FEDERAL BUILDINGS

Agencies Focus on Space Utilization As They Reduce Office and Warehouse Space
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Why GAO Did This Study

The federal government continues to work to reduce its real property inventory and associated costs. GSA provides space for agencies in government-owned and commercially leased buildings. In 2015, the OMB issued a memorandum requiring the 24 agencies with chief financial officers to reduce their domestic office and warehouse space. These agencies are required to set annual reduction targets for a 5-year time period and update their real property plans annually.

GAO was asked to review the implementation of this space reduction initiative. This report discusses: (1) the approaches and any challenges the 24 agencies identified to achieving their reduction targets for all their domestic office and warehouse space; (2) the extent these agencies reduced their space and met their fiscal year 2016 targets; and (3) how GSA manages vacated space it had leased to these agencies.

GAO conducted a content analysis of the 24 agencies' real property plans for fiscal years 2016 and 2017 and analyzed agencies' data as submitted to GSA on their targets and reductions for fiscal year 2016, the only year for which data were available. GAO selected five agencies as case studies based on several factors, including size of the agencies’ office and warehouse portfolio, agency reduction targets, and fiscal year 2016 reported reductions. GAO reviewed relevant documentation and interviewed officials from GSA, OMB, and GAO’s case study agencies. GAO provided a draft of this product to GSA, OMB, and our case study agencies for comment. GAO incorporated technical comments, as appropriate.

View GAO-18-304. For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

What GAO Found

Most of the 24 agencies with chief financial officers reported to the Office of Management and Budget (OMB) and the General Services Administration (GSA) that they planned to consolidate their office and warehouse space and allocate fewer square feet per employee as the key ways to achieve their space reduction targets. For example, the Department of Agriculture reported it will consolidate staff from five component agencies in two office buildings. When complete, the space allocated per employee will average about 250 square feet down from a high of 420 square feet per employee. In taking these actions, the agencies most often identified the cost of space reduction projects as a challenge to achieving their targets. Agencies cited costs such as for space renovations to accommodate more staff and required environmental clean-up before disposing of property as challenges to completing projects. Some agencies required to maintain offices across the country reported that their mission requirements limit their ability to reduce their space.

In fiscal year 2016, 17 of the 24 agencies reported they reduced their space, but had varying success achieving their first-year targets. Of the 17 agencies, 9 exceeded their target and reduced more space than planned, 7 missed their target (by anywhere between 2.8 and 96.7 percent), and 1 reduced space, despite a targeted increase. Agency officials said that it is not unusual for projects to shift to different years and that such shifts could lead to missing targets one year and exceeding them the next.

Majority of Agencies Reduced Space in Fiscal Year 2016

- 71% Reduced space (17)
- 17% Increased space (4)
- 8% No change (2)
- 4% Not applicable (1)
- 53% Exceeded target (9)
- 6% Targeted increase, but reduced space (1)
- 41% Target not met (7)

Source: GAO analysis of GSA data | GAO-18-304

GSA has processes to manage the space vacated by agencies that is leased through GSA. For example, starting in November 2016, GSA started tracking agencies’ space release requests centrally to help standardize the process and established an e-mail address to which agencies can submit requests. GSA relies on regional offices to manage real property in their regions and to identify tenants for vacant space or to remove unused space from the inventory. GSA’s regional officials said regular monitoring and coordinating with agencies minimizes the likelihood GSA is caught off guard by a return of space. These processes also help them to plan ahead. GSA met its 2016 performance goal to have an annual vacant space rate of no more than 3.2 percent in its federally owned and leased buildings. However, given the recent implementation of the space reduction initiative, it is too early to determine the extent to which agencies will return space to GSA prior to the end of their leases and the effect on GSA’s inventory.
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<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
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<tr>
<td>Commerce</td>
<td>Department of Commerce</td>
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<td>Energy</td>
<td>Department of Energy</td>
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<td>GSA</td>
<td>General Services Administration</td>
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<td>FY</td>
<td>fiscal year</td>
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<td>HUD</td>
<td>Department of Housing and Urban Development</td>
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<td>Interior</td>
<td>Department of the Interior</td>
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<td>IRS</td>
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<td>Labor</td>
<td>Department of Labor</td>
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<td>National Strategy</td>
<td>National Strategy for the Efficient Use of Real Property</td>
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<td>Plan</td>
<td>5-year Real Property Efficiency Plan</td>
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<td>RTF</td>
<td>Reduce the Footprint</td>
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<td>SSA</td>
<td>Social Security Administration</td>
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<td>Treasury</td>
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<td>USDA</td>
<td>Department of Agriculture</td>
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March 8, 2018

The Honorable Ron Johnson
Chairman
The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable James Lankford
Chairman
The Honorable Heidi Heitkamp
Ranking Member
Subcommittee on Regulatory Affairs and Federal Management
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Thomas R. Carper
United States Senate

The federal government is committed to reducing vacant and underutilized real property and its associated costs. Federal real property management has been on our High-Risk list since 2003, in part because we have found that the government maintains more property than it needs. In 2012, the Office of Management and Budget (OMB) directed the 24 Chief Financial Officers (CFO) Act agencies to “freeze” their footprint and maintain their civilian real estate inventory at or below their then-current levels. In 2015, OMB issued its Reduce the Footprint (RTF) policy requiring the CFO Act agencies to set annual targets for reducing their portfolio of domestic office and warehouse space. As the federal government’s principal landlord, the General Services Administration

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2The CFO Act established chief financial officers to oversee financial management activities at 23 agencies. Pub. L. No. 101-576, § 205, 104 Stat. 2838, 2842-43 (Nov. 15, 1990). The list now includes 24 agencies, which are often referred to collectively as CFO Act agencies. See 31 U.S.C. § 901(b). For the purposes of this report, “agencies” refers to the 24 CFO Act agencies unless otherwise specified.

3For the purposes of this report, “office and warehouse space” means domestic office and warehouse space unless otherwise specified.
(GSA) plays a large role in providing space for agencies in both government-owned buildings that GSA leases to federal agencies and space GSA acquires in commercially-leased buildings for agencies.

You asked us to review the implementation of the RTF policy to determine to what extent its goals are being met. This report determines: (1) the approaches and any challenges CFO Act agencies have identified to achieving their RTF-reduction targets for all their domestic office and warehouse space; (2) the extent to which these agencies reduced their space and met their fiscal year 2016 RTF targets; and (3) how GSA manages vacated space that it had leased to these agencies.

To determine the approaches used and any challenges reported by agencies to achieving their RTF-reduction targets for all their domestic office and warehouse space, we conducted a content analysis of the 24 CFO Act agencies’ 5-year Real Property Efficiency Plans (Plan) for fiscal years 2016 and 2017. Each Plan describes the agency’s overall strategic and tactical approach to managing its real property, provides a rationale for and justifies its optimum portfolio, and directs the identification and execution of real property disposals, efficiency improvements, and cost savings measures. The content analysis of the Plans helped us to understand the approaches agencies expected to use to reduce space, how space-reduction targets were set, and any challenges they experienced in reducing their space. We also selected five agencies as case studies to further understand their experiences in implementing the RTF policy. We selected the agencies using a variety of considerations such as diversity in the size of the agency’s domestic office and warehouse portfolio, agency reduction targets, the extent to which the agency met its fiscal year 2016 RTF targets, types of real property authorities the agency has, as well as suggestions from GSA and OMB related to agencies’ experiences. Based on these factors, our selected case study agencies included the: (1) Department of Commerce (Commerce); (2) Department of Energy (Energy); (3) Department of Housing and Urban Development (HUD); (4) Department of the Interior (Interior); and (5) Department of the Treasury (Treasury). While our case study agencies and their experiences reducing their space are not generalizable to all CFO Act agencies, they provide a range of examples of how a number of agencies are implementing the RTF policy.

4We looked at whether the agency has custody and control of any of its real property and whether it has authority, for example, to lease property directly from a third party and dispose of its real property.
To determine the extent to which agencies reduced their space and met their fiscal year 2016 RTF office and warehouse reduction targets, we analyzed the 24 CFO Act agencies’ data as submitted to GSA on their RTF targets and reported reductions. At the time of our review, fiscal year 2016 was the first and only year of RTF data available as the policy was implemented in March 2015. We conducted a data reliability assessment of the RTF data by interviewing GSA officials and reviewing documentation, and concluded the data were reliable for our purposes. We also interviewed officials at GSA, OMB, and our five selected case-study agencies to obtain supporting documentation and to improve our understanding of how agencies set their RTF targets, agencies’ progress toward those targets, and the approaches used and challenges faced in meeting those targets. We also visited three office buildings occupied by our case study agencies in the Washington, D.C., area with ongoing or recently completed RTF projects. We selected the buildings based on recommendations from officials at our case study agencies.

To determine how GSA manages vacated federally owned and commercially leased space that it had leased to agencies, we reviewed federal requirements and GSA policies and vacancy data. We conducted a data reliability assessment of GSA’s vacancy and cost avoidance data by interviewing GSA officials and reviewing documentation, and concluded the data were reliable for our purposes. We also interviewed GSA headquarters and regional officials and obtained documentation on how GSA manages space returned by agencies. For more information on our scope and methodology, see appendix I.

We conducted this performance audit from April 2017 to March 2018 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.

The federal government owns and leases hundreds of thousands of buildings across the country that cost billions of dollars annually to

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5This includes space in federally-owned buildings under GSA’s custody and control, and commercial space GSA leases on behalf of tenant agencies.
operate and maintain. In recent years, the federal government has taken steps to improve the management of federal real property and address long-standing issues by undertaking several government-wide initiatives and issuing memorandums to the CFO Act agencies. Within the executive branch, OMB and GSA provide leadership in managing federal real property. As the chief management office for the executive branch, OMB oversees how federal agencies devise, implement, manage, and evaluate programs and policies. OMB provides direction to federal agencies by, among other things, issuing policies and memorandums on real property management.

In 2012, OMB issued a memorandum that required agencies to move aggressively to dispose of excess properties held by the federal government and more efficiently use real estate assets. This memorandum initially laid out the requirement to “freeze the footprint.”\(^6\) In 2013, OMB issued a memorandum clarifying the Freeze the Footprint policy.\(^7\) This memorandum required agencies going forward to maintain no more than their fiscal year 2012 total square footage of domestic office and warehouse space. The policy required agencies to specifically identify existing properties to be disposed of to offset any new property acquisitions.

In March 2015, OMB transitioned from freezing the federal government’s real property footprint to reducing it. Specifically, OMB issued the National Strategy for the Efficient Use of Real Property (National Strategy) to provide a framework to guide agencies’ real property management, increase efficient real property use, control costs, and reduce federal real property.\(^8\) The 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, co-locating, and disposing of properties.

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\(^6\)OMB, M-12-12 Memorandum to the Heads of Executive Departments and Agencies (Washington, D.C.: May 11, 2012).


OMB also issued the RTF policy which clarified existing policy to dispose of excess properties and promote more efficient use of real property assets. The RTF policy requires agencies to: (1) submit annual Real Property Efficiency Plans (Plan)\textsuperscript{9} to GSA and OMB; (2) issue a policy that specifies a design standard for maximum useable square feet by workstation for use in domestic office space; (3) set and specify in their Plans annual reduction targets for their domestic office and warehouse space for a 5-year period; (4) set and specify in their Plans annual reduction targets for domestic owned building properties reported in the Federal Real Property Profile; and (5) continue to not increase the square footage of their domestic inventory of office and warehouse space.\textsuperscript{10} Additionally, agencies must identify in their Plans potential projects related to office and warehouse consolidation, co-location, disposal, as well as construction and acquisition efforts. OMB is responsible for reporting the progress of agencies’ efforts in reducing the amount of federal real property space under the RTF policy.

GSA has two key leadership responsibilities related to real property management. First, GSA’s Public Buildings Service functions as the federal government’s principal landlord. In this role, GSA acquires, manages, and disposes of federally owned real property for which it has custody and control on behalf of federal agencies that occupy the space.\textsuperscript{11} Additionally, GSA leases commercial buildings on behalf of agencies and manages the lease agreements.\textsuperscript{12} In these situations, GSA executes an occupancy agreement with a customer agency for each space assignment that is similar to a sublease between GSA and the agency. The occupancy agreement outlines both the financial specifics of the agreement and the responsibilities of GSA and the customer agency. There are certain unique advantages for customer agencies when GSA

\textsuperscript{9}Agencies are required to submit a draft 5-year Plan 90 days after the Federal Real Property Profile data submission, with the final Plan submitted 60 days after an agency’s annual strategic review meeting with OMB, for each fiscal year. The Federal Real Property Profile is a real property inventory database maintained by GSA that contains information on federal real property government-wide.


\textsuperscript{11}GSA also disposes of real property under the custody and control of landholding agencies which do not have independent disposal authority.

\textsuperscript{12}Included in federal agencies’ monthly rent is a monthly fee to GSA for its services related to leased space; tenants pay 5 or 7 percent of their lease value in a fee to GSA based on the level of flexibility the agency has in canceling the agreement.
leases on their behalf. For example, GSA is able to enter into longer-term leases, and agencies can release space back to GSA with 4 months' written notice if certain conditions are met, relieving the agencies of the cost for the returned space. Second, GSA’s Office of Government-wide Policy is responsible for, among other things, identifying, evaluating, and promoting best practices to improve the efficiency of management processes. In this policy role, GSA provides guidance for federal agencies and publishes performance measures. It also maintains the Federal Real Property Profile, a real property inventory database that contains information on federal real property government-wide.

Based on our review of agencies’ 2016 and 2017 Plans, we found that all 24 CFO Act agencies described strategies for reducing office and warehouse space. As previously mentioned, these annual Plans must include all potential projects related to office and warehouse consolidation, co-location, disposal, as well as construction and acquisition efforts. The agencies’ Plans cited consolidation, co-location, and disposal as the primary means to reduce their office and warehouse space, activities mentioned in the National Strategy. Agencies also cited other methods, such as utilizing telework and decreasing the space they allocate per person to achieve space reductions.

The space reduction strategies included most often in the Plans we reviewed include the following.

- **Consolidation**: All 24 agencies reported planned or ongoing efforts to reduce their space by consolidating their offices or operations. For example, we spoke with officials at HUD, which is in the process of consolidating staff from four offices in the National Capital Region into its 1.12-million square foot headquarters building in Washington, D.C. HUD started by remodeling one floor to create a more open floor plan...
and intends to apply this design throughout the building. As part of the consolidation project, HUD has reduced the size of some office cubicles from 64 square feet to 56 square feet. (See fig. 1.) HUD leases its space through GSA and estimates that it will be able to return about 175,000 square feet of unneeded space back to GSA once all four offices are closed. At that point, GSA would then bear the cost of the space and work to lease it to another agency or otherwise dispose of it. Once the project is completed, HUD estimated that its headquarters building will accommodate about 500 more personnel (for a total of 3,200) and reduce its annual lease payments by about $11 million.

Fifteen of the 24 agencies identified consolidation opportunities outside of their headquarters buildings. For example, the Department of Agriculture (USDA) discussed a consolidation project involving five component agencies in Albuquerque, New Mexico, in its fiscal year 2017 Plan. According to USDA officials, four component agencies occupying nearly 44,500 square feet in one building were to be consolidated into about 34,000 square feet of space in another building already occupied by a different USDA agency. In the prior
location, the multiple components spaces’ square footage per person averaged 327, but the proposed consolidation would bring the utilization rate down to 255 square feet per person. USDA estimated that the consolidation project would result in about $238,000 in annual rent cost savings for the four components. Additionally, to enable this consolidation project, the component agency already occupying the building consolidated and vacated about 20,000 square feet, a move that resulted in an annual rental savings of about $500,000. In its fiscal year 2017 Plan, Interior’s Bureau of Reclamation anticipated eliminating 87,000 square feet of office space by consolidating operations from two buildings in Denver, Colorado. Interior estimated that the consolidation will result in a 40 percent reduction in its overall utilization rate to 165 square feet per person and an annual cost savings of about $2.1 million.

- **Co-location:** Thirteen of the 24 agencies’ Plans stated that they are exploring or implementing co-location projects to reduce space by merging staff from different components or agencies into another agency’s space. For example, the Social Security Administration (SSA) recently initiated a co-location pilot program with the Internal Revenue Service (IRS) within Treasury to combine SSA field offices with IRS Taxpayer Assistance Centers. Co-location of operations can reduce the overall space required by allowing agencies to share common space such as waiting rooms, an action that can reduce rent and operating costs for the co-located agencies. Since the inception of the 1-year program in January 2017, four IRS offices are participating and have moved into SSA field offices. According to SSA, IRS and SSA staff have adjusted to sharing space and the IRS presence in SSA space has not affected SSA wait times or created security or parking issues. According to an IRS official, IRS employees continue all normal operations from their co-located offices with SSA, including meeting with taxpayers in-person. The official also noted that IRS has extended the terms of its agreement with SSA for an additional year. However, SSA noted that the agencies are still working through customer access issues that could determine whether it would be possible to expand the pilot program and pursue additional co-location opportunities. In another example, according to Interior officials, the U.S. Geological Survey is co-locating staff from Menlo Park, California, to a National Aeronautics and Space Administration facility in the nearby city of Mountain View, California. About 40 percent of the staff will move early in fiscal year 2019, and the U.S. Geological Survey expects the remaining staff to be co-located by the end of 2021. Interior officials estimate that the co-
location will result in an overall reduction of 165,000 square feet (about 50 percent of its space) and expects to save about $12 to $14 million in annual rent costs.

To help agencies identify potential co-location opportunities and work with other agencies to meet their space requirements, GSA developed and provided agencies access to its Asset Consolidation Tool in fiscal year 2015. This database tool provides agencies with information about federal spaces in their area, including the buildings’ vacancy and utilization rates.

- **Disposal of unneeded space:** Thirteen of the 24 agencies reported that they plan to reduce their real property footprint by disposing of unneeded space, including selling or demolishing federal buildings or terminating leases, among other actions. For example, IRS has five tax submission-processing centers that receive all mailed income-tax returns and have warehouses that store the physical tax records. Each of these five processing centers, which include both office and warehouse spaces in multiple buildings, is approximately 500,000 square feet. According to IRS officials, 87 percent of all 2016 individual income-tax returns were filed electronically. As a result, the IRS plans to dispose of three of the five centers by 2024 to align with its reduced need for income-tax return processing and storage space.

GSA has the statutory authority to dispose of property for all federal agencies and generally does so on their behalf. In addition, some federal agencies, such as Energy, or departmental components have statutory authority to dispose of buildings and other types of property and are not required to notify or use the services of GSA to complete the disposal.

- **Better utilization of existing space:** In their Plans, agencies also reported using tactical tools, such as incorporating space utilization rates into their capital-planning process, to identify opportunities to

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13 A disposal is the sale, demolition, lease termination, federal transfer, conveyance to another public entity for public benefit uses, such as homelessness assistance or education, and sale, or any other action that results in the removal of the asset from the inventory of the agency.


reduce space. For example, 22 of the 24 agencies reported incorporating office space design standards and agency utilization rates into their processes to identify space reduction opportunities. Agencies set their own space design standards and space utilization rates, which may vary based on agency mission requirements across their components. The RTF policy requires agencies to establish a design standard for the maximum workstation size, which should, at a minimum, be applied to all space renovations and new acquisitions. In addition, GSA has a recommended office space-utilization rate range of 150 to 200 square feet per person.

Officials from our case study agencies noted several practices they said were helpful to identify opportunities to better utilize and ultimately reduce their space. For example, Commerce officials described developing a process for identifying and prioritizing space reduction opportunities using a two-factor matrix. Through this process, Commerce plans to target office space with a large number of employees and poor utilization rates (compared to its 170 square foot utilization rate). According to Commerce officials, these situations may offer the most opportunity for space reductions and achieving significant rent and operating cost savings, particularly in high-cost real estate markets. Using this process, Commerce identified the potential for reducing as much as 1.6-million square feet (16 percent) of its total office space within 52 high priority facilities. According to IRS, retirements, hiring freezes, budget reductions, and increased telework have resulted in excess space throughout its portfolio. In fiscal year 2016, IRS started using a Strategic Facility Plan model to help identify space reduction projects. IRS’s objectives include consolidating multiple offices within a metropolitan area, closing outlying buildings, and leveraging telework, mobility, and its attrition rates. This model utilizes a template form to provide a consistent decision-making framework for assessing various options, articulating the rationale for selecting the preferred option, and documenting decisions and concurrence. According to IRS officials, this model has helped IRS to reduce a lot of its space.

In 2014, GSA developed and provided agencies with access to the Real Property Management Tool, which can aid agencies that want to more effectively utilize their space. The database tool provides agencies with the capability to comprehensively view their real property portfolio by consolidating data from the assets that agencies directly manage with the assets that GSA manages on their behalf. As such, regardless of whether an agency initiated the action or GSA did...
so on its behalf, the tool gives an agency the ability to see all of its data, such as on expiring leases, in one place. The tool enables agencies to create individualized analytic reports allowing them to analyze the data in various ways.

- **Teleworking and hoteling:** Fifteen of the 24 agencies also described alternate workplace arrangements enabled by information technology, such as telework and hoteling, to help reduce office space. Telework is a work flexibility arrangement under which an employee performs their work responsibilities at an approved alternative worksite (e.g., home). Executive agencies are required to establish policies that authorize eligible employees to telework, determine the eligibility of all employees to participate in telework, and notify all employees of their eligibility. Federal law also requires that agencies consider whether space needs can be met using alternative workspace arrangements when deciding whether to acquire new space. As such, some agencies are eliminating designated offices for staff who primarily telework, a step that can improve space utilization. In a hoteling arrangement, employees use non-dedicated, non-permanent workspaces assigned for use by reservation and on an as needed basis. For example, the Office of Personnel Management implemented a workspace sharing initiative at one of its program offices. Staff who are not physically present in the office 4 or more days per week are required to share cubicles and offices. The Office of Personnel Management estimated that the initiative resulted in a 47 percent office space reduction for the program office.

### Cost and Mission Considerations Were Cited as Leading Challenges to Reducing Space

As part of their fiscal year 2016 and 2017 Plans, the 24 CFO Act agencies also described the major challenges they anticipated facing in their efforts to meet their space reduction targets. The agencies most frequently cited the following challenges:

- **Space reduction costs:** Twenty of 24 agencies stated that the costs of space reduction projects pose a challenge. Agencies are generally responsible for the up-front costs associated with relocations and tenant improvements, such as acquiring new furniture and renovating existing areas to reduce space or to accommodate more personnel in

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a smaller area. For example, the Department of Labor (Labor) reported in its fiscal year 2017 Plan that it did not have sufficient funding to implement a space reduction project that would have reduced commercially leased office space by 4,000 square feet. Similarly, the Department of Veterans Affairs’ fiscal year 2017 Plan noted that assuming a limited budget, large scale consolidations would be difficult to achieve.

Some agencies have used or report that they intend to use funding from GSA’s Consolidation Activities program to help fund their space reduction projects. According to GSA, from fiscal years 2014 to 2017, GSA’s Consolidation Activities program funded projects that will eliminate 1.4-million rentable square feet from the GSA inventory and reduce agencies’ annual rent payments by $54 million. According to the IRS, GSA’s Consolidation funds have helped the agency reduce about 500,000 square feet of space. IRS officials noted that these funds helped the agency implement larger and more expensive space reduction projects than it would have been able to do otherwise. However, according to officials from several agencies, to use this program, agencies must also contribute funds to the projects. HUD officials stated that they considered applying for project funding through GSA but did not do so because HUD did not have sufficient funds for the agency’s share of project costs.

Three of the 24 agencies specifically noted that the cost to clean up environmentally contaminated buildings is a challenge to disposing of excess office and warehouse space. Agencies are required to consider the environmental impact of property disposals. We have previously found that assessments and remediation of contaminated properties can be expensive and complicate the disposal process. Also, agencies are responsible for supervising decontamination of excess and surplus real property that has been contaminated with

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19 GSA’s Consolidation program helps fund projects that enable agencies to relocate to federalally owned space with the goal of more efficiently meeting their mission needs and results in improved space utilization and cost savings.


hazardous materials of any sort. In its fiscal year 2017 Plan, Energy estimated that over 60 percent of its excess buildings require extensive decontamination prior to disposal. Overall, Energy projected that its total liability for environmental clean-up could cost more than $280 billion.

- **Mission delivery:** Thirteen of the 24 agencies reported that mission delivery requirements can also affect their ability to reduce space. Agency missions may require office locations in certain areas or require additional space to accommodate activities such as customer interactions. These requirements may preclude disposals or limit opportunities to reduce space. For example, in its fiscal year 2017 Plan, SSA stated that its efforts to reduce space are affected by its mission, which requires offices widely dispersed throughout the country to administer and support its benefit programs, among other things. SSA has about 1,500 office spaces nationwide, most of which require space to accommodate the public. SSA had an overall office space utilization rate of 301 square feet per person, which exceeded GSA’s recommended office space utilization rate range of 150 to 200 square feet per person. USDA’s fiscal year 2017 Plan stated that its missions require office space in rural areas to, among other things, provide program assistance and leadership on food, agriculture, natural resources, rural development, nutrition, and related issues. In its fiscal year 2017 Plan, USDA also observed that the real estate market in rural areas is less competitive than in urban areas because there are fewer rental options, a situation that can also drive up rent costs. As such, USDA noted that these factors may contribute to difficulties identifying disposal opportunities and finding alternate spaces that could allow for more effective space utilization.

- **Employee organization concerns:** Ten of the 24 agencies reported that considering employee organizations’ concerns and addressing collective bargaining requirements when reconfiguring space can add time and affect the extent of their space reductions. For example, in its fiscal year 2017 Plan, SSA noted that the agency must meet with three employee unions when revising office space policies or design standards and collaborating with these organizations adds to the project’s implementation timeline. In July 2017, we reported that SSA officials met with employee union groups about the impact of potential changes to its space configuration or usage. Officials said that while the interactions with the union groups were positive—including gaining input on issues such as ergonomics, the security of field offices, and overall implementation—at times, these negotiations caused delays to individual projects and complicated reduction efforts.
by requiring union buy-in.\textsuperscript{22} In addition, Labor reported in its fiscal year 2017 Plan that its collective bargaining agreement and agency mission requirements for offices and work stations do not always enable it to take advantage of the previously discussed GSA Consolidation Funding program as well as GSA’s Total Workplace Furniture & Information Technology program.\textsuperscript{23} For example, the Total Workplace Furniture & Information Technology program requires that cubicles and offices must not exceed a specified square footage. However, according to Labor officials, Labor’s Departmental Space Management Regulation requires a certain utilization rate per person which may make it challenging to also stay within the program’s square footage requirements.

- \textit{Workload growth}: Eight of the 24 agencies noted that increases in their workload limited their ability to achieve overall agency space reductions. For example, according to the Department of Justice’s fiscal year 2017 Plan, the agency anticipated having to provide additional court rooms to support an increased volume of immigration cases and accommodate the additional immigration judges needed to handle that volume.\textsuperscript{24} The Department of Justice estimated that the space needed to accommodate the new judges and additional public areas could add about 155,000 square feet to its portfolio. Also, according to the Department of Health and Human Services’ fiscal years 2016 and 2017 Plans, the Office of Medicare Hearings and Appeals experienced a 30 percent growth in cases and expected 1.2-million new cases annually after 2017. The Department of Health and Human Services projected that the growth in cases and additional staff needed to process the cases required additional field offices, which would increase its total office space square footage.


\textsuperscript{23}GSA’s Total Workplace Furniture & Information Technology program allows agencies to lease furniture over a 5-year term and lease information technology over a 3-year term. The program is part of the agency’s overall Total Workplace initiative, which provides resources and expertise to encourage federal agencies to reduce their office space, foster collaboration, better manage information technology spending, and increase efficiency.

\textsuperscript{24}According to the Department of Justice’s 2017 Plan, the Executive Office of Immigration Review conducted immigration court hearings in 59 immigration courts nationwide.
As previously mentioned, agencies are required to set annual square foot reduction targets for domestic office and warehouse space in their annual Plans. According to an OMB official, to help ensure the targets are realistic, agencies are also required to identify the specific projects that will help them to achieve their space reduction targets. According to GSA and OMB officials, agencies submit their Plans, including their reduction targets, and their Plans are reviewed by both GSA and OMB. But each individual agency ultimately establishes its targets based on what it determines to be cost-effective and feasible. Through its Real Property Efficiency Plan template, GSA provides guidance to agencies on what is expected in their annual submissions. Each agency is required to document its internal controls, such as the process for identifying and prioritizing reductions to office and warehouse space and disposal of properties based on return on investment and mission requirements. The identified internal controls should help ensure that an agency’s proposed space reduction projects reflect an efficient use of space and are cost effective. A review of our five case study agencies illustrated some of the different approaches agencies used to determine their reduction targets. For example, several agencies’ targets were based on the total estimated feasible reductions identified by each agency component. In contrast, one agency centrally established a reduction target percentage and then asked its components to develop projects to meet that target. According to case-study agency officials, the agencies considered many factors, including their missions, priorities, component needs, and available budgets, when determining their targets.

We found that the number and magnitude of the space reduction projects agencies identified in their fiscal year 2017 Plans varied greatly and were generally proportional to the size of the agency’s real property portfolio. The number of projects identified in agency Plans ranged from as few as 3 projects (the minimum required in the Plans) to nearly 400 projects. The estimated space reductions per project across agencies ranged from about 1,400 to over 94,000 square feet. For example, the Department of Veterans Affairs has a relatively large office and warehouse portfolio of over 28-million square feet. As part of its fiscal year 2017 Plan, the agency reported 320 planned or ongoing projects with an average space reduction of about 1,800 square feet per project. Conversely, the Office of Personnel Management has a relatively small office space portfolio of about 1-million square feet; its fiscal year 2017 Plan identified 4 ongoing or potential projects with an average space reduction of about 6,000 square feet.
In fiscal year 2016—the first and only year RTF data were available at the time of our review—the majority (71 percent or 17 of the 24 agencies) reported they achieved reductions in their office and warehouse space even though the agencies had varying success in achieving the individual targets they set for themselves. For example, as shown in figure 2, of the 17 agencies that reduced space, 9 exceeded their targets (i.e., reduced more space than planned); 7 reduced space but missed their target (by anywhere between 2.8 and 96.7 percent); and 1 agency expected to increase in square footage, but reduced space.

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25We report the combined reduction figures for agencies’ domestic office space and warehouse space, unless otherwise indicated. Agencies with fewer than 200 domestic warehouses are not required to set reduction targets and as such, 11 of the 24 agencies were exempt. For all the CFO Act agencies, the majority of agencies’ combined office and warehouse square footage is comprised of office space.

26Two of the 24 CFO Act agencies did not have a space reduction target, but rather projected they would increase in size; three agencies’ target was to maintain the same baseline square footage; and the National Science Foundation was not required to set a target. As reported by the National Science Foundation, GSA and OMB agreed that the National Science Foundation would not be required to establish an RTF reduction target until one year after its move, slated for late fiscal year 2017, to its new Alexandria, Virginia, space.
Whether an agency met its target is not the only indicator of an agency’s success in reducing space. For example, although some agencies missed their targets, they reduced their office and warehouse space by a larger percentage than some agencies that exceeded their targets. Also, the fact that some agencies missed their targets can in part be attributed to setting more aggressive targets than other agencies. Agencies' fiscal year 2016 targets ranged from a 0.8 percent increase to an 8.4 percent decrease in office and warehouse space. Of the 9 agencies that exceeded their reduction targets, 4 more than tripled their target. As mentioned, agency targets are set by the agency and are a reflection of their unique situation including mission needs and priorities and therefore cannot be generalized across agencies. For example, Energy exceeded its fiscal year 2016 reduction target and reduced 292,140 square feet of space (0.8 percent of its total square footage). However, the Environmental Protection Agency missed its target, which was the second most aggressive target across all the agencies at 7.2 percent of its total square footage; but the agency reduced 174,003 square feet (3.24
percent of its total square footage). Of the three agencies with the most aggressive target reductions—those that ranged between 6.7 and 8.4 percent of their total square footage—only one met its target. Figure 3 shows the extent to which each of the CFO Act agencies met its fiscal year 2016 targets. See appendix II for more detailed information on each agencies’ square footage of space, reduction targets and fiscal year 2016 reductions.

![Figure 3: Chief Financial Officers (CFO) Act Agencies' Reported Reduce the Footprint Targets and Space Reductions (percentage based on its 2015 baseline square footage), Fiscal Year (FY) 2016](image)

Note: Square feet reductions are represented as positive numbers and increases are represented by negative numbers. The National Science Foundation is not included because it was not required to establish reduction targets in fiscal year 2016.

Officials from our case study agencies cited a number of factors that influenced whether or not they met their fiscal year 2016 targets, and may also affect their target achievement in subsequent years. Of our five case
study agencies, three exceeded their fiscal year 2016 reduction target and two missed their target.

- **Timing and funding:** Officials from two case study agencies cited timing as a factor, noting that there is fluidity to the project’s planning, implementation, and disposal process that may not always be within an agency’s control. As a result, space reductions anticipated in one fiscal year may not be realized until a subsequent fiscal year; conversely, some space reduction opportunities may present themselves unexpectedly. For example, according to officials at HUD, which missed its fiscal year 2016 reduction target, some projects take longer than anticipated to start or complete. HUD officials said that their fiscal year 2016 target may have been too ambitious and planned projects were delayed because they were unable to secure sufficient funding. As such, the officials said the agency must carefully select which projects to move forward with in a given fiscal year, but expected to move forward with their delayed, planned projects in the next fiscal year. Energy on the other hand, exceeded its fiscal year 2016 reduction target. Energy officials said that they tend to be conservative in listing potential RTF projects in their Plans. They noted that it takes a long time to dispose of a building and the timing was dependent on the building’s level of contamination, location, size, agency budget, and other factors. As a result, even though the agency may have planned to dispose of a building in a given fiscal year, there were numerous reasons why the project may get delayed.

Further, RTF is a long-term effort and should not be judged based on agencies’ progress in their first year. According to an OMB official, it is understood that there may be circumstances in a given year that may hinder agencies from reaching their RTF targets, such as budget constraints or the timing of leases; however, the expectation is that agencies will continue to work toward accomplishing their target in the next year. Accordingly, under RTF, agencies set annual space reduction targets for a 5-year period. Officials from our case study agencies emphasized that the 5-year targets are not static, but rather are subject to annual updates. The RTF policy also acknowledged that changes to mission requirements and the availability of budgetary resources may require modifications to an agency’s targets, particularly in each of the subsequent years. Lastly, given that the RTF policy is still relatively recent, an OMB official noted that agencies are still in the process of learning how to set appropriate targets.
• **Previous space reductions:** Officials from three of our case study agencies noted that prior space reductions made during the Freeze the Footprint policy limited their ability to reduce space more aggressively. Though the thrust of Freeze the Footprint was to maintain the fiscal year 2012 size of an agency’s portfolio, agencies started to look more strategically for opportunities to dispose of excess space in their portfolios. The majority of agencies (18 of 24) have been decreasing the square footage of their domestic office and warehouse space since the Freeze the Footprint policy was implemented in 2013. OMB reported that under Freeze the Footprint, agencies achieved a 24.7-million square foot reduction between fiscal years 2012 and 2015. Officials from the IRS, which accounts for 70 percent of Treasury’s real property inventory, noted it has released 2.7-million square feet (approximately 10 percent) in the past 5 years, bringing its total square footage down to 25.3 million. According to officials from three of our case study agencies, a certain amount of space is required to effectively fulfill their missions. As such, the closer agencies get to attaining their optimum footprint, their ability to achieve further space reductions may be limited.

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**GSA Has Processes to Track Space Release Requests and Manage Vacant Space**

In November 2016, GSA put into effect a new standard operating procedure to, among other things, standardize and streamline the process of receiving, reviewing, and documenting agencies’ space release actions. As previously mentioned, GSA’s occupancy agreements for space it leases on behalf of its customer agencies generally allow the agencies to release space back to GSA with as little as 4 months’ notice, if certain conditions are met. This can enable agencies to reduce their space and related rent costs relatively quickly without penalty. As a result of this new process, GSA established a centralized e-mail for agencies to submit their space release requests. The e-mail is maintained at GSA headquarters before it is forwarded to the respective GSA region.

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27According to GSA officials and GSA’s Pricing Desk Guide (4th Ed.), a customer agency has the right to release space to GSA with 4 months’ written notice, if GSA regional officials determine the following requirements are met: (1) there is no longer a need for the space; (2) the space is in a marketable block; (3) the space is not designated as non-cancelable in the occupancy agreement; and (4) the release date is at least 16 months into the occupancy term.

28If the requirements are met, then the only penalty is that the customer agency must pay the unpaid balance of the cost of tenant improvements as well as the remaining amount of any concession (free rent for example) applicable to the remaining lease term. This release of space provision applies to space GSA provides to agencies in federally owned assets and commercial leased assets.
GSA also developed a centralized space release tracking spreadsheet to help ensure that all GSA regions were (1) notifying the customer agency of GSA’s determination on whether the space release request was within GSA’s policy, and (2) processing the space release and ceasing rent billings in a timely manner. According to GSA headquarters officials, this new process was implemented to rectify past concerns that space release requests were not centrally tracked, GSA regions may not have been making consistent determinations, and some requests either were missed or were not processed within the appropriate time frames.

GSA officials noted that GSA similarly manages all vacant space in federally owned property under its custody and control and in commercial space it leases, and the agency seeks to utilize the space as quickly as possible. GSA has 11 regional offices throughout the country that generally conduct the day-to-day real property management activities for its customer agencies. These responsibilities include acquiring, managing, and disposing of real property, as well as executing, renewing, and terminating leases on behalf of its customer agencies in exchange for a monthly fee for GSA’s services. GSA headquarters officials told us that GSA regional offices track all the occupancy agreements and proactively work with customer agencies to help manage their space needs well before the agreements expire to understand ongoing space requirements. For example, according to GSA headquarters officials, this process includes working with agencies at a strategic level and helping them think about how they can accomplish their space needs and meet their targets 4 to 5 years in advance. GSA headquarters and regional officials noted that the advance planning helps the GSA regional officials integrate agencies’ potential space needs into the work they are already doing in the region as GSA manages the regional inventory as a whole, including managing the amount of vacant space. GSA regional officials told us that they work closely with the agencies in their space consolidation and reduction efforts to minimize the likelihood that GSA would be caught off guard by a release of space. This work enables GSA to develop options for either filling vacant space based on the known needs in the region or developing an alternative plan to effectively utilize the unneeded space.

One of GSA’s strategic objectives is to improve the federal utilization of space in order to lower the government’s operational costs. To assess progress, GSA has an agency-wide vacant space performance goal of 3.2 percent for its federally-owned and leased inventory (with a 5 percent
Based on GSA data, the agency has steadily lowered its percentage of vacant space under its custody and control from 3.8 percent in fiscal year 2013 to 3 percent in fiscal year 2016, exceeding its performance goal of 3.2 percent for the first time in 4 years. The vacant space performance goal’s data help GSA evaluate its real property assets and plan for and make investment decisions while meeting its customer’s needs. According to GSA officials, the lower vacant space percentage is a reflection of the agency’s continued focus on working with its customer agencies to: (1) move into federally owned space, when possible; (2) decrease the size of commercially leased space to reduce agency rental costs and overall government reliance on leased space; and (3) dispose of unneeded federally owned assets. However, GSA officials noted that a certain level of vacant space is necessary to meet the space needs of new customers and customers with changing space requirements.

According to GSA officials, GSA also tracks and reports annual cost avoidance data for all office and warehouse space reductions. These data include space covered under RTF in federally owned buildings under GSA’s custody and control and commercial space that GSA leases. Cost avoidance is defined as the results of an action taken in the immediate timeframe that will decrease future costs. The government-wide cost avoidance for fiscal year 2016 was $104 million based upon a net 10.7 million square foot reduction to all office and warehouse space. Of the government-wide figure, according to GSA, the total cost avoidance associated with office and warehouse space reductions in federally-owned space under GSA’s custody and control and commercial space GSA leased in fiscal year 2016 was over $75.8 million and 3.1 million square feet. In its cost avoidance calculation, GSA accounts for space returned to it by customer agencies only if there is a net square footage reduction in GSA’s total square footage across all the space that it manages.

Similarly, the space returned to GSA does not reduce the federal government’s overall office and warehouse square footage unless GSA disposes of it. However, space that is returned to GSA is reflected as a

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29 This performance indicator reports GSA’s total unoccupied assignable square feet as a percentage of total assignable square feet in its owned and leased inventory. Space undergoing on-time, prospectus level renovation is excluded.

square footage reduction for the customer agency and contributes toward
that agency’s RTF target reduction. According to GSA regional officials,
agencies’ requests to return space prior to the end of their occupancy
agreements appear to have increased since the implementation of the
RTF policy. Thus far, GSA has processes to manage agencies’ space
release requests and keep its vacant space to a minimum. However, it is
too early to determine how the recent increase in space release requests,
in combination with agencies’ continued focus on occupying a smaller
footprint and reducing their square footage, will affect: (1) the size of
GSA’s inventory of vacant space in the long term, (2) GSA’s regional
office workload to manage the requests, and (3) the cost savings for the
federal government.

Agency Comments

We provided a draft of this report to GSA, OMB, Commerce, Energy,
HUD, Interior, and Treasury for review and comment. We received
technical comments from Energy, which we incorporated, where
appropriate. GSA, OMB, Commerce, HUD, Interior, and Treasury did not
have comments on our draft report.

We are sending copies of this report to the appropriate congressional
committees; the Administrator of GSA; the Director of the OMB; the
Secretaries of the Departments of Commerce, Energy, HUD, the Interior,
and the Treasury; and other interested parties. In addition, the report will

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

Lori Rectanus
Director, Physical Infrastructure Issues
Our objectives were to determine: (1) the approaches and any challenges the 24 Chief Financial Officers (CFO) Act agencies\(^1\) identified to achieving their Reduce the Footprint (RTF) reduction targets for all their domestic office and warehouse space; (2) the extent to which these agencies reduced space and met their fiscal year 2016 RTF targets; and (3) how the General Services Administration (GSA) manages vacated space that it had leased to these agencies.

To obtain background information for all three objectives, we reviewed relevant literature, including laws governing federal real-property management and agencies’ efforts to reduce their real property portfolios and Office of Management and Budget’s (OMB) and GSA’s memorandums and guidance governing the RTF policy. We also reviewed prior GAO and GSA inspector general reports describing agencies’ real-property management and efforts to more efficiently manage their real property portfolios.

To determine the approaches used and any challenges faced by the CFO Act agencies in achieving their RTF reduction targets for all their domestic office and warehouse space, we conducted a content analysis of the agencies’ 5-year Real Property Efficiency Plans (Plans) for fiscal years 2016 and 2017. These Plans were obtained directly from each of the agencies. Each Plan describes an agency’s overall strategic and tactical approach in managing its real property, provides a rationale for and justifies its optimum portfolio, and directs the identification and execution of real property disposals, efficiency improvements, general usage, and cost-savings measures. The content analysis of the Plans helped us to understand the approaches agencies used to reduce space, how space-reduction targets were set, and any challenges they experienced in reducing their space. To identify agencies’ approaches to achieving their RTF targets, we reviewed all agencies’ Plans to determine the most frequently mentioned approaches agencies reported using or planned to

\(^1\)The 24 CFO Act agencies include the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency; GSA; the National Aeronautics and Space Administration; the National Science Foundation; the Nuclear Regulatory Commission; the Office of Personnel Management; the Small Business Administration; the Social Security Administration; and the U.S. Agency for International Development. Chief Financial Officers Act of 1990, Pub. L. No. 101-576, § 205, 104 Stat. 2838, 2842-43 (Nov. 15, 1990) (codified as amended at 31 U.S.C. § 901(b)). For the purposes of this report, “agencies” refers to the 24 CFO Act agencies unless otherwise specified.
use to reduce their real-property footprints. As part of their plans, each agency is required to include a section detailing approaches it plans to use to reduce space. While these sections were the primary focus of the analysis, we analyzed the Plans as a whole for any additional mention of agencies’ approaches to reduce space. Based on the frequently identified approaches, codes were developed. An analyst reviewed all the agencies’ Plans and coded the approaches and another analyst reviewed the coding. If there was a disagreement, the two analysts reviewed and discussed until they reached an agreement. As a result of the analysis, five approaches were identified that agencies most frequently reported using or were planning to use to achieve their RTF targets. These five approaches are described in more detail in the report: (1) consolidation; (2) co-location; (3) disposition of unneeded space; (4) better utilization of existing space; and (5) teleworking and hoteling. For the purposes of our report, telework and hoteling were combined because these approaches are often used in combination. For example, agencies can use telework strategically to reduce space needs and increase efficiency by making hoteling (i.e., desk sharing) possible.

To identify any challenges agencies faced in achieving their RTF targets, we similarly conducted a content analysis of agencies’ fiscal year 2016 and 2017 Plans. As part of their Plans, each agency included a section describing challenges it faced to reducing space. While these sections were the primary focus of the analysis, we analyzed the Plans as a whole for any additional mention of agencies’ challenges. Based on the frequently identified challenges, codes were developed. An analyst went through all the agencies’ Plans to code the challenges and another analyst reviewed the coding. If there was a disagreement, the two analysts reviewed and discussed until they reached an agreement. As a result of the analysis, we identified the four challenges that agencies most frequently described in their Plans: (1) space reduction costs; (2) mission delivery; (3) employee organization concerns; and (4) workload growth. In

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2Consistent with our content analysis methodology, we analyzed the narrative portion of agency Plans for fiscal year 2016 and 2017 to determine whether agencies were employing disposal as an approach to reducing their square footage. As part of their annual submissions, agencies were also required to submit spreadsheets that identify specific office and warehouse acquisitions, consolidations, co-locations, disposals, and construction projects. We did not include these spreadsheets in our content analysis because one or more agency disposal actions can be the result of employing other approaches to reduce square footage, such as a consolidation. As a result, not all agencies that list specific disposal actions in their spreadsheets employ disposal as a general approach or strategy to reducing their square footage.
Appendix I: Objectives, Scope, and Methodology

our report, we relied specifically on agencies’ fiscal year 2016 and 2017 Plans to provide examples and context for our description of the approaches agencies use and challenges they experience in achieving their RTF targets. However, after these Plans were submitted, agencies reported that the specific details as described in their Plans may in some instances, have changed due to a variety of factors. For our case study agencies, to the extent possible, we have provided updated information from agency officials as of December 2017.

We selected five agencies as case studies to inform our first two objectives. We selected the agencies using a variety of considerations such as the diversity in the size of the agency’s domestic office and warehouse portfolio, the extent to which the agency met its fiscal year 2016 RTF targets, the types of real property authorities the agency has, as well as suggestions from GSA and OMB related to agencies’ experiences. Based on these factors, we selected the: (1) Department of Commerce (Commerce); (2) Department of Energy (Energy); (3) Department of Housing and Urban Development (HUD); (4) Department of the Interior (Interior); and (5) Department of the Treasury (Treasury). While our case-study agencies and their experiences reducing their space are not generalizable to all CFO Act agencies, they provide a range of examples of how agencies are implementing the RTF policy. We interviewed officials at the selected agencies as well as GSA and OMB, and reviewed relevant agency real-property management and RTF guidance, to obtain more detailed information about agencies’ RTF approaches, challenges, specific RTF projects, RTF project funding and prioritization, and experiences in meeting their RTF targets. In addition, we visited three office buildings of our case study agencies in Washington, D.C., with ongoing or recently completed RTF projects that illustrated approaches the agencies used to reduce space and met with officials to discuss the projects in more detail. The spaces we visited were the headquarters buildings for Commerce, HUD, and Interior. We selected the buildings based on recommendations from officials at our case study agencies.

To determine to what extent agencies reduced their space and met their fiscal year 2016 RTF targets, we analyzed the 24 CFO Act agencies’ data as submitted to GSA on their RTF targets and reported reductions for

3We looked at whether the agency has custody and control of any of its real property and whether it has authority, for example, to lease property directly from a third party and dispose of its real property.
fiscal year 2016. The office and warehouse square footage reductions are calculated annually using GSA occupancy agreement data and agencies’ self-reported data in GSA’s Federal Real Property Profile. For example, for fiscal year 2016, the space reduction calculations based on these data sources at the end of the fiscal year was compared to the square footage reported in fiscal year 2015. At the time of our review, this was the first and only year of RTF data available as the policy was implemented in March 2015. We conducted a data reliability assessment of the RTF data GSA provided by interviewing GSA officials and reviewing documentation, and concluded the data were reliable for our purposes. We also interviewed officials at GSA and OMB and reviewed relevant documentation to learn more about each agency’s role and the requirements of the RTF policy. We interviewed officials from our selected case-study agencies to obtain supporting documentation and to improve our understanding of how agencies set their RTF targets, agencies’ progress toward those targets, and the approaches used and challenges faced in meeting those targets. We also asked the agency officials for examples of successful practices used to reduce their office and warehouse space.

To determine how GSA manages vacated federally owned and commercially leased space that it leases to agencies, we reviewed federal requirements and GSA policies and vacancy data. We conducted a data reliability assessment of GSA’s vacancy and cost avoidance data by interviewing GSA officials and reviewing documentation, and concluded the data were reliable for our purposes. We also interviewed GSA headquarters and regional officials and obtained documentation on how GSA manages space returned by agencies.

We conducted this performance audit from April 2017 to March 2018 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.

For the purposes of our report, we reported the combined reduction figures for agencies’ domestic office space and warehouse space, unless otherwise indicated.
Appendix II: Agencies’ Reported Baselines, Targets, and Fiscal Year 2016 Reductions

Table 1: Chief Financial Officers (CFO) Act Agencies’ Reported Office and Warehouse Baselines, Target Reductions, and Fiscal Year (FY) 2016 Reductions (in square feet)

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<thead>
<tr>
<th>CFO Act Agencies</th>
<th>2015 baseline</th>
<th>FY 2016 target reduction</th>
<th>FY 2016 reduction</th>
<th>FY 2016 square footage</th>
<th>FY 2016-2020 target reduction</th>
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<td>30,591</td>
<td>1,122,597</td>
<td>200,111</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>11,701,596</td>
<td>260,000</td>
<td>174,755</td>
<td>11,526,841</td>
<td>890,000</td>
</tr>
<tr>
<td><strong>Missed target and increased in space</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Health and Human Services</td>
<td>19,287,500</td>
<td>627,355</td>
<td>(170,147)</td>
<td>19,457,647</td>
<td>791,304</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>47,362,747</td>
<td>0</td>
<td>(520,987)</td>
<td>47,883,734</td>
<td>221,555</td>
</tr>
<tr>
<td>Department of Labor</td>
<td>6,927,600</td>
<td>(15,466)</td>
<td>47,946</td>
<td>6,975,546</td>
<td>67,836</td>
</tr>
<tr>
<td>Department of State</td>
<td>7,010,913</td>
<td>0</td>
<td>(56,062)</td>
<td>7,066,975</td>
<td>335,294</td>
</tr>
</tbody>
</table>
### CFO Act Agencies

<table>
<thead>
<tr>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Science Foundation&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Government-wide</td>
</tr>
</tbody>
</table>

Source: GAO analysis of GSA data and information included in agencies' fiscal year 2016 Real Property Efficiency Plans. | GAO-18-304

Note: Square feet reductions are represented as positive numbers and increases are represented by negative numbers.

<sup>a</sup>As reported by the National Science Foundation, due to its pending relocation plans, the General Services Administration and the Office of Management and Budget permitted it not to establish reduction targets until one year after its move.
Appendix III: GAO Contact and Staff
Acknowledgments

<table>
<thead>
<tr>
<th>GAO Contact</th>
<th>Lori Rectanus, (202) 512-2834 or <a href="mailto:rectanusl@gao.gov">rectanusl@gao.gov</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>In addition to the individual named above, Maria Edelstein (Assistant Director); Lacey Coppage; Edgar Garcia; Delwen Jones; Catherine Kim (Analyst-in-Charge); Michael Mgebroff; Malika Rice; Kelly Rubin; and David Wise made key contributions to this report.</td>
</tr>
</tbody>
</table>
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