federal government has demonstrated leadership commitment to improving real property data to support decision making, and has made some progress in increasing its capacity to improve the reliability of the data, but lacked an action plan to make additional improvements and an ability to effectively monitor or demonstrate progress.²⁰ In that report, we noted that GSA has taken steps to improve the reliability of FRPP data, including changing how some data variables are defined and eliminating some optional variables, but noted these changes had not yet sufficiently improved the overall reliability of the data, and the federal government continues to lack an action plan for making additional improvements.
- *Excess and underutilized properties:* Our prior reporting has also noted that federal agencies continue to face substantial barriers to reducing underutilized space and disposing of excess property. For example, in 2012, we found that disposal of excess property was often challenging because agency disposal costs can outweigh the financial benefits of property disposal and because legal requirements, such as those related to preserving historical properties and the environment, generally can make the property disposal process lengthy.²¹ Furthermore, the locations of some federal properties can make property disposal and reuse difficult, such as those properties located on public domain lands, lands held in trust, or in remote or inaccessible areas, or within existing secured federal or medical campuses. In addition, competing stakeholder interests—such as

¹⁹[GAO-15-290](#).

²⁰[GAO-15-290](#).

²¹[GAO-12-645](#).

those of historic-building advocates and local communities—are an underlying cause because such interests can affect agencies’ ability to dispose of real property.

- *Management of maintenance and repair backlogs:* We have previously found that agencies have accumulated significant maintenance and repair backlogs. For example, in 2014, we reported that five selected civilian land-holding agencies in that review—the GSA, DHS, Interior, VA, and the Department of Energy—reported fiscal year 2012 deferred maintenance and repair backlog estimates that ranged from nearly \$1 billion to \$20 billion.²²

OMB and GSA Have Taken Steps to Improve Government-wide Real Property Data, but the Potential for Using Data to Inform Decision Making Remains Limited

OMB and GSA Have Taken Steps to Improve the Quality of Data in the Federal Real Property Profile

OMB and GSA have taken a number of steps to improve the quality of government-wide data in the FRPP profile, as part of an increased emphasis to improve the data so they can be used to make data-driven decisions on federal real property. These actions represent a strong effort to improve data quality throughout the collection and reporting process, so that OMB and GSA can use FRPP data to support performance

²²GAO, *Federal Real Property: Improved Transparency Could Help Efforts to Manage Agencies’ Maintenance and Repair Backlogs*, [GAO-14-188](#) (Washington, D.C.: Jan. 23, 2014). We recommended that OMB collect information through FRPP or other mechanisms on (1) agencies’ costs for annual recurring maintenance and repair performed—information that is currently incorporated within agencies’ annual operating costs—and (2) funding agencies annually spent to address existing deferred maintenance and repair deficiencies and report summary level information in the FRPC’s fiscal year report. OMB concurred with the recommendations, but has not yet implemented them.

benchmarking and measure agency performance as part of the *National Strategy's* implementation.

While OMB staff and GSA officials we interviewed noted that agencies are ultimately responsible for collecting and entering real property data into FRPP, GSA and OMB have taken steps to assist them as they develop submissions for FRPP by providing government-wide guidance and technical assistance to agencies. Per Executive Order 13327, the FRPC provides guidance and best practices for real property management and develop performance measures to determine the effectiveness of real property management. As part of providing annual-reporting guidance to agencies, the FRPC has revised and modified several FRPP data definitions based upon user feedback and internal data evaluations to improve the data's completeness and accuracy. For example, for the fiscal year 2015 submission, GSA modified reporting capabilities in the "status indicator" field, which is intended to provide information on a facility's predominant operational status, such as whether the facility fulfills a current need or is surplus. Based on feedback from agencies, GSA revised this field to include additional information about the factors limiting disposal efforts, such as environmental remediation or legal disputes. GSA has also established a number of validation and verification tests to identify potential errors within agency-reported data. For example, to analyze fiscal year 2014 submissions, GSA developed and implemented 19 verification and validation checks. These checks establish criteria, such as upper and lower thresholds, for values entered into FRPP fields for each asset in the agency's submission. GSA provides a report to each agency indicating how many of its assets did not pass each verification and validation check and an optional opportunity to adjust its submission based on the results of its verification and validation assessment.

OMB staff noted that the FRPP database has moved to an updated information technology platform, a move that officials stated will help improve federal real property data management. Specifically, GSA officials and OMB staff envision that the FRPP will transition from its current use as an inventory of real property information to a tool that can be used to analyze government-wide real property data beginning with fiscal year 2015 data submitted in December 2015. GSA officials anticipate the new platform will provide the agency with a number of capabilities to analyze the quality of the data. According to GSA officials, the updated platform will also include capabilities to identify underutilized properties and potential candidates for colocations and consolidations, to help address long-standing management challenges.

Beginning with fiscal year 2015 data and coinciding with the shift to an updated information technology platform, GSA plans to require agencies to take additional steps to improve the quality of the data. First, GSA plans to issue formal written guidance in the third quarter of fiscal year 2016 that outlines specific agency data validation, verification, and integration requirements to improve data submitted in FRPP. Second, GSA plans to use the updated platform to conduct a review of qualitative and quantitative FRPP data to establish a performance baseline for data quality and to produce a report quantifying the number of data anomalies or values that do not pass the data verification and validation checks. More specifically, GSA officials stated that they will add further validation and verification checks and evaluate the extent to which each field for each asset complies with these checks. GSA then plans to identify the total number of fields that do not comply with these checks to establish each agency's baseline of data quality. Each agency will then be required to reduce the number of anomalies. Third, beginning in fiscal year 2015, GSA will require each agency's Chief Financial Officer to certify and identify the control process to ensure that the agency's submission to FRPP is accurate and complete. In 2014, GSA required each agency's senior real property officer to issue such an annual certification attesting to accuracy and completeness of the data, as well as the associated control processes. GSA officials noted that requiring the Chief Financial Officer to certify the data makes the submission auditable as part of a financial statement audit, a step that they stated provides an additional incentive for agencies to ensure that the data are accurate and complete. As part of this certification, agencies are also expected to report any efforts to improve the quality of the data. GSA anticipates that these actions will substantially improve the quality of the data in FRPP submitted by agencies and eliminate many of the inconsistencies and anomalies that exist within the data set.

Beyond these government-wide efforts, the selected agencies in our review have taken steps to improve the quality of their FRPP submissions. Executive agencies are responsible for collecting and reporting data on federal real property within their custody and control. We found that the agencies in our review have developed a variety of approaches that agency officials stated helped to improve the quality of the data. For example, the Coast Guard officials noted that they recently completed a 4-year effort to overhaul real property data. Specifically, the Coast Guard sent engineering teams to every base in order to inspect, measure, and photograph every physical asset. According to Coast Guard officials, the data captured by these teams were used to confirm or update the data in the Coast Guard's Shore Asset Management (SAM)

database, which was then reconciled with data in the agency financial system. According to Coast Guard officials, the efforts to improve the real property data contributed to a clean financial audit opinion for DHS. Selected agencies have also taken steps to improve the validation of data. For example, VA utilizes discrepancy reports to analyze differences in the same data elements from one year to another. ARS, along with the other component agencies within USDA, is required to complete a data-quality progress report every month to ensure greater integrity for real property data. According to USDA officials, these progress reports enabled the agency to reduce data errors by approximately 60 percent. In addition, NPS officials noted that they have developed a data quality scorecard to monitor data quality and that they conduct spot checks on data submitted by park units prior to the annual submission to FRPP.

Inconsistent Agency Collection and Reporting Approaches Persist across Agencies

While OMB, GSA, and the other agencies we reviewed have taken steps to improve data quality, some data entered into the FRPP by agencies continue to be inconsistently collected and reported. For some of the fields in our review, the selected agencies have taken a variety of approaches to collect and report data into FRPP. Agency officials we interviewed generally noted that FRPP guidance often has various interpretations, and data are often collected in a way that most clearly aligns with that agency's mission and real property portfolio. As a result, we observed that some agencies have mission-specific guidance for some fields designed to supplement government-wide FRPP data definitions, such as how the agency measures its repair backlog or how the agency calculates operating costs or utilization for an asset. However, in some cases, this guidance does not align with government-wide reporting guidance issued by GSA. As a result, FRPP data may not fully reflect the extent of real property challenges faced by agencies or the progress they have made in addressing challenges in these areas. Furthermore, because agency missions and portfolios vary widely, these practices can lead to data that are not comparable across agencies. More specifically:

- *Building condition:* We found that some agency-reported data on buildings does not reflect the current repair needs of the building. According to FRPP's reporting guidance, the reported repair needs should exclude any consideration of the likelihood that the repair will actually be performed at any time before the asset's disposal. However, though officials at four of the five agencies in our review noted that they assess the repair needs as part of a systematic condition assessment process, agencies do not consistently update

the repair needs for all buildings. For example, GSA and NPS officials noted that they do not generally update repair needs for buildings the agency anticipates it will dispose even though the guidance states that the determination of a building's repair needs should exclude any consideration whether the repair will actually be performed at any time before the asset's disposal.²³ VA officials said they do not update repair needs for buildings with funded disposal projects. In addition, officials at the Coast Guard and ARS stated that they do not update the repair backlog information for certain types of buildings, resulting in backlog data that may not be current for those types of properties.²⁴ Furthermore, selected agencies reported some buildings had no repair needs, with the percentage ranging from 15 percent at one agency to 79 percent for another. Agency officials provided varied explanations for the number of buildings without repair needs. Officials from the Coast Guard, which reported 79 percent of the buildings had no repair needs, stated that they have not surveyed the condition of all of their buildings. Coast Guard officials expect that once that process is completed, their recorded total repair needs may increase substantially. NPS officials—who reported that 37 percent of their buildings had no repair needs—noted that they do not generally record repair needs for buildings they plan to demolish or dispose. Agency officials also noted that in some cases, buildings will not require any repairs, such as immediately following construction.

Similarly, some of the replacement values reported by the selected agencies in our review are not updated regularly.²⁵ GSA's FRPP reporting guidance does not specify how frequently these values should be updated, and accordingly, the frequency of updates of replacement values varied across agencies. VA, for example,

²³Interior officials said that collecting and reporting data on excess buildings that will not be repaired can inflate the repair backlog. In our 2012 review of excess and underutilized property, we also found that when the agencies in that review determined that a property is not needed and will ultimately be disposed, they may assign no repair needs to that property even though it may be in state of disrepair. See [GAO-12-645](#).

²⁴The Coast Guard does not typically update repair needs for inactive buildings or those identified for disposal. ARS officials said they only update repair needs for active buildings. ARS officials noted that ARS holds 150 active buildings, and about 6 percent of these buildings—mainly small support buildings, such as hoop houses or portable greenhouses—have no repair needs.

²⁵FRPP reporting guidance defines the replacement value as the cost of replacing an asset with a newly constructed asset of the same size at the same location at today's buildings standards and codes, adjusted for area cost and inflation.

automatically updates the replacement value after each modification to a facility. ARS updates the replacement value for active buildings each year, but does not update the information for inactive or excess buildings.

As a result of this variation, a third field reported by FRPP—the “condition index”—may report outdated information about a building’s physical condition. The condition index in FRPP automatically calculates the condition of the building based on the building’s repair needs compared to its replacement value, as reported by the agency.²⁶ A building with no repair needs, and thereby in excellent condition, would have a condition index of 100, while buildings with substantial repair needs relative to the replacement value would have a condition index near 0. However, as noted above, we identified instances where the repair needs and replacement value are updated irregularly, and thus, the condition index may not reflect the condition of a building. For example, some of the buildings we visited at the Beltsville Agricultural Research Center recorded condition indices that were not reflective of building conditions reported in FRPP.²⁷ (See fig. 1.) As a result, agencies may be unable to identify and prioritize investments across their real property portfolios.

²⁶The specific formula for condition index is $(1 - \text{repair needs}/\text{replacement value}) \times 100$.

²⁷In 2012, we visited many of these same buildings and found that the conditions of the buildings did not match the data recorded in FRPP. See [GAO-12-645](#) for more information. ARS officials stated that these buildings are classified as inactive and are awaiting demolition funding.

Figure 1: Reported Condition versus Actual Condition for Selected Beltsville Agricultural Research Center Property

B-322 — FRPP Condition Index — 91



B-060 — FRPP Condition Index — 91



Source: GAO. | GAO-16-275

Note: The condition index reported in the Federal Real Property Profile is a general measure of the constructed asset's condition. The formula for condition index is $(1 - \text{repair needs}/\text{replacement value}) \times 100$. A building with no repair needs, and thereby in excellent condition, would be associated with a condition index of 100, while buildings with substantial repair needs relative to the replacement value would have a condition index near 0.

- **Operating costs:** We found that some of the agencies in our review report estimated, rather than determined, actual operating costs into FRPP for each building, as these agencies do not maintain data on costs for each specific building. These estimating practices vary substantially. For example, for the purposes for FRPP reporting, the Coast Guard estimates operating and maintenance costs to be equal to 3 percent of the estimated replacement value of the building. In other cases, agencies estimate operating costs for some buildings based on their size and other attributes relative to a larger asset within the same geographic footprint or facility. For example, VA summarizes operating costs at a given campus and prorates those costs based on status, size, and usage costs, while NPS uses a computer model to divide park-operating costs across facilities within each park. Within ARS, officials stated that the agency does not consistently report the operating costs for buildings because its financial system does not interact with the real property system. As a result, each location tracks its own operating costs and has developed its own approach to reporting in FRPP. OMB staff noted that they plan to use the operating cost data as a component of calculating cost savings from the various government wide initiatives, such as *Reduce the Footprint*. However, as a result of these varying approaches, it

may be difficult for OMB or agencies to accurately determine aggregate costs savings from successfully reducing excess or underutilized property.²⁸ We have previously found that clear and specific standards are needed to ensure that data on cost savings from real property efforts are sufficiently reliable and transparent for documenting performance and supporting decision making, and recommended that OMB establish clear and specific standards to help ensure reliability and transparency in the reporting of future real property cost savings.²⁹

- *Utilization*: Similarly, varying approaches to calculating utilization by agencies may limit OMB's efforts to identify suitable opportunities for consolidations and colocations as outlined in the *National Strategy*. The utilization data element is meant to track the extent that certain types of assets are used.³⁰ While agency officials at each of the five agencies we reviewed stated that they determine utilization based on the definitions established by GSA in its FRPP reporting guidance, thresholds for determining whether a building is utilized, underutilized, or unutilized vary across agencies. (See table 2.) For example, three of the agencies in our review (NPS, ARS, and Coast Guard) stated that they classified buildings based on the type of property and use occupancy thresholds that are no longer applicable by the FRPP reporting guidance. Prior to fiscal year 2013, utilization was defined as a percentage of occupied space; thus, for example, office space that was 75 percent occupied and 25 percent vacant had utilization rate of 75 percent. In fiscal year 2013, the FRPC changed the definition of utilization from a percentage value to three options—utilized, underutilized, unutilized.³¹ However, these three agencies still rely on

²⁸According to Interior officials, cost savings will be negligible for facilities that have received minimal operating investments.

²⁹GAO, *Federal Real Property: Improved Standards Needed to Ensure That Agencies' Reported Cost Savings Are Reliable and Transparent*, [GAO-14-12](#) (Washington, D.C.: Oct. 29, 2013). OMB concurred with this recommendation, but it has not yet been implemented.

³⁰According to the 2014 FRPP guidance, utilization status is required to be reported for offices, hospitals, family housing, dormitories and barracks, warehouses, and laboratories. Utilization status is not to be reported for any structure assets, land assets, or other building uses.

³¹According to the 2014 FRPP guidance, the utilization categories are based on regulatory definitions. See 41 C.F.R. § 102-75.1160.

these outdated definitions.³² A fourth agency, VA, determines utilization based on the percentage of space occupied within a building, regardless of building type. A fifth agency in our review, GSA, determines whether a building is utilized as opposed to underutilized or unutilized depending upon whether the building had been identified as active or excess by the agency. More specifically, GSA officials stated that active buildings with vacant space are reported as fully utilized even though FRPP reporting guidance directs agencies to report properties that are not fully used as underutilized or unutilized.³³

³²For FRPP reporting purposes, these agencies convert the percentage of occupied space into one of the three utilization categories.

³³GSA officials stated that they do not report active buildings as underutilized or unutilized because these buildings, which serve a mission need, would be reported to HUD as potential candidates for housing under the McKinney-Vento Act. In general, Title V of the McKinney-Vento Act requires federal landholding agencies to identify and make available for homeless assistance real property under their control that they are not fully utilizing or no longer need before properties are disposed through other means. Pub. L. No. 100-77, 101 Stat. 482 (1987). The Stewart B. McKinney Homeless Assistance Act, enacted in 1987, was renamed the McKinney-Vento Homeless Assistance Act in October 2000. See Pub. L. No. 106-400, 114 Stat. 1675 (2000).

Table 2: Definitions Used by Selected Agencies to Record Building Utilization in the Federal Real Property Profile (FRPP)

	Utilized	Underutilized	Unutilized
Federal Real Property Profile Guidance (issued by the Federal Real Property Council)	Properties that are not defined as “unutilized” or “underutilized”	An entire property or portion thereof, with or without improvements, which is used only at irregular periods or intermittently by the accountable landholding agency for current program purposes of that agency, or which is used for current program purposes that can be satisfied with only a portion of the property	An entire property or portion thereof, with or without improvements, not occupied for current program purposes for the accountable executive agency or occupied in caretaker status only
General Services Administration—Public Building Services	Buildings that report FRPP status of “active”	Buildings that report FRPP status of “Report of Excess Accepted” and are not vacant	Buildings that report FRPP status of “Report of Excess Accepted” and are completely vacant
Veterans Affairs	More than 75 percent of the space of the building is occupied	5 to 74 percent of the space of the building is occupied	4 percent or less of the space of the building is occupied
National Park Service/ Agricultural Research Service/U.S. Coast Guard	Offices: 75 percent or more of the space is occupied Hospitals: ^a 70 percent or more of the space is occupied Warehouses: 50 percent or more of the space is occupied Laboratories: 60 percent or more of units are active Dormitories and Family Housing: 85 percent or more of units are occupied	Offices: Less than 75 percent of the space is occupied Hospitals: ^a 25 to 70 percent of the space is occupied Warehouses: 10 to 50 percent of the space is occupied Laboratories: 30 to 60 percent of units are active Dormitories and Family Housing: Less than 85 percent of units are occupied	Offices: N/A Hospitals: ^a Less than 25 percent of the space is occupied Warehouses: Less than 10 percent of the space is occupied Laboratories: Less than 30 percent of units are active Dormitories and Family Housing: N/A

Source: GAO analysis of agency information. | GAO-16-275

^aUtilization is defined for hospitals for each of the listed agencies, although only the Coast Guard manages hospitals as part of its real property portfolio.

Transparency Issues Related to Agency Collection and Reporting Approaches Limit Data’s Usefulness

Although OMB and GSA have established various controls, discussed earlier, to address data quality and improve reliability, greater insight into the approaches used by agencies to collect and report data for FRPP, and any potential effects of these approaches, could improve the usefulness of the data. Internal control standards for federal executive branch agencies require that agencies have relevant, reliable, and timely

information for decision-making and external-reporting purposes.³⁴ This approach is enabled by sound and consistent data collection practices that ensure data are reasonably complete and accurate. However, as noted above, agencies have tailored their data collection and reporting approaches to align with their mission needs and portfolio requirements. As a result, standardizing data across agencies has been challenging since agencies have applied different approaches to collect data that align closely with their mission but that in some cases are inconsistent with existing GSA guidance. OMB and GSA officials noted that a key component of their data validation process relies on each agency to certify the information is accurate. As part of this certification, agencies are directed to identify current or planned efforts to develop controls to ensure that information is complete and consistent with the existing government-wide guidance developed by GSA. In addition, agencies are directed to characterize the accuracy and completeness of the data, and the methodology used to evaluate the accuracy of the data, and officials from the selected agencies in our review stated that their agency policies were in alignment with FRPP's reporting guidance and data definitions. However, GSA guidance does not require agencies to describe their approach to recording data for each field, and any supplemental, agency-specific guidance used to collect and report data, thus limiting OMB and GSA's insight into the quality of the FRPP data and the extent to which agencies are following sound and comparable collection and reporting practices. Moreover, GSA officials said that they have not collected or analyzed individual agency reporting practices beyond a review of the annual certifications submitted by each agency. While GSA's existing and planned improvements to its verification and validation approach will focus on substantially reducing the number of anomalies in the data and analyzing whether values for various FRPP fields fall within a series of upper and lower boundaries, these improvements do not analyze whether data has been collected and reported similarly across agencies. Such an analysis could provide greater insight into the approaches agencies use to collect and report data into FRPP and help identify instances where data are inconsistently reported or collected across agencies. Furthermore, such an analysis could help OMB and GSA determine the extent to which government-wide efforts to improve data quality have taken hold within federal agencies and identify the next steps needed to build upon its existing efforts to improve data quality.

³⁴[GAO/AIMD-00-21.3.1.](#)

In addition, greater transparency with respect to how the data will be used and the associated limitations of using the data could also improve the usefulness for agency officials and other decision-makers. GAO's data reliability standards define reliability as data that are reasonably complete and accurate, as well as consistent to meet the intended purpose, and the appropriate level of precision of data required depends on the purpose for which that data will be used and the risk of using that data. More specifically, because the risk associated with using the data depends on the use of the data, not all uses of a data set will require the same level of data reliability.³⁵ In addition, these data standards note that clearly identifying the limitations of data, in the context of the purposes for which the data are intended to be used, can help ensure that incorrect or unintentional conclusions will not be drawn.³⁶ In our discussions with OMB staff and GSA officials, they noted that they intend to use the FRPP data for a variety of purposes, but have not outlined the limitations of using these data for such purposes. For example, OMB and GSA officials noted that they plan to use FRPP data to support performance benchmarking and measure agency performance as part of the *National Strategy's* implementation, as well as to identify potential candidates for relocation and consolidation. In addition, GSA officials noted that they plan to make the data more widely available to agency real property officials within each agency to help improve and guide real property portfolio management. GSA officials stated that they believe that GSA's data validation and verification efforts, which aim to resolve a substantial percentage of anomalies, will ensure the data can be used for most of its intended purposes. However, as noted previously, this approach will not address the extent to which agencies report and collect data inconsistently, or the limitations for how that may affect the data's use for decision-making. As a result, because GSA's existing approach and its planned improvements to that approach provide limited insight into how agencies collect and report data into FRPP, decision-makers at OMB, GSA, and other federal agencies have limited insight into the risk of using the data to guide decisions. Accordingly, complementing GSA's and OMB's existing efforts by outlining the limitations of the data, in the context of how the data are intended to be used, could help provide decision-makers with improved transparency into the quality of the data. For example, OMB staff told us that they are aware that operating and

³⁵ [GAO-09-680G](#).

³⁶ [GAO-09-680G](#).

maintenance costs are not reported consistently across federal agencies, but these limitations are not currently reported.

Selected Agencies Have Taken Steps to Address Real Property Management Challenges, and Learned Valuable Lessons, but Long-standing Challenges Persist

Selected Agencies Have Taken Steps to Reduce Excess and Underutilized Properties and Repair Backlogs

Since we reported on excess and underutilized property in 2012, selected agencies have taken steps to reduce space and increase utilization in response to government-wide initiatives.³⁷ As previously mentioned, the 2013 issuance of the *Freeze the Footprint* policy directed federal agencies not to increase the size of their domestic owned and leased office and warehouse space, measured relative to an established fiscal year 2012 baseline. As of fiscal year 2014, selected agencies generally reported net reductions in their office and warehouse space. (See table 3.)

Table 3: Changes in the Total Office and Warehouse Square Footage Reported for Selected Agencies, Fiscal Years 2012 – 2014 (Square Feet)

	Total FY 2012 baseline ^a	Total FY 2014 space	Total change in space, FY 2012 – FY 2014	Percentage change in space FY 2012–FY 2014
Department of Agriculture (USDA)	35,928,774	35,373,766	(555,008)	-1.5%

³⁷GAO-12-645.

Agricultural Research Service (ARS) ^b	2,704,372	2,636,316	(68,056)	-2.5%
Department of Veterans Affairs	28,868,209	29,586,308	718,099	2.5%
General Services Administration (GSA)	6,665,684	5,641,857	(1,023,827)	-15.4% ^c
Department of the Interior	42,869,112	41,514,520	(1,354,592)	-3.2%
National Park Service	14,178,392	13,844,904	(333,488)	-2.4%
Department of Homeland Security	48,392,553	48,837,766	445,213	0.9%
U.S. Coast Guard	11,124,908	7,001,289	(4,123,619) ^d	-37.1% ^d

Source: Office of Management and Budget, Agricultural Research Service, National Park Service, and U.S. Coast Guard. | GAO-16-275

Note: As previously discussed, we have noted inconsistencies in how data are reported from agency to agency, inconsistencies that limit the use of the data for measuring progress over time. However, we did not assess the reliability of these data.

^aFor agencies other than GSA, data includes space leased by GSA and occupied by the agency.

^bARS's figures include its owned space, as well as property leased via GSA and USDA.

^cIncludes about 795,000 square feet attributable to reductions in GSA's leased space.

^dIncludes about 1.1 million in square feet reductions attributable to improvement measurement and management of U.S. Coast Guard assets and about 3 million in square feet for Coast Guard portfolio adjustments.

As part of the implementation of the *Freeze the Footprint* policy and the more recent *Reduce the Footprint* policy, agencies were required to submit a plan to OMB detailing how the agency intended to maintain or reduce the square footage of its real property inventory.³⁸ Specifically, the selected agencies outlined approaches to manage any growth in their portfolio, better utilize existing space, and identify and dispose of space no longer needed to support the agency's mission.

- *Managing portfolio growth*: All of the selected agencies we reviewed established a process requiring internal review and approval of any new space requests. In addition, in accordance with the *Freeze the Footprint* policy, the selected agencies also identified space offsets for

³⁸The *Freeze the Footprint* implementation memorandum required agencies to develop and submit a Revised Real Property Cost Savings and Innovation Plan, as well as Annual Agency Evaluations, describing the agency's overall approach in managing its real property usage and spending. *Reduce the Footprint* changed this requirement to require a Real Property Efficiency Plan to describe the agency's overall strategic and tactical approach in managing its real property, provide a rationale and justification for its optimum portfolio and drive the identification and execution of real property disposal, efficiency improvements, general usage, and cost saving measures.

any proposals for new space baseline. For example, VA issued *Freeze the Footprint* implementation guidance that requires all real property actions that increase the office or warehouse space to be reviewed and approved by the senior real property officer, and identify office or warehouse space with corresponding square footage that has already been funded for disposal to offset the growth. OMB staff told us that as a result of these requirements, agencies are using a more strategic approach when they consider new space needs.

- *Better utilizing existing space*: Under the *Reduce the Footprint* policy, federal agencies are required to issue a space design standard for office space. We found that prior to the policy, all of the selected agencies had already established space utilization standards for office space that were at various phases of being implemented. For example, ARS has been using a space utilization standard of 150 square feet per person for at least 14 years. Furthermore, several of the selected agencies have established teleworking policies for eligible workers and were being evaluated to determine the effects of these policies on space utilization. For example, GSA is combining an extensive telework policy with mobile technologies, hoteling software, and integrated building solutions to enable GSA to reach close to a 2:1 desk-sharing ratio. Officials from some of the selected agencies also stated that they were actively seeking opportunities to colocate or consolidate within the agency or with other federal entities. For example, Coast Guard officials said that they successfully ended a lease of 150,000 square feet in Arlington, Virginia, as part of efforts to consolidate operations at Coast Guard headquarters located at the federally owned St. Elizabeths Campus.
- *Identifying and disposing of space*: Officials from all of the selected agencies said that they were identifying opportunities to dispose of properties, and some agencies have established disposal targets. For example, NPS officials stated that they targeted 263 buildings for disposal over the next 5 years, while ARS officials said they planned to reduce ARS's footprint by 1 percent by the end of fiscal year 2015. According to the *Reduce the Footprint* policy, federal agencies are required to report disposal targets for owned buildings, including the associated square footage and cost savings from the disposals.

In support of individual agency's efforts, GSA has provided technical assistance to federal agencies to identify consolidation opportunities among their real property assets. For example, GSA officials said they used about \$69 million of annual appropriations in fiscal year 2015 to help relocate tenant agencies to vacant space and provide resources to help

agencies consolidate, an approach that decreased the footprint of federal agencies by over 525,000 square feet and one that GSA projected would save the government an estimated \$31 million on leasing annually. For fiscal year 2016, Congress appropriated \$75 million to GSA to continue to support these efforts. In addition, as mentioned, the administration requested, but did not receive, \$57 million in fiscal year 2016 appropriations for CPRA, a proposed legislative framework for consolidating and disposing of civilian real property. While legislation similar to the administration's CPRA proposal has been introduced in Congress, it has yet to be enacted. In the *National Strategy*, OMB is considering developing a legislative proposal for a pilot program, similar to some of the principles in CPRA, to improve the disposal process and provide examples to establish the basis for new legislation, but OMB staff stated that this process has not moved forward.

Furthermore, officials at all of the selected agencies discussed their efforts to identify and allocate funding toward their ongoing and deferred maintenance and repair backlog. Officials at the selected agencies we reviewed reported repair backlogs ranging from \$285 million at the Coast Guard to about \$14 billion at VA.³⁹ All of the selected agencies have requested and received funding in their annual budget requests to allocate toward deferred maintenance and repair needs. For example, VA requested and received funding, of which about \$708 million was allocated specifically to non-recurring maintenance, over 40 percent of its fiscal year 2016 construction budget request. Congress also appropriated \$193 million in construction funds to NPS for fiscal year 2016, which NPS officials told us would solely be used to reduce the maintenance and repair backlog for high priority assets.

Some of the selected agencies also identified other ways to dedicate funds to maintenance and repair projects and backlogs. For example, in addition to using appropriated funds for maintenance and repair projects, ARS allocates 4 percent of its research funds for repairs and maintenance at each laboratory. Furthermore, some of the selected

³⁹While the Coast Guard reports about \$285 million in repair needs, as previously noted, 79 percent of the facilities listed in FRPP do not have any repair needs recorded. Coast Guard officials said they were aware that the repair backlog is significantly underreported, and are revising guidance that should mitigate the underreporting of this data. Our previous work looked at deferred maintenance and repair backlogs for the entire department, and included agencies, such as the Department of Energy, that are not examined in this report. See [GAO-14-188](#).

agencies—such as GSA, VA and the Coast Guard—have established processes to centralize and allocate funds for repair projects based on specific criteria, such as prioritized needs and mission, rather than dividing repair money equally among facilities. According to Coast Guard officials, this approach has helped to reduce backlogs at some locations.

Selected Agencies Learned Valuable Lessons in Addressing Real Property Challenges by Leveraging Statutory Authority and Working with Stakeholders

We found that selected agencies learned two valuable lessons as part of the efforts to address real property challenges. In general, we found that agencies made progress addressing real property challenges when they had the statutory authority to streamline real property transactions and formed partnerships to collaborate with engaged stakeholders.

- *Statutory authority.* Some select agencies were able to leverage specific real property statutory authorities to successfully fund repairs, better utilize properties, and streamline the disposal process. While these statutory authorities are not available to all federal agencies, some federal agencies told us that they have successfully used their Enhanced-Use Lease (EUL) authority—typically the authority to enter into long-term agreements with public and private entities for the use of federal property in exchange for cash, in-kind consideration, or both—to allow third parties to finance, repair, operate, and maintain buildings.⁴⁰ For example, at Fort Snelling, VA used its EUL authority to enter into an agreement with a non-profit organization to renovate five underutilized, historic buildings for housing for homeless veterans. (See fig. 2.) As a result, VA's non-profit partner invested \$17.4 million in repairs and renovations for a use that furthered the organization's and VA's mission.

⁴⁰While EUL partnerships have assisted federal agencies in funding deferred maintenance and repair costs, leasing the property via an EUL does not count towards lowering the agency's *Freeze the Footprint* baseline.

Figure 2: VA's Historic Buildings Renovated to House Homeless Veterans at Fort Snelling, Minnesota



Source: Department of Veterans Affairs. | GAO-16-275

In addition, NPS used its leasing authority to fund the renovation of buildings at historic Fort Vancouver. NPS officials said they actively worked with the U.S. Forest Service to plan and set aside funding to rehabilitate two buildings on the Fort Vancouver campus for a regional office for the Forest Service. According to NPS officials, the project was mutually beneficial as it paid for the renovations of historic buildings, colocated complementary services of the land management agencies, and was estimated to save the Forest Service 50 percent on rent.

Some selected agencies also had statutory authority to streamline the disposal process for specific assets. For example, under the National Historic Lighthouse Preservation Act of 2000 (NHLPA), GSA and NPS established a process in which agencies that manage historic lighthouses, such as the Coast Guard, identify lighthouses that are no longer needed for GSA to convey at no cost to qualified stewards.⁴¹ Under this authority, from 2000 through 2014, 113 historical lighthouses were conveyed to eligible stewards. (See fig. 3.)

⁴¹The NHLPA provides a mechanism for the conveyance of federally owned historic light stations to qualified new stewards.

Figure 3: New London Ledge Light Transferred from Coast Guard to a Private Steward



Source: General Services Administration. | GAO-16-275

In addition, in 2012, Congress provided ARS with authority to transfer 10 research facilities to certain colleges and universities that would continue agricultural and natural resources research.⁴² According to ARS officials, the authority provided ARS the ability to streamline the disposal process, as well as generally mitigate potential issues with competing stakeholders' interest and distributed environmental requirements between ARS and receiving institutions.⁴³

⁴²Consolidated and Further Continuing Appropriations Act, 2012 provided the Secretary of Agriculture the authority to close and convey up to 10 ARS research facilities to land-grant colleges and universities, specified institutions, or Hispanic-serving agricultural colleges and universities provided the institution agrees to maintain the facility for agricultural and natural resources research for a minimum of 25 years. Pub. L. No. 112-55 (2011).

⁴³We have previously reported that legal requirements, such as those associated with preserving the environment per the National Environmental Policy Act, and conflicting stakeholder interests about certain properties can complicate the disposal of real property. See [GAO-12-645](#). These challenges will be discussed in more detail in the next section.

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- *Collaborate with stakeholders:* The majority of agency officials at the selected sites also discussed how early and frequent collaboration with stakeholders helped successfully overcome challenges with managing certain properties. For example, VA and ARS officials said that early collaboration with the state historical preservation officers assisted in overcoming some of the underlying causes with meeting historical requirements. At Fort Snelling, VA officials and its EUL partner worked proactively with the state historic preservation officer to manage and overcome specific issues with meeting historic requirements while renovating five facilities. Some selected agency officials also told us that they collaborated with external stakeholders to successfully dispose of or renovate historic properties. For example, GSA conveyed a historic post office in Portland, Oregon, to a local art college via a city department that, according to art college officials, cost approximately \$30 million to repair. Properties for use as a historic monument may be transferred to a public entity, so city officials worked with GSA and the art college to acquire the property.⁴⁴ The art college then leased the property from the city, and invested funds to renovate the historic building, allowing GSA to avoid the repair and associated holding costs. (See fig.4.)

⁴⁴GSA is authorized to convey properties for use as a historic monument to any state, political subdivision, instrumentalities thereof, or municipality, of all the right, title, and interest of the United States in and to any surplus real and related personal property which in the determination of the Secretary of the Interior is suitable and desirable for use as a historic monument for the benefit of the public. See 40 U.S.C. § 550(h).

Figure 4: Former GSA Building Renovated by a Local Art College in Portland, Oregon



Source: GAO. | GAO-16-275

In addition, NPS was able to work with its DOD partners in order to help fund an estimated \$65 million in renovations at the Fort Vancouver campus. Prior to the transfer of property on the East and South campus of Fort Vancouver from the Army to NPS, NPS was able to negotiate some funding for needed renovations and deferred maintenance for the buildings.

Long-standing Challenges and the Underlying Causes Persist

While agencies have taken steps and learned valuable lessons from their efforts to manage real property, federal agencies continue to face long-standing challenges with managing excess and underutilized property, and with maintenance and repair backlogs. We have previously found that the underlying causes of the challenges with disposing of properties—legal requirements related to, for example, historical preservation and environmental remediation, competing stakeholder interests, and the location of the property—can increase the cost and length of the process.⁴⁵ All of the selected agency officials we spoke with said they had difficulty funding the disposal of assets and that one or more of these additional causes continue to add cost and time to an already complex disposal process.

⁴⁵[GAO-12-645](#).

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- *Legal requirements:* Officials at all of the selected agencies discussed how legal requirements, specifically those related to historical preservation, environmental remediation, or the McKinney-Vento Act can increase the cost and time required to dispose of certain properties. The National Historic Preservation Act (NHPA), as amended, requires agencies to manage historic properties under their control and jurisdiction and to consider the effects of their actions on historic preservation.⁴⁶ ARS officials told us that according to state requirements, they must conduct a study documenting a historical building's eligibility, which can cost between \$10,000 and \$100,000, prior to disposing of the property. In addition, federal agencies must coordinate with the state historic preservation officer prior to disposal, which, according to NPS officials, can be time consuming.

In addition, landholding agencies are responsible for environmental remediation that can be costly and time consuming.⁴⁷ For example, Coast Guard officials said that even with the streamlined authority for disposal of historic lighthouses, the cost of environmental remediation, mostly related to remediating lead paint, would delay their ability to dispose of lighthouses. In addition, Coast Guard officials said that they need to use part of a limited budget on an asset no longer needed to meet its mission. Furthermore, some of the selected agency officials said that meeting the requirements of the McKinney-Vento Act—identifying and screening unutilized property and making it available to homeless assistance providers—can be challenging, and add time to the disposal process since this process must take place prior to transfer or disposal. As administered by GSA, in conjunction with the Departments of Health and Human Services and Housing and Urban Development, we previously found that the process can take up to 290 days to determine a property's suitability for homeless assistance and transfer it, if applicable, to assistance providers.⁴⁸

⁴⁶Pub. L. No. 89-665 (1966).

⁴⁷See 41 C.F.R. §102-75.955.

⁴⁸According to GSA officials, all surplus properties are reviewed by HUD to determine if the property is suitable for homeless assistance. Those properties deemed suitable by HUD are screened for homeless use with HHS. Since enactment of the McKinney-Vento Homeless Assistance Act in 1987, less than 2% of the properties reported excess to GSA have been conveyed to homeless providers. Pub. L. No. 100-77, 101 Stat. 482 (1987). See also GAO, *Federal Real Property: More Useful Information to Providers Could Improve the Homeless Assistance Program*, [GAO-14-739](#) (Washington, D.C.: Sept. 30, 2014).

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- *Competing stakeholder interests:* Stakeholders do not always have similar interests when a federal agency plans to dispose of a property. Coast Guard officials said that due to the historic and symbolic nature of many of its properties, they often encounter both public and political opposition when trying to divest excess property. Resolving competing stakeholder needs can hamper the disposal process. For example, the disposal of a GSA building in Portland took over two decades due primarily to difficulty in relocating the federal tenants to appropriate space that met their evolving mission requirements in a limited market, a process that delayed the disposal and impacted the timeline of the non-profit interested in acquiring the property. ARS officials told us that they were unable to transfer research facilities in Alaska to a land-grant university because the buildings were located on land leased from private owners, and they were unable to come to an agreement on the purchase price. As a result, the buildings were ultimately transferred to the private owner.
 - *Location of buildings:* Officials from four of the five selected agencies discussed the challenges with disposing of buildings based on the location or type of building. Specifically, officials discussed the difficulty with disposing of landlocked buildings or buildings located in remote areas. NPS officials said that geographically isolated assets often have little or no commercial value. In addition, due to NPS's mission to conserve and preserve land, demolition is often the only option for most of its properties slated for disposal. However, demolition can also be challenging because it is difficult to get the equipment and personnel to certain remote locations. Furthermore, VA officials stated that they owned many potentially disposable properties located in the middle of hospital campuses, which can make disposal challenging, since properties at such a location often draw limited private sector interest.

Officials from three of the five selected agencies said they have also faced some challenges with better utilizing property. Some of the selected agency officials said that funding to transition agencies to new space was not readily available. For example, GSA officials said that agencies often have a hard time allocating upfront funds to prepare buildings for the specified agency needs. GSA officials also said that it can be difficult to find and fund swing space that may be needed to bridge the time between when an agency moves out of one space and into another. In addition, officials at two selected agencies said it can be difficult to

identify agencies with compatible missions for colocation. Specifically, in 2012, ARS renovated a laboratory for \$15.4 million;⁴⁹ however, this property had substantial unused space 3 years later. ARS officials explained that laboratory space generally has a limited number of people relative to the size of the space to accommodate equipment, and that identifying additional research to be conducted in the unused space can be difficult because it must be compatible with the ongoing research. (See fig. 5.)

Figure 5: Unused Laboratory Space in a Newly Renovated Facility at the Beltsville Agricultural Research Center



Source: GAO. | GAO-16-275

While selected agencies have taken steps to address repair backlogs, officials at all of the selected agencies said that funding for maintenance and repair continues to be challenging in a resource-constrained

⁴⁹ARS officials noted that funds from the American Recovery and Reinvestment Act of 2009 were used for this project.

environment. All of the selected agencies said that they invest less than the recommended industry standard, 2 to 4 percent of the facility's replacement value, which has contributed to their maintenance and repair backlogs.⁵⁰ As we previously found, deferring maintenance and repairs can result in a large and growing maintenance and repair backlog. In addition, NPS officials noted that they face trade-offs between funding maintenance and repair projects and other real property efforts, such as disposals, improved utilization, or even other repair projects. In 2014, we concluded that agencies provide Congress with varying levels of budget information on the amount of funding allotted to annual maintenance and repair, including backlogs, which may result in a lack of transparent information on the trade-offs that agencies are making as they manage their real property portfolios.⁵¹ OMB concurred with our recommendation that it collect information on the agencies' annual costs of recurring maintenance and repairs and funding spent by agencies to address deferred maintenance and repair backlogs. By implementing this recommendation, decision makers, including OMB, Congress, and agency officials, would have a clearer understanding of agencies' efforts to manage their real property assets and promote improved effectiveness of federal real property management.

⁵⁰The National Research Council identified an appropriate level of investment for maintenance and repair of facilities as 2 to 4 percent of the current replacement value of those facilities (excluding land and major associated infrastructure). See footnote 12.

⁵¹[GAO-14-188](#)

Selected Agencies’
Use of Capital
Planning Guidance
Varies, and the
National Strategy Is a
Positive Step, but
Does Not Fully
Address Real
Property Challenges

Selected Agencies’ Use of
Government-wide Capital
Planning Guidance Varies
in Addressing Real
Property Challenges

Government-wide guidance on leading capital planning practices, and each agency’s use of these practices, aim to ensure that agencies are making sound capital investment decisions. These efforts also complement OMB’s efforts outlined in the *National Strategy* to improve the management of federal real property, as discussed later in this report. To assess agencies’ capital planning practices, we considered government-wide guidance from OMB’s *Capital Programming Guide* and our *Executive Guide* to identify the following criteria to evaluate federal agencies’ capital planning processes that serve as the framework for managing their real property portfolios. (See fig. 6.) We also drew from the National Research Council’s research on leading practices from the public and private sector. Overall, we found that selected agencies generally meet most of the capital planning leading practices, but vary in the extent and use of these practices to manage challenges in their real property portfolio.

Figure 6: Leading Capital Planning Practices for Using Information to Make Capital Investment Decisions

Leading practices	Description
<p>Needs assessment</p> 	<p>A comprehensive needs assessment identifies the resources needed to fulfill both immediate requirements and anticipated future needs based on the results-oriented goals and objectives that flow from the organization's mission. A comprehensive assessment of needs considers the capability of existing resources and makes use of an accurate and up-to-date inventory of capital assets and facilities, as well as current information on asset condition. Using this information, an organization can make decisions about where to invest in facilities.</p>
<p>Alternatives evaluation</p> 	<p>Agencies should determine how best to bridge performance gaps by identifying and evaluating alternative approaches. Before choosing to purchase or construct a capital asset or facility, leading organizations carefully consider a wide range of alternatives, such as using existing assets, leasing, or undertaking new construction.</p>
<p>Project prioritization</p> 	<p>Leading organizations have processes in which proposed capital investments should be compared to one another to create a portfolio of major assets ranked in priority order.</p>
<p>Long-term capital plan</p> 	<p>The long-term capital plan should be the final and principal product resulting from the agency's capital planning process. The capital plan should cover 5 years or more and should reflect decision makers' priorities for the future. Leading organizations update long-term capital plans either annually or biennially. Agencies are encouraged to include certain elements in their capital plans, including a statement of the agency mission, strategic goals and objectives; a description of the agency's planning process; baseline assessments and identification of performance gaps; and a risk management plan.</p>

Sources: GAO and OMB. | GAO-16-275

- Needs assessment:** Leading practices emphasize that a comprehensive needs assessment considers an organization's overall mission, including both current requirements and anticipated future needs. Furthermore, these practices suggest that an agency maintain and update a baseline of its capital assets, including the condition of the asset based on condition assessments, to compare its resource needs to its current assets and identify any gaps.

We found that all of the selected agencies document their real property needs and resources, maintain a baseline of their capital assets and conduct periodic condition assessments. According to officials at the VA, its needs assessment forms the basis of its capital planning process. Coast Guard identifies its resource needs as part of its capital improvement process, and Coast Guard officials said the process documents how the need was determined and the impact of a proposed project on the agency's mission. VA officials said they use the results from condition assessments, conducted every 3 years, to identify the state of its inventory.

While we found that all the selected agencies maintain a baseline of assets, selected agencies do not always compare their baseline of resource needs to their current asset capabilities. For example, although ARS tracks asset information through its agency-wide data system, according to ARS officials, only facility managers can access operating and maintenance costs because the agency's other data systems do not interface, which limits ARS's ability to identify all of the needs and the current condition of its inventory. In addition, we found that only two out of the five selected agencies implement a process to identify gaps between their current resources and future needs. For example, VA conducts a gap analysis that compares information in its asset database to its projected needs across a range of mission areas, such as veterans' access to services and utilization of its assets. By comparing future needs with the current assets, agencies are able to determine if there are any gaps that may hinder their ability to meet their mission and identify potential resources to fill those needs.

- *Alternative evaluations:* Once needs have been identified, leading practices suggest that agencies consider a range of alternatives to meet those needs and evaluate the alternatives considering key factors, such as organizational goals, project risks, and the time horizon for the project.

We found that all of the selected agencies have a process in place to consider a range of alternatives for capital needs, and consider a number of factors when evaluating those alternatives. For example, GSA, in its landlord role, considers its customer needs and facility requirements to identify alternatives relative to its inventory. GSA then conducts a feasibility study to evaluate alternatives, such as repair options, leasing, and construction options, and the financial impact of each option based on net present value to select the best option. We also found that all of the selected agencies conduct a cost analysis of the alternatives, and most consider risk as part of this analysis. Specifically, we found that most of the selected agencies generally consider project risk when examining a program's requirements and cost efficiencies. For example, VA conducts a cost-benefit analysis for each construction project and determines project risk as part of the analysis. Similarly, Coast Guard officials consider risk from an engineering perspective by examining program requirements and cost efficiencies. However, Coast Guard officials noted that the lowest cost alternatives are not always selected since listed benefits or risk factors may favor another option.

In addition, the alternative evaluation used by most selected agencies varies in magnitude depending on the agency and the estimated project cost. Generally, we found that agency guidelines require more extensive evaluations for projects above an established threshold. For example, ARS requires an economic analysis if a project is estimated to cost more than \$1 million, and NPS officials told us only projects estimated to cost more than \$1 million are required to undergo a value analysis as part of the design process. By considering a wide range of options before choosing to construct or repair a capital asset, decision makers are able to carefully weigh the different impacts and proceed accordingly, ensuring the investment satisfies the agency's needs.

- *Project prioritization:* According to leading practices, organizations should use established criteria to rank and prioritize individual capital projects relative to all proposed capital projects. This process should include an analysis that estimates the economic impact of the project, as well as how the capital investment affects the return on investment of the entire portfolio.

We found that all of the selected agencies have a process for prioritizing their capital projects. For example, GSA officials said the agency uses a capital planning tool that allows the agency to apply various criteria—such as customer need, mission requirements, the physical condition of the asset, and return on investment—to rank proposed capital projects. The criteria can be refined and re-weighted to reflect budgetary information, agency priorities and customer needs. We previously recommended that GSA enhance the transparency of its process by including how GSA uses its prioritization criteria to generate its annual and 5-year lists of prioritized projects and ensure that GSA is maximizing the return on its investments.⁵² According to ARS officials, the agency assigns a score to each building based on the complexity and size of the building. An eight-member executive review board then reviews the projects and makes a recommendation on their priority. For all of the selected agencies, the prioritization process resulted in a consolidated list to guide agency-wide capital planning decisions.

⁵²GAO, *Federal Buildings Fund: Increased Transparency and Long-Term Plan Needed to Clarify Capital Funding Priorities*, [GAO-12-646](#) (Washington, D.C.: July 12, 2012).

As mentioned above, all of the selected agencies conduct an economic analysis when considering the alternatives, and the results can inform the prioritization process. For example, VA evaluates the costs for all projects, both major and minor projects, to include project cost estimating, best value solutions, and financial analysis for each alternative, which can inform the prioritization process. In addition, while we found that two of the selected agencies calculate the return on investment for individual projects—VA and GSA—only GSA considers return on investment for its entire portfolio. To calculate its portfolio’s financial performance, GSA divides its net income by the agency’s total rentable square feet. Two agencies said that they were unsure how to determine the return on investment for a federal agency given that federal real property supports the agency mission.⁵³ While benefits and costs should be quantified in monetary terms when feasible, OMB guidance notes that agencies can also measure the return on the basis of outputs and outcomes, such as mission effectiveness or agency need. According to OMB guidance, assessing the return on investment for the complete portfolio can help maximize the return to the taxpayer and government.

- *Long-term capital plan:* Both OMB and our government-wide guidance emphasize the importance of a long-term capital plan to guide the implementation of organizational goals and to help decision makers establish priorities over time. Our guidance explains that requiring agencies to develop capital plans encourages agencies to think long-term and weigh the need to maintain existing capital assets against the demand for new assets. According to our *Executive Guide*, the long-term capital plan should cover 5 years or more, be updated annually or biannually, should identify the proper mix of existing assets and new investments to fulfill an organization’s mission, goals, and objectives, and should reflect decision makers’ priorities for the future. According to OMB, elements of a long-term capital plan should include:
 - a linkage of projects to agency missions, goals, and objectives;
 - a baseline needs assessment and agency objectives that cannot be met with existing assets;
 - a ranking of approved capital projects;
 - alternatives to meeting project goals;
 - budget projections and financial forecasts and their implications;

⁵³Federal agencies generally do not serve as a separate business unit or profit center.

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- a summary of a risk management plan; and
 - a discussion of timing issues, if part of a multiagency acquisition.

Officials at all of the selected agencies stated that their agency has a document or strategy that they consider their long-term plan. While each agency's plan contained some elements that aligned with government-wide guidance, other recommended elements for an effective long-term plan were not included. For example, ARS does not include elements such as the agency's planning process, needs assessment, or risk management plans in their long-term capital plan, and according to ARS officials, the agency updates their long-term capital plan approximately every 5 years.

In addition, we found that some elements not included in an agency's long-term capital plan were found in other agency strategic documents. Specifically, four out of five selected agencies lack a consolidated long-term capital plan, as defined by OMB, and rely on multiple strategic documents to support the information within their long-term plans. For example, both NPS and the Coast Guard rely on various multi-year strategic documents to support their long-term capital plans. Officials at one of the five selected agencies told us that a consolidated long-term capital plan may be too cumbersome to update annually and may impede an agency's ability to shift priorities, especially if an agency's mission is dynamic. However, a consolidated long-term plan is valuable since the capital planning process is cyclical, and elements of the long-term plan feed back into the agency's needs assessment. Furthermore, as we have previously found, there is value to ensuring agencies' processes for establishing organizational priorities over time and for considering alternatives to meeting organizational goals are transparent to decision makers.⁵⁴ A long-term capital plan is useful to demonstrate an agency's strategic approach for making long-term investments in its real property portfolio, and maximizing available funding to address ongoing challenges, especially during times of budget uncertainty.

According to OMB and our government-wide guidance, capital planning can help agencies make more cost-effective capital investment decisions, reduce risk and address challenges associated with managing an agency's real property portfolio and, through the development of a long-

⁵⁴[GAO-12-646](#).

term capital plan, assist in establishing an agency's priorities and support the agency's budgeting process. In addition, leveraging information from an agency's capital planning process can be useful for informing government-wide initiatives, such as those described in the *National Strategy*.

The *National Strategy* Guides Efforts to Address Some Government-wide Real Property Challenges, but Does Not Fully Incorporate Some Desirable Characteristics

The federal government has taken a major step forward to increase the efficiency of federal real property management by issuing the *National Strategy* in 2015, but the *National Strategy* does not fully meet all of the desirable characteristics of such strategies. As previously discussed, OMB's 2015 *National Strategy* describes a three pronged approach—freeze growth in the inventory, measure performance using data, and reduce the size of the inventory—to improve real property management. In conjunction with the *National Strategy*, OMB issued the *Reduce the Footprint* policy, which, according to OMB staff, is intended to operationalize the strategy and requires that agencies outline an overall approach to managing and reducing their office and warehouse space, including establishing reduction targets. In 2012, we found that a national strategy could provide a clear path forward helping agencies manage long-standing real property challenges in the long term. We concluded that by including several desirable characteristics, national strategies can guide senior policy decision makers and better ensure accountability.⁵⁵

In issuing the *National Strategy*, OMB has taken steps to provide a strategic framework for the management of real property government-wide, representing a positive step in improving the management of long-standing real property challenges. According to OMB staff, the *National Strategy* is intended to guide federal agencies in managing specific real property issues related to excess and underutilized office and warehouse space over a 5-year period within the limited budgetary environment. In comparing OMB's *National Strategy* to the desirable characteristics of an effective national strategy, we found that the strategy meets some of the characteristics to provide a foundation for addressing the challenges associated with reducing the federal portfolio. However, the strategy does not fully incorporate other characteristics. Figure 7 provides a summary of these characteristics and how OMB's *National Strategy* aligns with these characteristics.

⁵⁵[GAO-04-408](#).

Figure 7: Alignment of Office of Management and Budget’s (OMB) *National Strategy for the Efficient Use of Real Property* with Desirable Characteristics for a National Strategy

Desirable characteristic	Description	Alignment with characteristics
Purpose, scope, and methodology 	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed	The <i>National Strategy</i> outlines a broad purpose, defines a narrow scope of the strategy, and describes the methodology relative to other government-wide policies, but could be expanded to include repair backlogs.
Problem definition and risk assessment 	Addresses the particular national problems the strategy is directed toward	The <i>National Strategy</i> defines the problem, but does not comprehensively address the underlying causes or assess the extent of risk associated with real property.
Goals, subordinate objectives, activities, and performance measures 	Addresses what the strategy is trying to achieve and steps to achieve those results, as well as the priorities, milestones, and performance measures to gauge results	The <i>National Strategy</i> generally outlines goals, objectives, activities, and performance measures for agencies, but does not establish government-wide performance targets.
Resources, investments, and risk management 	Addresses what the strategy will cost, the sources and types of resources and investments needed, and where resources and investments should be targeted based on balancing risk reductions with costs	The <i>National Strategy</i> identifies some resources, but does not discuss the total implementation costs or risk management.
Organizational roles, responsibilities, and coordination 	Addresses who will be implementing the strategy, what their roles will be compared with those of others, and mechanisms for them to coordinate their efforts	The <i>National Strategy</i> defines the organizational roles, responsibilities, and coordination among stakeholders.
Integration and implementation 	Addresses how a national strategy relates to other strategies’ goals, objectives, and activities, and to subordinate levels of government and their plans to implement the strategy	The <i>National Strategy</i> integrates government-wide policies, but does not explicitly build on agencies’ long-term capital plans or strategic plans.

Source: GAO analysis of Office of Management and Budget’s *National Strategy for the Efficient Use of Real Property, 2015-2020*. | GAO-16-275

- Purpose, scope, and methodology:** According to the leading characteristics, a national strategy should describe why the strategy was produced, or its intended purpose, the scope of the issues or activities it covers, and the methodology that guided its development. We found that OMB’s *National Strategy* outlines a broad purpose, defines a narrow scope for the strategy, and describes the methodology relative to established policies that guided its development. According to the *National Strategy*, its purpose is to establish a clear strategic framework to guide agencies’ real property management, increase efficient use of real property, control costs, and to reduce real property holdings.

In addition, the scope of the *National Strategy* focuses on freezing and reducing excess and underutilized properties in owned and leased office and warehouse portfolios, from 2015 through 2020. This

scope aligns with the recommendation in our previous report which states that OMB, in consultation with FRPC members, develop a national strategy for managing federal excess and underutilized real property.⁵⁶ The *National Strategy* outlines two reasons for focusing on office and warehouse space: 1) office and warehouse space comprise over 80 percent of the government's total leased portfolio, and 2) office and warehouse leases account for over 90 percent of the government's domestic annual lease expenditures. OMB staff stated that they focused on excess and underutilized office and warehouse space to ensure that agencies' limited resources are effectively targeted.

While the scope focuses on excess and underutilized office and warehouse space, as we recommended in 2012, now that it has been established, the *National Strategy* provides a mechanism to address other pertinent real property issues.⁵⁷ For example, as we previously discussed, agencies continue to face challenges with their growing maintenance and repair backlogs. In fact, for several of the selected agencies, the magnitude of the repair backlog affects their ability to manage excess and underutilized facilities. NPS officials told us that resources directed toward repair needs may be in direct competition with resources needed for disposals or colocations. In addition, the selected agencies in our review have a diversity of properties in their owned portfolios. Among the five agencies in our review, office and warehouse buildings represent roughly a quarter of the owned building inventory. Expanding upon the existing scope to include repair needs could provide OMB and agencies broader guidance on how to prioritize their efforts on the highest risk issues and effectively allocate resources accordingly to more comprehensively manage their real property portfolios.

We also found that the strategy describes its methodology, although not explicitly, by discussing the guiding policies that are the foundation of the strategy. Specifically, the strategy integrates a series of government-wide initiatives, including the 2010 presidential memo on disposing of unneeded federal property and the *Freeze the Footprint* policy.

⁵⁶GAO-12-645.

⁵⁷GAO-12-645.

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- *Problem definition and risk assessment:* Leading characteristics state that an effective national strategy clearly defines the national problem, including its causes and operating environment, and assesses risk associated with the problem. We found that while the *National Strategy* defined the national problem, including the current operating environment, it did not comprehensively address the underlying causes associated with the problem. The *National Strategy* states that as the largest property owner in the United States, the federal government has accumulated properties over several decades that exceed what is needed to meet the federal mission, resulting in a large number of excess, underutilized, or unutilized properties. Given the changes in working environments and the current fiscal constraints, federal agencies need less space to meet their mission and effective portfolio management is critical, according to the *National Strategy*.

Nonetheless, as we previously discussed, federal agencies continue to face long-standing challenges that have a range of underlying causes, including legal and budgetary constraints, competing stakeholder interests, and geographical locations of facilities that affect an agency's ability to dispose of, better utilize, or repair its real property. The *National Strategy* states that it is designed to overcome these underlying causes. Specifically, the *National Strategy* mentions some of the underlying causes that federal agencies face in managing their portfolios, such as limited funding. Nonetheless, the strategy does not expound on the extent that these causes impede agencies' ability to dispose of, better utilize, or repair their real property and offers limited discussion of how agencies can overcome these challenges by addressing the underlying causes. For example, while the strategy discusses the potential of exploring a legislative pilot program to streamline the disposal process, as previously mentioned, it provides few details that explain this approach or make a case for implementation. Furthermore, the strategy does not discuss any alternative-funding mechanisms that we have previously identified, such as retaining fees and EUL authority, and that can be leveraged to manage budgetary constraints.⁵⁸ OMB staff told us that their efforts are focused on identifying options within the current statutory framework and that efforts such as the administration's statutory proposal (CPRA) are intended to address some of the underlying

⁵⁸GAO, *Capital Financing: Alternative Approaches to Budgeting for Federal Real Property*, GAO-14-239 (Washington, D.C.: Mar. 12, 2014).

causes. However, by better defining the underlying causes as part of the problem and potential solutions, the *National Strategy* could be more targeted in providing a road map for decision makers to overcome the challenges and achieve results, as well as identify gaps in the current statutory framework.

Furthermore, the *National Strategy* also does not fully assess the extent of risks associated with real property. While the strategy discusses risk associated with annual operation and maintenance, and leasing costs, including the high costs associated with operating inefficient and unneeded buildings, as well as office and warehouse space, it does not fully assess the extent to which the risk of inefficiently allocating limited resources affects an agency's capacity to meet its mission. For example, as discussed, agencies are responsible for managing properties outside of the scope of the *National Strategy*. However, the strategy does not assess the relative risk associated with these types of facilities, how these properties fit into an agency's efforts to implement government-wide initiatives, or the potential cost of not addressing the problems with these properties. OMB staff told us that there are clear risks associated with real property management, including the decline in the quality of the real property under its custody and control, but that they have not specifically assessed the extent of those risks. Without an assessment of the extent of the risk associated with the federal real property portfolio, it is difficult to determine if the *National Strategy's* approach is the most cost efficient and effective way to manage that risk.

- *Goals, subordinate objectives, activities, and performance measures:* Another leading characteristic of a national strategy is to define clear goals, objectives, and activities so that agencies know what the strategy aims to achieve and the steps to reach those goals. In addition, performance measures are needed to gauge results and help ensure accountability. We found that the *National Strategy* generally outlined its goals, objectives, and activities for managing excess and underutilized property. For example, the *National Strategy* states that it aims to improve the real property portfolio's efficiency and effectiveness by improving utilization of government-owned buildings to reduce reliance on leasing, lowering the number of excess and underutilized properties, and improving the cost effectiveness and efficiency of the portfolio. To do this, the strategy outlines activities for agencies to pursue related to freezing and reducing their portfolios by disposing of surplus and excess properties and better utilizing existing space, establishing disposal targets,

consolidating inefficient leases into government-owned space, and enhancing space utilization standards.

The *National Strategy* also discusses efforts to measure real property costs and utilization to improve the portfolio's efficiency. The *Freeze the Footprint* and *Reduce the Footprint* policies, the foundation of the *National Strategy*, establish agency-specific performance measures to benchmark and measure the change in agency portfolios and the related cost savings. OMB staff told us that through the administration's benchmarking initiative, agencies are able to track their performance on real property. For example, in developing a Real Property Efficiency Plan, agencies are required to establish annual disposal targets, highlighting both the number of buildings and the square footage that will be disposed. However, the *National Strategy* does not provide performance measures describing what the government-wide federal portfolio should look like by 2020, the end of the strategy's 5-year time period. Specifically, the *National Strategy* does not lay out government-wide performance measures to help it assess progress, such as targets to reduce the overall amount of space or costs associated with specific types of real property or the entire portfolio. OMB staff said that they designed performance measures to be agency-specific, and tailored each measure as part of rightsizing each agency's real property portfolio. In addition, OMB wanted to ensure that agency-level measures were feasible, given the diversity in each agency's mission and assets. Although it could be difficult to set an overall performance measure from each agency measure, OMB staff noted that they will begin a discussion on how to establish an overall measure in 2016. Building on agency performance measures could help inform a government-wide measure, and help manage the government-wide portfolio more holistically. As we previously found, clearly addressing what a strategy for managing federal property is meant to achieve could help in developing effective performance measures that can easily be tracked against the government-wide goal of saving real estate costs, and potentially help identify opportunities for further cost-efficiencies. By further outlining and linking a government-wide performance measure to agency performance measures in the *National Strategy*, OMB and federal agencies will be able to determine the extent they have fulfilled the purpose of the *National Strategy* or if adjustments in agency or the government-wide approaches are needed to ensure that the overall goals are met.

- *Resources, investments, and risk management*: Identifying the cost of implementing a national strategy, the sources of those resources, and using risk management to prioritize resources is also a leading

characteristic. We found that the strategy document identifies some resources for implementation, but does not outline the overall implementation costs over the specified time period. Specifically, the strategy states that agencies are responsible for identifying, prioritizing, and budgeting for projects to reduce their portfolios, but recognizes that actions are dependent on an agency's final budget. Agencies use their capital planning processes to inform their capital budget requests, but as we previously mentioned, the selected agencies vary in how well they meet the leading practices in capital planning. Additionally, agencies continue to face significant constraints with funding projects to support their implementation of government-wide initiatives. Aside from agency budgets, the *National Strategy* identifies a few approaches for agencies to leverage when facing funding constraints and addressing any other underlying causes. For example, it describes two approaches—GSA funding to help agencies identify consolidation opportunities, and the statutorily authorized pilot program to streamline the disposal process that has yet to be enacted—as well as GSA's existing authority to dispose of surplus property. However, further discussion of other alternative approaches, as we have previously found, could provide agencies with additional funding options to manage their portfolios in the current budget environment as long as the full costs are recognized.⁵⁹ Without discussing the scope of the resources needed for implementation, it is difficult for decision makers to understand the extent of funding commitment that is needed and how allocated funds will contribute to addressing the overall efforts to rightsize the federal portfolio.

Additionally, the *National Strategy* does not discuss the extent that investments may yield government-wide benefits. For example, the strategy does not outline the benefits of focusing on excess and underutilized office and warehouse space over maintenance and repair needs, and other types of property. OMB staff said they have not conducted an analysis determining the total costs relative to the estimated benefits that they anticipate will be gained from implementing the *National Strategy* because many of the costs—such as monitoring and improving FRPP data and engaging agencies in capital planning—and benefits are qualitative, and difficult to estimate. However, as we previously found, recognizing the scope of the costs and potential benefits associated with real property investments can promote transparency for decision makers when making funding

⁵⁹[GAO-14-239](#).

decisions and result in a better assessment of how to rightsize the federal real property inventory.⁶⁰

The *National Strategy* also does not discuss how it will manage the risks associated with real property. We have previously reported that risk management includes taking the information from the risk assessment and making management decisions about resource allocations to minimize risk and maximize returns on resources expended. As noted earlier, OMB staff recognize there are clear risks associated with managing real property, but they have not conducted an assessment to determine the extent of the government-wide risks posed by real property. Instead, the *National Strategy* holds agencies responsible for prioritizing opportunities with the highest return on investment through the agency's annual capital planning process. We previously noted that only one of the selected agencies determines a rate of return for their whole portfolio, a rate that can be difficult to quantify. As a result, agencies may not be identifying the most critical capital investments, such as whether it is most cost-effective and efficient to invest in a new facility or repair an existing one. OMB staff told us that they are planning to align the required updates to agencies' *Reduce the Footprint's* annual plans with their annual budgeting process. This approach would allow agencies to identify and prioritize real property projects prior to requesting the corresponding funding. By more clearly linking the relationship between government-wide real property efforts and agencies' budget requests, the *National Strategy* could underscore the importance of agencies having a solid capital planning process in place to ensure that risk is appropriately mitigated for the projects that are identified and prioritized. In addition, this alignment could help ensure agencies' budget requests reflect their priorities.

- *Organizational roles, responsibilities, and coordination:* In accordance with this leading characteristic, a national strategy outlines the organizations that will implement the strategy, their roles and responsibilities, and methods to coordinate their efforts. We found that the *National Strategy* defines that agencies are required to implement the strategy and describes their roles and responsibilities at a high level. The *National Strategy* states that all members of the federal real property community—OMB, GSA, and federal agencies—are responsible for enhancing the efficiency and cost effectiveness of the

⁶⁰GAO-14-239.

federal real property portfolio. Specifically, federal agencies are responsible for implementing the government-wide policies at the agency level; OMB takes responsibility for refining policy and working with the FRPC and GSA to implement the policy government-wide, and GSA is responsible for working with federal agencies to improve the quality of the FRPP data and provide technical support in identifying efficiency opportunities. OMB staff told us that the FRPC—established, in part, as the mechanism for coordination among federal agencies for managing real property—has been an effective way to collaborate among real property management stakeholders. Members meet monthly and have even developed subgroups to further explore specific issues more in depth. In addition, OMB continues to meet annually with the Deputy Secretaries of each agency to discuss real property oversight and planning for the agency.

- *Integration and implementation:* This leading characteristic addresses how a national strategy relates to other strategic goals, objectives, and activities, such as those within the agency, and how federal agencies plan to implement the strategy. As previously mentioned, the *National Strategy* integrates and expands upon the *Freeze the Footprint* and *Reduce the Footprint* policies. Nonetheless, the strategy does not explicitly incorporate other agency documents, such as the agency's strategic-planning or long-term capital planning documents. As previously discussed, long-term capital plans should identify projects needed to meet the agency's mission, plan for resource use over time, and establish priorities for implementation. OMB encourages agencies to have a long-term capital plan that defines the agency's long-term capital asset decisions. This approach aligns with the *National Strategy's* efforts to use a policy framework to improve the real property's efficiency and cost effectiveness. OMB staff told us that they are planning to explicitly link agencies' capital planning processes to their Real Property Efficiency Plans in the future. However, more clearly integrating these plans into the *National Strategy* can ensure that it provides better and more consistent strategic guidance among agencies and can allow OMB to consolidate agencies' approaches to managing risk and the estimated cost to do this.

According to OMB, the *National Strategy* is a living document, which officials noted may be updated if there are needed changes or additions to major components. Some selected agencies told us that the *National Strategy* was a positive first step in overcoming persistent, long-standing real property management challenges. While the *National Strategy* provides a good foundation to improve the effectiveness and cost

efficiency of the federal government's real property portfolio, expansion of the strategy based on the desirable characteristics of a national strategy could expand the scope and more comprehensively define the problem, identify the overall resources needed and the risks, and benefits, associated with making real property investments, and build upon agencies' existing capital planning processes to better target resources.

Conclusions

Managing federal real property is a complex task given the constraints and challenges that federal agencies and OMB face. OMB, GSA, and selected agencies have taken steps to address long-standing challenges with real property data, excess and underutilized property, and maintenance and repair backlogs. OMB and GSA have worked with federal agencies to improve the quality of the Federal Real Property Profile's (FRPP) data by updating data guidance and verifying data elements, while federal agencies have worked internally to validate data. In addition, federal agencies have implemented initiatives in alignment with government-wide policies to freeze and reduce their portfolios by taking steps to dispose of and better utilize existing property. By leveraging statutory authorities and working with stakeholders to overcome long-standing challenges, agencies learned some valuable lessons on ways to successfully reduce their footprint. Furthermore, by issuing and implementing the *National Strategy*, OMB took a major step in establishing a government-wide framework for addressing real property challenges. This framework focuses on improving real property data to be used to measure performance and inform decision making, and managing the overall footprint of federal real property to ultimately improve the cost effectiveness and efficiency of the government-wide portfolio.

Despite these ongoing efforts, long-standing challenges in federal real property persist. The usefulness of the FRPP data remains limited due to inconsistencies in data collection and reporting across federal agencies and a lack of transparency into the limitations of the data. While federal agencies are responsible for collecting and reporting data, obtaining additional insight into how these agencies fulfill these responsibilities could complement existing efforts to improve data quality and help OMB and GSA focus efforts to improve agencies' data submissions. With the transition of the FRPP database to an updated platform that will enable greater government-wide use, providing greater transparency regarding the limitations of the data could also help ensure that strategic real property decisions are based on reliable data.

Opportunities also exist for OMB to further build on the *National Strategy*'s framework, as many of the long-standing government-wide challenges in managing the federal real property portfolio remain. First, maintenance and repair backlogs continue to represent a substantial liability for agencies, particularly in a resource-constrained environment. The *National Strategy* and the accompanying guidance primarily focus on agency actions to address excess and underutilized properties, as was intended by our prior recommendation, to reduce the quantity of buildings in an agency's portfolio. However, addressing maintenance and repair backlogs, as an expansion to the *National Strategy*, and their effect on the quality of the portfolio could address the risk that agencies will have to continue to acquire new space because the condition of existing space is insufficient to meet mission needs. Second, agencies continue to face real property management challenges that have a range of underlying causes, including budgetary constraints and statutory requirements, competing stakeholder interests, and geographical limitations when trying to dispose of, better utilize, or repair excess and underutilized facilities. Though the *National Strategy* discusses some of the challenges with addressing real property management, it does not address the underlying causes or clearly identify potential resources agencies can leverage to manage these causes. Third, while the *National Strategy* has helped agencies establish performance measures to rightsize their portfolios, these measures have yet to inform a government-wide performance measure that can be used to determine progress in the government-wide federal portfolio by 2020, the end of the *National Strategy*'s 5-year planning horizon. Such a target could help determine if OMB and federal agencies have fulfilled the purpose of the *National Strategy* and successfully rightsized the government-wide portfolio.

Finally, the costs or benefits of implementing the *National Strategy* are unclear. The *National Strategy* does not discuss methods for agencies to mitigate risk associated with long-standing challenges or how to effectively allocate resources while minimizing risk. By ensuring that agencies have a capital planning process in place that clearly outlines an agency's capital investment strategy, including its capital asset priorities to effectively meet its mission, OMB can leverage information on the costs, benefits, and risks within the agency's portfolio to inform its government-wide strategy, and ensure that real property investments are cost-effective and appropriately manage risks. Incorporating some of these key elements into its existing efforts could allow OMB to further expand its ability to strategically manage the federal real property portfolio into the future.

Recommendations for Executive Action

We are making two recommendations, one to the Administrator of GSA and one to the Director of OMB.

To improve the quality and transparency of data entered into FRPP as GSA transitions the database to a platform that would enable greater government-wide use, we recommend that the Administrator of GSA, in consultation with OMB and federal agencies:

- assess the reliability of FRPP data by determining how individual agencies collect and report FRPP data for each FRPP field, including any supplemental guidance used by agencies to comply with government-wide FRPP data definitions as part of the annual certification of FRPP data;
- analyze the differences in collecting and reporting practices used by these agencies; and
- identify and make available to FRPP users the limitations of using FRPP data, in the context of how the data are intended to be used in real property decision making and to measure real property performance across agencies and update federal guidance to address limitations, as needed.

To enhance the usefulness of the *National Strategy* for managing federal real property government-wide, we recommend that the Director of OMB expand the *National Strategy* to further address long-standing real property management challenges by:

- expanding the scope to include maintenance and repair needs;
- articulating planned actions and identifying alternative approaches, including alternative-funding mechanisms, to address underlying causes of the real property problems;
- ensuring that performance measures at the agency level inform the overall progress of the *National Strategy*; and
- determining the government-wide costs, benefits, and risks by leveraging agencies' long-term capital plans and identifying approaches to optimally manage that risk.

Agency Comments and our Evaluation

We provided a draft of this report to GSA and OMB for review and comment. GSA partially concurred with the first recommendation, and provided clarifying comments, which have been reproduced in appendix II. OMB partially concurred with our recommendations. OMB provided clarifying comments that highlighted progress on real property issues, but generally agreed that there are some meaningful opportunities to improve the government-wide real property management program. OMB's written comments have been included in appendix III.

We also provided a draft of this report for review and comment to the Departments of Agriculture (USDA), the Interior (Interior), Homeland Security (DHS), and Veterans Affairs (VA), because we spoke with officials at these agencies about the challenges of managing federal real property. USDA did not have any comments on the draft report. VA provided a letter stating it agreed with the report findings, and enclosed technical comments, which we incorporated, where appropriate. VA's letter has been included in appendix IV. DHS and Interior provided technical comments which we incorporated, where appropriate. Interior also provided clarifying comments on data collection challenges it faces as an agency with a diverse portfolio.

GSA's Comments

GSA partially concurred with our first recommendation that the Administrator of GSA, in consultation with OMB and federal agencies, (1) assess how federal agencies collect and report FRPP data for each field, (2) analyze the differences in collection and reporting practices, and (3) identify and make available to FRPP users the limitations with using FRPP data for real property decision-making and performance measurement across agencies. To implement the recommendation, GSA stated that it will request any supplemental guidance that the agencies that participate in the FRPC use to comply with the FRPP data definitions, noting that this information could be helpful in identifying areas where data consistency among agencies could be improved. However, GSA also noted that it has limited resources to fully analyze and map the data relative to FRPP data definitions, and that it is the responsibility of individual agencies to ensure reliability of the data and compliance with FRPP definitions. As we state in the report, Executive Order 13327 directs GSA, in consultation with FRPC, to collect data from executive branch agencies describing the nature, use, and extent of real property held by those agencies. The Executive Order also states that GSA, in consultation with the FRPC, may establish data standards to guide federal agencies in developing or upgrading systems that facilitate uniform reporting, and allows for agencies to use existing systems so long

as the use is compatible with the standards issued by GSA. As the report also states, we agree that federal agencies are responsible for collecting and reporting data on federal real property within their custody and control. Agencies should comply with the data standards GSA establishes to ensure consistency for government-wide decision making. Although GSA expressed concerns about resources it may lack to fully assess agencies' data collection methods, we believe the actions GSA said it is taking to implement the recommendations—initiating additional discussions with agencies and collecting agencies' supplemental guidance—are important first steps. After these actions, GSA could assess what additional resources are needed to ensure there is an understanding among stakeholders about the reliability of the data relative to various government-wide uses, as part of GSA's efforts to guide federal agencies in developing or upgrading systems that facilitate uniform reporting.

GSA also stated that agencies are aware that their unique mission-driven data can be difficult to use for cross-agency decision making, but that agencies are primarily using the data for internal asset-level decision making. Despite this use, GSA notes that the data are also used for performance metrics for the President's Management Agenda, and differences in data collection and reporting among the agencies may make it difficult to accurately measure progress of these initiatives. We continue to believe that outlining the limitations of the data could provide decision makers with improved transparency into the quality of the data as FRPP transitions to an updated information technology platform that GSA has promoted for use in analyzing real property government-wide. In the report, we state that according to our data reliability standards, the appropriate level of precision of data required depends on the purpose for which that data will be used and the risk of using that data. In addition, GSA noted other ongoing initiatives to improve the accuracy of the FRPP data, and we believe that the steps outlined in our recommendation could complement GSA's ongoing efforts to improve data reliability in FRPP for cross-agency decision-making and reporting purposes.

OMB's Comments

OMB partially concurred with our first recommendation that the Administrator of GSA, in consultation with OMB and federal agencies, assess how federal agencies (1) collect and report FRPP data for each field, (2) analyze the differences in collection and reporting practices, and (3) identify and make available to FRPP users the limitations with using FRPP data for real property decision-making and performance measurement across agencies. OMB agreed that collaboration within the FRPC about the annual collection and reporting of FRPP data are

valuable and that sharing any identified limitations of using cross-agency data with real property decision makers is forward-looking. However, OMB stated that FRPP data are currently only being used by the individual agency entering the data, and those data are reliable for, and its limitations are known by, that individual agency. As we discuss, FRPP is being transitioned to an updated information technology platform that will allow the data to be used to analyze real property government-wide, including identification of underutilized properties and potential candidates for colocations and consolidations among federal agencies. According to GSA officials, this transition will provide automated management tools that enable data-driven decisions, including those supporting the administration's government-wide initiatives. As OMB noted, our recommendation was forward thinking, and as such, the recommendation pertains to the transition of FRPP to the updated platform discussed in the report, and not how OMB believes FRPP is currently used. To clarify this intent, we have updated the recommendation. Furthermore, as we discuss, data reliability standards specify that data that are considered reliable are reasonably complete and accurate, as well as consistent to meet the intended purpose. We continue to believe that assessing and analyzing the collection and reporting practices across agencies and sharing any identified limitations of the data with users would allow decision makers to fully utilize the government-wide FRPP data as envisioned, as well as complement GSA's ongoing efforts to improve the data for cross-agency uses.

OMB also partially concurred with our second recommendation to the Director of OMB to expand the *National Strategy* to further address long-standing real property management challenges by (1) expanding the scope to include maintenance and repair needs; (2) identifying alternative approaches and planned actions to address the underlying causes of real property problems; (3) ensuring agency-level performance measures inform the overall progress of the *National Strategy*; and (4) determining the government-wide costs, benefits, and risks by leveraging agencies' long-term capital plans, and identifying approaches to manage that risk. While OMB agreed that the *National Strategy* is a living document and the opportunity exists to revise it to address this recommendation, OMB stated that addressing the recommendation at this time is premature. OMB noted that the *National Strategy* is focused on the most pressing real property needs—disposing of unneeded assets and improving portfolio efficiency—and the desired outcome is to reduce the size of the current portfolio to conserve resources for improvements, such as addressing the repair backlog. However, as we state in the report, growing maintenance and repair backlogs continue to affect federal

agencies' ability to manage, and dispose of, excess and underutilized property. We continue to believe that more explicitly incorporating a discussion about maintenance and repair backlogs into the *National Strategy* can provide broader guidance to federal agencies on how to manage competing needs for real property resources and complement initiatives aimed at reducing excess property. OMB also stated that the *National Strategy* must provide a strategic framework within its existing authority and agreed upon budget procedures, and not include alternatives that do not comply with existing scoring rules. As we state in the report, we agree that the *National Strategy* must operate within the current budgetary environment, but as agencies continue to face constrained budgets, the potential use of alternative approaches, such as those we have previously reported, could be more clearly and transparently identified in the strategy, thus providing federal agencies with additional options and guidance to address funding limitations.

Furthermore, OMB stated that it does not envision providing monetized estimates of costs and benefits associated with the *National Strategy*, as those factors are most effectively estimated at the agency level. OMB referred to the risk management control framework in other OMB guidance, stating that risk control measures are best tailored to agency programs, and OMB guidance is intended to augment the implementation of the *National Strategy*. While we recognize that it can be difficult to provide monetized government-wide costs and benefits, we continue to believe that outlining the overall costs and benefits can provide decision makers with much needed information on the scope of the problem when making investment decisions. We agree that the *National Strategy* should leverage supporting documentation—such as other OMB guidance and, as we stated, agencies' long-term capital plans—to outline and manage the overall risks associated with the government-wide real property portfolio. However, we also continue to believe—and criteria for effective national strategies support—that linking the risks identified at the agency level with a strategy for managing those risks is critical. As we state in the report, the *National Strategy* provides a framework for the management of real property, and more fully incorporating the desirable characteristics of a national strategy can expand OMB's ability to more holistically manage real property government-wide.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 12 days from the report date. At that time, we will send copies to the Director of OMB, Administrator of GSA, and the Secretaries of the Departments of Agriculture, the Interior, Homeland Security, and Veterans Affairs. In

addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-2834 or wised@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink that reads "David J. Wise". The signature is written in a cursive style with a large, prominent "D" and "W".

David J. Wise
Director, Physical Infrastructure Issues

Appendix I: Objectives, Scope, and Methodology

Our objectives were to examine (1) the actions taken to improve government-wide real property data, (2) the actions selected agencies have taken to address real property management challenges and the lessons learned, and (3) how agencies' use of capital planning practices and how the *National Strategy* can further address real property challenges. The five agencies we selected for review were the General Services Administration (GSA), and the Departments of Veterans Affairs (VA), Agriculture (USDA), the Interior, and Homeland Security (DHS). We selected these five agencies because together they account for nearly two-thirds of the owned building square footage in the United States reported by civilian agencies, according to FRPP data. Within three of these agencies, we focused our review on a specific sub-agency – the Agricultural Research Service (ARS) within USDA, the National Park Service (NPS) within the Interior, and the U.S. Coast Guard (Coast Guard) within DHS. The components were chosen based on their portfolio of owned buildings, their mission, and recommendations from agency officials. To address these objectives, we (1) analyzed fiscal year 2014 Federal Real Property Profile's (FRPP) data managed by GSA on federally owned properties in the United States and submitted by five civilian land-holding agencies; (2) visited selected real property sites managed by these agencies; (3) reviewed pertinent policies, guidance, and other documents related to the agencies' real property management; and (4) interviewed Office of Management and Budget (OMB) staff and real property officials at the selected agencies.

As part of our review of the actions taken by these agencies to improve the quality of the data, we evaluated the contents of seven fields in the FRPP database—size, repair needs, owned and otherwise managed operating costs, condition index, replacement value, status, and utilization—related to real property challenges, including excess and underutilized property and repair backlogs. As part of these efforts, we identified the frequency of missing values in each of these fields, reviewed government-wide and agency documentation for collecting, reporting, and validating real property data, and interviewed officials of these agencies about their collection, reporting, and validation methods. We compared these methods to data management standards contained in *Standards for Internal Controls in the Federal Government*¹ and our

¹GAO, *Internal Control: Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1999).

guidance for assessing the reliability of computer processed data.² We found that the data were generally reliable for our purposes, which were to assess the quality of data available in FRPP and provide general background on the real property portfolio at selected agencies. However, because we reviewed a non-probability sample of data in FRPP, our results are not generalizable to all federal agencies, fields, or potential purposes for which the data could be used.

As part of our review of the actions selected agencies took to address real property challenges and lessons learned, we reviewed agency information, including guidance and plans, and interviewed agency officials. We also analyzed a non-probability sample of federal owned buildings at 11 geographic locations. From each agency in our review, we selected one location that was recommended as successful example of managing real property challenges by agency officials, and at least one location that we examined as part of our previous work on real property.³ We selected the successful examples based on geographic location and the type of real property challenge addressed in each case study. We selected the locations from our previous work based on geographic location, building type, and type of real property challenge faced at each site. We looked at sites located in Washington, D.C.; Dallas and Fort Worth, Texas; Portland, Oregon; Minneapolis, Minnesota; Groton, Connecticut; Lane, Oklahoma; Beltsville, Maryland; and Yorktown, Virginia. We included sites that addressed successes and/or faced challenges related to disposing of excess property, improving utilization of existing property, and repairing existing property, among other things. For the federally-owned properties at each location, we collected FRPP data, as available, for the selected sites and interviewed local real property officials responsible for local management of the real property assets. For selected case studies, as applicable, we spoke with local stakeholders involved with the disposal or rehabilitation of the federally-owned properties in our case studies. While the information obtained from these case studies is not generalizable to all real property assets managed by these agencies, this information provides insight into the specific types of challenges faced by agencies

²GAO, *Assessing the Reliability of Computer-Processed Data*, [GAO-09-680G](#) (Washington, D.C.: July 2009).

³In total, to gather information about lessons learned, we reviewed three case studies of properties managed by GSA at three locations, and for each of the other agencies in our review we analyzed properties at two locations.

managing real properties, and potential lessons learned from various agency actions to mitigate them.

To analyze the extent to which government-wide guidance has helped selected agencies manage real property challenges, we reviewed government-wide guidance issued by OMB and GSA since 2012 to address real property challenges. Specifically, we evaluated the extent to which the selected agencies' capital planning processes aligned with leading capital planning principles outlined in (1) OMB's *Capital Programming Guide*⁴; (2) GAO's *Executive Guide: Leading Practices in Capital Decision-Making*,⁵ and (3) the National Research Council's research on leading practices from the public and private sector.⁶ We also evaluated the

⁴OMB, *Capital Programming Guide, Version 3.0, Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets* (2014).

⁵GAO, *Executive Guide: Leading Practices in Capital Decision-Making*, [GAO/AIMD-99-32](#) (Washington, D.C.: Dec. 1998). To develop the leading practices in this guide, we interviewed experts and reviewed academic literature to identify organizations, including state and local governments, and private sector entities, that exhibit leading capital practices. For each of the identified organizations, we interviewed senior officials from each identified organization about their capital decision-making practices, compared these practices across the organizations we identified, and highlighted innovative practices used by individual organizations as well as approaches and elements that were common across organizations.

⁶National Research Council of the National Academies, *Predicting Outcomes from Investments in Maintenance and Repair for Federal Facilities* (Washington, D.C.: 2011). These leading practices were developed by an ad-hoc committee of experts appointed by the National Research Council, assigned to develop methods, strategies, and procedures to predict outcomes of investments in maintenance and repair of federal facilities. The committee, composed of experts from public, private, and academic organizations, reviewed previous reports that focused on federal facilities management; held discussions with representatives of private-sector organizations, professional societies, and numerous federal agencies; and conducted research on specific relevant topics to formulate its findings and recommendations.

extent to which OMB's *National Strategy* incorporated leading practices for national strategies, as identified⁷ and recommended⁸ in our prior work.

We conducted this performance audit from February 2015 to March 2016 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, [GAO-04-408T](#) (Washington, D.C.: Feb. 3, 2004). In this report, we identified these desirable characteristics by consulting statutory requirements pertaining to certain strategies we reviewed, as well as legislative and executive branch guidance for other national strategies. In addition, we studied the Government Performance and Results Act of 1993 (GPRA); general literature on strategic planning and performance; and guidance from OMB on the President's Management Agenda. We also gathered published recommendations made by national commissions chartered by Congress; our past work; and various research organizations that have commented on national strategies.

⁸[GAO-12-645](#).

Appendix II: Comments from the General Services Administration



The Administrator

March 10, 2016

The Honorable Gene L. Dodaro
Comptroller General
United States Government Accountability Office
Washington, D.C. 20548

Dear Mr. Dodaro:

This letter provides the U.S. General Services Administration's (GSA) response to the Government Accountability Office (GAO) draft report entitled, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges* (GAO-16-275). The report recommends that GSA, in consultation with the Office of Management and Budget and federal agencies, take the following actions to improve the quality and transparency of data entered into the Federal Real Property Profile (FRPP):

- (1) Assess the reliability of FRPP data by determining how individual agencies collect and report FRPP data for each FRPP field, including any supplemental guidance used by agencies to comply with the government-wide FRPP data definitions as part of their annual certification of FRPP data;
- (2) Analyze the differences in collecting and reporting practices used by the agencies;
- (3) Identify, and make available to FRPP users, the limitations of using FRPP data in the context of how the data is intended to be used in real property decision making and to measure real property performance across agencies, and update federal guidance to address limitations, as needed;

GSA partially agrees with the above recommendations and will take action to implement the recommendations, as detailed below.

To implement GAO's recommendations, GSA will initiate further discussion within the Federal Real Property Council (FRPC) that focuses on how individual agencies collect and report FRPP data for each of its data fields. GSA will ask the agencies that comprise the FRPC to provide GSA with copies of any supplemental guidance that is used to comply with the government-wide FRPP data definitions. This information will be helpful in identifying areas where data consistency among agencies could be improved; however, GSA does not have the resources to fully assess the methods agencies choose to collect or map their data to meet the FRPP's government-wide data definitions. Ultimately, it is the responsibility of each agency to ensure the reliability of its data and its compliance with FRPP reporting requirements.

GSA has already met with a number of agencies to review their current data validation and verification processes and is using the information gleaned from these discussions to draft the forthcoming FRPP Data Validation and Verification Guidance and tools. GSA will continue to review each agency's annual FRPP letter of certification, in addition to their Annual Real Property Efficiency Plans that are required under the Reduce the Footprint policy. These plans include a section on FRPP Data Quality Improvements. GSA will make note of the differences in collecting and reporting practices used by the agencies, but recognizes that the FRPP, as it is

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www.gsa.gov

currently designed, is best used as a tool for agencies to assess and make management level real property decisions regarding their unique inventories.

GSA has recently undertaken and continues to invest in several initiatives to improve data accuracy in the FRPP and to provide enhanced tools that support data driven decision-making. These include:

- Automated Data Validation and Verification Tools in FRPP
- Address Validation Assessment
- FRPP Certification by Agencies' Chief Financial Officer
- Improvements and clarifications to specific data elements in the Annual Guidance for Inventory Reporting
- Migration to a new system platform that provides greater automated tools for data analysis and data validation, such as the Real Property Management Tool and forthcoming Asset Consolidation Tool
- FRPP Data Validation and Verification Guidance

The agencies are well aware of the uniqueness of their individual missions and how those differences often result in data that is difficult to use for cross agency decision making. Real Property Performance Metrics are being gathered under the President's Management Agenda; however, due to the variety of protocols followed by agencies in reporting, it is difficult to accurately measure progress across agencies. GSA does believe that the data reported to the FRPP supports agencies' individual asset level decision-making. Individual agencies maintain their own asset management systems to assist them, based on their mission requirements, to make individual asset level decisions.

Thank you for the clarity and thoroughness of this draft report. If you have any additional questions or concerns, please do not hesitate to contact me at (202) 501-0800 or Ms. Lisa Austin, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563. Staff inquiries may be directed to Ms. Aluanda Drain, Director, Real Property Policy Division. Ms. Drain can be reached at (202) 501-1624.

Sincerely,


Denise Turner Roth
Administrator

Cc: Mr. David Wise, Director, Physical Infrastructure Issues, GAO

Appendix III: Comments from the Office of Management and Budget



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE CONTROLLER

March 7, 2016

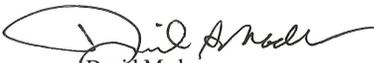
Mr. David Wise
Director, Physical Infrastructure Issues
United States Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Wise:

Thank you for the opportunity to review the draft report, "FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges (GAO-16-275)."

Attached is OMB's response to the recommendations of the draft report; OMB responds to recommendations made to both the Administrator of the General Services Administration and the Director of OMB. If you have any questions, please contact me at (202) 395-3895. Your staff may contact Karen F. Lee, Branch Chief for Management Controls and Assistance Branch, at (202) 395-8083 or William Hamele at (202) 395-7583.

Sincerely,



David Mader
U.S. Controller

GAO DRAFT REPORT DATED MARCH, 2016
GAO-16-275

FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the
National Strategy Could Help Address Long-standing Challenges (GAO-16-275)

THE OFFICE OF MANAGEMENT AND BUDGET COMMENTS
TO THE GAO REPORT

General Comments:

OMB agrees that there is meaningful opportunity to improve the government-wide real property program, and it has undertaken several initiatives to address the GAO concerns that predate this Administration. In 2013 OMB issued the Freeze the Footprint (FTF) policy, which required the CFO Act agencies to freeze their office and warehouse portfolios to a 2012 baseline for fiscal years (FY) 2013 through 2015. At the close of FY 2015, agencies had reduced their 2012 baselines by 24.7 million square feet (SF), which improved the efficiency of the government's office and warehouse portfolio.

Recognizing that FTF was only a first step, and to build upon the success of the FTF policy and drive further efficiency gains, OMB issued the National Strategy for the Efficient Use of Real Property (National Strategy) in March, 2015. The National Strategy outlines three key steps to improved real property management: *freeze* growth in the inventory, *measure* performance to identify opportunities for efficiency improvements through data driven decision-making, and *reduce* the size of the inventory by prioritizing actions to consolidate, co-locate, and dispose of properties. The National Strategy provides the first ever government-wide management framework to guide the agencies' real property decision-making and realize a more efficient portfolio.

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Through its emphasis on real property efficiency and portfolio reduction, OMB has initiated a fundamental change to the government-wide real property management culture. The historic management culture – one that enabled retention of excess and unneeded properties - tolerated continued portfolio growth and inefficient use of resources; the management focus fostered by the National Strategy is centered on efficiency and portfolio reduction. This cultural shift is critical as it provides the foundation for additional progress and enables the National Strategy to address additional objectives in the future.

OMB also has an initiative is to improve FRPP data quality and to develop tools that can assist agencies in making data driven decisions. OMB, in close coordination with GSA and the Federal Real Property Council which now meets consistently on a monthly basis, has worked diligently to improve FRPP data quality over the last several years. Since 2010, OMB, GSA, and the Federal Real Property Council have revised and modified several FRPP data definitions based upon user feedback and internal data evaluation to improve data completeness and accuracy. Agency reported data is now being used to calculate agency-specific performance benchmarking metrics and to assess compliance with the RTF policy; using the data in this manner serves as a catalyst for data improvement because agency RTF performance measures, which will be publicly available on Performance.gov, rely upon this data for accuracy.

Additional improvements to the FRPP data quality are now being realized as a result of three primary activities. First, as part of the FY 2015 collection process, additional data element definitions were revised to improve definitional clarity and support consistent data quality. Second, FRPP will benefit from GSA's data validation and verification guidance and FRPP implementation tools this reporting year, as their use is mandatory for FY16 reporting. The guidance and tools enable agencies to identify and correct data anomalies. Finally, the FRPP database has migrated to a new technology platform that enables the development and deployment of analytical tools so agencies can use their FRPP to support management decisions.

OMB has worked with GSA and the Federal Real Property Council to deploy new tools that support data driven decision-making. These new tools were deployed in February, 2016, and provide detailed data on properties' annual cost, location, size, and lease expiration, among other data elements, in a structured format that provides agency management officials greater insight into the efficiency and cost opportunities their portfolios present over the next five years.

Opportunities still exist to make further improvements to the real property program. OMB believes the initiatives it has implemented provide a strong foundation for continued and broad improvements.

Recommendation One

To improve the quality and transparency of data entered into the FRPP, we recommend that the Administrator of GSA, in consultation with OMB and federal agencies:

- Asses the reliability of FRPP data by determining how individual agencies collect and report FRPP data for each FRPP field, including any supplemental guidance used to [sic] by agencies to comply with the government-wide FRPP data definitions as part of their annual certification of FRPP data;
- Analyze the differences in collecting and reporting practices used by the agencies;
- Identify, and make available to FRPP users, the limitations of using FRPP data in the context of how the data is intended to be used in real property decision making and to measure real property performance across agencies, and update federal guidance to address limitations, as needed.

Response: Partially Concur with Comment

OMB supports greater conversation within the FRPC focusing on how individual agencies have annually collected and reported FRPP data for each data field. Additional conversation will provide very useful information to assess the consistency of data among the agencies and to

identify areas in which data consistency can be improved. OMB supports improvements to data consistency, as it enables comparisons among the agencies that will foster improved program effectiveness and efficiency.

OMB believes that the data agencies now enter into FRPP is reliable for use by individual agencies, and that the data is supportive of agency decision-making. The data is reliable for an agency's decision-making because it is entered per the protocols and supplemental guidance the agency distributes to its staff (even though the data entry is not necessarily consistent with another agency's processes). An agency understands the strengths and limitations of its data, and any potential ramifications for decision-making, because the agency authored and implemented the supplemental guidance. The agency understands the data entry context precisely because it authored the supplemental guidance and, for this reason, the data is reliable for the agency's use in decision-making.

OMB appreciates the recommendation to: "Identify, and make available to FRPP users, the limitations of using FRPP data in the context of how the data is intended to be used in real property decision making..." as it is forward looking. At present, the FRPP data entered by an agency is solely used by that agency to support real property decisions. FRPP data is not being used to support comparative decisions among the agencies at this time and, as stated above, agencies understand the strengths and limitations of their data, and how that data is intended to be used, because the agencies author and implement the supplemental guidance. OMB agrees that the limitations of FRPP data need to be noted before agencies engage in comparative data analysis among agency data sets.

Recommendation Two

To enhance the usefulness of the National Strategy for managing federal real property government-wide, we recommend that the Director of OMB expand the National Strategy to further address long-standing real property management challenges by:

- Expanding the scope to include maintenance and repair needs;
- Articulate planned actions and identifying alternative approaches, including alternative funding mechanisms, to address underlying causes of the real property problems;
- Ensuring that performance measures at the agency level inform the overall progress of the National Strategy;
- Determining the government-wide costs, benefits and risks by leveraging agencies' long-term capital plans, and identifying approaches to optimally manage the risk.

Response: Partially Concur with Comment

The initial National Strategy is a five-year document that is focused on addressing the real property program's most pressing current needs, which are disposing of unneeded assets and improving portfolio efficiency to reduce expenses for maintaining, operating, and repairing the portfolio. The National Strategy is a living document that will be revised, at least once every five years, to build upon its ongoing success and to improve other aspects of the government-wide program. The desired outcome for the FY16 – FY20 National Strategy is to reduce the size of the current portfolio to conserve resources in support of other program improvements, such as addressing the backlog of repair needs. The National Strategy provides strategic principles and

defines the desired government-wide outcome to guide the agencies' management of their real property programs toward a common government-wide objective.

As OMB's ongoing initiatives to improve the government-wide real property program mature – including the RTF planning process, improvements to FRPP data, and other nascent initiatives – there will be opportunity for a revised National Strategy to address some of the program elements that GAO discusses in its report. Addressing those program elements at this time is premature, as ongoing initiatives must be completed, and the National Strategy and RTF policy must be fully integrated into agencies' planning practices. OMB does not envision future revisions of the National Strategy providing monetized estimates of cost and benefit, as those estimates are most effectively implemented at the agency level, and they do not support the National Strategy's purpose.

With respect to risk management, agencies develop risk management control frameworks per OMB Circular A-123 and apply it to their programs. These risk control measures are best tailored to an agency's individual programs based upon their unique mission objectives, operating environment(s), and financial risk characteristics for inclusion in agencies' capital planning, budgeting, and other real property control processes. OMB will continue to use Circular A-123 to specify risk control approaches and ensure that agencies integrate these controls into individual programs, including real property. It is important to note that the National Strategy is directly supported by other documents to assist in its implementation, such as OMB's Capital Programming Guide, OMB Circular A-123, OMB Circular A-94, and OMB Circular A-11, among other documents. The requirements of these documents augment the implementation of the National Strategy, but their contents are not reproduced within the National Strategy document itself.

OMB strongly believes that the National Strategy must be based upon existing policy, regulation, and statutory authority to ensure its desired outcomes are realistic, credible, and achievable. To be a credible program improvement roadmap that stakeholders can embrace, the National Strategy must provide a strategic framework grounded upon existing authorities and agreed upon budget impact analysis procedures; it refrains from a unilateral discussion of alternatives to long-established scoring rules, for example, as that discussion will detract from its core purpose. With respect to alternative funding mechanisms, OMB agrees with the GAO's conclusion requiring full, upfront funding. OMB believes that alternative funding mechanisms to direct appropriations already exist within current authorities and the scoring rules, such as enhanced use leasing where there is a continued Federal need.

Appendix IV: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

March 4, 2016

Mr. Dave Wise
Director
Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Wise:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges**" (GAO-16-275). VA agrees with GAO's findings.

The enclosure contains technical comments related to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,


Robert D. Shyder
Interim Chief of Staff

Enclosure

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

David J. Wise, (202) 512-2834 or wised@gao.gov

Staff Acknowledgments

In addition to the individual named above, David Sausville (Assistant Director), Melinda Cordero, Jennifer DuBord, Jamarla Edwards, Ross Gauthier, Carol Henn, Delwen Jones, Terence Lam, Grant Mallie, Malika Rice, Kelly Rubin, Matthew Voit, and Crystal Wesco made key contributions to this report.

Appendix VI: Accessible Data

Agency Comment Letter

Text of Appendix II:
Comments from the
General Services
Administration

Page 1

GSA

1800 F Street, NW Washington, DC 20405-0002

www.gsa.gov

The Administrator

March 10, 2016

The Honorable Gene L. Dodaro

Comptroller General

United States Government Accountability Office

Washington, D.C. 20548

Dear Mr. Dodaro:

This letter provides the U.S. General Services Administration's (GSA) response to the Government Accountability Office (GAO) draft report entitled, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges* (GAO-16-275). The report recommends that GSA, in consultation with the Office of Management and Budget and federal agencies, take the following actions to improve the quality and transparency of data entered into the Federal Real Property Profile (FRPP):

1. Assess the reliability of FRPP data by determining how individual agencies collect and report FRPP data for each FRPP field, including any supplemental guidance used by agencies to comply with the government-wide FRPP data definitions as part of their annual certification of FRPP data;
2. Analyze the differences in collecting and reporting practices used by the agencies;
3. Identify, and make available to FRPP users, the limitations of using FRPP data in the context of how the data is intended to be used in real property decision making and to measure real property performance across agencies, and update federal guidance to address limitations, as needed;

GSA partially agrees with the above recommendations and will take action to implement the recommendations, as detailed below.

To implement GAO's recommendations, GSA will initiate further discussion within the Federal Real Property Council (FRPC) that focuses on how individual agencies collect and report FRPP data for each of its data fields. GSA will ask the agencies that comprise the FRPC to provide GSA with copies of any supplemental guidance that is used to comply with the government-wide FRPP data definitions. This information will be helpful in identifying areas where data consistency among agencies could be improved; however, GSA does not have the resources to fully assess the methods agencies choose to collect or map their data to meet the FRPP's government-wide data definitions. Ultimately, it is the responsibility of each agency to ensure the reliability of its data and its compliance with FRPP reporting requirements.

GSA has already met with a number of agencies to review their current data validation and verification processes and is using the information gleaned from these discussions to draft the forthcoming FRPP Data Validation and Verification Guidance and tools. GSA will continue to review each agency's annual FRPP letter of certification, in addition to their Annual Real Property Efficiency Plans that are required under the Reduce the Footprint policy. These plans include a section on FRPP Data Quality Improvements. GSA will make note of the differences in collecting and reporting practices used by the agencies, but recognizes that the FRPP, as it is

currently designed, is best used as a tool for agencies to assess and make management level real property decisions regarding their unique inventories.

GSA has recently undertaken and continues to invest in several initiatives to improve data accuracy in the FRPP and to provide enhanced tools that support data driven decision-making. These include:

- Automated Data Validation and Verification Tools in FRPP
- Address Validation Assessment
- FRPP Certification by Agencies' Chief Financial Officer
- Improvements and clarifications to specific data elements in the Annual Guidance for Inventory Reporting
- Migration to a new system platform that provides greater automated tools for data analysis and data validation, such as the Real Property Management Tool and forthcoming Asset Consolidation Tool
- FRPP Data Validation and Verification Guidance

The agencies are well aware of the uniqueness of their individual missions and how those differences often result in data that is difficult to use for cross agency decision making. Real Property Performance Metrics are being gathered under the President's Management Agenda; however, due to the variety of protocols followed by agencies in reporting, it is difficult to accurately measure progress across agencies. GSA does believe that the data reported to the FRPP supports agencies' individual asset level decision-making. Individual agencies maintain their own asset management systems to assist them, based on their mission requirements, to make individual asset level decisions.

Thank you for the clarity and thoroughness of this draft report. If you have any additional questions or concerns, please do not hesitate to contact me at (202) 501-0800 or Ms. Lisa Austin, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563. Staff inquiries may be directed to Ms. Aluanda Drain, Director, Real Property Policy Division. Ms. Drain can be reached at (202) 501-1624.

Sincerely,

Denise Turner Roth

Administrator

Cc: Mr. David Wise, Director, Physical Infrastructure Issues, GAO

Text of Appendix III:
Comments from the Office
of Management and
Budget

Page 1

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D. C. 20503

THE CONTROLLER

March 7, 2016

Mr. David Wise

Director, Physical Infrastructure Issues

United States Government Accountability Office

441 G Street, NW

Washington, D.C. 20548

Dear Mr. Wise:

Thank you for the opportunity to review the draft report, "FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges (GAO-16-275)."

Attached is OMB's response to the recommendations of the draft report; OMB responds to recommendations made to both the Administrator of the General Services Administration and the Director of OMB. If you have any questions, please contact me at (202) 395-3895. Your staff may contact Karen F. Lee, Branch Chief for Management Controls and Assistance Branch, at (202) 395-8083 or William Hamele at (202) 395-7583.

Sincerely,

David Mader

U.S. Controller

Page 2

GAO DRAFT REPORT DATED MARCH, 2016 GA0-16-275

FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges (GA0-16-275)

THE OFFICE OF MANAGEMENT AND BUDGET COMMENTS TO THE GAO REPORT

General Comments:

OMB agrees that there is meaningful opportunity to improve the government-wide real property program, and it has undertaken several initiatives to address the GAO concerns that predate this Administration. In 2013 OMB issued the Freeze the Footprint (FTF) policy, which required the CFO Act agencies to freeze their office and warehouse portfolios to a 2012 baseline for fiscal years (FY) 2013 through 2015. At the close of FY 2015, agencies had reduced their 2012 baselines by 24.7 million square feet (SF), which improved the efficiency of the government's office and warehouse portfolio.

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high priority target for the annual reduction goal, and the estimated aggregate FY16 -FY20 RTF reduction target specified by the agencies is 61 million SF. For the first time, through the National Strategy and RTF policy, OMB has established a government-wide policy goal to reduce the size of the government's portfolio by using property more efficiently and disposing of unneeded property.

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Page 3

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Recommendation One

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Response: Partially Concur with Comment

OMB supports greater conversation within the FRPC focusing on how individual agencies have annually collected and reported FRPP data for each data field. Additional conversation will provide very useful information to assess the consistency of data among the agencies and to

identify areas in which data consistency can be improved. OMB supports improvements to data consistency, as it enables comparisons among the agencies that will foster improved program effectiveness and efficiency.

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- Ensuring that performance measures at the agency level inform the overall progress of the National Strategy;

-
- Determining the government-wide costs, benefits and risks by leveraging agencies' long-term capital plans, and identifying approaches to optimally manage the risk.

Response: Partially Concur with Comment

The initial National Strategy is a five-year document that is focused on addressing the real property program's most pressing current needs, which are disposing of unneeded assets and improving portfolio efficiency to reduce expenses for maintaining, operating, and repairing the portfolio. The National Strategy is a living document that will be revised, at least once every five years, to build upon its ongoing success and to improve other aspects of the government-wide program. The desired outcome for the FY16 - FY20 National Strategy is to reduce the size of the current portfolio to conserve resources in support of other program improvements, such as addressing the backlog of repair needs. The National Strategy provides strategic principles and

Page 5

defines the desired government-wide outcome to guide the agencies' management of their real property programs toward a common government-wide objective.

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Text of Appendix IV:
Comments from the
Department of Veterans
Affairs

Page 1

DEPARTMENT OF VETERANS AFFAIRS

WASHINGTON DC 20420

March 4, 2016

Mr. Dave Wise

Director

Physical Infrastructure Issues

U.S. Government Accountability Office

441 G Street, NW
Washington, DC 20548

Dear Mr. Wise:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report. "FEDERAL REAL PROPERTY: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges" (GAO-16-275). VA agrees with GAO's findings.

The enclosure contains technical comments related to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Robert D. Shyder

Interim Chief of Staff

Enclosure

Accessible Text

Accessible Text for Figure 6: Leading Capital Planning Practices for Using Information to Make Capital Investment Decisions

Leading practices	Description
Needs assessment	A comprehensive needs assessment identifies the resources needed to fulfill both immediate requirements and anticipated future needs based on the results-oriented goals and objectives that flow from the organization's mission. A comprehensive assessment of needs considers the capability of existing resources and makes use of an accurate and up-to-date inventory of capital assets and facilities, as well as current information on asset condition. Using this information, an organization can make decisions about where to invest in facilities.
Alternatives evaluation	Agencies should determine how best to bridge performance gaps by identifying and evaluating alternative approaches. Before choosing to purchase or construct a capital asset or facility, leading organizations carefully consider a wide range of alternatives, such as using existing assets, leasing, or undertaking new construction.
Project prioritization	Leading organizations have processes in which proposed capital investments should be compared to one another to create a portfolio of major assets ranked in priority order.

Leading practices	Description
Long-term capital plan	The long-term capital plan should be the final and principal product resulting from the agency's capital planning process. The capital plan should cover 5 years or more and should reflect decision makers' priorities for the future. Leading organizations update long-term capital plans either annually or biennially. Agencies are encouraged to include certain elements in their capital plans, including a statement of the agency mission, strategic goals and objectives; a description of the agency's planning process; baseline assessments and identification of performance gaps; and a risk management plan.

Accessible Text for Figure 7: Alignment of Office of Management and Budget's (OMB) National Strategy for the Efficient Use of Real Property with Desirable Characteristics for a National Strategy

Desirable characteristic	Description	Alignment with characteristics
Purpose, scope, and methodology	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed	The National Strategy outlines a broad purpose, defines a narrow scope of the strategy, and describes the methodology relative to other government-wide policies, but could be expanded to include repair backlogs.
Problem definition and risk assessment	Addresses the particular national problems the strategy is directed toward	The National Strategy defines the problem, but does not comprehensively address the underlying causes or assess the extent of risk associated with real property.
Goals, subordinate objectives, activities, and performance measures	Addresses what the strategy is trying to achieve and steps to achieve those results, as well as the priorities, milestones, and performance measures to gauge results	The National Strategy generally outlines goals, objectives, activities, and performance measures for agencies, but does not establish government-wide performance targets.
Resources, investments, and risk management	Addresses what the strategy will cost, the sources and types of resources and investments needed, and where resources and investments should be targeted based on balancing risk reductions with costs	The National Strategy identifies some resources, but does not discuss the total implementation costs or risk management.
Organizational roles, responsibilities, and coordination	Addresses who will be implementing the strategy, what their roles will be compared with those of others, and mechanisms for them to coordinate their efforts	The National Strategy defines the organizational roles, responsibilities, and coordination among stakeholders.
Integration and implementation	Addresses how a national strategy relates to other strategies' goals, objectives, and activities, and to subordinate levels of government and their plans to implement the strategy	The National Strategy integrates government-wide policies, but does not explicitly build on agencies' long-term capital plans or strategic plans.

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