



October 2022

# FEDERAL REAL PROPERTY

## GSA Should Leverage Lessons Learned from New Sale and Transfer Process

# GAO Highlights

Highlights of [GAO-23-104815](#), a report to congressional committees

## Why GAO Did This Study

Federal agencies face long-standing challenges in disposing of unneeded real property. These challenges include lengthy disposal processes related to statutory and regulatory requirements and a lack of upfront funding. Management of federal real property is on GAO's high-risk list. FASTA included provisions for GAO to review the Board's real property identification and selection process and agencies' efforts to implement the Board's recommendations. GAO's [January 2021](#) report addressed the Board's process.

This report examines: options to mitigate setbacks that stakeholders identified while implementing FASTA, and the extent to which GSA has collected and applied lessons learned to the final 2024 round, among other objectives. GAO reviewed FASTA and analyzed documents from the Board, OMB, GSA, and six selected federal agencies. GAO selected agencies based on their inclusion on the Board's list of recommended property candidates for the 2019 and 2021 rounds, among other factors. GAO interviewed officials from the Board, GSA, and selected federal agencies, and staff from OMB.

## What GAO Recommends

GAO is recommending that GSA, in consultation with relevant stakeholders, develop a process to collect, share, and apply lessons learned from the implementation of FASTA, including reporting any lessons learned to Congress. GSA agreed with the recommendation and stated that it is developing a plan to address it.

View [GAO-23-104815](#). For more information, contact Jill Naamane at (202) 512-2834 or [naamanej@gao.gov](mailto:naamanej@gao.gov).

October 2022

## FEDERAL REAL PROPERTY

### GSA Should Leverage Lessons Learned from New Sale and Transfer Process

## What GAO Found

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

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

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

GSA—which has the responsibility to work with federal agencies to help execute the Board's recommendations—has not developed a process that fully leverages lessons learned from this process. Although GSA has developed internal lessons learned, it has not collected or applied lessons learned from other stakeholders, including the Board and OMB. Nor has GSA formally shared any of its internal lessons learned with stakeholders, including Congress. In addition, as the federal government's disposal agent, GSA has not fully assessed the applicability of lessons learned to future disposal efforts, including possible changes to the traditional disposal process. As agencies' space needs evolve due to the COVID-19 pandemic, disposals of unneeded properties may become more important. GAO has found that the use of a lessons learned process, particularly lessons from pilot programs such as this temporary process, could help inform decision-making and process improvement. Collecting and sharing lessons from interagency efforts is especially valuable because agencies can learn from each other. Without a process to collect, share, and apply lessons learned from all key stakeholders, including Congress, any insights this experience could provide on how the federal government could better dispose of its properties may be limited or lost.

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Table 4: Implementation Status of the Public Buildings Reform Board's (the Board) 2019 Round Recommendations, as of September 2022

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**Abbreviations**

Asset Proceeds Fund	Asset Proceeds and Space Management Fund
Board	Public Buildings Reform Board
FASTA	Federal Assets Sale and Transfer Act of 2016
FRPP	Federal Real Property Profile
GSA	General Services Administration
OMB	Office of Management and Budget
VA	Department of Veterans Affairs

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October 7, 2022

### Congressional Committees

The Federal Assets Sale and Transfer Act of 2016 (FASTA), effectively a 6-year pilot program, established a new temporary approach for reducing the federal government’s inventory of federal civilian real property.<sup>1</sup> The intent of FASTA was to test concepts that could mitigate several long-standing disposal challenges, including lengthy disposal processes related to statutory and regulatory requirements and a lack of upfront funding.<sup>2</sup> These challenges are, in part, why the management of federal real property has remained on our high-risk list since 2003.<sup>3</sup> As the COVID-19 pandemic continues, competition for federal resources remains high, and agencies’ space requirements evolve. The concepts outlined in FASTA potentially become both more critical for helping to manage the federal real property portfolio and more challenging to implement due to the complexities of selling properties in an uncertain real estate environment.

FASTA included provisions that gave federal agencies certain responsibilities for implementing the new approach. It temporarily established an independent board—the Public Buildings Reform Board (Board)—to recommend real property reduction projects. It also established a new funding mechanism to help with the costs associated with Board recommendations such as those relating to disposing of

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<sup>1</sup>Pub. L. No. 114-287, § 2, 130 Stat. 1463, 1463-64. FASTA defines the term “federal civilian real property” to mean federal real property assets, including public buildings as defined in Section 3301(a)(5) of Title 40, US Code, occupied and improved grounds, leased space, or other physical structures under the custody and control of any federal agency. FASTA focuses on decreasing the federal government’s inventory of civilian real properties and excludes many types of federally owned assets. Types of properties excluded from disposal include those: located on military installations; used in connection with federal programs for agricultural, recreational, or conservation purposes; and located outside the U.S. or maintained by the Department of State or the United States Agency for International Development. FASTA § 3(5)(B), 130 Stat. at, 1467. Under FASTA, the Public Buildings Reform Board is to cease operations and terminate 6 years after the date on which the Board members were appointed. FASTA § 10, 130 Stat. at 1468.

<sup>2</sup>FASTA utilizes concepts that could mitigate several longstanding disposal challenges. Although FASTA does not explicitly refer to the use of these concepts as “tests,” FASTA is effectively a 6-year pilot program.

<sup>3</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington D.C.: Mar. 2, 2021).

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unneded federal real properties.<sup>4</sup> FASTA called for federal stakeholders—the Board, the Office of Management and Budget (OMB), the General Services Administration (GSA), and certain other federal agencies—to collectively identify real property reduction and other cost-saving opportunities, such as consolidations. The identifications are to occur over the course of three cycles, which FASTA refers to as “rounds” (2019, 2021, and 2024).<sup>5</sup> Any sales proceeds generated from the rounds are to be deposited into the Asset Proceeds and Space Management Fund (Asset Proceeds Fund) and used to fund costs associated with implementing OMB-approved Board recommendations in subsequent rounds.<sup>6</sup>

FASTA also included provisions for us to review the Board’s real property identification and selection process and agencies’ efforts to implement the Board’s recommendations. In January 2021, we completed our review on the identification and selection process for the Board’s 2019 round recommendations.<sup>7</sup> We found that FASTA’s effect on long-standing disposal challenges remained uncertain, and stakeholders expressed concern regarding the availability of funding to cover costs for future

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<sup>4</sup>FASTA authorizes the sale or disposal (such as an exchange) of unneded federal civilian real properties.

<sup>5</sup>FASTA refers to the three rounds as the High Value Assets Round (2019), Round 1 (2021), and Round 2 (2024). FASTA § 12(b), 130 Stat. at 1469; FASTA § 12(g)(2)(A), 130 Stat. at 1471; FASTA § 12(g)(2)(B), 130 Stat. at 1471. For the 2019 round, only sales of real property were authorized. For the 2021 and 2024 Rounds, FASTA also provides that properties “can be transferred, exchanged, consolidated, co-located, reconfigured, or redeveloped, so as to reduce the civilian real property inventory, reduce the operating costs of the government, and create the highest value and return for the taxpayer.” FASTA § 11(a)(2)(B), 130 Stat. at 1468.

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

<sup>7</sup>The 2019 round is referred to as the “High-Value” round under FASTA. For the purposes of our report, we referred to the high-value round as the “2019 round” because the Board submitted its recommendations for this round to OMB for approval in December 2019.

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rounds.<sup>8</sup> In December 2021, we reported that several factors would likely limit the Board's 2021 round recommendations.<sup>9</sup>

In this report, we examine:

- stakeholders' views on the progress made in the implementation of the FASTA pilot program;
- options to mitigate setbacks that stakeholders identified while implementing the FASTA pilot program; and
- the extent to which GSA has collected and applied FASTA lessons learned to the final 2024 round and future disposal efforts.

To address these three objectives, we analyzed agency documents about the implementation of the 2019 and 2021 FASTA rounds. We also interviewed GSA officials, Board members and staff, staff at OMB, and officials from six selected agencies: the Departments of Energy, Commerce, Agriculture, Interior, Veterans Affairs, and Labor. We selected these agencies because they owned or were tenants of properties that:

- were selected as part of the 2019 FASTA round;
- were included on a published list of federal real properties OMB suggested the Board should consider for the 2021 FASTA round; or
- had properties that were highlighted by the Board as potential future candidates for the 2021 round or as a "high-priority" for consolidation in the 2019 round.<sup>10</sup>

To address the first objective, we reviewed FASTA, project plans and projected timelines for selling the 2019 round properties, and documentation and guidance related to the Board's 2021 round recommendations, including a publicly issued report by the Board and

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<sup>8</sup>GAO, *Federal Real Property: Additional Documentation of Decision Making Could Improve Transparency of New Disposal Process*, [GAO-21-233](#) (Washington D.C.: Jan. 29, 2021).

<sup>9</sup>GAO, *Federal Real Property: Several Factors May Limit Efforts to Reduce Space under New Sale and Transfer Process*, [GAO-22-105345](#) (Washington D.C.: Dec. 8, 2021).

<sup>10</sup>86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

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letters by OMB.<sup>11</sup> We spoke with GSA and selected federal agency officials responsible for preparing and selling the properties approved for disposal during the 2019 round.<sup>12</sup> We also spoke with officials from the Board including members and staff responsible for identifying potential property candidates for the 2021 round and OMB staff responsible for evaluating the Board's 2021 round submission.

To address the second objective, we developed a list of potential options to address setbacks to the FASTA process based on interviews with federal stakeholders including officials from the Board, GSA, and selected federal agencies, and staff from OMB.<sup>13</sup> We then shared and discussed the potential options with federal stakeholders in order to identify and summarize which options might improve the process for the final, 2024 round. To address the third objective, we discussed lessons learned from the first two rounds with GSA officials and evaluated GSA's process to collect and apply lessons learned from the FASTA pilot against leading practices for lessons learned and pilot design we have identified in prior work.<sup>14</sup>

We conducted this performance audit from February 2021 to October 2022 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.

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<sup>11</sup>Board and OMB documents we reviewed included the Board's *First Round Report: Recommendations Pursuant to the Federal Assets Sale and Transfer Act of 2016 ("FASTA")* and OMB's letters on criteria for the Public Buildings Reform Board (PBRB) (Dec. 1, 2021) and Response to PBRB Round 1 Submission (Jan. 26, 2022).

<sup>12</sup>GSA acts as the federal government's property disposal agent, including selling unneeded federal real property.

<sup>13</sup>We refer to "stakeholders" as the Board, OMB, GSA, and selected federal agencies throughout this report, unless noted otherwise. Stakeholders identified in FASTA also include the Board, OMB, GSA, and federal agencies.

<sup>14</sup>GAO, *Federal Real Property Security: Interagency Security Committee Should Implement a Lessons-Learned Process*, [GAO-12-901](#) (Washington, D.C.: Sept. 10, 2012); and *DATA Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

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## Background

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### Federal Disposal Process

The traditional process for disposing of federal real property may take years, sometimes decades, to complete. The Federal Property and Administrative Services Act of 1949, as amended, (Property Act) gives GSA the authority to dispose of real property for most federal entities and outlines the general steps that GSA and agencies need to take before disposal.<sup>15</sup> GSA initiates its disposal process when a federal agency determines it no longer needs its real property and notifies GSA of the excess property.<sup>16</sup> GSA then must circulate a notice of availability of the property to other federal agencies. Under this disposal process, if no other federal agency needs the property, then GSA classifies the property as a federal “surplus property.”<sup>17</sup>

GSA screens surplus federal real property for possible public use, a process known as “public benefit conveyance.” If the surplus property is deemed suitable to assist people experiencing homelessness, then GSA is to give priority for this use.<sup>18</sup> If the surplus federal property is not suitable for such use, then GSA may make it available to state and local

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<sup>15</sup>Pub. L. No. 81-152, 63 stat. 377 (codified as amended in scattered sections of 40 U.S.C. and 41 U.S.C.). We have previously reported that while GSA has the authority to dispose of property for most federal entities, 20 federal agencies reported they have at least one statutory authority that allows them to dispose of federally owned buildings under their control. See GAO, *Federal Building Management: Building Disposal Authorities Provide Varying Degrees of Flexibility and Opportunities for Use*, [GAO-17-123](#) (Washington, D.C.: Dec. 8, 2016). The statutory authorities dictate the process such agencies must follow to dispose of real property, if they operate under their own authority, and those processes may be different from GSA’s process. Those processes may include an agency’s authority to retain any proceeds.

<sup>16</sup>The term “excess property” means property under the control of a federal agency that the agency head determines is not required to meet the agency’s needs or responsibilities. 40 U.S.C. § 102(3).

<sup>17</sup>Surplus property is defined to mean excess property that GSA determines is not required to meet the needs or responsibilities of any federal agencies. 40 U.S.C. § 102(10).

<sup>18</sup>Title V of the McKinney-Vento Homeless Assistance Act, as amended, requires the identification of excess, surplus, unutilized or underutilized properties held by federal landholding agencies that are suitable for use to assist the homeless and that such properties be made available under a priority of consideration versus competing requests for such property. Pub. L. No. 100-77, 101 Stat. 482 (1987) renamed by Pub. L. No. 106-400, 114 Stat. 1675 (2000) (codified as amended at 42 U.S.C. § 11411). Federal agencies must coordinate with the Department of Housing and Urban Development to determine suitability of such properties for use by homeless assistance organizations.

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governmental and eligible nonprofit organizations and institutions for public benefit uses, such as educational facilities or fire and police training centers. If state and local governments or other eligible nonprofit organizations do not acquire the surplus property and public benefit conveyance is not executed, then GSA can dispose of or authorize the disposal of the property via a competitive sale to the public, generally through a sealed bid or auction.

Some federal agencies have statutory authority to dispose of buildings independent of the Property Act, and in some cases, retain proceeds from such disposal. Federal agencies with independent disposal authority are not required to notify or use the services of GSA to complete the disposal; however, federal agencies with independent disposal authority are encouraged under federal regulations to obtain disposal and related services from those agencies with expertise in real property disposal, such as GSA, to act as its agent or broker, so they can remain focused on their core mission.<sup>19</sup> In such cases, the agency pays GSA for the services it performs in disposing of property. In addition, a federal agency with independent disposal authority may request GSA to dispose of a building under the Property Act.

Agencies must adhere to applicable statutory requirements when disposing of unneeded real property, including requirements related to preserving historical properties and the environment. For example, the National Historic Preservation Act of 1966, as amended, requires agencies to assume responsibility for the preservation of historic properties under their control and jurisdiction and to consider the effects of consolidation and disposal activities on historic preservation.<sup>20</sup> Additionally, agencies are required to comply with National Environmental Policy Act requirements to identify, analyze, and remediate any environmentally hazardous materials prior to selling or transferring of real properties.<sup>21</sup>

We previously reported that the steps in the real property disposal process, including meeting statutory requirements, can be expensive and

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<sup>19</sup>See 41 C.F.R. § 102-75.20.

<sup>20</sup>Pub. L. No. 89-665, 80 Stat. 915 (1966) (codified as amended at 54 U.S.C. §§ 300101 – 307108; see 54 U.S.C. §§ 306101(a), 306108.

<sup>21</sup>Pub. L. No. 91-190, 83 Stat. 852 (1970) (codified as amended at 42 U.S.C. 4321 et seq.); see also 41 C.F.R. §§ 102-75.955, 102-76.40.

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time consuming for agencies.<sup>22</sup> For example, agencies reported that environmental remediation can cost millions of dollars and delay their ability to dispose of properties. In some instances, agencies have reported that the cost of the disposal (i.e., as a result of environmental remediation and repair) is greater than any proceeds realized. In addition, we have reported that statutory requirements, particularly those related to historical preservation, environmental remediation, and screening for possible public benefit conveyance can increase the time required to dispose of certain properties. For example, we have 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.

Both prior to reporting a property as excess and throughout the disposal process, federal agencies can be required to identify the resources and funding necessary to cover a wide range of disposal-related costs (e.g., costs for historic preservation and environmental assessments and remediation). These funds generally come from the agency's salaries and expenses or operations and maintenance accounts, meaning that preparing a real property for disposal generally competes with an agency's ongoing funding requirements.

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## FASTA Pilot Program

FASTA, effectively a 6-year pilot program, uses different ways to facilitate and expedite the disposal process, among other things.<sup>23</sup> Although the enacting legislation does not specifically call FASTA a pilot program, key stakeholders—including the Board, OMB, GSA, and some congressional

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<sup>22</sup>GAO, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges*, [GAO-16-275](#) (Washington, D.C.: Mar. 31, 2016) and GAO, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, [GAO-12-645](#) (Washington, D.C.: June 20, 2012).

<sup>23</sup>FASTA does not replace the traditional disposal process. Federal agencies may still identify and dispose of properties through the traditional disposal process during the duration of FASTA.

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staff—have characterized it in this way.<sup>24</sup> Further, FASTA provisions exhibit some characteristics commonly associated with pilot programs.<sup>25</sup> For example, the FASTA process is temporary, ending in 2025.<sup>26</sup> In addition, similar to other pilot programs, FASTA tests several new concepts designed to address challenges with an existing program or process.<sup>27</sup>

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

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<sup>24</sup>Although the enacting legislation does not call FASTA a pilot program, federal stakeholders have referred to FASTA as a pilot program, either publicly or during conversations with us. See U.S. House of Representatives Committee on Transportation and Infrastructure, *Subcommittee Hearing on “Implementing the Federal Assets Sale and Transfer Act (FASTA): Maximizing Taxpayer Returns and Reducing Waste in Real Estate”*, July 7, 2017; Public Buildings Reform Board, *First Round Report: Recommendations Pursuant to the Federal Assets Sale and Transfer Act of 2016 (“FASTA”)* Dec. 27, 2021; and General Services Administration, Public Buildings Service, *FY2020 Performance Overview, Office of Real Property Utilization and Disposal* (Washington, D.C.).

<sup>25</sup>GAO has previously identified characteristics of pilot programs. See GAO, *Climate Change: A Climate Migration Pilot Program Could Enhance the Nation’s Resilience and Reduce Federal Fiscal Exposure*, [GAO-20-488](#) (Washington, D.C.: Jul. 6, 2020.) and GAO, *VA Construction: VA Should Enhance the Lessons-Learned Process for its Real-Property Donation Pilot Program*, [GAO-21-133](#) (Washington, D.C.: Dec. 10, 2020).

<sup>26</sup>Under FASTA, the Board is to cease operations and terminate 6 years after the date on which the Board members were appointed (May 2019). FASTA § 10, 130 Stat. at 1467.

<sup>27</sup>Although FASTA does not explicitly refer to the use of these concepts as “tests”, FASTA utilizes several concepts designed to address long-standing disposal challenges.

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Other concepts used by FASTA that could address concerns over how long it takes to dispose of federal real property include establishing targeted timeframes and measurable goals and waiving certain statutory requirements. Specifically, FASTA created a three “round” process in which the Board, OMB, and GSA work together to identify, recommend, approve, and implement disposal projects. Each round has specific deadlines for when the Board must submit its list of candidates to OMB for review, when federal agencies must report OMB-approved properties as excess to GSA, and when GSA must help implement the OMB-approved recommendations.<sup>28</sup> FASTA also sets targets for the types of projects and sales proceeds for each round. In addition, FASTA exempted the sale procedures for the 2019 round properties from federal statutory provisions to identify and make real property available for public benefit conveyance and for assistance for those experiencing homelessness.<sup>29</sup> FASTA did not extend these exemptions to the 2021 and 2024 rounds. (See table 1).

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<sup>28</sup>For the 2019 round, after Board approval of an identified property, federal agencies must submit Reports of Excess providing information about the excess real property to GSA within 60 days. As part of these submittals, GSA requires certain due diligence information, including on environmental compliance and historic preservation aspects of the excess real property, among other things. For the 2019 round, GSA is also required to sell properties within 1 year of when officials accept the agency’s Report of Excess, which can be extended to up to 2 years if OMB determines it is in the financial interest of the government. FASTA does not specify when GSA must accept the Reports of Excess.

<sup>29</sup>Under FASTA, GSA is to initiate the sale of the high-value properties “notwithstanding any other provision of law (including section 501 of the McKinney-Vento Homeless Assistance Act)” except for certain environmental considerations specified in FASTA. FASTA § 12(b)(6)(A), 130 Stat. at 1470.

**Table 1: Identification and Implementation Requirements for Disposing of Federal Real Property, by Round, under the Federal Assets Sale and Transfer Act of 2016 (FASTA)**

Requirement	2019 Round	2021 Round	2024 Round
Submission deadline <sup>a</sup>	November 2019	December 2021	December 2024
Types of projects <sup>b</sup>	Sales	Multiple, including disposals such as sales	Multiple, including disposals such as sales
Number of projects	Not fewer than 5	Not specified	Not specified
Targeted sales proceeds <sup>c</sup>	\$500 to \$750 million	Up to \$2.5 billion	Up to \$4.75 billion
Statutory exemptions	From public benefit conveyance <sup>d</sup>	None	None

Source: GAO analysis of FASTA (Pub. L. No. 114-287, 130 Stat. 1463 (2016)). | GAO-23-104815

<sup>a</sup>Deadline for the Public Buildings Reform Board (Board) to submit candidate properties to Office of Management and Budget (OMB) for approval. The Board must submit properties as follows: 2019 round, not later than 180 days after Board members are appointed (appointments occurred in May 2019); 2021 round, not later than 2 years after transmittal of 2019 round; and 2024 round, not earlier than 3 years after transmittal of 2021 round.

<sup>b</sup>For the 2021 and 2024 rounds, multiple projects types are permitted, including consolidations, exchanges, co-locations, reconfigurations, lease reductions, sales, lease to private-sector or local entities, and redevelopment.

<sup>c</sup>FASTA specifies a total fair market value of transactions for the 2019 round and a total value of transactions for the 2021 and 2024 rounds. For the purposes of this report, we discuss these figures as targeted sales proceeds, which include the total estimated sales value.

<sup>d</sup>Under FASTA, GSA is to initiate the sale of the high-value properties “notwithstanding any other provision of law (including section 501 of the McKinney-Vento Homeless Assistance Act)” except for certain environmental considerations specified in FASTA. FASTA § 12(b)(6)(A), 130 Stat. 1463, 1470.

In addition, FASTA established a new funding mechanism to help agencies cover costs associated with Board recommendations such as those associated with disposal-related activities, which agencies often cite as a challenge. Specifically, the Asset Proceeds and Space Management Fund (Asset Proceeds Fund), administered by GSA, was created to provide funding for costs associated with implementing OMB-approved Board recommendations.<sup>30</sup> As mentioned earlier, in general, sales proceeds from each round are to be deposited into the Asset Proceeds Fund and used to carry out future actions pursuant to OMB-approved Board recommendations, including disposal-related actions.

Use of amounts in the Asset Proceeds Fund is subject to congressional appropriation. As a result, in order to fund proposed disposal or consolidation projects, the Board would need to coordinate with GSA to

<sup>30</sup>The Asset Proceeds Fund is an account in the Treasury of the United States under the custody and control of GSA. FASTA § 16(b)(1), 130 Stat. at 1475, as amended by Pub. L. No. 115-141, div. E, tit. V, § 527(2), 132 Stat. 348, 573 (2018).

make an appropriations request in advance of formally submitting its recommendations to OMB. This makes the 2021 and 2024 rounds at least partially dependent on the success of previous round(s), as we have reported.<sup>31</sup>

## Stakeholders Reported Limited Progress in Implementation of FASTA Pilot Program

While FASTA has resulted in the sale of 10 properties from the 2019 round for a total of \$194 million, stakeholders implementing the process told us that they encountered numerous setbacks during the first two rounds and progress has been limited. In particular, a number of factors have: (1) delayed the sale of the 2019 round properties; (2) limited the number, value, and complexity of properties recommended by the Board for the 2021 round; and (3) resulted in the termination of the 2021 round. (See table 2.)

**Table 2: Setbacks Encountered While Implementing the 2019 and 2021 Rounds of the Federal Assets Sale and Transfer Act of 2016 (FASTA) and Contributing Factors, as Identified by Stakeholders**

FASTA Round	Setback	Contributing Factor(s)
2019	Delays selling properties approved for disposal	<ul style="list-style-type: none"> <li>• Changes in sales strategy</li> <li>• Due diligence activities</li> <li>• External stakeholder outreach and coordination</li> </ul>
2021	Limited number, value, and complexity of properties recommended by the Board	<ul style="list-style-type: none"> <li>• Lack of sales proceeds from 2019 round</li> <li>• Impact of COVID-19</li> <li>• Lack of agency incentives</li> </ul>
	Round termination	<ul style="list-style-type: none"> <li>• Office of Management and Budget (OMB) disapproval</li> <li>• Lack of Board quorum</li> </ul>

Source: Documentation from and Interviews with Public Buildings Reform Board (Board) members and staff, officials from the General Services Administration (GSA), staff from the Office of Management and Budget (OMB), and officials from selected federal agencies. | GAO-23-104815

<sup>31</sup>See [GAO-22-105345](#). To date, all funds available for use in the Asset Proceeds Fund are the result of direct Congressional appropriations from the General Fund of the U.S. Treasury. A combined total of \$50 million was appropriated to the Asset Proceeds Fund in fiscal years 2018, 2019, 2021, and 2022 to be used pursuant to Board recommendations. Specifically, The Asset Proceeds Fund received \$5 million in fiscal year 2018 appropriations to remain available until expended, \$25 million in fiscal year 2019 appropriations to remain available until expended, \$16 million in fiscal year 2021 appropriations, to remain available until expended, and \$4 million in fiscal year 2022 appropriations, to remain available until expended. Pub. L. No. 115-141, 132 Stat. 348, 572 (2018), Pub. L. No. 116-6, 133 Stat. 13, 171 (2019), Pub. L. No. 116-260, div. E, title V, 134 Stat. 1182, 1413 (2020); Pub. L. No. 117-103, 136 Stat. 49, 275 (2022).

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## Delays Selling Properties Approved for Disposal during 2019 Round

Stakeholders told us that several factors contributed to delays in selling the properties approved for disposal during the 2019 round. These factors included: (1) changes in sales strategy; (2) time needed to complete required due diligence activities; and (3) time needed to conduct additional external stakeholder outreach and coordination.

## Changes in Sales Strategy

GSA and Board officials told us that the change in sales strategy for the 2019 round properties contributed to prolonged disposal timeframes and a strained relationship between the Board and GSA. The 2019 round required the Board to identify at least five “high-value properties”—with a combined estimated total fair-market value between \$500 and \$750 million—for potential sales. In January 2020, OMB approved the Board’s final list of 12 properties for disposal.<sup>32</sup> However, the first of these properties was not sold until October 2021. While nine more properties were sold in late 2021 and through 2022, progress in selling the remaining properties, including several with relatively high estimated market values, has been relatively slow.<sup>33</sup>

In April 2020, the Board and GSA signed a memorandum of agreement regarding the execution of the Board’s OMB-approved 2019 round recommendations.<sup>34</sup> According to Board and GSA officials, both parties agreed to try several sales methods not commonly used to dispose of federal properties, including two strategies proposed by the Board: (1) hiring a private-sector broker to market and sell the properties and (2) selling the properties to a single entity through a one-time transaction (called a “portfolio” sale). Board officials told us two goals informed its

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<sup>32</sup>In April 2021, OMB withdrew approval of one of the properties—the Federal Archives and Records Center in Seattle, WA—reducing the 2019 round to 11 approved properties. According to OMB the process that led to the decision to approve the sale was contrary to the administration’s January 26, 2021, Tribal Consultation and Strengthening Nation-to-Nation Relationships Memorandum for the Heads of Executive Departments and Agencies, 86 Fed. Reg. 7491 (Jan. 26, 2021). GSA subsequently decided to sell a single Board recommendation, located on the same campus in Idaho Falls, Idaho, as two separate properties: (1) the Information Operations and Research Center, and (2) the Shelley-New Sweden Park and Ride Lot. As a result, there were ultimately 12 total properties for sale as part of the 2019 round.

<sup>33</sup>Table 4 in appendix I contains additional information on the 2019 round properties, including their sales status.

<sup>34</sup>GSA and Board, *Memorandum of Agreement Between the Public Buildings Reform Board and the U.S. General Services Administration Implementation of Disposal Recommendations in accordance with the Federal Assets Sale and Transfer Act*, (April 27, 2020).

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proposed portfolio sales strategy: (1) maximize sales proceeds and (2) sell all of the 2019 round properties by September 30, 2021—prior to the December 2021 deadline for the Board to submit its 2021 round recommendations to OMB for approval.

Although GSA initially followed through on the Board's recommended sales strategy, it later abandoned it. In January 2021, in line with the Board's proposed sales strategy, GSA awarded a contract to a commercial brokerage firm to sell the 12 properties approved for disposal in the 2019 round through a portfolio sale.<sup>35</sup> GSA officials told us that they were initially interested in exploring different transactional strategies to determine which strategy would best align with FASTA's requirements to maximize value in a timely manner. GSA terminated the contract in April 2021 when, according to GSA officials, it became apparent that not all of the 2019 round properties would be ready for sale by September 2021 and that this approach would not maximize sales proceeds. Specifically, GSA officials told us that several of the 2019 round properties required significant and time consuming due diligence activities to prepare for sale, a topic that we discuss later in this report.

In addition, GSA's analysis—using market data provided by GSA's contracted broker—was unable to demonstrate that a portfolio sale would result in a greater return to the government compared to individual sales. In the absence of such evidence, GSA determined that an individual sales strategy would provide greater transactional certainty and reduce the risk to the government. Subsequently, GSA decided to sell the properties through its online auction platform—a mechanism frequently used within the traditional federal disposal process.<sup>36</sup>

The change in sales strategy had several reported, significant impacts. According to stakeholders, it delayed sales of some of the 2019 round properties. These delays directly affected the amount of sales proceeds

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<sup>35</sup>As previously noted, the list of 2019 round properties was reduced to 11 when OMB withdrew approval for one property in April 2021. Subsequently, GSA decided to sell one property that the Board recommended as two different properties, bringing the total back up to 12.

<sup>36</sup>GSA's Auction website allows individuals to bid electronically on surplus federal personal property and real property. Bidders participate in open competition against other bidders until only the highest bid survives without challenge. The highest bid offered is awarded the sale if that bid is accepted by GSA. The bidder must send the remaining payment by a certain date in order to complete the sale.

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deposited in the Asset Proceeds Fund that could be used in the 2021 round (pending congressional appropriation).<sup>37</sup> Specifically, GSA officials reported that several of the 2019 round properties were “market-ready” for nearly a year but pursuing the portfolio sales strategy caused officials to wait to list them for sale. In addition, the change in sales strategy played a role in diminishing the working relationship between the Board and GSA. This was significant because implementing the responsibilities outlined in FASTA requires substantial coordination.<sup>38</sup> Specifically, the Board reported that it believed GSA’s online auction website resulted in significantly lower proceeds than if GSA had used commercial brokers to market and sell the properties.<sup>39</sup> However, GSA officials noted that its auction process has consistently achieved sales proceeds at or above the Board’s initial estimated market value. In addition to disagreeing with GSA’s assessment, Board officials told us they were also concerned by what they viewed as GSA’s unilateral decision to terminate the broker contract.<sup>40</sup>

## Due Diligence Activities

GSA officials told us that there were delays in selling several of the 2019 round properties because they required significantly more due diligence activities than initially identified to prepare for sale. These activities included satisfying statutory requirements and relocating existing tenant agencies. GSA officials told us that although FASTA waived certain statutory requirements for the 2019 round, agencies were still required to meet the historic preservation and environmental remediation

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<sup>37</sup>We provide more detail on how delays in selling the 2019 round properties affected the 2021 round later in this report.

<sup>38</sup>FASTA requires the Board to identify and recommend property reduction opportunities, but GSA is required to help execute the activities necessary to implement the Board’s OMB-approved recommendations.

<sup>39</sup>Public Buildings Reform Board, *First Round Report: Recommendations Pursuant to the Federal Assets Sale and Transfer Act of 2016 (“FASTA”)* (Dec. 27, 2021).

<sup>40</sup>In an April 16, 2021, letter to the Acting Director of OMB, the Board acknowledged that although FASTA authorized GSA to execute the Board’s OMB-approved recommendations, the means and methods of disposition—particularly the use of commercial real estate brokers to market and sell the properties—informed the basis of the Board’s recommendations. As such, the Board believed GSA’s decision to utilize traditional disposal methods, rather than private-sector strategies, ran counter to the Board’s recommendations.

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requirements that are part of the traditional federal disposal process.<sup>41</sup> These requirements can be costly and time consuming.

According to GSA officials, some of the properties identified during the 2019 round were not fully vetted and required significantly more work to satisfy statutory requirements prior to sale than the Board initially anticipated.<sup>42</sup> For example, GSA officials told us that a Department of Veterans Affairs' (VA) Medical Center in Denver, CO, had a mandatory environmental assessment that took months to complete. VA officials also told us that since the Board did not initially recommend funds from the Asset Proceeds Fund for this project, it took time to find additional funding within their agency to cover the costs of the environmental assessment. In addition, GSA officials told us that the Chet Holifield Federal Building in Laguna Niguel, CA, required a historic preservation assessment, which contributed to a prolonged disposal timeframe.

Furthermore, GSA officials noted that challenging logistical problems needed to be resolved before some of the 2019 round properties could be sold. In particular, the sale of the GSA-held Menlo Park in Menlo, CA—in which GSA assigns space to a number of federal agencies—required relocating existing tenants to a new location. GSA officials told us that they needed to dedicate additional time and resources to find a new location for tenant agencies prior to placing the property for sale.

## External Stakeholder Outreach and Coordination

GSA officials told us that coordinating with external stakeholders, such as local interest groups and elected officials, also increased the time needed to sell the 2019 round properties. Prior to recommending properties for the 2019 round, the Board conducted outreach to a number of interested parties. For example, it reached out to members of Congress who represented districts where each of the properties are located. However, Board officials stated that due to time and staffing constraints, they largely relied on the federal agencies that held each property and were familiar with local interests to engage with other stakeholders to gather input on a potential sale.

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<sup>41</sup>GSA officials told us that it is their interpretation that unless FASTA explicitly exempts certain statutory requirements, agencies must adhere to otherwise applicable requirements such as historic preservation requirements.

<sup>42</sup>We previously reported on the Board's process for identifying and recommending potential property candidates for the 2019 FASTA round. See [GAO-21-233](#).

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GSA officials told us that several of the properties approved for disposal during the 2019 round took longer to list for sale because they required additional coordination with local stakeholders. For example:

- GSA officials told us that when reviewing the Report of Excess for the vacant land on the Department of Labor's (Labor) Sacramento Job Corps Center in Sacramento, CA, they realized there was no legal right of access to the property. In an attempt to market and appeal to potential buyers, officials engaged with the local community to acquire a legal right of access. Ultimately, GSA decided to proceed with the sale without such access.<sup>43</sup> Labor also required that prior to selling the property, a security fence be built to create a barrier between the existing portion of the campus and the parcel of the property selected for disposal, according to GSA officials.
- GSA officials said that they conducted extensive outreach and coordination with local stakeholders regarding the sale and development of the GSA-held Auburn Complex in Auburn, WA, to ensure that it aligned with the needs and wants of the local community.
- GSA officials noted that they have been engaging in similar conversations with local communities regarding the future use of the Chet Holifield Federal Building in Laguna Niguel, CA. These talks have contributed to delays for listing the property for sale.

GSA officials also highlighted issues related to external stakeholder outreach and coordination delayed or led to the termination of the sale for some of the FASTA properties. For example, the disposal of the Federal Archives and Records Center in Seattle, WA, was terminated, in part, due to a lack of stakeholder engagement with local tribal communities.<sup>44</sup> In addition, the sale of the Department of Commerce's Southwest Fisheries Science Center located in Pacific Grove, CA, was delayed due, in part, to opposition from the local community. According to GSA officials, local stakeholders were interested in transferring the Pacific Grove property for public use. GSA officials told us that they spent a significant amount of time communicating with local stakeholders including elected officials

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<sup>43</sup>Officials from the Department of Labor told us that the Sacramento Job Corps Center was sold to the city of Sacramento that owns land to the south of the parcel, which will be eventually used to access the sold parcel.

<sup>44</sup>OMB withdrew its approval of the Federal Archives and Records Center in Seattle, WA, for disposal after concluding that the process that led to the decision to approve the sale was contrary to the administration's January 26, 2021, Memorandum on Tribal Consultation.

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regarding the potential buyer and future use of the property. This required GSA to push back the auction close date on its website by 30 days.

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### Limited Board Recommendations for 2021 Round

Board members and staff told us that three factors limited the number, value, and complexity of its recommendations for the 2021 round: (1) the lack of sales proceeds deposited and appropriated from the 2019 round; (2) uncertainty regarding the impact of COVID-19 on agencies' future space needs; and (3) the lack of agency incentives in the FASTA process.

### Lack of Sales Proceeds from 2019 Round

The Board reported that it was limited in the number, value, and complexity of projects it could propose for the 2021 round due to the lack of sales proceeds deposited and appropriated from the 2019 round. Specifically, as we previously reported, GSA had not sold a majority of the properties approved for disposal during the 2019 round by the time the Board was required to submit its 2021 round recommendations to OMB for approval.<sup>45</sup> The 2021 round required the Board to identify properties with a combined estimated total fair-market value up to \$2.5 billion.<sup>46</sup> In December 2021, the Board submitted a limited list of 15

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<sup>45</sup>We previously reported on the delays in selling the 2019 round properties and the expected impact on the 2021 round recommendations. See [GAO-22-105345](#).

<sup>46</sup>In addition to sales, which were permitted for the 2019 round, the 2021 round also permitted other projects, including consolidations, exchanges, co-locations, reconfigurations, lease reductions, lease to private-sector or local entities, and redevelopment.

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recommended properties to OMB for approval, with a total estimated long-term savings of \$275 million.<sup>47</sup>

However, this fell short of the targeted number of 100 or more properties OMB suggested that the Board identify for this round.<sup>48</sup> The Board's submission also fell more than \$2 billion short of FASTA's targeted sales proceeds for the 2021 round. Furthermore, although FASTA permits nine different types of projects, including consolidations, for the 2021 round, the Board only submitted sales projects.<sup>49</sup> Board officials told us they only recommended sales projects because they needed to focus on property sales that would produce funds for the Asset Proceeds Fund to cover recommendations for the final 2024 round. In addition, Board officials told us that the scope of the Board's recommendations for the 2021 round was limited because OMB encouraged the Board to consider "non-complex" properties—where the funds were already available to cover disposal costs.

## Impact of COVID-19

The Board reported that its 2021 round recommendations were also limited because agencies were reluctant to fully participate in the FASTA process due to the lack of clarity regarding agencies' post-pandemic space needs. Specifically, the Board reported that the pandemic has led to putting a number of real property decisions on hold while agencies determine their post-pandemic space needs. As a result, agencies have

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<sup>47</sup>The 15 properties recommended by the Board for disposal in the 2021 round included: (1) ARS Glenn Dale (U.S. Department of Agriculture); (2) Gary Job Corps Parcel 4 (Labor); (3) Goddard Space Flight Center Area 400 (National Aeronautics and Space Administration); and the following GSA properties: (4) Fort Worth Federal Center; (5) Gus J. Solomon U.S. Courthouse; (6) J. Will Robinson Federal Building; (7) Jeffersonville National Processing Center; (8) Mount Vernon Federal Building; (9) Oklahoma City Property Management Depot; (10) Racine Social Security Administration District Office; (11) Richard B. Anderson Federal Building; (12) Rosa Parks Federal Building; (13) San Antonio Federal Building West; (14) White Oak Parcel K; and (15) William L. Beatty Federal Building & Courthouse. The \$275 million cost avoidance estimate is based on the long-term savings to taxpayers over a 30-year period. It is calculated by comparing the Net Present Value of all occupancy and ownership costs in the Board's recommended scenario to the status quo scenario. We did not assess methodology the Board used to calculate the cost avoidance estimate, and the estimate could be a broad measure of long-term savings subject to assumptions used in the calculations. See Public Buildings Reform Board, *First Round Report: Recommendations Pursuant to the Federal Assets Sale and Transfer Act of 2016 ("FASTA")* (Dec. 27, 2021).

<sup>48</sup>86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

<sup>49</sup>For the 2021 and 2024 rounds, multiple projects types are permitted, including consolidations, exchanges, co-locations, reconfigurations, lease reductions, lease to private-sector or local entities, and redevelopment.

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been less willing to suggest possible FASTA candidates until they have had a chance to more fully evaluate their space needs. Officials from five of the six selected agencies we spoke with told us that they faced uncertainties regarding its future space needs as a result of the pandemic.<sup>50</sup>

## Lack of Agency Incentives

Officials we interviewed from five of the six selected agencies told us that while they identified several properties for consideration under the FASTA process, there was no financial incentive to suggest potentially more challenging and costly projects, such as consolidations. In particular, officials noted the limited funding available to help prepare properties for disposal as well as the fact that all proceeds from potential sales are deposited in the Asset Proceeds Fund instead of going directly to the agency that held the property prior to sale. According to officials from one selected agency, this could be a disincentive for agencies that already have the statutory authority to retain proceeds from disposals done through the traditional disposal process. Specifically, Labor officials told us that they already have the ability to retain sales proceeds from properties disposed of through its independent disposal authority so there is no financial incentive to go through FASTA.<sup>51</sup>

In addition, two out of six selected agencies reported that the FASTA process appears to be slower than the traditional disposal process and one selected agency noted that it does not appear any faster. Further, four selected agencies noted that waiting for the FASTA process to play out could result in additional costs associated with holding onto excess and underutilized properties longer than necessary. For example, officials said their agencies would have to continue to pay for the operation and maintenance costs for buildings as they are submitted and considered for

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<sup>50</sup>In September 2022, we reported that 17 of the 24 major federal agencies we surveyed reported that the pandemic resulted in limited reductions to office space due, in part, to the uncertainty on how employees will work in the future. See GAO, *Federal Real Property: GSA Could Further Support Agencies' Post-Pandemic Planning for Office Space Use*, [GAO-22-105105](#) (Washington, D.C.: Sept. 7, 2022).

<sup>51</sup>The Department of Labor's (Labor) Job Corps Program has statutory authority provided by the Workforce Innovation and Opportunity Act to retain proceeds from the sales of Job Corps center facilities through the GSA disposal process to carry out the Jobs Corps Program. Pub. L. No. 113-128, § 158, 128 Stat. 1425, 1553 (2014) (codified at 29 U.S.C. § 3208(g)). Labor officials told us that they did not initially recommend excess land within the Edison Job Corps Center in Edison, NJ or Sacramento Job Corps Center in Sacramento, CA for the 2019 FASTA round. Instead, the Board identified these properties and requested that Labor submit the excess land as a part of the 2019 FASTA round.

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the FASTA process, including the amount of time it takes for GSA to sell them.

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## 2021 Round Termination

OMB disapproved the Board's initial 2021 round submission, citing several concerns with its recommendations. Subsequently, the Board determined that, as noted earlier, it lacked the quorum required under FASTA to respond to OMB's concerns and to resubmit its recommendations after two Board members resigned.<sup>52</sup> As a result, the 2021 round was terminated.

## OMB Disapproval

On January 26, 2022, OMB disapproved the Board's initial 2021 round submission, citing several significant concerns with the recommendations and casting doubt on whether it would be possible to gain OMB approval within statutory deadlines.<sup>53</sup> Specifically, OMB officials determined that the submission did not meet OMB's three evaluation criteria: (1) financial planning, (2) stakeholder consultation, and (3) schedule. OMB also noted that additional coordination between the Board and GSA was needed, including agreement on the list of recommended properties.<sup>54</sup> On financial planning, OMB found that the submission lacked sufficient information on project implementation costs to demonstrate that recommendations could be executed within the resources currently available (deposited and appropriated) to the Board from the Asset Proceeds Fund. On stakeholder consultation, OMB reported that the Board had not provided sufficient information regarding its stakeholder outreach for several properties. Regarding scheduling issues, OMB reported that two of the proposed properties were at risk of not meeting schedule requirements due to environmental compliance responsibilities.

When discussing OMB's disapproval with us, Board officials expressed frustration particularly on the suggestion that the Board had not

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<sup>52</sup>FASTA provides the five Board members shall constitute a quorum for the purposes of conducting business and three or more Board members shall constitute a meeting of the Board. FASTA § 5(b), 130 Stat. at 1466. Board members and staff we spoke with interpreted this provision as prohibiting the Board from submitting or resubmitting recommendations to OMB without a five member Board.

<sup>53</sup>FASTA required the Board to submit its 2021 round recommendations to OMB no later than 2 years after submitting its 2019 round recommendations. OMB must transmit a report to the Board and Congress with its approval or disapproval of the Board's recommendations no later than 30 days after receiving the Board's recommendations. In the event of disapproval, the Board has 30 days to submit its revised recommendations to OMB for approval.

<sup>54</sup>OMB, *OMB Response to Public Buildings Reform Board (PBRB) Round 1 Submission* (Jan. 26, 2022).

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conducted stakeholder outreach. Board officials further noted that the level of stakeholder outreach OMB expected was not feasible given the small size of the Board and its relatively small staff. However, OMB staff told us that they communicated with the Board on several occasions before the December 2021 submission, when they outlined and confirmed OMB's expectations for the 2021 round submission, including the level of expected stakeholder outreach. GSA officials also noted that they had provided detailed feedback to the Board identifying concerns with the proposed recommendations, which they did not believe had been incorporated in the submission.

## Lack of Board Quorum

As noted earlier, the 2021 round was terminated in February 2022 when the Board determined that it lacked the quorum required under FASTA to respond to OMB's concerns and to revise its recommendations. Specifically, following OMB's disapproval on January 26, 2022, the Board had 30 days to resubmit its recommendations to OMB. However, in the next few days, one Board member resigned and the Board's Executive Director retired. In addition, Board officials told us that the Board went from having five working staff members to two, since the 2019 round. As a result, the Board had challenges addressing the concerns OMB cited when disapproving the Board's initial 2021 submission. In addition, the Board had determined that it did not have authority under FASTA to conduct the business of the Board and formally respond.<sup>55</sup>

On February 24, 2022, the Board submitted a letter to OMB noting the lack of a quorum and inability to revise its initial 2021 round submission.<sup>56</sup> In April 2022, another Board member resigned. Current Board members told us that they are now focusing on the final FASTA round, due by December 2024, while the Administration and Congress work to fill the vacant Board seats.<sup>57</sup> According to the Board, until those seats are filled, the Board cannot conduct the business of the Board such as hiring a new Executive Director or formally recommending any additional properties.

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<sup>55</sup>Five Board members constitute a quorum for the purposes of conducting business under FASTA. As discussed above, Board members and staff we spoke with interpreted this provision as prohibiting the Board from submitting or resubmitting recommendations to OMB without a five member Board.

<sup>56</sup>Public Buildings Reform Board, *OMB First Round Response* (Feb. 24, 2022).

<sup>57</sup>The President, in consultation with specified congressional leadership positions, is responsible for appointing new Board members. The Chairperson position is additionally subject to Senate confirmation. The Administration submitted its nomination for Chair of the Public Buildings Reform Board on July 6, 2022.

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

Stakeholders we spoke with—including GSA, OMB, the Board, and selected federal agencies—identified several potential options for the final 2024 round to address setbacks encountered during the 2019 and 2021 rounds of the FASTA process. These potential options ranged in complexity, with some options requiring administrative actions by two or more stakeholders. For example, stakeholders identified ways in which additional collaboration between stakeholders might result in more positive outcomes for the final round. Other, more complex options would require higher levels of coordination across multiple stakeholders and potentially congressional action. In particular, stakeholders emphasized that congressional action to examine FASTA deadlines could address several setbacks where the timing and availability of sales proceeds from disposals were contributing factors and have a large impact on the viability of the process. See table 3 below.

**Table 3: Potential Options Identified by Stakeholders to Address Setbacks Encountered While Implementing the 2019 and 2021 Rounds of the Federal Assets Sale and Transfer Act of 2016 (FASTA)**

FASTA Round	Setback	Contributing Factor(s)	Potential Option(s) to Address Setback	Responsible Stakeholder(s)
2019	Delays selling approved properties	Changes in sales strategy	Commit to a sales strategy early in the process	GSA and Board
		Due diligence activities	Increase collaboration for identifying and vetting properties	GSA and Board
			Examine FASTA deadlines	Congress
		External stakeholder outreach and coordination	Develop more comprehensive process for external stakeholder outreach	Board
2021	Limited number, value, and complexity of properties recommended by the Board	Lack of sales proceeds from 2019 round	Examine FASTA deadlines	Congress
		Impact of COVID-19 and lack of agency incentives	Align agency incentives and FASTA requirements	Congress
			Expand potential disposal pool	Congress and Federal Agencies
	Round termination	OMB disapproval	Clarify and assess OMB's process for evaluating Board recommendations	OMB
			Develop more comprehensive process for external stakeholder outreach	Board
		Lack of Board quorum	Examine FASTA deadlines	Congress
			Appoint Board members, if needed, and confirm the Chairperson	Executive Office of the President and Congress

FASTA Round	Setback	Contributing Factor(s)	Potential Option(s) to Address Setback	Responsible Stakeholder(s)
			Reduce number of Board members required for a quorum	Congress

Source: Documentation from and interviews with Public Buildings Reform Board (Board) members and staff, officials from General Services Administration (GSA), staff from Office of Management and Budget (OMB), and officials from selected federal agencies. | GAO-23-104815

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

**Commit to a Sales Strategy Early in the Process**

Stakeholders told us that committing to a sales strategy early in the process for the final 2024 round may help mitigate delays encountered during prior rounds. For example, Board members and staff, as well as GSA officials, told us that they are interested in improved coordination in selling properties approved for disposal. Specifically, Board officials told us that it would be helpful to reach a consensus with GSA regarding which sales strategies could meet the goals and objectives of FASTA. GSA officials acknowledged that it is important to have a fully vetted sales strategy in place and that there are opportunities to improve the working relationship between GSA and the Board.

However, in its submission of its 2021 round recommendations to OMB, the Board continued to recommend that GSA use private sector strategies, such as brokers, to accelerate the sales process and maximize sales proceeds. GSA officials told us that, although they have not finalized a sales strategy for future FASTA properties, they intend to continue utilizing GSA’s auction platform to dispose of properties. GSA officials told us, however, that they would consider using brokers to assist with the sale of future properties on a case-by-case basis, if they determined it would provide value. In its memorandum of agreement, Board and GSA officials noted that agreeing and committing to GSA’s implementation of Board recommendations (e.g. sales strategy) early in the process is critical to the successful execution of FASTA.<sup>58</sup> This approach could also help mitigate some of the delays encountered in the 2019 round due to the evolving sales strategy.

**Increase Collaboration for Identifying and Vetting Properties**

Stakeholders told us that increased collaboration between the Board and GSA during the identification and vetting process of the final 2024 round may help mitigate delays due to completing required due diligence

<sup>58</sup>GSA and Board, *Memorandum of Agreement Between the Public Buildings Reform Board and the U.S. General Services Administration Implementation of Disposal Recommendations in accordance with the Federal Assets Sale and Transfer Act* (Apr. 27, 2020).

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activities. For example, in OMB's response to the Board's 2021 round submission, OMB suggested that agreement between the Board and GSA on detailed project plans could help ensure that the projects identified by the Board were viable and could be completed within required timeframes and available resources. GSA officials agreed with this assessment. They told us that they had previously provided feedback to the Board regarding its 2021 submission, including accounting for statutory requirements and required due diligence activities, which the Board did not incorporate, according to GSA officials. Board and GSA officials agreed that additional collaboration during the identification phase for the final 2024 round could help ensure that the Board identifies and accounts for all activities needed for disposal as part of developing project plans and schedules.

## Examine FASTA Deadlines

Stakeholders told us that examining the deadlines under FASTA could help mitigate some of the setbacks encountered in prior rounds due to the lack of sales proceeds deposited and appropriated from the 2019 round. For example, GSA officials told us that the deadline for when the Board was required to submit its 2021 round recommendations may have not been realistic given the extent of due diligence work required to dispose of the 2019 round properties. Specifically, the 2021 round deadline was predicated on the assumption that FASTA expedites the disposal process and waives certain statutory requirements so that sales proceeds from the 2019 round would be available before the Board's 2021 round recommendations were due.

Although FASTA waived certain statutory requirements for the 2019 round, GSA officials stated that those exemptions only saved roughly 60 days per disposal project.<sup>59</sup> Other disposal requirements, such as those related to historic preservation and environmental remediation, that can take months or years to complete, were still in effect under FASTA, according to GSA officials. As a result, not all of the due diligence activities required for the sale of the 2019 round properties were completed by the Board's deadline to submit its 2021 recommendations to OMB for approval thus affecting the amount of sales proceeds

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<sup>59</sup>Under FASTA, GSA is to initiate the sale of the high-value properties "notwithstanding any other provision of law (including section 501 of the McKinney-Vento Homeless Assistance Act)" except for certain environmental considerations specified in FASTA. FASTA § 12(b)(6)(A), 130 Stat. at 1470. GSA officials told us it is their interpretation that unless FASTA explicitly exempts certain statutory requirements, agencies must adhere to otherwise applicable requirements such as the historic preservation requirements.

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deposited and available for the 2021 round, pending congressional appropriation.

### Policy Considerations for Granting Funding Flexibilities

In our January 2021 report, we highlighted several policy elements Congress may wish to deliberate on when evaluating whether to grant more funding flexibilities to GSA and the Board (see [GAO-21-233](#)). For example, Congress would need to make a number of operational decisions such as whether the full amount of the sales proceeds or portions of the proceeds would be provided. In addition, we reported that Congress should take into account the effect of any proposed change on its ability to conduct necessary oversight. Our prior work noted that the authorization of more funding flexibilities requires a balance between providing support to help agencies achieve their missions, while also maintaining appropriate congressional fiscal control and oversight.

Source: GAO. | GAO-23-104815

In addition, according to stakeholders, FASTA deadlines did not account for challenges in getting timely access to funds from sales proceeds. For example, when the Board submitted the 2021 round recommendations to OMB for approval on December 27, 2021, GSA had deposited \$31 million in sales proceeds into the Asset Proceeds Fund; however, none of those sales proceeds had been appropriated for the Board's use by Congress.<sup>60</sup> Stakeholders told us that one way to provide more timely access would be for the sales proceeds to not be subject to appropriation. For example, the Administration proposed language for the Asset Proceeds Fund in the fiscal year 2021 federal budget that would make the use of sales proceeds available without further appropriation.<sup>61</sup> Similar language was included in the Administration's proposal for the fiscal year 2022 budget.<sup>62</sup> However, such language has not been enacted.

Similarly, in November 2021, Board officials suggested that Congress could consider amending FASTA to enable the Board to use sales

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<sup>60</sup>On December 27, 2021, there was a balance of \$32,755,093 in the Asset Proceeds Fund made available through prior direct congressional appropriations to the Asset Proceeds Fund.

<sup>61</sup>OMB, *A Budget for America's Future Fiscal Year 2021: Budget of the U.S. Government* (Washington, D.C.: Feb. 10, 2020). The proposed legislative appropriations language read as follows by adding proviso language to the Asset Proceeds Fund appropriations provision: "For carrying out section 16(b) of the Federal Assets Sale and Transfer Act of 2016 (40 U.S.C. 1303 note), \$31,000,000, to remain available until expended: Provided, That any proceeds from the sale of assets deposited in the Asset Proceeds and Space Management Fund shall remain available until expended and may be used for implementing the recommendations of the Public Buildings Reform Board." With respect to FASTA's requirement that the use of monies from the Asset Proceeds Fund be provided for in an appropriations act before they are available for use, the proposed language sought to provide the requisite appropriation for amounts deposited in fiscal year 2021.

<sup>62</sup>OMB, *Budget of the U.S. Government, Fiscal Year 2022, Appendix* (Washington, D.C.: May 28, 2021). The proposed legislative appropriations language read as follows by adding proviso language to the Asset Proceeds Fund appropriations provision: "For carrying out section 16(b) of the Federal Assets Sale and Transfer Act of 2016 (40 U.S.C. 1303 note), \$16,000,000, to remain available until expended: Provided, That any proceeds from the sale of assets deposited under this heading shall remain available until expended and may be used for implementing the property recommendations of the Public Buildings Reform Board." With respect to FASTA's requirement that the use of monies from the Asset Proceeds Fund be provided for in an appropriations act before they are available for use, the proposed language sought to provide the requisite appropriation for amounts deposited in fiscal year 2022.

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proceeds without further congressional action. Specifically, officials proposed that funds deposited in the Asset Proceeds Fund could be used within the following year to carry out Board recommendations approved by OMB without being provided for in advance in appropriation acts. As of September 2022, legislation designed to address this issue has not been introduced in the 117th Session of Congress.<sup>63</sup>

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

#### Develop More Comprehensive Process for External Stakeholder Outreach

Stakeholders told us that a more comprehensive process for outreach and coordination prior to the Board's submittal of its final 2024 round recommendations to OMB could help mitigate or avoid some of the issues raised by external stakeholders during prior rounds. For example, GSA officials told us that the Board could improve its process for external stakeholder outreach and coordination. GSA officials acknowledged that the Board was helpful for navigating political resistance to the sale of some 2019 round properties. However, they said the Board could improve its process by reaching a consensus with local stakeholders regarding the proposed disposal method and future use of properties, prior to recommending them for disposal through FASTA. GSA officials noted that in some instances, the Board had proposed projects to local stakeholders that would be difficult for GSA to execute. For example, in its 2021 round submission to OMB, the Board proposed multiple projects that leveraged GSA's traditional disposal authorities, including negotiated sale and public benefit conveyance provisions that may not be applicable under FASTA,

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<sup>63</sup>Board members told us that at the request of a bi-partisan working group, in November 2021, the Board submitted a legislative proposal to amend FASTA .

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according to GSA officials.<sup>64</sup> GSA also questioned the extent to which the Board coordinated with local stakeholders regarding the disposition and future use for some of the proposed properties.

Furthermore, OMB emphasized the need for more comprehensive information about the Board's outreach. OMB disapproved the Board's 2021 submission, in part, due to insufficient information regarding the Board's stakeholder outreach. According to OMB, the Board should improve its process by consulting and documenting direct engagement with members of Congress, affected Tribal governments, the general public, and the agencies occupying facilities, including tenant agencies.<sup>65</sup> In addition, OMB stated that there should be evidence that the Board has conducted outreach to local communities to ensure that the property is suitable for the FASTA process. OMB noted that even if a property had already been scheduled for disposal through the traditional disposal process, the Board should consult with stakeholders regarding its inclusion in the FASTA process. As mentioned above, Board members told us that they believe they conducted sufficient stakeholder outreach. Additionally, they said OMB's suggestion would be difficult to execute given the Board's limited staff, which went from five working staff members to two, since the 2019 round.

## Align Agency Incentives and FASTA Requirements

Stakeholders told us that aligning agency incentives and FASTA requirements could help mitigate factors that contributed to the Board's limited 2021 round recommendations. For example, stakeholders told us that Congress could explore additional incentives for agencies participating in the final 2024 FASTA round. Specifically, the Board suggested Congress amend FASTA to grant agencies the ability to retain sales proceeds within the current FASTA process rather than only after

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<sup>64</sup>Under the traditional disposal process, if state and local governments or other eligible nonprofit organizations do not acquire the surplus property and public benefit conveyance is not executed, then GSA can dispose of or authorize the disposal of the property via a "negotiated sale"—a competitive sale to the public, generally through a sealed bid or auction.

<sup>65</sup>OMB, *OMB Response to Public Buildings Reform Board (PBRB) Round 1 Submission* (Jan. 26, 2022).

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the Board terminates in 2025.<sup>66</sup> Such proceeds could be used by agencies for other pressing priorities and would give agencies a clear benefit for participating in the final 2024 round, according to Board officials. OMB staff told us that amending FASTA legislation to include the Board's proposal of agencies' retaining sales proceeds earlier than FASTA originally intended could have budgetary effects.<sup>67</sup> For example, under current budget enforcement mechanisms, the cost of the proposal may need to be offset by an increase in mandatory receipts or a decrease in mandatory spending for other programs.

In addition, the Board proposed changes to FASTA requirements that may improve agency participation in the final 2024 round, according to Board officials. As mentioned above, the Board reported that its 2021 round recommendations were limited because agencies were reluctant to fully participate in the FASTA process due to the lack of clarity regarding agencies' post-pandemic space needs. To address this, Board members told us that FASTA could be presented as a mechanism for agencies to reduce space following the COVID-19 pandemic. Accordingly, the Board proposed that FASTA be amended to include a requirement for agencies to share plans on ways to consolidate, reconfigure, or otherwise reduce the use of owned and leased property in the post-pandemic work environment. According to the Board, this requirement would encourage agencies to think more strategically about their real property portfolio and help identify additional disposal and consolidation opportunities.

Board officials also told us that providing them with the authority to submit 2024 round recommendations to OMB for approval on a rolling basis may provide additional opportunities to identify potential candidates and help further incentivize agency participation. As mentioned above, officials from selected agencies suggested that the timeline for when properties

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<sup>66</sup>In general, section 20 of FASTA provides that, after the termination of the Board, the net proceeds from the transfer or sale of real property that is not pursuant to FASTA, are to be deposited into the appropriate real property account of the agency that had custody and accountability for the real property at the time the property is determined to be excess. FASTA § 20, 130 Stat. at 1477.

<sup>67</sup>We previously reported that there should be considerations given to the budgetary effects of proposed legislative changes to FASTA, including the effects on budget scorekeeping. Budget scorekeeping is the process of estimating the budgetary effects of pending legislation and comparing them to a baseline, such as a budget resolution, or to any limits that may be set in law. Scorekeeping tracks data, such as budget authority, receipts, outlays, the surplus or deficit, and the public debt limit. The process allows Congress to compare the cost of proposed budget policy changes to existing law and to enforce spending and revenue levels agreed upon in the budget resolution. See [GAO-21-233](#).

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are ready for disposal may not align with the timeframe for recommending properties under FASTA. The officials stated that it was not in their best interest to hold onto unneeded property longer than necessary in order to meet FASTA submission deadlines. Board officials told us that Congress could consider amending FASTA to grant the Board the opportunity to submit recommendations to OMB for the final 2024 round on a rolling basis.

### Expand Potential Disposal Pool

Stakeholders told us that expanding the potential pool of eligible disposal candidates for the final 2024 round could help mitigate factors that contributed to the Board's limited 2021 round recommendations. Specifically, Board officials told us there are opportunities to expand the pool of eligible disposal candidates by removing the exclusions of certain types of properties from the FASTA process and improving federal real property data. Board officials told us that their 2021 round recommendations were limited, in part, due to exclusions under FASTA. For example, properties used for agricultural, recreational, or conservation purposes are excluded from consideration under FASTA, which limited the number of properties submitted by certain agencies. For example, the U.S. Department of Agriculture—which owns more than 19,702 buildings—had only one potential FASTA candidate in prior rounds.<sup>68</sup> To address this issue, in November 2021 the Board proposed that Congress amend FASTA to modify these exemptions so that office buildings and warehouses used to administer programs related to agriculture, recreational, or conversation purposes could be considered. As of September 2022, legislation designed to address this issue has not been introduced in the 117th Session of Congress.

In addition, the Board has supported guidance for data improvement within the Federal Real Property Profile (FRPP) and for agencies to submit data quality plans by the second quarter of fiscal year 2022.<sup>69</sup> The Board reported that long-standing data limitations within the FRPP—the federal government's database for tracking real property assets—

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<sup>68</sup>19,702 is the number of owned buildings the U.S. Department of Agriculture reported to the Federal Real Property Profile (FRPP) for fiscal year 2021.

<sup>69</sup>We previously made several recommendations to GSA on FRPP including improving the accuracy of the database, consulting with agencies on assets' information withheld from the database, and improving the public database's presentation. GSA is taking steps to implement these recommendations. See GAO, *Federal Real Property: GSA Should Improve Accuracy, Completeness, and Usefulness of Public Data*, [GAO-20-135](#) (Washington, D.C.: Feb. 6, 2020).

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continue to limit the identification of potential FASTA candidates.<sup>70</sup> Specifically, the Board reported challenges due to the lack of available and reliable data within FRPP that made it difficult to identify viable disposal candidates.<sup>71</sup> The Board has used FRPP data extensively during the 2019 and 2021 rounds but often found gaps and inconsistencies. For example, Board members told us that during the 2019 round they found instances of warehouse buildings listed as utilized in FRPP but that when they visited the property, the warehouses were vacant.

On the other hand, GSA officials noted the relatively small number of properties that have been identified through the first two rounds of the FASTA process. They questioned whether a high number of vacant and underutilized properties exist within the federal government's inventory portfolio. Four of the six selected agencies we spoke with told us that they have few, if any, vacant or readily disposable properties within their portfolio. GSA officials told us that they recently initiated an effort to verify data within FRPP specifically in light of the effect of the COVID-19 pandemic on agencies' future space needs and potential increases in excess and underutilized space.

### Clarify and Assess OMB's Process for Evaluating Board Recommendations

Stakeholders told us that clarifying and assessing OMB's process for evaluating and approving the Board's recommendations could help mitigate factors that resulted in the disapproval of the Board's initial 2021 round submission. Specifically, the Board would like to see clarified expectations on the types and amount of community outreach and the level of financial detail required for each project recommendation. As mentioned above, OMB rejected the Board's initial 2021 round recommendations based on a determination that the Board's submission did not adequately address OMB's key criteria for evaluation.<sup>72</sup> Board officials questioned OMB's decision and told us that they provided the

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<sup>70</sup>FASTA requires the Board to conduct an independent analysis of the inventory of federal civilian real property and develop recommendations, as the Board considers appropriate, based on existing data contained in the FRPP. FASTA § 12(c), 130 Stat. at 1470.

<sup>71</sup>We have repeatedly identified reliability issues with federal real property data. For example, in February 2020, we reported that the street addresses of federal real properties in FRPP were incomplete and that GSA's data verification and validation process did not efficiently identify erroneous data. We recommended that GSA coordinate with federal agencies to ensure that property addresses are complete and to review the verification and validation process to better target incorrect data. As of August 2022, GSA has implemented one of our six recommendations to improve FRPP. See [GAO-20-135](#).

<sup>72</sup>OMB's key criteria included (1) financial planning; (2) stakeholder consultation; and (3) schedule. See OMB, *OMB Acting Director Letter to FASTA Board*, January 26, 2022.

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same level of information for the 2021 round submission as the 2019 round—which OMB approved. In addition, the Board told us that moving forward, OMB could more clearly communicate on the expectations for the final 2024 round including what information the Board should include when recommending properties. OMB staff told us that they communicated with the Board on several occasions before the December 2021 submission, when they outlined and confirmed OMB’s expectations for the 2021 round submission, including the level of expected stakeholder outreach.

Board officials also told us that OMB should reassess its requirement that all recommendations submitted by the Board must be supported by the funds currently available (deposited and appropriated) within the Asset Proceeds Fund.<sup>73</sup> Board officials told us that, in addition to the lack of sales proceeds from the 2019 round and misalignment between FASTA deadlines and the federal budget formulation and annual appropriations process (as described above), OMB’s requirement had also limited the Board’s ability to put forth recommendations for the 2021 round. Board officials told us in order to meet OMB’s requirement for the 2024 round, they would need to work with GSA during the summer of 2023 to include funding in GSA’s fiscal year 2025 budget request. This request would then need to be sent to OMB for review and submission to Congress by the President in early 2024. Congress could then potentially appropriate funds prior to the 2024 round deadline for the Board to submit recommendations to OMB (December 2024). According to Board officials, this timeframe is challenging because it would require the Board to finalize potential candidate properties almost a year and a half before the Board’s December 2024 deadline.

OMB staff stated that approving projects with projected costs beyond the current appropriated amount, including conditionally approving projects pending appropriation, posed a risk to the taxpayer. OMB staff acknowledged that timely access to sales proceeds is essential for the

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<sup>73</sup>In November 2019, OMB conducted a risk assessment and issued “Recommendation Guidelines” to help the Board identify candidates that were more likely to gain approval. As part of these guidelines, OMB stated that, based on its risk assessment, each submission must be supported by a financial execution plan that demonstrated that the projects identified by the Board could be completed with the funds currently available (deposited and appropriated) within the Asset Proceeds Fund. According to OMB, the recommendation guidelines were based upon OMB’s reading of FASTA’s statutory requirements and OMB’s obligations under the law to ensure responsible stewardship of taxpayer dollars. See OMB, *Official Response to PBRB Recommendations*, November 27, 2019.

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Appoint Board Members or Reduce Number of Board Members Required for a Quorum

Board to recommend potential property candidates but maintained that congressional action would be required to make those funds available, as mentioned above.

Stakeholders—including officials from the Board and GSA, and OMB staff—agreed that in order for the Board to conduct the business required of it under FASTA, additional Board members are needed to reach the quorum required by FASTA. As noted previously, two Board members have recently resigned and the Executive Director has retired. Without the required quorum, the Board determined that it does not have the authority to conduct the business required of it.<sup>74</sup> In November 2021, the Board submitted a legislative proposal to Congress to amend FASTA to reduce the number of members required for a quorum, from five members to four. As of September 2022, legislation designed to address this issue has not been introduced in the 117th Session of Congress. The administration submitted its nomination for the Chair of the Board on July 6, 2022.<sup>75</sup> However, the remaining vacant Board positions will still need to be filled in order for the Board to conduct business including making recommendations to OMB for approval.

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GSA Has Not Developed a Process to Collect, Share, and Apply Lessons Learned for Final 2024 Round and Beyond

GSA has not developed a process that fully leverages FASTA lessons learned for decisions regarding the final 2024 round and, possibly, future disposal efforts. Within the FASTA process, GSA has the responsibility to work with federal agencies to help execute the activities necessary to carry out the Board’s OMB-approved recommendations. Furthermore—as the federal government’s disposal agent—GSA has the responsibility to work with most federal agencies to dispose of real property beyond the FASTA process. However, GSA officials told us that they do not have a process in place to work with stakeholders to collect, share, and apply lessons learned or otherwise improve the FASTA process. In addition, GSA has not fully assessed the applicability of lessons learned to future and broader disposal efforts, including the traditional disposal process.

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<sup>74</sup>FASTA provides the five Board members shall constitute a quorum for the purposes of conducting business and three or more Board members shall constitute a meeting of the Board. FASTA § 5(b), 130 Stat. at 1466. According to the Board, the business of the Board includes identifying real properties and making recommendations to OMB for approval.

<sup>75</sup>The President, in consultation with specified congressional leadership positions, is responsible for appointing new Board members. The Chairperson position is additionally subject to Senate confirmation.

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We have previously reported that the use of lessons learned is a principal component of an organizational culture committed to continuous improvement. Specifically, lessons learned serve to communicate acquired knowledge more effectively and to ensure that beneficial information is factored into planning, work processes, and other activities.<sup>76</sup> In addition, the main purpose of a pilot is generally to inform a decision on whether and how to implement a new approach in a broader context.<sup>77</sup> Therefore, it is critically important to consider how well the lessons learned from the pilot can be applied in other, broader settings. In this case, lessons learned from the first two rounds of FASTA could improve the final 2024 round or potentially inform future disposal efforts, or both.

Our prior work has also shown that the use of lessons learned can increase communication and coordination. Collecting and sharing lessons from interagency efforts, in particular, is valuable since one agency can share lessons it has learned with other agencies that may benefit from the information.<sup>78</sup> In addition, sharing lessons learned from pilot programs could help better inform congressional decisions.

GSA officials told us that because FASTA does not include a requirement for developing a lessons learned process, they have primarily identified lessons learned on the pilot for internal purposes. Officials said they have not collected or shared lessons learned with other stakeholders implementing the FASTA process, including the Board or OMB. GSA officials, including senior leadership within GSA's Public Building Service, shared with us several of their observations on the implementation of the first two rounds. Specifically, GSA officials told us that there have been positive results from the FASTA process, including more than \$194 million in sales proceeds. However, GSA officials stated that the expectations for FASTA to reduce the federal civilian real property

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<sup>76</sup>Key practices of a lessons-learned process include collecting, analyzing, saving or archiving, and sharing and disseminating information and knowledge gained on positive and negative experiences. See GAO, *Federal Real Property Security: Interagency Security Committee Should Implement a Lessons-Learned Process*, [GAO-12-901](#) (Washington, D.C.: Sept. 10, 2012) and GAO, *COVID-19 Contracting: Opportunities to Improve Practices to Assess Prospective Vendors and Capture Lessons Learned*, [GAO-21-528](#) (Washington, D.C.: Jul. 29, 2021).

<sup>77</sup>GAO, *Data Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

<sup>78</sup>GAO, *Grant Management: OMB Should Collect and Share Lessons Learned from Use of COVID-19-Related Grant Flexibilities*, [GAO-21-318](#) (Washington, D.C.: Mar. 31, 2021).

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portfolio, including several assumptions and incentives underlying FASTA, have not been realized.

Notwithstanding these concerns, GSA officials stated that the extent of their efforts to implement potential changes for the final 2024 round has been through informal discussions with OMB and Congress, and that no specific actions had been identified or taken as of July 2022. In addition, GSA officials told us that they do not have a process in place to work with stakeholders to collect and apply lessons learned or otherwise improve the process. As demonstrated above, Board officials as well as OMB staff highlighted some of the same concerns with the FASTA process noted by GSA and have individually provided Congress with legislative proposals.

Furthermore, GSA has not fully assessed the applicability of FASTA lessons learned to future disposal efforts, including the traditional disposal process. GSA officials told us that in addition to FASTA, they are undertaking efforts aimed at managing agencies' post-pandemic space needs including a potential increase in underutilized space across the government. However, the extent to which FASTA lessons learned are informing GSA's decisions and processes is unclear.

Specifically, when discussing plans for incorporating lessons learned from the FASTA pilot into this future effort, GSA officials told us that they are in the process of thinking about possible legislative reforms, some of which could incorporate what they considered to be positive aspects of the pilot. For example, GSA officials told us that incentivizing agencies to dispose of real property and "rightsize" their real property portfolio is also a challenge in the traditional disposal process but that there could be opportunities through legislative reform to better align agency incentives. Specifically, GSA officials told us that FASTA's funding concept of providing agencies with resources to identify and prepare properties for disposal—which did not work as intended during the 2021 round—could be an effective strategy for incentivizing agencies to more carefully

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consider opportunities for reducing their federal footprint.<sup>79</sup> However, GSA officials told us that these discussions are preliminary and that no plans have been shared or finalized.

Without a process to collect, share, and apply lessons learned from stakeholders implementing FASTA, GSA is losing an opportunity to leverage stakeholders' knowledge, including the Board. Furthermore, such a process would better position stakeholders to make and agree upon the changes necessary, including the various options for improvement suggested by stakeholders, to avoid previously encountered setbacks during the final round. Assessing and sharing the applicability of lessons learned may also help Congress, OMB, and GSA understand the extent to which concepts within FASTA would be useful to continue after the pilot. This understanding, in turn, could help decision makers integrate beneficial information into future disposal efforts aimed at addressing long-standing challenges related to reducing the federal government's inventory of federal civilian real property.

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## Conclusions

Disposing of unneeded federal real property has been a long-standing challenge for the federal government, in part because the disposal process can be long and costly. FASTA created a new temporary approach for reducing the federal government's inventory of federal civilian real property that could help to mitigate many of these long-standing disposal challenges. FASTA also presented a unique opportunity for the federal government to get rid of unneeded federal property while also creating significant cost savings for American taxpayers. However, the first two rounds have faced setbacks and progress has been limited.

While there is still time to implement changes to the FASTA process and set up the final 2024 round for success, there is no lessons-learned process in place to do so. Furthermore, without a process to collect, share, and apply lessons learned, any insight this experience could

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<sup>79</sup>According to GSA officials, GSA previously submitted a legislative proposal to Congress to gain additional access to annual Federal Buildings Fund revenues. The Federal Buildings Fund was established by the Public Buildings Act Amendments of 1972 to provide a predictable source of revenue for GSA to manage its real property portfolio. The Fund is administered by GSA and financed by rents received from other agencies, among other things. Pub. L. No. 92-313, § 3, 86 Stat. 216, 218 (codified as amended at 40 U.S.C. § 592). Congress exercises control over the Buildings Fund through the appropriations process by setting an annual limit on how much of the fund GSA can spend for property-related activities, such as construction and acquisition of facilities and maintenance and repair projects. In recent fiscal years, Congress has authorized GSA to spend less from the Buildings Fund than the rent it has received from tenant agencies.

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provide to stakeholders, including Congress, on how the federal government could better dispose of its properties may be limited or lost. The federal government cannot afford to lose such an opportunity, particularly at a time when federal agencies anticipate potential increases in unused federal real property across the country due to evolving space needs caused by the COVID-19 pandemic.

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## Recommendation for Executive Action

The Administrator of the GSA, in consultation with relevant stakeholders, should develop a process to collect, share, and apply lessons learned from the implementation of FASTA to improve the final 2024 round and future disposal efforts, including reporting any lessons learned through this process, to Congress. (Recommendation 1)

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## Agency Comments and Our Evaluation

We provided a draft of this report to the General Services Administration, the Public Buildings Reform Board, and the Office of Management and Budget, and six selected federal agencies for review and comment. The General Services Administration and the Public Buildings Reform Board provided comments, which are reprinted in appendixes II and III, and summarized below. The Office of Management and Budget and one of the selected agencies (Labor) provided technical comments, which we incorporated, as appropriate. The remaining five selected agencies informed us by email that they had no comments.

The General Services Administration concurred with the recommendation and stated that it has begun developing a plan to address it. According to officials, the plan will include a thorough review of FASTA's structure, process, incentives, and assumptions in order to provide Congress a holistic analysis including lessons learned throughout FASTA. In its written comments, the Public Buildings Reform Board noted that it was limited in its ability to recommend properties for the 2021 FASTA round due to the use of funds in the Asset Proceeds Fund being subject to congressional appropriation. The Board stated that the fund does not provide timely access to sales proceeds generated through the FASTA process since the Board is required to make an appropriations request each year in advance of it formally submitting recommendations to OMB for approval. As a result, the Board stated that its 2021 round recommendations were limited due to the lack of sales proceeds deposited and appropriated from the 2019 round. We highlighted in our report the effects of funding availability on the Board's ability to put forth recommendations. The Board also provided several technical comments, which we incorporated, as appropriate.

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We are sending copies of this report to the appropriate congressional committees, the Public Buildings Reform Board, the Director of the Office of Management and Budget, the Administrator of the General Services Administration, and other interested parties. The report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or [naamanej@gao.gov](mailto:naamanej@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 IV.



Jill Naamane  
Acting Director, Physical Infrastructure Issues

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*List of Committees*

The Honorable Tom Carper  
Chairman  
The Honorable Shelley Moore Capito  
Ranking Member  
Committee on Environment and Public Works  
United States Senate

The Honorable Gary C. Peters  
Chairman  
The Honorable Rob Portman  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Carolyn B. Maloney  
Chairwoman  
The Honorable James Comer  
Ranking Member  
Committee on Oversight and Reform  
House of Representatives

The Honorable Peter A. DeFazio  
Chairman  
The Honorable Sam Graves  
Ranking Member  
Committee on Transportation and Infrastructure  
House of Representatives

# Appendix I: Implementation Status of the Public Buildings Reform Board's 2019 Round Recommendations

This appendix contains information on the Public Buildings Reform Board's (Board) recommendations for the 2019 round of the Federal Assets Sale and Transfer Act of 2016 (FASTA). In January 2020, the Office of Management and Budget (OMB) approved the Board's 2019 round recommendations, which included 12 properties for disposal.<sup>1</sup> The General Services Administration (GSA) is responsible for helping to execute activities necessary to carry out the OMB-approved Board recommendations, as are the federal agencies associated with the real property subject to the approved recommendations. Table 4 shows the implementation status of Board's 2019 round property recommendations including the method used to sell the property, closing date, and award amount.

**Table 4: Implementation Status of the Public Buildings Reform Board's (the Board) 2019 Round Recommendations, as of September 2022**

Landholding federal agency	Property and location	Sales Method	Implementation Status	Closing Date	Award/Sale Amount
Department of Energy	Shelley-New Sweden Park and Ride Lot Idaho Falls, ID <sup>a</sup>	GSA Auction Website	Sold	10/14/2021	\$268,000
	Information Operations and Research Center Idaho Falls, ID	Sealed Bid	Sold	4/29/2022	\$2,025,000
Department of Labor	Edison Job Corps Center (excess land) Edison, NJ	GSA Auction Website	Sold	12/15/2021	\$4,400,000
Department of Commerce	Nike Site Gaithersburg MD	GSA Auction Website	Sold	1/14/2022	\$12,050,006
General Services Administration (GSA)	WestEd Office Building Los Alamitos, CA	GSA Auction Website	Sold	12/6/2021	\$26,500,000
GSA	Ronald Reagan Federal Building and Courthouse Harrisburg, PA	GSA Auction Website	Sold	2/4/2022	\$10,010,000
Department of Commerce	Southwest Fisheries Science Center Pacific Grove, CA	GSA Auction Website	Sold	6/6/2022	\$4,800,000

<sup>1</sup>The Board's list of 2019 round properties recommended for disposal was reduced to 11 when OMB withdrew approval for one property in April 2021. Subsequently, GSA decided to sell one property that the Board recommended as two different properties, bringing the total back up to 12.

**Appendix I: Implementation Status of the  
Public Buildings Reform Board's 2019 Round  
Recommendations**

<b>Landholding federal agency</b>	<b>Property and location</b>	<b>Sales Method</b>	<b>Implementation Status</b>	<b>Closing Date</b>	<b>Award/Sale Amount</b>
Department of Labor	Sacramento Job Corps Center (excess land) Sacramento, CA	GSA Auction Website	Sold	1/10/2022	\$12,300,000
GSA	Auburn Complex Auburn, WA	GSA Auction Website	Sold	5/19/2022	\$80,000,000
Department of Veterans Affairs	Denver Medical Center Denver, CO	GSA Auction Website	Sold	9/23/2022	\$41,250,000
GSA	Menlo Park Complex Menlo Park, CA	GSA Auction Website	Listed for sale as of 6/21/2022	Not applicable	Not yet sold
GSA	Chet Holifield Federal Building Laguna Niguel, CA	Not yet listed for sale	Plan to list for sale in Winter 2023	Not applicable	Not yet sold

Source: GAO analysis of GSA documents and interviews with GSA officials. | GAO-23-104815

<sup>a</sup>The Board included the Information Operations and Research Center and the Shelley-New Sweden Park and Ride Lot in Idaho Falls as part of a single recommendation, but GSA sold them as separate entities.

# Appendix II: Comments from the General Services Administration

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The Administrator

September 16, 2022

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Comptroller General Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office's (GAO) draft report, FEDERAL REAL PROPERTY: GSA Should Leverage Lessons Learned from New Sale and Transfer Process (GAO-23-104815).

GAO made the following recommendation to GSA:

The Administrator of the GSA, in consultation with relevant stakeholders, should develop a process to collect, share, and apply lessons learned from the implementation of FASTA to improve the final 2024 round and future disposal efforts, including reporting any lessons learned through this process to Congress.

GSA agrees with GAO's finding and has begun developing a plan to address the recommendation. This plan will include a thorough review of FASTA's structure, process, incentives, and assumptions in order to provide to Congress a holistic analysis including lessons learned throughout the process.

If you have any questions or concerns, please contact me at (202) 929-7277 or Gianelle Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in blue ink that reads "Robin Carnahan".

Robin Carnahan  
Administrator

cc: Ms. Jill Naamane, Acting Director, Physical Infrastructure Issues, GAO

U.S. General Services Administration  
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Washington, DC 20405-0002  
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# Appendix III: Comments from the Public Buildings Reform Board

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August 23, 2022

Ms. Jill Naamane  
Acting Director  
Physical Infrastructure Issues  
441 G Street, NW  
Washington, DC 20026

Subject: GAO 23-104815 Real Property Reduction

Dear Ms. Naamane:

Thank you for the opportunity to review this draft report. The Public Buildings Reform Board (Board) would like to make the following comments and suggested clarifications to the final report:

1. Page 12, 1<sup>st</sup> paragraph and Page 21, 1<sup>st</sup> paragraph. One of the limitations faced is that the Asset Proceeds Fund is essentially a suspense account and that the Board is required to make an appropriations request each year in advance of the recommendation being formally submitted to OMB to fund the disposal/consolidation project. Thus, we would need to request appropriations in FY23 in order to make the related recommendations by the Second Round deadline in December 2024.
2. Page 13, Table 2 (2021 Contributing Factors) and Page 19, 1<sup>st</sup> paragraph. It should also be noted here that OMB directed the Board to consider for Round 1 properties that were not complex and where funds were already available for disposal costs, thus the scope of the Board's analysis in 2021 was limited.
3. Page 20, 3<sup>rd</sup> paragraph. Two Board members (not several) resigned in 2022.
4. Page 21, 1<sup>st</sup> paragraph, last sentence beginning with, "On schedule...". Suggest rewording to "Regarding scheduling issues...". It is confusing as written.
5. Page 21, last paragraph. The Executive Director retired, not resigned.

Thank you again for the opportunity to comment on this draft report.

Sincerely,

DocuSigned by:

D. Palmage Hocker  
Acting Chair

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Jill Naamane at (202) 512-2834 or [naamanej@gao.gov](mailto:naamanej@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Matthew Cook (Assistant Director); Colleen Taylor (Analyst in Charge); Jeffrey Arkin; Melissa Bodeau; Lynn Filla Clark; Geoff Hamilton; Ivan Hernandez; Terence Lam; Thomas McCabe; Joshua Ormond; Janet Temko-Blinder; and Elizabeth Wood made key contributions to this report.

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