

A testimony before the Subcommittee on Financial Services and General Government, Committee on Appropriations, House of Representatives

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What GAO Found

Many agencies rely on the General Services Administration (GSA) to manage facilities for them. The Federal Buildings Fund (Buildings Fund) was established for real property management and associated activities. GSA collects rent from tenant agencies; deposits it into the Buildings Fund; and uses that money for real property acquisition, operation, maintenance, and disposal. Through the appropriations process, Congress sets annual limits on how much of this funding GSA can obligate to various activities.

GAO's work has highlighted the impact of uncertain funding on real property management:

- **Capital projects.** Obtaining upfront funding for large projects—such as constructing, purchasing, or renovating federal buildings—has been a challenge for federal agencies. Congressional spending limits require GSA to first use available funds to pay for other needs, including leasing, operations and maintenance, and debt costs, making funding for large capital projects less available and potentially costing more in the long run.
- **Maintenance and repair.** Agencies' backlog of deferred maintenance and repairs has grown by billions of dollars in recent years due, in part, to funding constraints. Deferring maintenance can worsen the condition of agencies' assets and lead to premature replacement, significantly increasing costs.
- **Consolidation and disposal.** Federal agencies have struggled to determine how much space they need to fulfill their missions and identify the funding to consolidate operations, reconfigure spaces, and prepare unneeded property for disposal. Funding uncertainty can result in missed opportunities to eliminate leases and consolidate agencies into federally owned space, costing the federal government hundreds of millions of dollars.

GAO has identified actions Congress and federal agencies could take to better manage real property and address funding-related challenges. For example:

- **Disposal of underused buildings.** GAO recommended that the Office of Management and Budget and GSA take steps to address challenges with federally underused space, including assisting agencies in monitoring building utilization and reducing underutilized space.
- **Adopting alternative budgetary structures.** GAO reported on different budgetary structures as options that could help Congress and agencies make more prudent fiscal decisions. For example, Congress could modify the Buildings Fund to exclude certain major renovations or grant tenant agencies the authority to manage buildings they occupy. GAO has identified issues Congress may wish to consider when granting additional budgetary authorities, including ensuring agencies have the necessary real property expertise.

Why GAO Did This Study

The federal government's real property holdings are vast and diverse, costing billions annually to occupy, operate, and maintain. GAO designated federal real property as high risk in 2003 because of large amounts of underused property and the considerable difficulty agencies have faced in disposing of unneeded holdings. Historically, the Buildings Fund has not generated sufficient revenues to meet all real property needs.

This statement discusses: 1) the status of the Buildings Fund, 2) the impacts of funding uncertainty on federal real property management, and 3) some options to address funding challenges. This statement is primarily based on GAO's prior work on the Buildings Fund and real property management, as well as updated information from GSA revenue and occupancy data, agency budget documents, GSA statements on its budget, and legislative proposals.

What GAO Recommends

We have made a number of recommendations to federal agencies to improve the management of federal real property and use existing funding more effectively, including on property disposal and the management of deferred maintenance and repair. Federal agencies have taken actions to address some of these recommendations, but additional action is needed to fully implement others.