United States Government Accountability Office

Testimony Before the Committee on Environment and Public Works, U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Wednesday, September 27, 2023

FEDERAL REAL PROPERTY

Preliminary Results Show that Increased Telework and Longstanding Challenges Led to Underutilized Federal Buildings

Statement of David Marroni, Acting Director, Physical Infrastructure Team

GAO-23-107060

GAO Highlights

Highlights of GAO-23-107060, a testimony before the Committee on Environment and Public Works, U.S. Senate

September 27, 2023

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Why GAO Did This Study

The federal government owns over 500 million square feet of office space that costs billions annually to operate and maintain. As the country emerges from the pandemic, the federal government has a unique opportunity to reconsider how much and what type of office space it needs.

This testimony discusses the preliminary results of an ongoing GAO review that (1) assesses the extent to which agencies utilized their headquarters buildings in selected weeks of early 2023; (2) describes the costs of underutilized federal office space; and (3) discusses challenges agency officials identified to increasing the utilization of their headquarters buildings.

GAO collected building size and attendance data from 24 federal agencies for one week in January, February, and March of 2023. GAO calculated the capacity of each headquarters building by dividing the size of the building by a per-person benchmark used by the General Services Administration. GAO then calculated utilization for each building by dividing the in-office attendance for the sample period by the capacity for each building. The percentages in this testimony are preliminary estimates based on ongoing work and are subject to change.

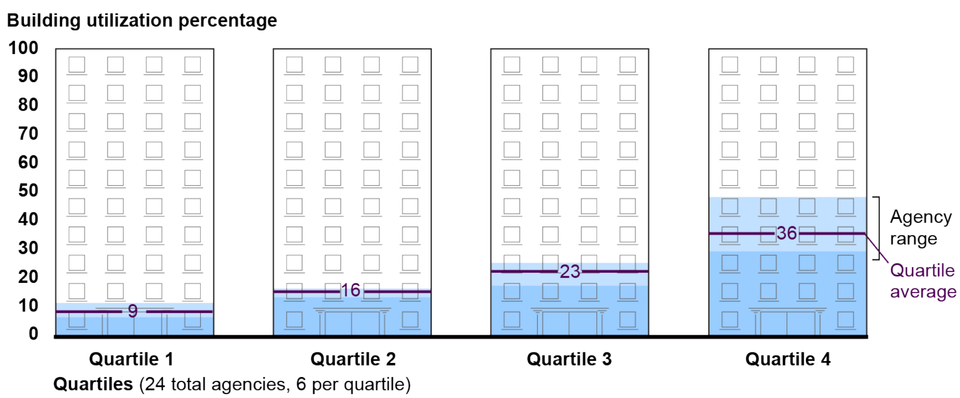
The General Services Administration and the Department of Veterans Affairs provided comments on our preliminary results.

View GAO-23-107060. For more information, contact David Marroni at (202) 512-2834 or MarroniD@gao.gov.

What GAO Found

Federal agencies have long struggled to determine how much office space they needed to fulfill their missions efficiently. Retaining excess and underutilized space is one of the main reasons that federal real property management has remained on GAO's High-Risk List since 2003. Seventeen of the 24 federal agencies in GAO's review used an estimated average 25 percent or less of their headquarters buildings' capacity in a three-week sample period across January, February, and March of 2023. On the higher range, agencies used an estimated 40 to 49 percent of the capacity of their headquarters on average.

Estimated Weekly Averages of Utilization of Federal Headquarters Buildings across Three-Week Sample (One week in each of January, February, and March 2023), by Quartile



Source: GAO analysis of data from 24 federal agencies. | GAO-23-107060

Underutilized office space has financial and environmental costs. Federal agencies spend about $2 billion a year to operate and maintain federal office buildings regardless of the buildings' utilization. In addition, agencies spend about $5 billion annually to lease office buildings. Any reduction in office space could reduce these costs. Office buildings also have environmental costs that could be lowered with better utilization. For example, GSA renovated and reduced its current agency real estate footprint, which helped reduce energy consumption and costs.

Agency real property officials identified challenges to increasing their headquarters building utilization.

- **Funding.** Additional budget resources are needed to reconfigure existing space to increase utilization and support a hybrid work environment.
- **Potential policy changes.** Concerns about the future of in-office attendance policies and habits have caused a reluctance to reduce headquarters space.
- **Benchmarks.** There are no benchmarks for how federal agencies should measure utilization to guide agency efforts.
- **Culture.** Agency leaders can be reluctant to share headquarters space among agency components or with other agencies.

Chairman Carper, Ranking Member Capito, and Members of the Committee:

I am pleased to be here today to discuss the preliminary findings from our ongoing work on federal agencies' office space utilization in headquarters buildings. The federal government owns 511 million square feet of office space, costing billions annually to operate and maintain. During the pandemic, federal agencies operated under a maximum telework posture, with many employees working away from the office. As the country emerges from the pandemic and agencies continue to offer telework as an option, the federal government has a unique opportunity to reconsider how much and what type of office space it needs.

Even before the pandemic, federal agencies struggled to determine how much office space they needed to fulfill their missions efficiently. Retaining excess and underutilized space is one of the main reasons that federal real property management has remained on GAO's High-Risk List since 2003.[1] In 2015, the Office of Management and Budget (OMB) issued its *National Strategy for the Efficient Use of Real Property*, which included the Reduce the Footprint policy. This policy required a number of agencies to set annual targets for reducing domestic office and warehouse space.[2] The Federal Property Management Reform Act of 2016 codified the Federal Real Property Council (FRPC)—a group that includes the 24 federal agencies that occupy 98 percent of all federal real

[1]GAO. *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas,* GAO-23-106203 (Washington D.C.: Apr. 20, 2023). Excess property is any federal agency property the agency determines it no longer needs to carry out its responsibilities. Underutilized property is property (a portion or in its entirety) that an agency uses irregularly or infrequently for program purposes, or property where agency purposes can be accomplished with only a portion of the property.

[2]Off. of Mgm't and Budget, National Strategy for the Efficient Use of Real Property 2015-2020: Reducing the Federal Portfolio through Improved Space Utilization, Consolidation*, and Disposal* (Mar. 25, 2015). Subsequently, OMB published the *Addendum to the National Strategy*. Off. of Mgm't and Budget, OMB Memo No. 20-10, "Issuance of an Addendum to the National Strategy for Efficient Use of Real Property," (Mar. 6, 2020).

property.[3] The FRPC is chaired by the Deputy Director of OMB, and aims, in part, to reduce the costs of managing property. Although these efforts have improved the focus on real property management, federal agencies continue to have unneeded space.

My testimony today provides preliminary observations on our review of office space utilization in the headquarters buildings of the 24 FRPC member agencies. My statement:

1. assesses the extent to which FRPC-member agencies utilized their headquarters buildings in selected weeks of early 2023;
2. describes the different types of costs of underutilized federal office space; and
3. discusses challenges that agency officials identified to increasing the utilization of their headquarters buildings.

We previously discussed our preliminary results in a July 13, 2023, testimony statement.[4] In accordance with auditing standards, our full draft report is now with the agencies for their review and comment. Next month, we plan to issue our final report and make recommendations, as appropriate.

To conduct our audit work, we collected information from all 24 FRPC member agencies related to the utilization of their headquarters buildings

[3]The Federal Real Property Council (FRPC) is a statutorily-authorized group that includes the 24 Chief Financial Officer (CFO) Act federal agencies chaired by the Deputy Director for the Office of Management and Budget that occupy most of the federal government's buildings. See 40 U.S.C. 623 (codifying the FRPC, which was originally created pursuant to Exec. Order No. 13327, 69 Fed. Reg. 5897 (Feb. 4, 2004). Members include Senior Real Property Officers of the 24 CFO agencies, the Controller of the Office of Management and Budget (OMB), the General Services Administration (GSA) Administrator, and any other officials OMB's Deputy Director for Management, determines are necessary. 40 U.S.C. § 623(c)(1). The CFO Act of 1990, as amended, established Chief Financial Officers to oversee financial management activities at 24 agencies, which are often referred to collectively as CFO Act agencies. The 24 federal agencies are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs, along with the National Aeronautics and Space Administration, Environmental Protection Agency, U.S. Agency for International Development, General Services Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration. 31 U.S.C. § 901(b).

[4]GAO, *Federal Real Property: Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework*, GAO-23-106200. (Washington, D.C.: July 13, 2023).

(see app. I for a map and listing of the buildings). Utilization is a ratio of a building's capacity and the extent to which an agency uses that capacity. Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it. All assigned staff could go to a building, and it could still be underutilized if the building has more space than needed.

To determine the capacity of each headquarters building, we collected data from each agency on the number of usable square feet in each building—the portion of a building that is available for occupants, which includes offices, team rooms, and conference rooms.[5] We verified that information by comparing it with data from the General Services Administration (GSA), which has ultimate control and custody for some of the buildings. We then calculated the capacity of each building by dividing the number of usable square feet by the GSA benchmark of 180 usable square feet per staff person.[6]

To determine the extent to which agencies are using the buildings, we collected daily attendance data at the headquarters buildings of all 24 FRPC-member agencies for three nonconsecutive weeks in January, February, and March 2023.[7] Agency officials said these represented normal weeks at that time, without any obvious reason why there would be a significantly higher or lower number of staff in the headquarters building than any other week.[8]

We chose to measure attendance in one-week intervals because all 24 agencies said that their in-office presence had stabilized week-to-week. We focused on federal agency office space in headquarters buildings

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[5]Definition of usable square feet from American National Standards Institute Building Owners and Managers Association Standard Methods of Measurement ANSI/BOMA Z65.1-2017.

[6]We used the 180 usable square feet benchmark suggested by GSA and OMB. We used a single benchmark consistently across agencies for our analysis. Agencies may use a different benchmark.

[7]We did not collect data on the number of staff assigned to each headquarters building or calculate the percentage of those assigned staff who came into the office during our sample period because the focus of our review was on building utilization, not attendance.

[8]We requested data from January 23-27, 2023; however, the Department of Homeland Security provided us data from January 30 to February 3 because of a network issue affecting computer login data. Also, Department of Housing and Urban Development officials noted they had ongoing renovation projects that increased telework during the time we requested data.

because of the availability of attendance data and because they represent office buildings with relatively consistent types of uses.[9] We calculated the utilization of a building by comparing its capacity in usable square feet to the actual in-office attendance for the sample period.

We collected usable square footage data from and interviewed agency officials in late 2022 and early 2023. We included in our analysis any updated usable square footage data provided by agencies in response to data reliability questions sent in June 2023. For example, the Nuclear Regulatory Commission reduced space in its headquarters building in January 2023 by 59,060 usable square feet. The Department of Transportation and the Department of Treasury provided updated usable square footage amounts for their headquarters buildings that decreased their reported square footage by 456 feet and 15,470 feet, respectively.

The 24 agencies varied in the type and quality of the attendance data they collected and were able to provide to us. Agencies provided us aggregate summaries or raw data files of badging or computer network login data.[10] We sent agencies questions to ensure the reliability of collected data. Based on our discussions with agency officials, responses to our data reliability questions, and where possible, a review of the data for omissions and errors, we determined that the data were sufficiently reliable for the purposes of calculating buildings' space utilization.

We conducted site visits to six agency headquarters buildings to observe current building utilization, conditions, and agency efforts to adapt their office space. We selected these headquarters buildings to obtain a variety in size and age of the buildings. We interviewed federal and private sector officials to understand the costs of underutilized space and the challenges to increasing the utilization of agency headquarters buildings. We also gathered information at FRPC meetings in January, April, and July 2023.

The work on which this statement is based is being conducted in accordance with generally accepted government auditing standards.

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[9]We previously found that few agencies track in-office attendance at non-headquarters facilities. 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). DOD provided us data on attendance at the Mark Center in Alexandria, Virginia, rather than the Pentagon because it said the Mark Center has administrative functions more like those at a civilian agency headquarters building.

[10]According to GSA officials, all agencies are not required to collect attendance data. If they choose to collect it, they are not required to use any specific format.

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.

Background

The federal government owns about 511 million square feet of office space, according to the Federal Real Property Profile—the government wide real property database maintained by GSA. GSA manages approximately 1,500 federally owned buildings, which are used by various federal agencies (see fig. 1 for examples). GSA also leases space for tenant agencies from private-sector owners. As of April 2023, GSA managed 7,685 leases, totaling nearly 180 million square feet of space. The 24 headquarters buildings in our review encompass 21.4 million usable square feet.

Figure 1: The Headquarters Buildings for the Departments of Energy, Labor, Treasury (top row), Commerce, Housing and Urban Development, and Agriculture (bottom row)

Source: GAO. | GAO-23-107060

GSA provides guidance and tools to assist agencies with office space planning. In particular, GSA established a benchmark of 180 useable square feet per employee.[11] Use of the benchmark is not required. These benchmarks and agency efforts generally assume that assigned employees would work at the office most days during the week.

Maximum Telework During the Pandemic

The use of federal real property was greatly impacted by the March 13, 2020, national emergency declaration related to COVID-19 and the release of subsequent guidance aimed at slowing the transmission of COVID-19.[12] Federal agencies responded by adopting a maximum telework posture, allowing many employees to work remotely for necessary agency operations. As a result, many federal employees shifted to telework, including employees who had not historically done so. In June 2021, OMB issued a memo directing agencies to create plans for bringing staff back to their agency offices to perform their work.[13] All 24 FRPC member agencies said they completed their initial return to the office transitions at some point during 2022. The national emergency declaration related to the pandemic was terminated on April 10, 2023.

OMB Guidance on Space Planning and Telework

In July 2022, OMB asked the FRPC agencies to collect evidence-based data to estimate their space needs.[14] The OMB memo stated that when determining future physical space requirements, agencies should consider the agency's mission and customer needs, its current and future workforce, and how any decisions might affect local communities. In April 2023, the Administration released additional guidance directing agencies to describe their telework plans, monitor organizational health and

[11]Useable square footage represents the portion of a building that is available for occupants, which includes offices, team rooms, and conference rooms. Gross square footage is a more inclusive measure of all areas on all floors of a building, which includes additional spaces like restrooms, lobbies, and mechanical rooms. See GAO, *Federal Real Property: Measuring Actual Office Space Costs Would Provide More Accurate Information*, GAO-20-130 (Washington, D.C.: Dec. 10, 2019).

[12]Proclamation No. 9994, 85 Fed. Reg. 15,337 (Mar. 13, 2020). Off of Mgm't and Budget, OMB Memo No 20-16, "Federal Agency Operational Alignment to Slow the Spread of Coronavirus COVID-19", (Mar. 17, 2020). This guidance followed preliminary guidance from the Office of Personnel Management, which required agencies to review continuity of operations plans to ensure telework was fully incorporated. Off. of Personnel Mgm't, CPM 2020-04 "Preliminary Guidance to Agencies during Coronavirus Disease 2019 (COVID-19)" (March 3, 2020).

[13]Off. of Mgm't and Budget, OMB Memo No. 21-25, "Integrating Planning for A Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment" (June 10, 2021).

[14]Off. of Mgm't and Budget, OMB Memo No. 22-14, "Fiscal Year 2024 Agency-wide Capital Planning to Support the Future of Work", (July 20, 2022).

performance issues, and identify indicators that support decision-making related to the work environment.[15]

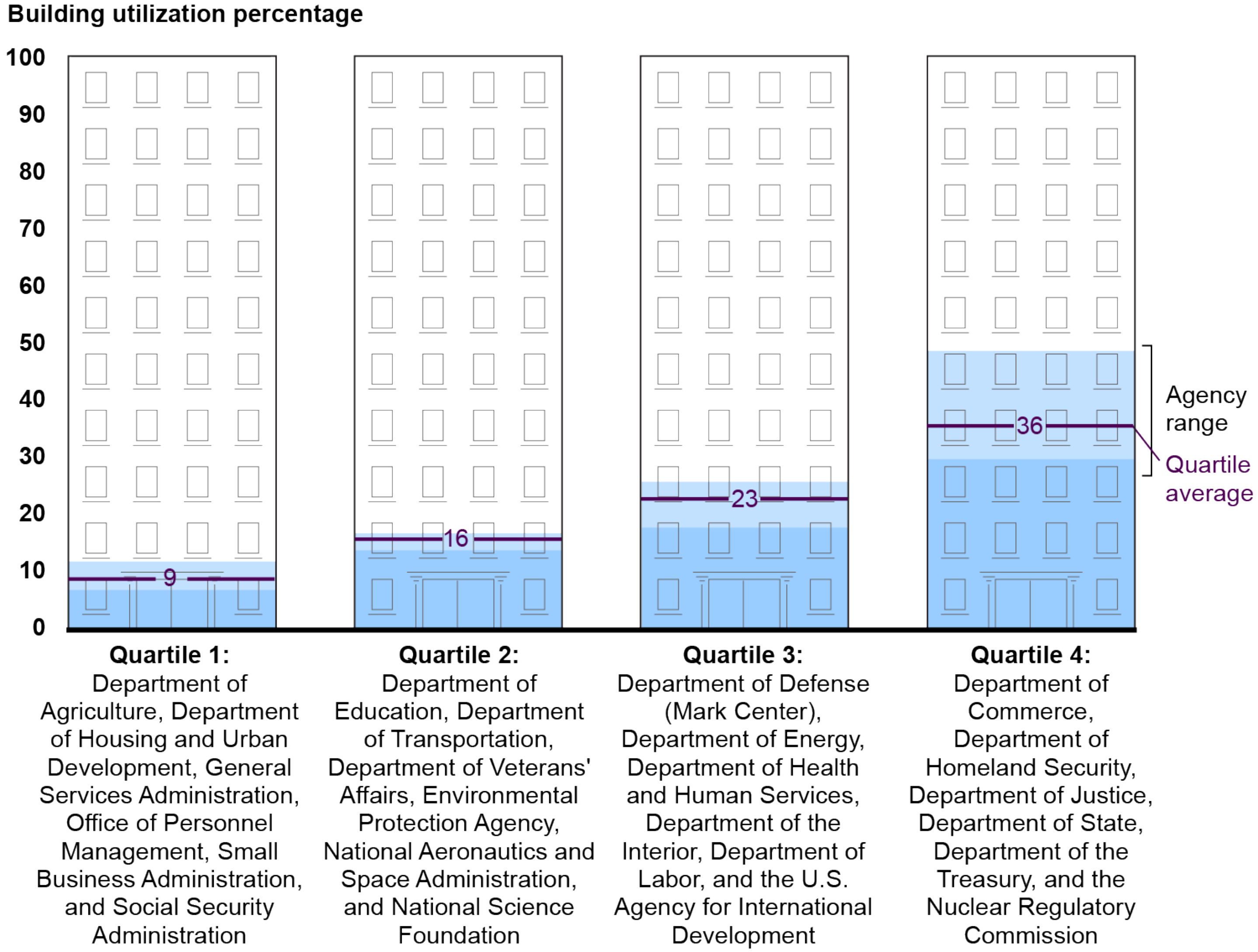
Most Agencies Used on Average an Estimated 25 Percent or Less of Their Headquarters' Capacity during Selected Weeks in 2023

Our review of three selected weeks during January, February, and March 2023 found that 17 of the 24 federal agencies used on average an estimated 25 percent or less of the capacity of their headquarters buildings. On the higher end of the range, agencies used an estimated 40 to 49 percent of the capacity of their headquarters on average. The percentages are estimates of utilization, a ratio of a building's capacity and the extent to which an agency uses that capacity. We calculated utilization based on the size of a building in terms of usable square feet compared to how many people entered the building per day.[16] Figure 2 divides the 24 agencies into four distinct groups (quartiles) based on the agencies' average utilization of their headquarters buildings.

[15]Off. of Mgm't and Budget, OMB Memo No 23-15, "Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments" (April 13, 2023). The memo indicated that there was an expectation that agencies would increase meaningful in-person work at federal offices, while still using flexible operational policies.

[16]Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it.

Figure 2: Estimated Weekly Averages of Utilization of Federal Headquarters Buildings across Three-Week Sample (One Week in Each of January, February, and March 2023), by Quartile



Source: GAO analysis of data from 24 federal agencies. | GAO-23-107060

Note: Utilization is a ratio of a building's capacity and the extent to which an agency uses that capacity. Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it. All assigned staff could go to a building, and it could still be underutilized if the building has more space than it needs. The quartile percentage represents an average, but percentage ranges of space utilization vary by federal agency. The Department of Defense provided us data on attendance in a government facility (Mark Center) located in Alexandria, Virginia, which we had identified as its administrative headquarters. The Office of Personnel Management indicated that additional non-agency staff occupy space in its headquarters building, and its numbers include those workspaces and attendance. Department of Housing and Urban Development and Small Business Administration officials noted that their headquarters buildings were undergoing renovation during the data collection period, contributing to a decrease in attendance. The Department of Energy headquarters includes the Forrestal, Germantown, and Portals locations.

Some agencies disagreed with how we calculated office capacity or with the areas we included as usable space. For example, the National Aeronautics and Space Administration stated that our calculation included common areas, conference rooms, and other spaces, thus overstating its capacity. We found that agencies use different methodologies to measure space utilization in federal buildings. We applied the GSA and OMB benchmark based on discussions with GSA, OMB, and the FRPC.

We identified three primary causes for the low space utilization in federal headquarters buildings.

- **Excess space is a longstanding challenge.** Federal real property management has been on GAO's High-Risk List since 2003 in large part because the federal government retains more space than it needs.[17] We also found in 2023 that recent efforts to reduce unneeded federal space have faced challenges.[18] At a meeting of the FRPC in January 2023, more than half of the agency officials acknowledged that their headquarters buildings had excess space prior to the pandemic. For example, we calculated for one of the headquarters in the lowest use quartile that if all assigned staff entered the building on a single day, it would still only use 67 percent of the building's capacity based on its usable square feet.
- **Building configurations do not support a modern workplace.** The headquarters buildings we visited were built decades ago. They were configured to support a workplace model that included numerous areas no longer needed in the modern workplace, such as some administrative and storage spaces. In some cases, agencies configured their spaces with larger office spaces than are currently needed. Multiple agencies indicated that the historic nature of their headquarters buildings limits their ability to maximize utilization. For example, Environmental Protection Agency officials said their headquarters is historic and the agency does not have the authority to move walls and expand space to accommodate additional staff seating or offices. In addition, officials from several agencies thought portions of their headquarters building could not be easily transformed to office space. For example, Department of Veterans Affairs officials said the agency's basement (89,000 usable square feet) housed its

[17]GAO-23-106203.

[18]GAO. *Lessons Learned from Setbacks in New Sale and Transfer Process Could Benefit Future Disposal Efforts,* GAO-23-106848 (Washington, D.C., June 8, 2023).

cafeteria, mail, and other operations with little availability for office space as currently configured.

- **Agencies have increased telework.** All 24 agencies said that their in-office workforce has not returned to pre-pandemic levels due to increased use of telework and remote work. Some agencies said that these workplace flexibilities, such as telework and remote work, existed before the pandemic but are used much more frequently now. The amount of telework varies by agency because mission needs vary. For instance, agency officials noted that classified work requires staff to work in the office.

Underutilized Federal Office Space Has Various Costs

Maintaining unneeded space has financial, environmental, and opportunity costs.

Financial Costs

Office buildings are expensive to operate, maintain, and lease, and reductions in office space would reduce these costs. The Federal Real Property Profile data for 2021 indicates that the 24 FRPC agencies spend about $2 billion a year to operate and maintain owned federal office buildings. In addition, agencies may postpone maintenance and repairs to assets in their portfolios for various reasons, which over time can create a backlog of costly deferred maintenance and repairs.[19] Disposing of underutilized buildings in need of repair would reduce these costs. Further, allowing unneeded leases to expire would directly reduce costs. Federal agencies spend about $5 billion annually to lease office space from the private and government sector. As of April 2023, more than half of GSA's leases (4,108 out of 7,685), which account for more than 83 million square feet of space, have expiration dates scheduled for calendar years 2023 to 2027.

Environmental Costs

Office buildings also have environmental costs, and reduction in office space could reduce those costs. For example, GSA renovated and reduced its current real estate footprint. According to a GSA presentation, these efforts reduced its energy consumption by 50 percent, saving $6.5

[19]GAO and others have reported on issues with managing repairs and maintenance in federally owned facilities, which are costly to the federal government. Federal agency financial reports have reported $76 billion in deferred maintenance and repair costs in 2021, an increase of about 50 percent since 2017. See GAO. *Federal Real Property: Agencies Attribute Substantial Increases in Reported Deferred Maintenance to Multiple Factors,* GAO-23-106124 (Washington, D.C.: Oct. 28, 2022).

million annually. Emissions—and their associated monetary costs—are still generated with underutilized space because agencies continue to operate buildings even when staff are not in the office. While it is difficult to estimate the environmental impact of any individual building, commercial buildings in the country overall are responsible for 35 percent of the electricity consumed in the U.S. and generate 16 percent of all U.S. carbon dioxide emissions, according to the Department of Energy.[20]

Opportunity Costs

Underutilized federal office space involves opportunity costs—the loss of potential gain from alternative uses of the resources involved—to both the federal government and the local economy. The federal government could apply the resources for an unneeded building to other priorities, such as reducing the deferred maintenance on remaining buildings. In the local economy, unneeded federal properties and land could be put to productive use. For example, the private sector successfully converted an unneeded post office in Washington, D.C., into a hotel. Selling a federal building to the private sector also can increase the local tax base, as federal buildings are generally exempt from local taxes.

Agencies Face Challenges Increasing Utilization, Including a Lack of Government-Wide Benchmarks

During our interviews and site visits, agency officials described some challenges to increasing the utilization of their headquarters buildings. During the April 2023 Federal Real Property Council meeting, 40 federal agency officials that were in attendance ranked their challenges. Most of these federal agency officials ranked the budget resources needed to reconfigure space and concerns about future in-office attendance policies as the top challenges (see fig. 3).

[20]U.S. Department of Energy. Office of Energy Efficiency and Renewable Energy. *About the Commercial Buildings Integration Program*. (Washington, D.C.).

Figure 3: Top Challenges to Increasing Headquarters Utilization as Identified by Federal Real Property Council Members in April 2023

Challenges	Description
Budget resources to reconfigure space	Resources are needed to transform traditional office configurations so they better support office sharing as a part of efforts to reduce space.
Concerns about the future of in-office attendance policies	Uncertainty exists about changes to workplace policies that affect the number of personnel who regularly need access to permanent office space.
Reluctance to share headquarters space with other agencies	Maximizing utilization could involve agencies either sharing their headquarters with other agencies or moving their headquarters functions into another shared space.
No benchmarks for utilization or target for full utilization	There is a lack of consistent benchmarks for how agencies should measure utilization or what is considered full utilization for federal office space.

Source: GAO analysis of agency comments. | GAO-23-107060

Budget Resources to Reconfigure Space

Agency officials ranked the need for additional budget resources to reconfigure their spaces to support a hybrid office environment—one with a mix of in-office and remote staff—as the top challenge to increasing utilization of their headquarters building. Specifically, they said they would need to transform traditional office configurations into hybrid offices, allowing for more efficient use and better support of office sharing. For example, USDA officials said that updating their two-building headquarters to support higher density and office sharing would require millions of dollars of investments. Some headquarters buildings have been partially updated. For example, Department of Housing and Urban Development officials said the agency made capital investments to update one wing to support modern, hybrid work (see fig. 4). However, the rest of the building has a hallway and office configuration that does not support collaboration and shared spaces.

Figure 4: Office Space at the Headquarters of the Department of Housing and Urban Development — Un-Renovated (left), and Updated (right)

Source: GAO. | GAO-23-107060

Concerns about the Future of In-Office Attendance Policies

Agency officials ranked their second top challenge as concern about the future of in-office attendance policies. Although agency officials said their in-office attendance remained stable at this time, many worried that policies or habits could change. They expressed concern that if they consolidated to meet current demand, the agency might no longer be able to provide space for all headquarters personnel if policies change or more staff decide to return to the office. Agency officials also said media reports about back-to-the-office mandates could make such consolidations seem premature. Recently proposed legislation and OMB memos suggest that there could be additional policy changes.[21] We issued a report in September 2022 that reflected similar concerns, with agencies stating at that time that they were uncertain of the number of people who would regularly need access to permanent office space.[22]

[21] SHOW UP Act, H.R. 139, 118th Cong. (2023).

[22] GAO-22-105105.

Challenges to Sharing Headquarters Space with Other Agencies or Internally

While only two agency officials ranked a reluctance to share headquarters space with other agencies as the top challenge to increasing utilization, most listed it as a challenge. GSA officials said that maximizing utilization could require some agencies to either share their headquarters with other agencies or move their headquarters functions into another shared space. One official said their leadership is reluctant to share headquarters space with other agencies because it could lower their perceived standing as a cabinet-level agency.

Eight agency officials also ranked inner-agency silos as the first or second top challenge to increasing headquarters utilization. For example, the Department of Energy noted that groups of seats in its headquarters are assigned to departmental elements based on their funding, customers, and workspace needs. Some agency officials said that leadership within individual bureaus are protective of space assigned to them, including offices, conference rooms, and specialized spaces like secure rooms. They said no current mechanism exists to share those spaces more broadly throughout their agencies. During our site visits, we observed building spaces subdivided into smaller bureau-level divisions that can lead to inefficient utilization. For example, USDA officials showed us a segment of their headquarters used for agency-wide workspace sharing, while the workspaces in the rest of the two buildings were assigned to individual bureaus (see fig. 5).

Figure 5: Shared Workspaces within the Department of Agriculture

Source: GAO. | GAO-23-107060

Another challenge to increasing building utilization and sharing space raised by agencies includes classified work and security considerations. For example, Department of Transportation officials noted the agency provides separate workstations for classified and unclassified work for federal employees.

No Consistent Benchmarks for Utilization that Account for Increased Telework

Agency officials also indicated that there are no consistent benchmarks for how agencies should measure utilization or what is considered full utilization for federal office space, and this made maximizing space challenging. For example, one agency official said the biggest challenge to improving utilization was uncertainty about how to measure utilization in a high telework environment. While OMB directed agencies to consider collecting utilization data to support future space planning in June 2021, it did not specify benchmarks for agencies to use. Agency officials said that they have not yet developed utilization benchmarks that account for increased telework.

Not all agencies agreed with our approach to measuring utilization because they use different metrics for office space planning. For example, some agencies use a certain square footage per staff person, while others count physical workspaces. Furthermore, we found that agencies use a mix of badge swipes, network logins, self-reporting, or guard tracking to measure attendance at their headquarters and generally did not track attendance in the field. These differences feed into additional differences in how agencies measure building capacity. Department of Homeland Security officials noted that capacity is relative to how each agency calculates utilization and each federal agency may measure utilization differently. Consequently, capacity could vary even for agencies with the same amount of space. One agency official said that a lack of consistent methods and measurements can contribute to agencies remaining in a wait-and-see mode until there is consensus on how to proceed.

Agency officials questioned if pursuing 100 percent utilization based on attendance made sense due to likely fluctuations in daily attendance. Besides telework, agencies noted that there are other reasons why an employee may not be occupying office space on any given day, including off-site training, official travel, temporary duty, flexible work schedules, annual leave, and sick leave. Some agency officials stated that in these cases, the employee's seat may be empty but unavailable for other employees to occupy. For this reason, multiple agency officials suggested that calculating utilization based on peak attendance better represents their space needs.

In conclusion, the pandemic has lowered the utilization of headquarters office space and may have added to the amount of unneeded space that existed prior to the pandemic. While all agencies have resumed in-person operations, it is clear that the federal workplace has evolved as agencies have embraced hybrid and remote office environments. This moment presents a unique opportunity to reconsider various aspects of the federal government's real property portfolio and how best to align the portfolio with future needs.

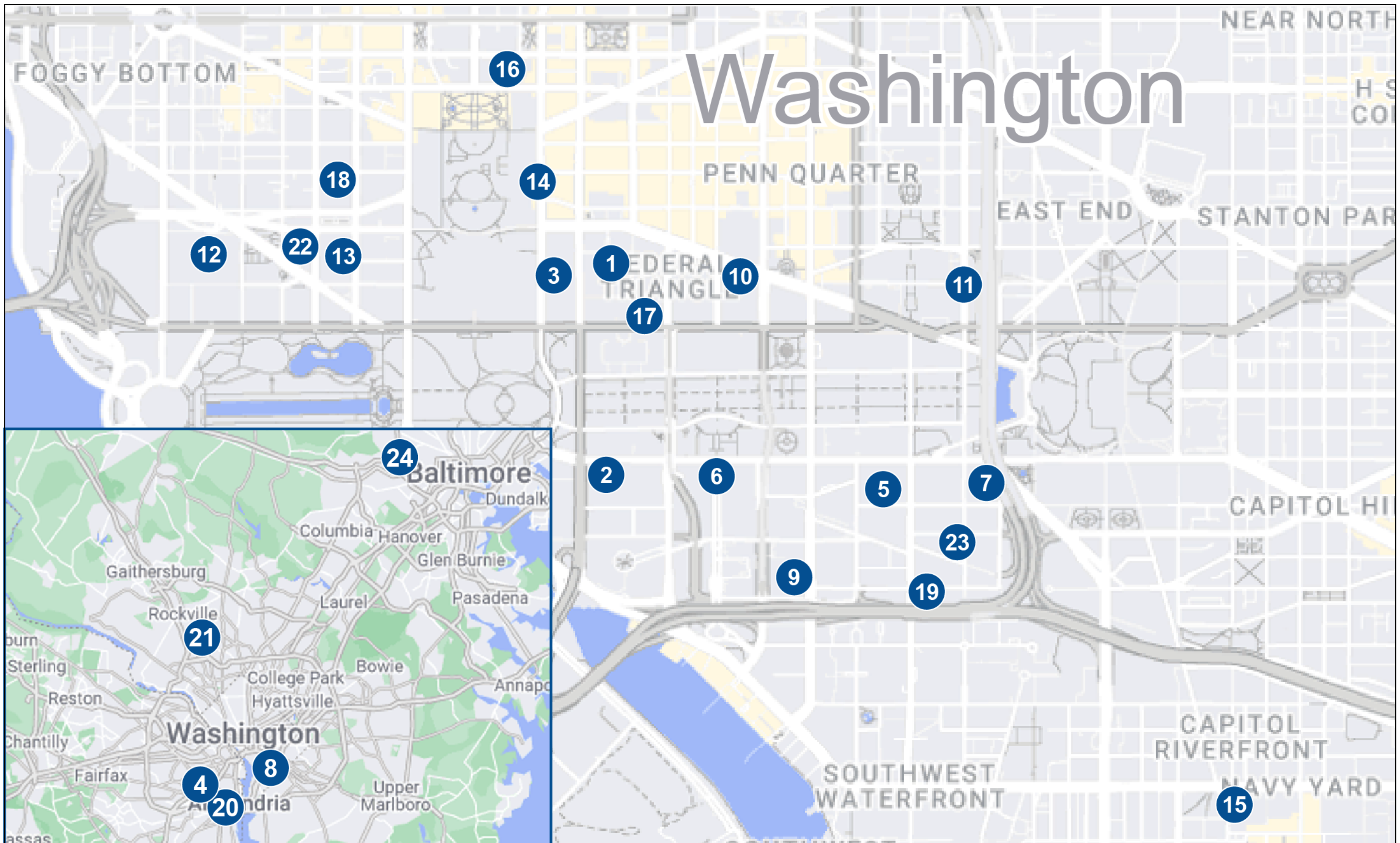
We shared a draft of our written testimony with all 24 federal agencies and OMB. The General Services Administration and the Department of Veterans Affairs provided comments, which are reprinted in appendixes II and III. Several agencies provided technical comments, which we incorporated as appropriate.

Chairman Carper, Ranking Member Capito, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

Appendix I: The 24 Agency Headquarters Buildings

The headquarters buildings of the agencies in our review are located in or near Washington, D.C. (see fig. 6 and table 1).

Figure 6: Location of Federal Real Property Council Agency Headquarters Buildings



1. Agency for International Development (Ronald Reagan Building)
2. Department of Agriculture (Whitten and South Buildings)
3. Department of Commerce (Herbert Hoover Building)
4. Department of Defense (The Mark Center)
5. Department of Education (Lyndon Baines Johnson Building)
6. Department of Energy (Forrestal Building)
7. Department of Health & Human Services (Humphrey Building)
8. Department of Homeland Security (St. Elizabeth's Center Building)
9. Department of Housing & Urban Development (Robert C. Weaver Building)
10. Department of Justice (Robert Kennedy Building)
11. Department of Labor (Frances Perkins Building)
12. Department of State (Harry S. Truman Building)
13. Department of the Interior (Stewart L. Udall Building)
14. Department of the Treasury (Treasury Building)
15. Department of Transportation (William T. Coleman Jr. Building)
16. Department of Veterans Affairs
17. Environmental Protection Agency (William J. Clinton Building)
18. General Service Administration
19. National Aeronautics and Space Administration (Mary W. Jackson Building)
20. National Science Foundation
21. Nuclear Regulatory Commission (White Flint Buildings #1 & #2)
22. Office of Personnel Management (Theodore Roosevelt Building)
23. Small Business Administration
24. Social Security Administration (Arthur J. Altmeyer Building)

Sources: Google Maps and GAO. | GAO-23-107060

Table 1: Agency Headquarters Buildings

Agency	Main Headquarters Building Name	Address
Agency for International Development	Ronald Reagan Building	1300 Pennsylvania Ave NW
Department of Agriculture	Whitten and South Buildings	1400 Independence Ave SW
Department of Commerce	Herbert Hoover Building	1401 Constitution Ave NW
Department of Defense	The Mark Center	4800 Mark Center Drive, Alexandria, VA
Department of Education	Lyndon Baines Johnson Building	400 Maryland Ave SW
Department of Energy	Forrestal Building	1000 Independence Ave SW
Department of Health and Human Services	Humphrey Building	200 Independence Ave SW
Department of Homeland Security	St. Elizabeth Center Building	300 7th Street SW
Department of Housing and Urban Development	Robert C. Weaver Building	451 7th Street SW
Department of Justice	Robert Kennedy Building	950 Pennsylvania Ave NW
Department of Labor	Frances Perkins Building	200 Constitution Ave NW
Department of State	Harry S. Truman Building	2201 C Street NW
Department of the Interior	Stewart L. Udall Building	1849 C Street NW
Department of the Treasury	Treasury Building	1500 Pennsylvania Ave NW
Department of Transportation	William T. Coleman Jr. Building	1200 New Jersey Ave SE
Department of Veterans' Affairs		810 Vermont Ave
Environmental Protection Agency	William J. Clinton Building	1200 Pennsylvania Ave NW
General Service Administration		1800 F St. NW
National Aeronautics and Space Administration	Mary W. Jackson Building	300 E Street SW
National Science Foundation		2415 Eisenhower Ave
Nuclear Regulatory Commission	White Flint Buildings #1 & #2	11555 Rockville Pike, Rockville, MD
Office of Personnel Management	Theodore Roosevelt Building	1900 E Street NW
Small Business Administration		409 3rd St. SW
Social Security Administration	Arthur J. Altmeyer Building	1500 Woodlawn Dr, Baltimore, MD

Source: GAO summary and analysis of information from 24 federal agencies. | GAO-23-107006

Appendix II: Comments from the General Services Administration

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GSA

The Administrator

July 5, 2023

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 Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework* (GAO-23-106200). In particular, the report underscores that in order for GSA to better optimize the Federal real estate footprint, agencies need access to resources to modernize and reconfigure space. For GSA, that means having full and on-going access to the Federal Buildings Fund (FBF) to make critical improvements in federally owned buildings and consolidate out of leased space.

Ways of working in offices have changed following the pandemic and will continue to change—particularly as organizations continue to leverage new technology and appropriate hybrid working arrangements. As a result, calculating appropriate building utilization rates will be an ongoing challenge as standards and methodologies for measuring utilization (both at GSA and in industry) remain unsettled.

That said, GSA recognizes the unique opportunity that these emerging working arrangements and technologies present to right size office space requirements and reduce long-term real estate costs. The GSA team stands ready to help agencies optimize their real estate portfolios. However, to do this effectively and expeditiously, GSA needs full access to annual collections in the FBF and streamlined authorities to reconfigure space and dispose of unneeded real estate assets. Those tools will help GSA to catalyze opportunities for consolidation and co-location and accelerate optimization of the Federal real estate portfolio. As the draft report points out, funding is needed to reconfigure existing facilities to better support new ways of working and support consolidations out of leased space into the owned inventory. Since fiscal year 2011, the FBF has been underfunded by almost $13 billion, and the primary impact of that underfunding has been on the New Construction and Repairs and Alterations accounts, which are both integral to supporting consolidation activities. The lack of full access to the FBF has resulted in missed opportunities for consolidations and co-locations and continues to delay efforts to reduce the Federal Government's real estate footprint and save money.

Thank you again for your work on this matter and for giving GSA the opportunity to provide feedback. If you have any questions or concerns, please contact me at (202)

U.S. General Services Administration
1800 F Street NW
Washington DC 20405-0002
www.gsa.gov

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929-7277 or Gianelle Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

Robin Carnahan
Administrator

cc: David Marroni, Acting Director, Physical Infrastructure Issues, GAO

Appendix III: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

July 3, 2023

Mr. David Marroni
Acting Director
Physical Infrastructure
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Marroni:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***Federal Real Property: Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework*** (GAO-23-106200).

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

Sincerely,

Tanya J. Bradsher
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA)
Comments to Government Accountability Office (GAO) Draft Report,
FEDERAL REAL PROPERTY: Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework
(GAO-23-106200)

General Comments:

While the report cites low utilization rates, it does not identify what the ideal utilization should be, how it should be measured or whether there is a recommendation for a more consistent government-wide methodology for measuring.

It is longstanding Department of Veterans Affairs (VA) policy to use 200 usable square feet (USF) per person, rather than the 180 USF per person stated in this GAO report. The GAO's methodology lowers VA's utilization rate.

VA also recommends the below grade spaces and spaces under renovation at 810 Vermont Avenue headquarters be excluded from office utilization calculations. The below grade spaces house close to 89,000 USF of primarily storage and support spaces like the cafeteria, mail and IT operations (with very little office space). The spaces under renovation are unoccupied and not available as office space. When one excludes the below grades and space under renovation and uses the utilization rate of 200 USF per person, VA's average daily occupancy increases to 22% from GAO's estimate of 14%. Even using the GAO's 180 USF per person, VA's occupancy rate would be approximately 20%.

The report should recognize efforts made since the start of the COVID-19 pandemic to reduce office space in the National Capital Region (NCR). For VA, that includes a reduction of 242,000 USF/ 282,000 RSF (Rentable Square Feet) of leased office space in the NCR since quarter 4 of fiscal years 2020. The reduction represents a 16% reduction in the VA Central Office portfolio and an annual lease cost avoidance of $15.5 million. The GAO report contains no recognition of the substantial progress that the VA has achieved in addressing the problem being analyzed.

Department of Veterans Affairs
July 2023

Page 1 of 1

GAO Contact

David Marroni, (202) 512-2834 or marronid@gao.gov.

Staff Acknowledgments

In addition to the contact named above, GAO staff who made key contributions to this report are Keith Cunningham (Assistant Director); Nelsie Alcoser (Analyst in Charge); Viktoria Beck; Melissa Bodeau; Emily Crofford; Georgeann Higgins; Scott Hiromoto; Terence Lam; Jodi Lewis; Josh Ormond; Asia Thomas, Zachary Wagner; and Elizabeth Wood.

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