WHEN THE LIGHTS ARE ON BUT NO ONE'S HOME: AN EXAMINATION OF FEDERAL OFFICE SPACE UTILIZATION

(118–23)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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CONTENTS

Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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Chairman

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Ranking Member

Katherine W. Dedrick, Democratic Staff Director

JULY 7, 2023

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE: Subcommittee Hearing on "*When the Lights Are On But No One's Home: An Examination of Federal Office Space Utilization*"

I. PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management of the Committee on Transportation and Infrastructure will meet on Thursday, July 13, 2023, at 10:00 a.m. ET in 2167 of the Rayburn House Office Building to receive testimony on a hearing entitled, "*When the Lights Are On But No One's Home: An Examination of Federal Office Space Utilization*." The purpose of the hearing is to discuss Federal real estate, including office space utilization, focusing on a Government Accountability Office (GAO) study which will be released at the hearing. At the hearing Members will receive testimony from the United States General Services Administration (GSA) and the GAO.

II. BACKGROUND

FEDERAL BUILDINGS FUND

In 1972 Congress authorized and established the Federal Buildings Fund (FBF) under the Public Buildings Act Amendments of 1972 (P.L. 92–313).[1] The FBF finances new construction, alterations and repairs, building operations and maintenance, and leasing activities by charging commercially equivalent rent to tenant agencies which is then collected into the FBF.[2] While the majority of the FBF is funded through agency rent payments to GSA, the FBF is not a true revolving loan fund.[3] Instead, the funds are made available to GSA via annual appropriations bills.[4] Outside of 2016, appropriators have not provided GSA full access to the annual revenues and collections in the FBF since 2011, when appropriators began using the FBF to offset other unrelated spending in the Financial Services and General Government appropriations bill.[5] For example, in 2021, the FBF accrued $10.4

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[1] Pub. L. No. 92–313, 86 Stat. 216.
[2] GSA, *Federal Buildings Fund* (last reviewed Feb. 1, 2021), *available at* https://www.gsa.gov/reference/reports/budget-performance/annual-reports/2020-agency-financial-report/managements-discussion-and-analysis/financial-statements-summary-and-analysis/federal-buildings-fund.
[3] *See* 40 U.S.C. § 592(c)(1).
[4] *Id.*
[5] GSA, FISCAL YEAR 2023 CONGRESSIONAL JUSTIFICATION, FEDERAL BUILDINGS FUND (2022), *available at* https://www.gsa.gov/system/files/02__FY__2023__CJ__FBF__Narrative__Final__508cO.pdf.

billion in revenue and collections, a majority of which was generated by five customers: the Department of Justice, Department of Homeland Security, Social Security Administration, Department of the Treasury, and the Courts.[6] However, only $9.1 billion was appropriated to the FBF in 2021, limiting access to $1.3 billion of rental receipts needed for reinvestments.[7]

GSA FEDERAL REAL ESTATE PORTFOLIO

GSA currently manages 8,800 owned and leased assets, totaling over 370 million square feet, and 500 historic buildings.[8] Of the 370 million square feet, 181 million is in leased space, which is comprised of over 6,659 buildings and costs more than $6 billion per year.[9] While GSA continues to reduce the amount of leased space, more than half of GSA's operating leases (96 million square feet) will expire in the next five years.[10]

Currently, office occupancy in the Washington, D.C., metro area is still below 54 percent of pre-pandemic levels.[11] Additionally, 30 percent of the Federal workforce is expected to be eligible to retire this year.[12] There have also been increasing reports of "shadow" or "dark" space in Federal buildings and leases—unassigned, unused space.[13] The concerns about "shadow" or "dark" space were further emphasized during the Subcommittee's Roundtable on "*The State of Federal Real Estate*," on March 22, 2023, during which participants noted that 30 percent of Federal employees plan to retire within the next five years and nearly 30 percent of Federal employees with remote work agreements live outside their assigned region.[14] Given these factors, Congress and the Committee on Transportation and Infrastructure have a unique opportunity, through legislation and oversight, to save the taxpayer significant money by directing GSA and other Federal agencies to improve utilization and significantly reduce the space they occupy and dispose of underutilized and unused Federal real estate.

III. PRIOR COMMITTEE ACTIONS

FREEZE/REDUCE THE FOOTPRINT

In 2013, the Committee, followed by the Obama Administration's Office of Management and Budget (OMB), announced the "Freeze the Footprint" initiative, which directed Federal agencies to offset requests for new space with disposal of unneeded space.[15] Subsequently, in 2015, the initiative progressed into "Reduce the Footprint" with targeted reductions to the Federal government's real estate profile.[16] These efforts resulted in the shrinking of the Federal footprint, with an 8.2 million square footage reduction from fiscal year (FY) 2016 to FY 2020, but did little to assess actual space utilization, due to the focus on the official number of employees assigned to a given building.[17]

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[6] *Id.*

[7] GSA, FISCAL YEAR 2024 CONGRESSIONAL JUSTIFICATION, FEDERAL BUILDINGS FUND (2023), *available at* https://www.gsa.gov/cdnstatic/02__FY2024__CJ__FBF__Narrative__Final-1.pdf.

[8] Press Release, GSA, *Nina M. Albert Appointed Commissioner of GSA's Public Buildings Service* (July 6, 2021), *available at* https://www.gsa.gov/about-us/newsroom/news-releases/nina-m-albert-appointed-commissioner-of-gsas-public-buildings-service-07062021.

[9] GSA, *Inventory of GSA Owned and Leased Properties* (Last reviewed Sept. 9, 2022), *available at* https://www.gsa.gov/tools-overview/buildings-and-real-estate-tools/inventory-of-gsa-owned-and-leased-properties.

[10] *Id.*

[11] Bailey McConnel, *Chart of the Week: Office Occupancy Rates and Remote Work*, D.C. POLICY CENTER (Feb. 24, 2023), *available at* https://www.dcpolicycenter.org/publications/office-occupancy-remote-work-dc/.

[12] Angie Petty, *2023 Workforce Federal Contracting Trends to Watch*, GOVWIN, (Dec. 7, 2022), *available at* https://iq.govwin.com/neo/marketAnalysis/view/2023-Workforce-Federal-Contracting-Trends-to-Watch/6981?researchTypeId=1&researchMarket.

[13] GSA, *Unused & Underused Space* (Last reviewed Mar. 4, 2022), *available at* https://www.gsa.gov/real-estate/gsa-properties/unused-underused-space.

[14] *The State of Federal Real Estate: Roundtable Before the Subcomm. on Economic Development, Public Buildings, and Emergency Management of the H. Comm. on Transp. and Infrastructure*, 118th Cong. (Mar. 22, 2023).

[15] Press Release, WHITE HOUSE, *Freezing the Footprint*, (Mar. 14, 2013), *available at* https://obamawhitehouse.archives.gov/blog/2013/03/14/freezing-footprint.

[16] WHITE HOUSE, *Reduce the Footprint*, (Mar. 25, 2015), *available at* https://obamaadministration.archives.performance.gov/initiative/reduce-footprint.html.

[17] GSA, *Real Property Metrics, available at* https://www.performance.gov/real-property-metrics/; GAO, GAO–22–105105, FEDERAL REAL PROPERTY: GSA COULD FURTHER SUPPORT AGENCIES' POST-PANDEMIC PLANNING FOR OFFICE SPACE USE (Sept. 2022), *available at* https://www.gao.gov/products/gao-22-105105.

FEDERAL PROPERTY MANAGEMENT REFORM ACT OF 2016 (P.L. 114–318)

The Federal Property Management Reform Act of 2016 codified the Federal Real Property Council (FRPC) which was established by Executive Order in 2004.[18] The FRPC is composed of the senior real property officers of the 24 Federal agencies covered by the Chief Financial Officer (CFO) Act (P.L. 101–576).[19] FRPC's purpose is to develop guidance and ensure implementation of efficient and effective real property strategics, identify opportunities to better manage property, and reduce the costs of managing Federal real estate.[20]

FEDERAL ASSETS SALE AND TRANSFER ACT (FASTA) (P.L. 114–287)

Enacted in 2016, FASTA established a temporary board—the Public Buildings Reform Board (PBRB)—composed of non-governmental experts to make recommendations to OMB on the sale, disposal, or redevelopment of high value, underused or unneeded Federal real property.[21] OMB would then approve or disapprove of the proposals and, if approved, GSA would execute the recommendations.[22] The Board is set to terminate in 2024, at which time permanent changes to disposal laws will begin, and agencies will be allowed to retain a portion of sale proceeds as an incentive to dispose of excess properties.[23] FASTA also codified the Federal Real Property Profile (FRPP) government-wide database of real property and made it available to the public.[24] Unfortunately, the Board has found it difficult to execute its mission due to a variety of long-standing challenges, including limited access to funding, restrictions on the Board preparing properties for disposal, and limitations on the Board directing the best approaches for transactions to maximize the return.[25]

SPACE UTILIZATION CORRESPONDENCE

On March 30, 2023, the Committee sent 14 letters to GSA's largest Executive branch tenant departments and agencies (see Appendix I) requesting documents related to utilization rates, telework policies, capital plans and details of any campuses. To date, the Committee has only received four responses which failed to provide all the documents requested.[26]

IV. GAO's EXAMINATION OF FEDERAL OFFICE SPACE UTILIZATION

During the 117th Congress, the Committee requested GAO conduct a study on office space utilization rates across the 24 CFO agency headquarters to better understand how the Federal government is utilizing its real estate portfolio.[27] In order to assess space utilization, GAO collected building size and attendance data from all 24 agencies for one week each in January, February, and March of 2023. Utiliza-

[18] Exec. Order 13327, (Feb. 4, 2004), *available at* https://www.govinfo.gov/content/pkg/FR-2004-02-06/pdf/04-2773.pdf.

[19] *See* Pub. L. No. 101–576, 104 Stat. 2838; 31 U.S.C. § 901(b) (The CFO Act agencies include 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, National Aeronautics and Space Administration, Environmental Protection Agency, United States Agency for International Development, General Services Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration).

[20] Federal Property Management Reform Act of 2016, Pub. L. No. 114–318, 130 Stat. 1608.

[21] FASTA, Pub. L. No. 114–287, 130 Stat. 1463.

[22] *Id.*

[23] *Id.*

[24] *Id.*

[25] GAO, GAO–21–233, FEDERAL REAL PROPERTY: ADDITIONAL DOCUMENTATION OF DECISION MAKING COULD IMPROVE TRANSPARENCY OF NEW DISPOSAL PROCESS (Jan. 2021), *available at* https://www.gao.gov/assets/gao-21-233.pdf.

[26] Letter from Debra Wall, Acting Archivist of the United States, Nat'l Archives and Records Admin., to Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the H. Common on Transp. and Infrastructure (Apr. 13, 2023) (on file with Comm.); Letter from Andrea Brandon, Deputy Ass't Sec'y—Budget, Finance, Grants and Acquisition, Dep't of the Interior, to Sam Graves, Chairman, H. Comm. On Transp. & Infrastructure (June 20, 2023) (on file with Comm.); Letter from Philip McNamara, Ass't Sec'y for Administration, Dep't of Transp., to Scott Perry, Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the H. Comm. on Transp. and Infrastructure, (June 9, 2023) (on file with Comm.); Letter from Patricia L. Ross, Ass't Sec'y, Cong. and Legislative Affairs, Dep't of Veterans Affairs, to Sam Graves, Chairman, H. Comm. On Transp. & Infrastructure (July 3, 2023) (on file with Comm.).

[27] Letter from Peter DeFazio, Chairman, H. Comm. on Transp. and Infrastructure, et. al. to Gene Dodaro, Comptroller General, GAO, (Nov. 10, 2021) (on file with Comm.).

tion was then calculated by dividing in-office attendance by the building's useable square footage or capacity.[28] GAO found that on average, 17 of the 24 CFO agency headquarters were at 25 percent or less utilization.[29]

Causes of Low Utilization Rates

GAO identified three main causes for the extremely low rates of office space utilization: underutilization prior to the COVID–19 pandemic, outdated and inefficient building configurations, and the increased telework posture implemented as a result of the pandemic.[30] Excess building space is not a new phenomenon and has been on GAO's high-risk list since 2003.[31] Built years ago, these headquarter buildings consist of administrative and storage space that is now outdated or unnecessary.[32] Coupled with a more lenient telework posture, these layouts result in large amounts of underutilized, or in some cases unused, Federal office space.[33]

Costs of Low Utilization Rates

The Federal Real Property Profile data suggests that the 24 CFO agencies spend over $2 billion a year to operate and maintain Federal office buildings.[34] While this figure includes office space across the country, and not just headquarter buildings, if the utilization rates are similar, it is indicative of Federal agencies maintaining unused space ultimately wasting taxpayer dollars.[35] Additionally, there are also environmental costs associated with running these buildings. It is not possible to heat or cool only 25 percent of a building, so agencies must continue to pay the entire cost to operate their buildings.[36] Finally, there is an opportunity cost for these underutilized buildings. The government is spending resources to maintain outdated space that could be directed to the agency's mission—moreover, if the building is disposed of the locality is able to generate tax revenue and improve the local economy.[37]

Challenges with Increasing Space Utilization

The Federal government faces a variety of challenges in increasing the space utilization of Federally owned office buildings. Agencies are reluctant to start shedding space given the uncertainty of in-office attendance policies and telework.[38] There is also cultural reticent in many agencies to give up "earned space" or share space as it is seen as "diminishing" the importance of said office or agency.[39] Further, many buildings across the Federal portfolio are outdated and may prove costly to reconfigure to meet today's needs with hybrid work.[40] Finally, there is no set standard for utilization, a target goal of utilization to work towards, or a standard practice for measuring utilization and attendance across the government. Agencies have no real way to assess space needs until they can accurately assess how their current space is being used.[41]

V. WITNESSES

- David Marroni, Acting Director, Physical Infrastructure, GAO
- Nina Albert, Commissioner, Public Buildings Service, GSA

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[28] Briefing from Staff, GAO, to Staff, H. Comm. on Transp. and Infrastructure (June 26, 2023, 11:00 am EST)
[29] *Id.*
[30] *Id.*
[31] GAO, GAO–23–106203, High-Risk Series: Efforts Made To Achieve Progress Need To Be Maintained and Expanded To Fully Address All Areas (Apr. 2023), *available at* https://www.gao.gov/products/gao-23-106203.
[32] Briefing from Staff, GAO, to Staff, H. Comm. on Transp. and Infrastructure (June 26, 2023, 11:00 am EST)
[33] *Id.*
[34] *Id.*
[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*
[39] *Id.*
[40] *Id.*
[41] *Id.*

VI. APPENDIX I

1. National Archives and Records Administration [42]
2. Department of Commerce [43]
3. Department of Homeland Security [44]
4. Department of Defense [45]
5. Department of Energy [46]
6. Department of Justice [47]
7. Department of the Interior [48]
8. Department of Treasury [49]
9. Department of Transportation [50]
10. Department of Health and Human Services [51]
11. Social Security Administration [52]
12. Department of State [53]
13. Department of Veterans Affairs [54]
14. Department of Agriculture [55]

[42] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to Debra Steidel Wall, Acting Archivist, Nat'l Archives and Records Admin., (Mar. 30, 2023) (on file with Comm.).

[43] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Gina Raimondo, Sec'y, Dep't of Commerce, (Mar. 30, 2023) (on file with Comm.).

[44] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Alejandro Mayorkas, Sec'y, Dep't of Homeland Security, (Mar. 30, 2023) (on file with Comm).

[45] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Lloyd J. Austin III, Sec'y, Dep't of Defense, (Mar. 30, 2023) (on file with Comm.).

[46] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Jennifer Granholm, Sec'y, Dep't of Energy, (Mar. 30, 2023) (on file with Comm.).

[47] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Merrick Garland, Sec'y, Dep't of Justice, (Mar. 30, 2023) (on file with Comm.).

[48] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Deb Haaland, Sec'y, Dep't of the Interior, (Mar. 30, 2023) (on file with Comm.).

[49] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Janet Yellen, Sec'y, Dep't of the Treasury, (Mar. 30, 2023) (on file with Comm.).

[50] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Pete Buttigieg, Sec'y, Dep't of Transp., (Mar. 30, 2023) (on file with Comm.).

[51] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Xavier Becerra, Sec'y, Dep't of Health & Human Serv., (Mar. 30, 2023) (on file with Comm.).

[52] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to Kilolo Kijakazi, PhD, Acting Commissioner, Social Security Admin., (Mar. 30, 2023) (on file with Comm.).

[53] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Antony Blinken, Sec'y, Dep't of State, (Mar. 30, 2023) (on file with Comm.).

[54] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Denis McDonough, Sec'y, Dep't of Veterans Affairs, (Mar. 30, 2023) (on file with Comm.).

[55] Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Thomas Vilsack, Sec'y, United States Dep't of Agriculture, (Mar. 30, 2023) (on file with Comm.).

WHEN THE LIGHTS ARE ON BUT NO ONE'S HOME: AN EXAMINATION OF FEDERAL OFFICE SPACE UTILIZATION

THURSDAY, JULY 13, 2023

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:04 a.m., in room 2167 Rayburn House Office Building, Hon. Scott Perry (Chairman of the subcommittee) presiding.

Mr. PERRY. The Subcommittee on Economic Development, Public Buildings, and Emergency Management will come to order.

The chairman asks unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

The chairman also asks unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, if Members wish to insert a document into the record, please also email it to DocumentsTI@mail.house.gov.

The chairman now recognizes himself for the purposes of an opening statement for 5 minutes.

OPENING STATEMENT OF HON. SCOTT PERRY OF PENNSYLVANIA, CHAIRMAN, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Mr. PERRY. I want to thank our witnesses for being here today to continue the subcommittee's discussion on the state of Federal real estate, and discuss the eye-opening work that the Government Accountability Office just completed.

The subcommittee held a roundtable on the state of Federal real estate in March that highlighted the major challenges with the Federal Government's real estate portfolio. The buildings largely are old, in disrepair, and underutilized.

Federal real property continues to be on the GAO's High-Risk List for about 20 years. And, even before COVID, we had far too much empty space in our portfolio.

Unfortunately, the ongoing telework policies have only exacerbated that problem. Here are some basic facts we highlighted in our roundtable: Federal occupancy in the Washington, DC, area alone remains below 50 percent of pre-COVID levels. Nearly 30 percent of Federal employees live outside their assigned areas, and 30 percent of Federal employees are expected to retire in the next 5 years. More than 50 percent of the General Services Administration's leases are expiring in the next 5 years, and we are receiving growing reports of "shadow" space in both owned and leased buildings. And shadow space is, I guess, a nice term for saying it is empty, there are not many people there. It is just simply mostly vacant or very much vacant.

However, after being briefed by GAO on their latest report that they will testify on today, I have now been informed just how far off occupancy rates are and how difficult it is to calculate space utilization rates.

I will defer to GAO to report their findings and look forward to further discussion. But I do want to highlight one key finding: A majority of the agencies GAO reviewed use 25 percent or less of their headquarters building space—25 percent. Let that sink in.

And the taxpayer is paying for the remaining 75 percent of the agencies' unused space. The taxpayer is paying for all of it. But agencies are using 25 percent. The taxpayer is paying for 75 percent that is not being used. It is not as though the GSA can just close down, shut off the lights, and mothball the unused space to reduce costs. I wish that were the case.

The taxpayer is, quite literally, paying to keep the lights on even when no one is home. And the lights are just the beginning of it, right? There is security. There are utilities. There is upkeep when nobody is there. And, if this trend is any indication of space usage in leased space, we are wasting literally billions of dollars each year.

I have been a firm believer that, if agencies aren't using their space, they have got to give it up. They have got to give it up. Let's be clear. This goes beyond bringing Federal employees back to the office, because even pre-COVID, we knew space utilization was an issue.

This subcommittee, GSA, GAO, and the private-sector experts have been discussing this for a very long time. We need to get a handle on this and push agencies—require agencies—if they won't do it, we are going to have to help them do it. And I don't mean help in the good way, right?

We are from the Government, and we are here to help. But we have to examine how they are using their space, and there must be more accountability for agencies. There are people in charge of these places. If you are in charge, you have got to take care of business. And, if you don't want to, someone else is going to, and that someone is going to be us.

I hope we can use the GAO report as a baseline to understand the current challenges so we can pass legislation that will meaningfully help the Government right-size its portfolio and either use or get rid of—maybe that's not the right term, "get rid of"—let it go to the private sector. Let other people use it. Let some other agency use it. Let some other government-level—let the municipality—let the county—let someone else use it. But it can't go unused and paid for. That is unacceptable.

With that, this will conclude my opening statement.
[Mr. Perry's prepared statement follows:]

Prepared Statement of Hon. Scott Perry, a Representative in Congress from the Commonwealth of Pennsylvania, and Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management

I want to thank our witnesses for being here today to continue the Subcommittee's discussion on the state of federal real estate and discuss the eye-opening work that the Government Accountability Office (GAO) just completed.

The Subcommittee held a roundtable on the state of federal real estate in March that highlighted the major challenges with the federal government's real estate portfolio. The buildings largely are old, falling apart, and underutilized.

Federal real property continues to be on the GAO's high-risk list and, even before COVID, we had far too much empty space in our portfolio. Unfortunately, the ongoing telework policies have only exacerbated this problem. Here are some basic facts we highlighted in our roundtable:

- Federal occupancy in the Washington, D.C. area alone remains below 50 percent of pre-COVID levels.
- Nearly 30 percent of federal employees live outside their assigned areas.
- Thirty percent of federal employees are expected to retire in the next five years.
- More than 50 percent of the General Services Administration's (GSA) leases are expiring in the next five years.
- And we are receiving growing reports of "shadow" space in both owned and leased buildings—space that is just simply vacant.

However, after being briefed by GAO on their latest report—that they will testify on today—I realized just how far off occupancy rates are and how hard space utilization rates are to calculate. I will defer to GAO to report their findings and look forward to further discussion, but I do want to highlight one key finding—a majority of the agencies GAO reviewed used 25 percent or less of their headquarters buildings' space. Twenty-five percent.

And the taxpayer is paying for the remaining 75 percent of the agencies' unused space. It's not as though GSA can just close down, shut off the lights, and mothball the unused space to reduce costs. The taxpayer is quite literally paying to keep the lights on even when no one is home. And, if this trend is any indication of space usage in leased space, we are wasting literally billions of dollars each year.

I have been a firm believer that if agencies aren't using their space, they should lose it. And let's be clear—this goes beyond bringing federal employees back to the office, because even pre-COVID, we knew space utilization was an issue.

This Subcommittee, GSA, GAO, and private sector experts have been discussing this for a long time. We need to get a handle on this and push agencies to examine how they are using space.

There must be more accountability for agencies.

I hope we can use the GAO report as a baseline to understand the current challenges so we can pass legislation that will meaningfully help the government right-size its portfolio and either use or get rid of unused space.

Mr. PERRY. I now recognize the ranking member, Ms. Titus, for 5 minutes for her opening statement.

OPENING STATEMENT OF HON. DINA TITUS OF NEVADA, RANKING MEMBER, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Ms. TITUS. Thank you, Mr. Chairman.

I want to thank our witnesses, Ms. Albert and Mr. Marroni, for being here. They have participated in these discussions with us at the roundtable and in this committee. We have got the people who know this business and who can help us with it here at the table: the Commissioner of the General Services Administration's Public

Buildings Service, and Mr. Marroni, the Acting Director of Physical Infrastructure at the Government Accountability Office.

Mr. Marroni, I especially appreciate the time and effort that you and your team have devoted to the topic that we are discussing today. If it weren't for the 20 years of High-Risk Reports that you all have put out, we might not even be aware of the problem. So, thank you for that.

As you heard the chairman say, with the expiration of the COVID–19 health emergency, the use of maximum telework for Federal employees ended, and the Office of Management and Budget directed agencies to update their post-reentry plans.

The agencies have responded. Let's give them credit where credit is due. DOE, EPA, FDIC, the VA, FEMA, the Department of Education, and Department of the Treasury have all published their increased in-office work requirements.

And let's also be clear about the purposes of this hearing. We need to remember that GSA doesn't set Federal work policies. They don't have the authority to demand that Federal employees return to their desk. GSA provides the real estate and the real estate services to civilian agencies and helps those agencies define their space. But it does not establish or implement Federal workforce policies.

The frequency of Federal employees' in-person work schedules varies widely across agencies and even within agencies. And it is often determined by department heads or supervisors in those different categories.

Even though some agencies are sorting through their in-office policies, the truth is, we are still in the middle of this shift in the real estate market, and this could take a long time to play out. We need to recognize that.

But returning to work is only part of the issue at hand. Within the next 3 years, half of GSA's almost 8,000 leases will expire, and the agency has insufficient capital to repair and modernize the 1,500 buildings that it owns.

Persistent underfunding of the Federal Buildings Fund, outdated and damaged facilities, frustrated tenants, expensive short-term lease renewals, insufficient funding for new construction, damage to buildings from extreme weather conditions that will get even worse with climate change, and a slow prospectus approval process all combine to make it challenging for GSA to modernize and right-size its portfolio.

These are all concerns that were expressed in our roundtable, expressed by constituents, and expressed by you all. But we can't wait decades to sort this out, I agree with the chairman. Congress and this subcommittee specifically have a real opportunity now to improve space efficiency in our Government portfolio and dispose of underutilized real estate, both of which will save taxpayers sufficient money, a lot of dollars, a significant amount of dollars, and that is one of our priorities.

So, I look forward to hearing from the witnesses, to working with Members on both sides of the aisle and the chairman to address some of these problems that I have laid out before.

Thank you very much, Mr. Chairman. I yield back.

[Ms. Titus' prepared statement follows:]

Prepared Statement of Hon. Dina Titus, a Representative in Congress from the State of Nevada, and Ranking Member, Subcommittee on Economic Development, Public Buildings, and Emergency Management

Chairman Perry, thank you for having this hearing. And I thank our witnesses—Nina Albert, Commissioner of the General Services Administration's Public Buildings Service, and David Marroni, Acting Director, Physical Infrastructure, at the Government Accountability Office (GAO), both of whom have participated in previous federal real estate hearings and roundtables hosted by this subcommittee.

Mr. Marroni, I am particularly appreciative of the time and effort that you and your staff have devoted to the topic that we are discussing today. Were it not for GAO's 20 years of High-Risk Reports, Congress might not be aware of the challenges GSA has faced in maintaining its owned and leased portfolio.

With the expiration of the COVID–19 health emergency, the use of maximum telework for federal employees ended and OMB directed agencies to update their post-reentry plans. Agencies have begun responding to OMB's direction, with the Department of Energy, the Environmental Protection Agency, the Federal Deposit Investment Corporation, the Department of Veterans affairs, the Federal Emergency Management Administration, the Department of Education, and the Treasury each publishing increased in-office work requirements.

But half of GSA's almost 8,000 leases are expiring within the next three years and GSA has insufficient capital to repair and modernize the 1,500 buildings it owns.

While some Members of Congress may use this hearing as an opportunity to express their frustration about the use of remote and telework amongst federal agencies, the truth is that the General Services Administration (GSA) does not set federal work policies and does not have the authority to demand that federal employees return to their desks. The frequency of federal employees' in-person work schedules varies widely and is often determined by department heads or supervisors. GSA provides real estate and real estate services to civilian agencies and helps agencies define their space requirements, but GSA does not establish or implement federal workforce policies.

And even though some agencies are sorting through their in-office policies, the truth is that we are still in the middle of a shift in the real estate market that could take decades to play out.

But we can't wait decades. What does GSA need? Authority? Accountability? Funding? How can Congress help GSA during these confusing times?

Mr. PERRY. I thank the gentlelady from Nevada.

The Chair now recognizes the ranking member of the full committee, Mr. Larsen, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. RICK LARSEN OF WASHINGTON, RANKING MEMBER, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. LARSEN OF WASHINGTON. Thank you, Chair Perry and Ranking Member Titus, for holding this very important hearing on the utilization of Federal office space.

Managing Federal real property has been on GAO's High-Risk List for 20 years, as noted. Access to capital, the lack of reliable real property data for decisionmaking, and a cumbersome process for disposing of excess and underutilized real estate has made it challenging for GSA to carry out its mission.

The Obama-era Freeze the Footprint and Reduce the Footprint policies decreased the size of GSA's portfolio from 8,925 leases to 7,760 leases, and 190 million square feet to 180 million square feet. That's great, but I think it shows how difficult it is to dispose of excess property.

However, underutilization became even more widespread during the pandemic, even though eight Federal agencies made limited reductions to the amount of space they lease. As the COVID–19 emergency wound down, OMB required agencies to bring staff back into their offices and determine their future space requirements, but the in-office workforce is not reaching prepandemic levels due to increased and legitimate use of remote work.

In this environment, where agencies are unsure of their long-term space needs, GSA faces significant challenges. GSA must decide when to lease space or to increase its owned portfolio and move as many agencies as possible in that owned space. These challenges present GSA with an opportunity, therefore, to improve the size, quality, and utilization of the Federal real estate portfolio.

I look forward to learning how GSA is mitigating the financial liability of vacant leased space, whether GSA knows which of its buildings are cash positive, and whether GSA has a list of buildings that should be disposed of over the next 5 years.

The Inflation Reduction Act provides GSA with $250 million as well to convert facilities to high-performance green buildings. It is a great opportunity for GSA to build upon the previous success in greening our Federal facilities. However, we need to know which buildings GSA needs to keep.

So, I hope to hear from GSA today about how these funds are being used and whether the long-term viability and potential profitability of a building is considered when GSA makes these investment decisions.

This hearing is an opportunity to begin, or actually continue discussions, about what the Federal real estate portfolio should look like in the future and how Congress can help GSA meet some of its challenges.

So, I look forward to hearing from today's witnesses on how we can right-size the Federal real estate portfolio and save taxpayer dollars.

With that, I yield back.

[Mr. Larsen of Washington's prepared statement follows:]

Prepared Statement of Hon. Rick Larsen, a Representative in Congress from the State of Washington, and Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chairman Perry and Ranking Member Titus, for holding this important hearing on the utilization of federal office space.

"Managing federal real property" has been on GAO's High-Risk list for 20 years. Access to capital, the lack of reliable real property data for decision-making, and a cumbersome process for disposing of excess and underutilized real estate has made it challenging for GSA to carry out its mission.

Obama-era "Freeze the Footprint" and "Reduce the Footprint" policies decreased the size of GSA's portfolio from 8,925 leases to 7,760 leases and 194 million square feet to 180 million square feet. That's great but I think it shows how difficult it is to dispose of property.

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As the COVID–19 emergency wound down, OMB required agencies to bring staff back into their offices and determine their future space requirements. But the in-office workforce has not returned to pre-pandemic levels due to increased and legitimate use of remote work.

In this environment—where agencies are unsure of their long-term space needs—GSA faces significant challenges. GSA must decide when to lease space or to increase its owned portfolio and move as many agencies as possible into that owned space.

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This hearing is an opportunity to begin discussions about what the federal real estate portfolio should look like in the future and how Congress can help GSA meet some of its challenges.

I look forward to hearing from today's witnesses on how to right-size the federal real estate portfolio and to save taxpayer dollars. Thank you.

Mr. PERRY. The Chair thanks the ranking member of the full committee.

The Chair would now like to welcome our witnesses and thank them for being here today.

Briefly, I would like to take a moment to explain our lighting system to our witnesses.

There are three lights right in front of you. Green means go, yellow means you are running out of time, and red means to conclude your remarks. It should be pretty self-explanatory. I think you get about 5 minutes, right, so, hopefully you have planned for that.

The Chair asks for unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

As your written testimony has been made part of the record, the subcommittee asks that you limit your oral remarks to 5 minutes.

With that, Mr. Marroni, you are recognized for 5 minutes for your opening testimony.

TESTIMONY OF DAVID MARRONI, ACTING DIRECTOR, PHYSICAL INFRASTRUCTURE TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; AND NINA ALBERT, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

TESTIMONY OF DAVID MARRONI, ACTING DIRECTOR, PHYSICAL INFRASTRUCTURE TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. MARRONI. Thank you, Chairman Perry, Ranking Member Titus, and members of the subcommittee.

Mr. PERRY. Will you pull your mic closer?

Mr. MARRONI. All right. Thank you, Chairman Perry, Ranking Member Titus, and members of the subcommittee. I am pleased to be here today to discuss the preliminary results of GAO's ongoing work on the utilization of Federal headquarters buildings.

In the aftermath of the COVID–19 pandemic, the Federal Government has a unique opportunity to reconsider how much office space it really needs. To get a sense of the magnitude of that opportunity, we assessed the extent to which 24 agencies utilized their headquarters buildings in January, February, and March of this year.

What we found was that all 24 of those headquarters buildings had extra space and that most agencies were using less than 25 percent of their headquarters capacity on average. While these figures are estimates, they point to a potentially large amount of unneeded office space within headquarters buildings and possibly beyond.

We identified three main reasons for this low utilization. First, many agencies had more space than they needed even before the pandemic, one of the reasons Federal real property management has remained on GAO's High-Risk List now for 20 years.

Many headquarters buildings were built decades ago, before technology enabled the agencies to do more with fewer workers. But the buildings remained the same size, so, we end up with unneeded space.

For example, we calculated that, for one agency, even if all of its assigned staff came into its headquarters building on a single day, it would still only use two-thirds of the building's capacity.

Second, many headquarters buildings aren't configured in the best way. For example, some include storage areas and administrative spaces that simply aren't needed in the modern workplace. And some are configured with larger offices than are needed today.

Third, agencies have embraced hybrid work. Telework and remote work existed before the pandemic, but those workplace flexibilities are used much more frequently now. As a result, there are simply fewer people coming into headquarters buildings than there were before the pandemic.

So, why does this matter? Because low building utilization has significant costs, both to the Government and to the American taxpayer. For one thing, there are the financial costs. It costs billions of dollars each year to operate, maintain, and lease these buildings. Reducing unneeded space would save taxpayer money.

In addition, holding on to unneeded office space has environmental costs. Office buildings take a significant amount of energy to run, whether people are at their desks or not.

Finally, holding on to unneeded space has opportunity costs. Every dollar an agency spends on unneeded space is a dollar that can't be used for other priorities, and how much economic benefit do buildings used at a quarter of their capacity really provide to the local economy? Housing, hotels, and other uses could provide more local benefits.

To be clear, figuring out how much office space agencies really need and shedding any they don't won't be easy or cost-free. There are a number of challenges to doing so, including continuing uncertainty about agency in-office policies and a lack of consistent standards or targets for how agencies should measure utilization.

That said, the status quo can't hold. Agencies have been in a wait-and-see mode for more than 3 years. They need to decide how much office space they really need and start moving in that direction. That is important for agency missions, for local communities, and the American taxpayer.

In conclusion, underused Federal buildings have been and continue to be a costly challenge, and hybrid work has made that challenge more acute. The Federal Government now has a unique opportunity to reconsider how much office space it really needs. Agencies should take a hard look and act to right-size their real estate portfolios. Only by doing so will the Federal Government be able to take advantage of the current moment, optimize the Federal footprint, and save taxpayer money.

Mr. Chairman, that concludes my opening statement. I will be happy to take any questions you may have.

[Mr. Marroni's prepared statement follows:]

Prepared Statement of David Marroni, Acting Director, Physical Infrastructure Team, U.S. Government Accountability Office

FEDERAL REAL PROPERTY: PRELIMINARY RESULTS SHOW FEDERAL BUILDINGS REMAIN UNDERUTILIZED DUE TO LONGSTANDING CHALLENGES AND INCREASED TELEWORK

Chairman Perry, Ranking Member Titus, and Members of the Subcommittee:

I am pleased to be here today to discuss 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, 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 established the Federal Real Property Council (FRPC)—a collection of 24 federal agencies that occupy 98 percent of all federal real property.[3] The FRPC is chaired by the Office of Management and Budget (OMB), and aims 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.

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

[2] OMB, *National Strategy for the Efficient Use of Real Property 2015–2020: Reducing the Federal Portfolio through Improved Space Utilization, Consolidation, and Disposal* (Washington, D.C.: Mar. 25, 2015). Subsequently, OMB published the *Addendum to the National Strategy. See M–20–10 Memorandum to the Heads of Executive Departments and Agencies* (Washington, D.C.: Mar. 6, 2020).

[3] The Federal Real Property Council (FRPC) is a statutorily-recognized group of the 24 CFO Act federal agencies chaired by the Office of Management and Budget that occupy most of the federal government's buildings. Members include Senior Real Property Officers of the 24 Chief Financial Officer Act agencies, the Controller of the Office of Management and Budget (OMB), the General Services Administration (GSA) Administrator and any other officials permitted by OMB's Deputy Director for Management, who chairs the Council. 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 federal agencies include 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, 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 USC 901(b).

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 collected information from all 24 FRPC member agencies related to the utilization of their headquarters buildings (see Appendix I for a 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 it needs.

To determine the capacity of each 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.[4] We verified that information by comparing it with data from 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.[5]

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.[6] 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.[7] 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 because of the availability of attendance data and because they represent office buildings with relatively consistent types of uses.[8] 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.

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.[9] We asked data reliability questions to each agency to ensure the data could be used for reporting purposes. The percentages we provide in this testimony are preliminary estimates of building utilization based on ongoing work and are subject to change. 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 examining occupancy data and the 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

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[4] American National Standards Institute Building Owners and Managers Association Standard Methods of Measurement ANSI/BOMA Z65.1–2017.

[5] Dividing the number of usable square feet by the alternative GSA benchmark of 150 usable square feet per staff person will yield a greater estimated capacity of each building, and thus yield a lower weekly utilization average. We used the 180 usable square feet benchmark suggested by GSA and OMB. We used a single benchmark consistently across agencies for our analysis. However, agencies may use a different benchmark in occupancy agreements.

[6] 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.

[7] 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, which increased telework during the time we requested data.

[8] 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, not the Pentagon because it has administrative functions similar to those at civilian agency headquarters buildings.

[9] Agencies are not required to collect attendance data or in any specific format.

headquarters buildings. We also gathered information at FRPC meetings in January and April 2023.

The ongoing work on which this statement is based is being conducted 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.

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 the General Services Administration (GSA). GSA manages approximately 1,500 federally-owned buildings, which are used by various federal agencies (see figure 1). 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.

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

Source: GAO. GAO–23–106200

GSA provides guidance and tools to assist agencies with office space planning. In particular, GSA established a benchmark of 150 to 180 usable square feet per employee.[10] 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.[11] Federal agencies responded by adopting a maximum telework posture, allowing many employees to work remotely off-site for necessary agency operations. As a result, many federal

[10] Usable 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 bathrooms, 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).

[11] 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 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).

employees shifted to remote work and 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.[12] All of the 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.[13] 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 impact local communities. In April 2023, the Administration released additional guidance directing agencies to describe their telework plans, monitor organizational health and performance issues, and identify indicators that support decision-making related to the work environment.[14]

Most of the Federal Agencies Used 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 range, agencies used an estimated 39 to 49 percent of the capacity of their headquarters on average. Utilization is 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.[15] Figure 2 divides the 24 agencies into four distinct groups (quartiles) based on the agencies' average utilization of their headquarters buildings.

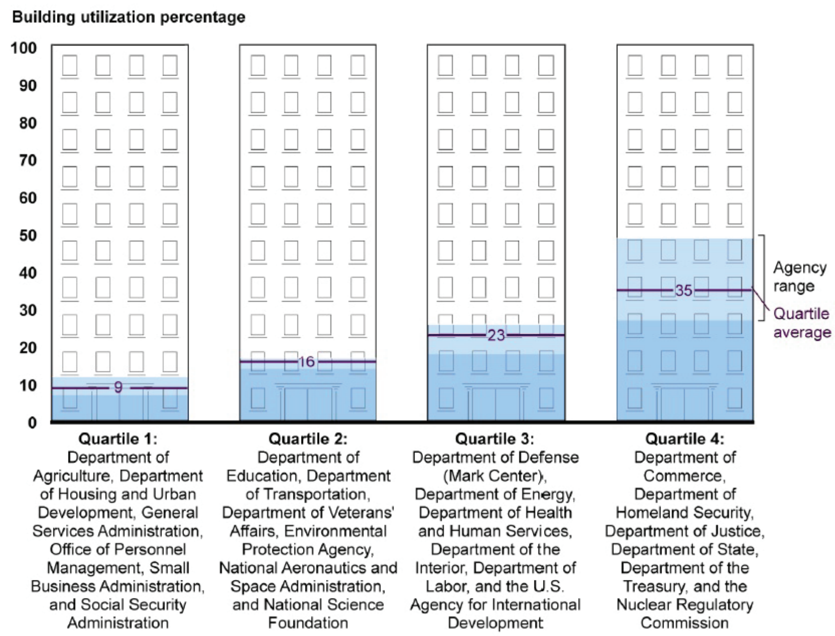
[12] Off. of Mgm't and Budget, OMB Memo No. 21–25, "Integrating Planning for A Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment" (June 10, 2021).

[13] 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).

[14] 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.

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



Source: GAO analysis of data from 24 federal agencies. GAO–23–106200
Note: The percentages are preliminary estimates of building utilization based on ongoing work and are subject to change. 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 work spaces and attendance.

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.[16] We also found in 2023 that recent efforts to reduce unneeded federal space have faced challenges.[17] At a meeting of the FRPC in January 2023, more than half of the agency officials in attendance 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,

[16] GAO–23–106203.
[17] 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).

agencies also configured their spaces with larger office spaces than are currently needed. Department of Treasury officials also said that the historic nature of its headquarters complicated its ability to reconfigure to support higher utilization. Officials from several agencies thought portions of their building could not be easily configured to office space. Consequently, officials voiced concerns about including these areas in an office space capacity analysis. For example, VA officials said the agency's basement (89,000 usable square feet) housed its cafeteria, mail, and other operations with little availability for office space.

- *Agencies have embraced hybrid work*. 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 workplace flexibilities, such as episodic telework and remote work, existed before the pandemic but are used much more frequently now. The amount of hybrid work varies by agency because mission needs vary, which can determine whether work can be done remotely. 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 any reductions in 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.[18] Disposing of underutilized buildings in need of repair would reduce these costs.

In addition, 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 any reduction in office space could reduce those costs. 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 consume 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.[19] 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 million annually.

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 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 increases the local tax base, as federal buildings are generally exempt from local taxes.

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[18] 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).

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

Agencies Face Challenges To Increasing Utilization of Federal Headquarters Buildings

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, federal agency officials that were in attendance ranked those challenges. Most federal agency officials placed the budget resources needed to reconfigure space and concerns about future in-office attendance policies as the top challenges (see figure 3).

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

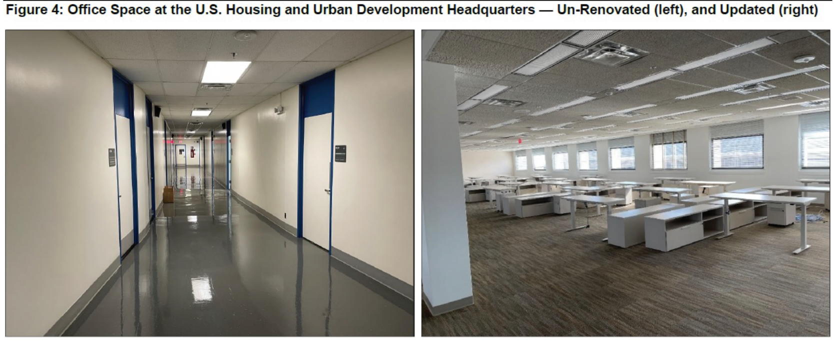
Challenges	Description
Budget resources to reconfigure space	Resources are needed to transform traditional office configurations so they better support office sharing as a part of efforts to reduce space.
Concerns about the future of in-office attendance policies	Uncertainty exists about changes to workplace 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 standard for utilization or target for full utilization	There is a lack of consistent standards for how agencies should measure utilization or what is considered full utilization for federal office space.

Source: GAO analysis of agency comments. GAO–23–106200

Budget Resources to Reconfigure Space

Agency officials ranked the need for additional budget resources to reconfigure their spaces to support a hybrid office 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. In addition, some headquarters buildings are only 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 (figure 4). However, the rest of the building has an outdated hallway-office configuration that does not support collaboration and shared spaces.

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



Source: GAO. GAO–23–106200

Concerns About the Future of In-Office Attendance Policies

The second top challenge, as ranked by agency officials, involved concerns about the future of in-office attendance policies. Although agency officials said their in-office attendance remained stable, many worried that policies or habits could change. If they consolidate to meet current demand, the agency may 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 said media reports about back-to-the-office mandates could make such consolidations seem premature. Recent congressional bills and an OMB memo have indicated that there may be additional policy changes. Our September 2022 report reflected similar concerns. In the report, agencies reported that they were uncertain of the number of people who would regularly need access to permanent office space.[20]

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 biggest 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 individual bureau leadership protected spaces 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 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 Workstations within the U.S. Department of Agriculture

Source: GAO. GAO–23–106200

[20] GAO–22–105105.

No Standard for Utilization or Target for Full Utilization

Agency officials also indicated that the lack of consistent standards for how agencies should measure utilization or what is considered full utilization for federal office space made maximizing space challenging. For example, one agency official said the biggest challenge to improving utilization was uncertainty about measuring utilization in a high telework environment. Currently, each agency establishes its own measures and standards for office space utilization. We found that agencies use a mix of badge swipes, network logins, self-reporting, or guard tracking to measure attendance at their headquarters. These differences feed into additional differences in how agencies measure building capacity. Not all agencies agreed with our approach to measuring utilization because they use different metrics for office space planning. For example, some agencies attribute a certain square footage per staff person, while others count physical workspaces. Agency officials questioned if pursuing 100 percent utilization based on attendance made sense due to likely fluctuations in daily attendance. Agency officials also said that they have not yet developed new utilization metrics to respond to the rise of hybrid work. One agency official said that a lack of standard methods and measurements can allow agencies to remain in a wait-and-see mode until there was consensus on how to proceed.

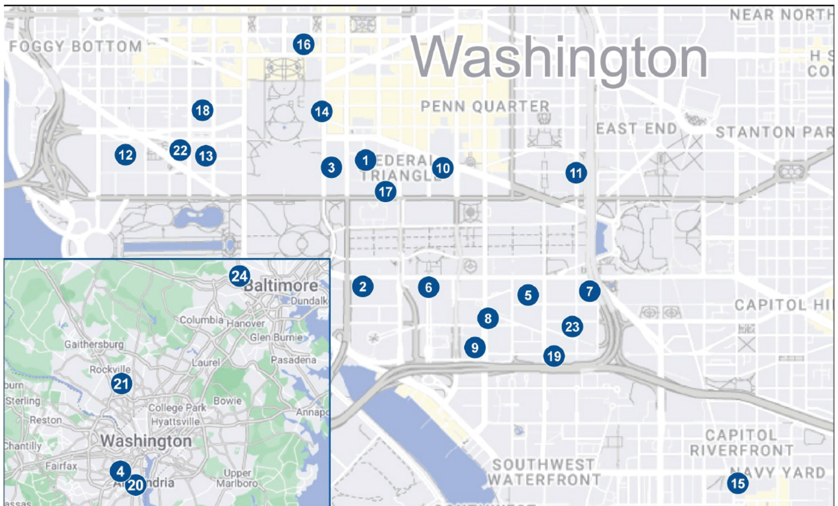
In conclusion, the pandemic has lowered the utilization of headquarters office space and may have added to the amount of unneeded space that existed prior to the pandemic. While all agencies have resumed in-person operations, it is clear that the federal workplace has evolved as agencies have embraced 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 Perry, Ranking Member Titus, and Members of the Subcommittee, 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

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 (7th and D Streets)
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–23–106200

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 Dr., 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	7th and D Streets	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 Services 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–23–106200

Appendix II: Comments from the General Services Administration

U.S. GENERAL SERVICES ADMINISTRATION,
1800 F STREET NW,
WASHINGTON, DC 20405–0002,
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 or Gianelle Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs.

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

Mr. PERRY. Thank you, Mr. Marroni.

Next, Commissioner Albert, you are recognized for 5 minutes for your opening testimony.

TESTIMONY OF NINA ALBERT, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

Ms. ALBERT. Thank you.

Good morning, Chairman Perry, Ranking Member Titus, and distinguished members of the subcommittee.

My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the General Services Administration. I appreciate the committee's invitation to discuss opportunities to improve building utilization as well as right-size the Federal footprint.

In GSA's role as the Government's largest civilian real estate provider, we help agencies develop real estate solutions that best support their missions and which deliver best value to the American people.

I had the honor of appearing before this subcommittee in June of 2022 and again in March of this year at the chairman's roundtable discussion.

Today, I am prepared to talk about how office owners and occupants are evaluating space utilization and how strategies to right-size the Federal footprint can be accelerated by GSA's gaining full access to the Federal Buildings Fund and by streamlining GSA's authorities to maintain and dispose of real property.

The pandemic highlighted the need for operational resilience, and many agencies have since realized that they can adapt their workplaces to more efficiently and cost effectively carry out their missions.

Since 2021, as directed by OMB memos M–21–25 and M–23–15, agencies have been evaluating how work environments can be improved to enhance mission delivery for the future, including evaluating the impacts of telework and other operational policies.

As these evaluations are completed, GSA is prepared to leverage its expertise to help agencies optimize their real estate needs. However, support for GSA's fiscal year 2024 budget request, which proposes key legislative reforms as well as $2.3 billion for its capital program, is critical to both modernizing as well as right-sizing the Federal footprint.

Deferring these authorities or limiting the investment in essential infrastructure further exacerbates our problems and delays consolidation plans. It also forces the Government to lease out of necessity while still carrying space we no longer need. All of these things increase costs to the Government, especially when we are forced to make emergency repairs.

For example, in our fiscal year 2024 budget request, 13 out of 17 major capital projects are resubmissions from prior years, and this is now costing the Government $300 million more than if it had been funded when originally requested. It is far more fiscally responsible to fund this work rather than to delay these projects.

To that end, GSA's 2024 budget request also includes a legislative proposal modeled after the Harbor Maintenance Trust Fund scoring fix, which was championed by this committee, to ensure that GSA receives full access to the annual collections that are deposited into the Federal Buildings Fund. We would like to work with you to advance this proposal this year.

GSA is also requesting to increase its prospectus threshold from $3.6 million to $10 million. The higher threshold will allow GSA to more quickly tackle routine projects, reduce repair costs, and save an estimated $50 million a year in cost avoidance.

Finally, as GSA works to right-size its real estate portfolio, there will be properties that are no longer needed and that should be disposed of. To help accelerate the disposition of underutilized real property, GSA's fiscal year 2024 budget request includes a legislative proposal to expand the allowable uses of the Expenses, Disposal of Surplus Real and Related Personal Property appropriation.

The expanded authority is not a request for additional funds. Instead, the proposal allows GSA to use existing funds on analyses and activities that support agency identification and preparation of real property for disposition.

In summary, GSA and Federal agency alignment around real estate optimization has never been better. With approximately half of our leases expiring within the next 5 years, we can seize this opportunity, but only if we are able to make the necessary investments in the buildings that the Federal Government will continue to own, because these are core assets, as well as accelerate the disposition of properties that are no longer needed.

Thank you for the opportunity to testify before you today, and I look forward to answering your questions.

[Ms. Albert's prepared statement follows:]

Prepared Statement of Nina Albert, Commissioner, Public Buildings Service, U.S. General Services Administration

Good morning, Chairman Perry, Ranking Member Titus, and distinguished Members of the Subcommittee. My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the U.S. General Services Administration (GSA). I appreciate the Committee's invitation to discuss opportunities to achieve long-term cost savings by right-sizing the Federal real estate footprint and by improving our real estate assets to align building utilization with mission delivery.

I had the honor of appearing before this subcommittee in June of 2022 and again in March of this year at the Chairman's roundtable discussion. Today, I am prepared to talk about how office real estate owners and occupiers are evaluating space utilization, and how strategies to right-size of the Federal footprint can be accelerated by GSA gaining full access to annual collections that are deposited into the Federal Buildings Fund and on streamlining GSA's authorities to maintain and dispose of real estate.

The pandemic highlighted the need for operational resilience and our ability to work with customer agencies to support their many different mission needs and types of work. And many agencies—including GSA—have since realized that they can adapt their workplaces to more effectively and cost-efficiently carry out their missions. As the Government's largest civilian real estate provider, GSA will play a key role in helping agencies to redefine their space requirements and in facilitating the Federal Government's transition to what is likely to be a smaller real estate footprint.

Since 2021, as directed by OMB memos M–21–25 and M–23–15, agencies have been evaluating how work environments can be structured to enhance mission delivery while strengthening their organizations for the future—including evaluating the impacts of telework and other operational policies on agencies' performance of their missions. As these evaluations are completed, agencies will have a better understanding about their approach to the workplace and future space requirements. Once these new requirements are in hand, GSA is prepared to leverage its expertise and experience to help agencies optimize their real estate needs. However, support for GSA's full fiscal year (FY) 2024 budget request—including legislative reforms and the agency's $2.3 billion request for capital program investments—is critical to help address these concerns.

GSA's proposed FY 2024 projects include essential infrastructure work and necessary alterations—not only to improve building operability, but also to improve agency utilization and mission achievement. If left unaddressed, these projects can lead to issues which may negatively impact the ability of our customer agencies to carry out their missions, to the detriment of the citizens and communities they are seeking to serve. Deferring this work does not eliminate the need for the work; rather, continued delays further exacerbate these problems and repairs often turn into more costly repairs or replacements, with the potential for system failures that result in cascading impacts to occupant agency missions. It also delays consolidation plans, forcing the Government to carry space that is being underutilized. All of these things increase costs to the Federal Government, especially when we are forced to make more costly emergency repairs or delay consolidations. In the most extreme cases, these delays have led to forced temporary relocations until the repairs were able to be completed.

For example, in FY 2023, 8 of the 17 Major Repairs and Alterations line item projects that GSA requested were resubmissions from a prior year's budget request that were not funded when previously submitted. Many of these unfunded projects would have directly supported increased building utilization. The collective total cost for those 8 projects was $122 million above the amounts needed when originally submitted in prior fiscal years. In FY 2024, 13 out of 17 Major Repairs and Alterations projects proposed are resubmittals; collectively, the total costs for those projects is now $300 million higher than the aggregate projects cost when submitted in prior fiscal years. In addition to funding requests for building operations, maintenance, and alterations, GSA's FY 2024 budget request includes a proposal to ensure that GSA is provided full access to the annual revenues and collections that are deposited into the Federal Buildings Fund. GSA is also proposing an increase to the prospectus threshold from $3.613 million to $10 million. Taken together, these proposals work to reduce timelines for project delivery, support improved building utilization rates, and provide better services to Federal agencies and the communities they serve.

Support for GSA's full FY 2024 budget request—including the $2.3 billion requested for capital program investments and the $50 million requested to support the Consolidation Activities Special Emphasis Program—will enable GSA to help address many of the long-standing concerns raised by this Committee. This will also allow GSA to invest in Federally-owned properties and optimize their configuration and performance to reduce the reliance on privately-owned space, ultimately helping GSA to deliver the best value in real estate to our partners across government.

It is critical that GSA receive full access to the Federal Buildings Fund in order to reinvest in the Federally-owned portfolio. There are significant opportunities across the GSA portfolio where consistent and adequate funding can be used to drive real estate savings. For example, in FY 2024, GSA collected approximately $10.7 billion in agency rental payments and other revenues that were deposited into the Federal Buildings Fund. Of that, approximately $5.7 billion (or just over half) will be passed through as rental payments to private sector lessors. While leasing will always be a vital element of GSA's real estate strategy, even a 20% reduction in the overall amount spent on private sector leases represents potentially $1 billion annually in avoided rent costs. With full access to its annual collections, GSA could properly invest in Federally-owned properties and make this transition successful.

In order to reduce the timeline for project delivery and provide better value to Federal agency customers, GSA is also proposing an increase to the prospectus threshold in section 3307 of Title 40 from $3.613 million to $10 million. The higher threshold will allow GSA to more quickly tackle many routine repair projects that exceed our current threshold. This proposal also helps to reduce repair costs and prevent smaller repair projects from growing into larger, more expensive replacements. And the higher threshold will allow Congress to remain engaged on the most costly and complex transactions. As noted in the FY 2024 budget request, GSA conservatively estimates that increasing the prospectus threshold will yield over $50 million in annual rent cost avoidance.

As GSA works to optimize and consolidate its portfolio, there will be some properties that are no longer needed in the Federal inventory and which should be disposed of. To help accelerate the disposition of underutilized real estate, GSA's FY 2024 budget request includes a legislative proposal to expand allowable uses of the Expenses, Disposal of Surplus Real and Related Personal Property appropriation, permanently authorized under section 572(a) of Title 40. The expanded authority will allow GSA to better assist agencies in identifying and preparing real property for disposition prior to the agency declaring a property excess. This will allow GSA to help agencies right-size their portfolios by providing the resources and support necessary to assess, prepare, and accelerate underutilized property for disposition using the Disposal Fund rather than agency base resources with repayment of costs through disposal proceeds.

GSA has a long track record of optimizing space utilization. As one example involving our own space, in the past 12 years, GSA has successfully executed two separate consolidations of the Federal Acquisition Service and National Capital Region offices from numerous other locations across the Washington, DC, area into our headquarters facility at 1800 F Street. These moves have yielded significant operational benefits to the agency, and they have also resulted in a 350,000 square foot reduction in the amount of space we occupy—reducing energy consumption by 50% below our previous baseline, and saving $24 million in rent payments annually. These consolidations were catalyzed in part by funding that GSA received in the American Recovery and Reinvestment Act.

GSA and Federal agency alignment around the opportunity to right-size the Federal real estate portfolio into one that is a high-performing, more efficient, and physically smaller than today's inventory has never been better. Portfolio-wide, GSA has helped to reduce the footprint of tenant agencies housed in office buildings in GSA's custody and control by disposing of almost 12 million owned square feet and reducing 14 million square feet of leased space since 2013. With approximately half of the value of our leased portfolio expiring within the next five years, we can seize this opportunity—but only if we are able to make the necessary investments in our owned portfolio.

I would like to thank this Committee again for its willingness to address these issues and for being a critical partner as we work to modernize and right-size Federal facilities. Thank you for the opportunity to testify before you today and I look forward to answering any questions the Committee may have at this time.

Mr. PERRY. Thank you, Commissioner. And thank you both for your testimony.

We will now turn to questions for the panel.

The Chair will recognize himself for 5 minutes.

Starting with Mr. Marroni, in this report that I am showing here [indicating Mr. Marroni's prepared statement]—and I particularly found a lot of interest in this page right here, this little graph down here [indicating figure 2 in Mr. Marroni's prepared statement], which shows the different quartiles and usage. It is, quite honestly, devastating.

Mr. Marroni, you found some agencies, on average, had a utilization rate as low as 9 percent. So, that is 91 percent not being utilized, and, at best, 50 percent. And while agencies complained about uncertainty regarding future occupancy, they all admitted their attendance had stabilized post-COVID. One agency indicated that, even if, as you testified, 100 percent of their staff came to work, only 67 percent of the building capacity would be used.

Federal workers need to come back to the office, for sure. But it is accurate to say that, even if there were higher attendance numbers than pre-COVID, we are paying far more for space than needed.

Can you tell us which agency indicated that only 67 percent of their building capacity would be used with 100 percent attendance?

Mr. MARRONI. So, that is the Small Business Administration headquarters. That is our calculation based on our assessment of their usable square——

Mr. PERRY [interrupting]. Yes. Can you—did you press the mic button?

Mr. MARRONI. The button is on.

Mr. PERRY. OK.

Mr. MARRONI. I will bring it closer to me.

Mr. PERRY. Yes, thank you.

Mr. MARRONI. So, that was the Small Business Administration. To be clear, that was our calculation based on our assessment of their usable square feet and——

Mr. PERRY [interrupting]. And can you inform the committee of the average square footage that you use to make the assessment?

Mr. MARRONI. Yes. The usable square footage was roughly 228,000 square feet—usable square feet.

Mr. PERRY. Right. And I think it bounces somewhere between 180 and 250 or something like that?

Mr. MARRONI. In terms of the benchmark——

Mr. PERRY [interposing]. Right.

Mr. MARRONI [continuing]. Agencies use——

Mr. PERRY [interposing]. Right.

Mr. MARRONI [continuing]. To plan, it can be as low as 120. Some use 150, 180. It ranges. So, this is——

Mr. PERRY [interrupting]. So, you are probably—this is a conservative estimate I would want to use.

Mr. MARRONI. Correct.

Mr. PERRY. One of the challenges that GAO highlights is that there are no standards for how agencies should measure utilization, right? Agencies say, well, we don't have anything that we can—they kind of make it up. And like you said, it varies.

I think that they agree that there needs to be a benchmark, although no one wants to have someone else set it for them. I get it. Historically, GSA and the committee have used the basic calculation of dividing the number of people assigned to a building into the total usable square footage of the building, and I am not sure that is very—you've got hallways, you have closets, bathrooms, et cetera. I don't think it captures actual utilization.

Is there a standard or benchmark on actual utilization that you would recommend?

Mr. MARRONI. So, we don't have a specific benchmark we would recommend. We use the 180 because that is a GSA benchmark. It is not a requirement for all agencies to use that. But we think, especially now that we have a more hybrid work environment, those existing measures, even the 180, may not make sense going forward. So, we think it is important for that to be defined governmentwide, what are our standards for measuring utilization, and what are targets that agencies can aim for in terms of maximizing their utilization?

Mr. PERRY. OK. And your review selected 180 usable square feet per person as a metric for determining the utilization, yet GSA's standard is 150. So, that is 30 more. That means the actual utilization rates you found are even worse if you used GSA's standard.

What utilization rate should we be aiming for in federally owned leases to lease spaces?

Mr. MARRONI. What level of utilization?

Mr. PERRY. Yes.

Mr. MARRONI. So, that, I think, is part of what needs to be defined, too. One hundred percent is not necessarily what you are aiming for, but it is higher than 25 percent.

Mr. PERRY. OK. Yes. Without a doubt. Without question.

Are there some that you can think of that should be exempted from a set standard right off the bat, or are there any that should be exempted that do special things that might not fall into that category?

Mr. MARRONI. When you are talking about office space, so, the kind of space we are talking about at these headquarters buildings, I think you can set a standard—I don't know if there is a single number—you would always want 180 square feet per person kind of a number, but I do think you can lay out parameters.

I don't think there is a specific agency I would, off the hand, say they should not be subject to a standard. There are always going to be exceptions that you can build into your policy, but we do think there needs to be some standard, some measure that is across the agency.

Mr. PERRY. OK. In the remaining time, in GAO's review, the GSA's headquarters building was among the group of the lowest utilization.

Commissioner Albert, what is GSA—I mean, you guys are kind of leading the charge. You are planting a flag. It is important that you set a standard. What are you guys doing about it?

Ms. ALBERT. So, I actually think we are a fantastic example of what we are doing right, but also what some of the challenges are.

So, since 2012, GSA used to have two headquarters buildings in Washington, DC, one at 7th and D, and our flagship at 1800 F Street. We also used to have six leases. After the Freeze the Footprint and Reduce the Footprint, we took that to heart. We consolidated those six leases into our headquarters. Then, right before the pandemic, we consolidated our two buildings into one, into the headquarters.

So, since 2012, we have reduced our own footprint by more than 40 percent, which we have tracked what those savings are to our agency over the 10 years to be more than $300 million.

Mr. PERRY. Which is awesome, Commissioner, but——

Ms. ALBERT [interrupting]. For 1800 F now, the utilization is very low.

Mr. PERRY. My time has expired, and I want to be respectful of the other members of the committee, but I would just end my conversation with this: Still plenty of work to be done per the report.

And, with that, I yield and recognize the gentlelady from Nevada, the ranking member, Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

And thank you for your all's testimony.

Now, in my opening statement, I mentioned some of the problems that you all are having post-pandemic. And you addressed some of those, Ms. Albert, especially the funding issue, where you are shortfunded. Plus, the Federal Buildings Fund keeps being robbed by appropriations, and so, setting it off and walling it off, kind of like the Harbor Maintenance Trust Fund, seems like a good idea. Put that money where it is supposed to go.

One of the things, though, that I didn't mention but I think we should talk about are the political problems. And there certainly are political problems. I think about it. Members want certain buildings in their district, the earmarks, or a rose by any other name. There is competition between Members for the placement of a building. Just let's look at FBI, for example. There are changing priorities because it takes so long, so, the agencies may need something different, or parties may switch, and then priorities may change, may start to talk about moving to Alabama, for example.

There is the culture among agencies that they want their own building or they want a new building. There are buildings available on the Mall, but we are talking about new museums in new buildings as opposed to repurposing old buildings. So, that is kind of part of the culture.

I have been here long enough to remember all the disaster with the VA hospital out from Denver. I know that is kind of separate from you, but it still illustrates the point.

I would ask both of you: How do you deal with these political problems when you try to make these important decisions?

Ms. ALBERT. Well, Mr. Marroni has ceded his time to me.

Well, I think that, frankly, proper communication is key and most important, because moving out of real estate or repositioning real estate takes time, and that time affords us to communicate well and to develop alternate plans. That doesn't always work. What might be the right decision from a real estate perspective may have other consequences.

And so, in those cases, we just have to navigate and try to find that win-win that makes sense for the agency, for the local community, and then also for the taxpayer. We are constantly navigating that. But, like in all situations where there are differences of opinions, I think that communication and developing a plan that everybody agrees to becomes of utmost importance. And there are many examples of that.

But I will say that, once a decision is made, whatever direction it goes in, there needs to probably be a compensating or a mitigating answer to whatever got left on the table.

So, for example, if a new courthouse is built, we need to have the courage then to let go of the courthouse that wasn't renovated. So, again, if a decision is made, everybody will accept that decision, whatever it may be. But there is an alternate and mitigating opportunity to continue to save taxpayer money. And that is, then, what we need to focus our plans and agreement to, rather than allowing that other facility to lay fallow, to cost taxpayer money, and to be underutilized.

Mr. MARRONI. I would say, in terms of targets that I mentioned earlier, having targets for each agency in terms of how they are going to maximize the utilization of their space would be a good way—if there are political considerations coming into play on whether this facility or that facility should stay, having targets, at least agencywide, would allow some objective measure.

I also think the importance of making a good financial argument for facilities that should stay or should go is important to show a good return of investment.

And then good communication, good collaboration to try and come to a solution is important as well.

Ms. TITUS. OK. Well, thank you. I am not sure this problem will ever be solved, but those are good suggestions for dealing with it.

Also, in listening to the chairman's questions and your all's answers and reading your testimony, it seems to me that one of the main problems is just unreliable data. Data from one agency to another is different, of one year to another is different. So, would we be better off just having some uniform data collection plan across all agencies so we can compare apples to apples and really know what is happening?

Mr. MARRONI. Well, data certainly is a concern. That is part of our high-risk area, too. That has been there for years at this point. I think improving the quality of real property data is essential and having standards—particularly when we are talking about utilization—for how we measure utilization is really important so we can do an apples-to-apples comparison.

For this work, there was data at headquarters we could use, but it varied in quality, and there wasn't a single benchmark. So, these are estimates as a result. It would be better if there were clearer standards for how to measure.

Ms. ALBERT. I think, prepandemic, the need to measure occupancy was not something that was of high importance. And I would say that that is true within the public sector as well as in the private sector.

Badging data is probably the most reliable and ubiquitous form of measuring occupancy of buildings on any given day. However, that technology and that equipment is not installed in every building across the United States, and that has costs to it.

So, I think that this area of exploration about what needs to be measured, what utility that data has for making real estate decisions, I think, is an important topic of conversation now. But I will just say that, from an industry perspective, it is a relatively new frontier that we are all crossing. And GSA has long been a leader in real estate, and so, we are happy to be a partner in determining what the methodology is for calculating utilization and also determining what data really needs to be measured so that it can be useful for all of us.

Ms. TITUS. Thank you, Mr. Chairman.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair recognizes the gentleman from Mississippi, Mr. Ezell.

Mr. EZELL. Thank you, Mr. Chairman.

Thank you for your testimony, Director Marroni.

When I asked about the main causes for office space underutilization prior to and following the COVID–19 pandemic, you cited outdated and insufficient building configurations and increased telework.

My first question is for Commissioner Albert. If there are outdated and insufficient building configurations, as GAO reports, why is that data along with operating costs of building repairs and the number of Federal employees and contractors in each building not shared with Congress or all made available through the Federal Real Property Report, and how is this committee supposed to comprehend the extent of waste in Federal buildings if the data available is insufficient or incomplete?

To me, it seems difficult to measure the efficiency of Federal buildings when key data is not collected.

Ms. ALBERT. Well, thank you very much for your question.

The Federal Real Property Profile database is specifically an inventory. So, it is basically a count of how many buildings there are across the United States. There are complexities to getting that database just by itself, just number, location, and address across all these buildings across the United States. We are still working on perfecting that database.

However, that particular database is not an asset-management tool. It does not incorporate, as you suggested, building condition, building liabilities, and inefficiencies. It doesn't go into that level of detail. That level of detail, in many cases, is managed by us for our own portfolio, or managed by individual agencies.

GSA has reported that our backlog of deficiencies is close to $11.9 billion. When we have looked at the sum total of the amount of investment needed to get the existing portfolio up to what I call a state of good repair, meaning safe, operable, available to agencies, we are looking at an $11.9 billion investment. That is deferred maintenance. And that is why we are so concerned with getting full access to the Federal Buildings Fund, because it was when we stopped getting access about 12 years ago that this mounting liability number has been growing and growing.

Prior to 12 years ago, when we had full access to the Federal Buildings Fund, we were able to keep our liabilities to about $1 billion a year, now it is $11 billion in total.

So, yes, I agree with you that we need to keep working on that Federal Real Property Profile database and perfecting it. But it is not an asset management tool, and we would be happy to work with the committee on sharing what we know to be individual asset performance standards right now.

Mr. EZELL. Thank you.

I will continue with the topic. You spoke in your testimony about the importance of ensuring projects are fully funded to better save the taxpayer money. However, all this committee seems to receive are proposals for discrete large projects with limited context on how they fit into larger efforts to consolidate and reduce space.

How is the GSA utilizing data to identify and set priorities to better serve the American taxpayer?

Ms. ALBERT. So, GSA works closely with agencies. Many times, we have a good sense of what their real estate portfolio needs are, where they have excess space. We have some visibility into that. And so, we work closely on a regional basis, as well as on a national basis, with agencies to craft their real estate strategy.

It is not contained in a database per se, but it is contained with real onsite knowledge of that building condition and dynamics of what the agency is needing and whether or not our building can suit their needs or if a lease strategy is something that makes more sense.

It is more of an art than a science in many cases. Obviously benchmarks are useful tools to identify whether or not the request is reasonable. Specifically, every real estate request is typically in response to an agency-driven need that gets evaluated both for cost and others.

And we try to make that information transparent to the committee. And, if there is more information that you require, we are always happy to make sure that you understand, on a prospectus-level project, what the rationale is for it.

Mr. EZELL. Thank you, Mr. Chairman. I yield back.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentleman from Washington, the ranking member of the full committee, Mr. Larsen.

Mr. LARSEN OF WASHINGTON. Thank you, Mr. Chair.

Mr. Marroni, can you start with answering the question about other data? I noted in your report, you focus on the headquarters, but you weren't able or did not go to regional offices or as far afield even as Washington State, or Alaska, or Hawaii.

Why not? Is there a limitation on your ability to do that in order to get a different picture?

Mr. MARRONI. So, there were two——

Mr. LARSEN OF WASHINGTON [interrupting]. Pull that microphone right to your face.

Mr. MARRONI. How is that?

Mr. LARSEN OF WASHINGTON. Better.

Mr. MARRONI. Good. So, two reasons we focused on headquarters and not the larger Federal real property footprint. First, data availability. In the headquarters buildings, there was attendance data we could use for our calculations. It varied in quality and type, but there was enough there that we could come up with these estimates. In the field, as we reported previously, there is just much more limited data available to make our calculations. So, one, it was a data-availability issue.

And then the second reason is headquarters buildings generally have similar functions. It's office space for folks working on policy and working on administrative issues. Once you get out into the field, the variety of uses of Federal property are from labs to offices to secure facilities, and comparing utilization across those may not make as much sense. So, that is why we decided to focus in on the headquarters buildings.

Mr. LARSEN OF WASHINGTON. Second, on the use of leased space, are you able to do any sort of calculation on the use of leased space? For instance, both my offices in the district are leased, for example.

Mr. MARRONI. So, most of these headquarters buildings we looked at are owned, although some of them are leased facilities. So, the numbers you have here include both of those types. Again, just in headquarters, we didn't see significant differences in utilization whether the buildings were owned or leased.

Mr. LARSEN OF WASHINGTON. Yes. Great.

Commissioner, can you talk a little bit about the Federal Buildings Fund? You mentioned that you used to have $1 billion a year for that fund, and now you don't.

Why is that, and what can we do about that?

Ms. ALBERT. So, GSA collects, last year, for example, $10.4 billion in rent from other agencies. Those agencies' budgets are appropriated, and rental list space is included in their budget appropriation. The way that the Federal Buildings Fund was designed was to collect that rent, and then have automatic authority to reinvest that money into maintaining buildings.

And so, about 12 years ago, that authority—so, I call that a revolving fund. That authority was limited, and about $1 billion a year has been siphoned from the collections that GSA collects and redirected elsewhere.

That shortcut——

Mr. LARSEN OF WASHINGTON [interrupting]. By the appropriations committees?

Ms. ALBERT. Correct. That $1-billion-a-year haircut to our budget every year, most of it—half of it, at least—has come out of our repair and alterations budgets. So, that is telling why our buildings now, today, are in the condition that they are.

What we are proposing is a fix to the Federal Buildings Fund so that it acts more like what the committee passed recently for the Harbor Maintenance Trust Fund, which is a scoring rule fix, which would allow us and allow the appropriators to appropriate the full amount of the Federal Buildings Fund without hitting their appropriations caps.

And so, that is what we would like to work with the committee on. That is what we are looking to work with the appropriators on.

Here is what it does——

Mr. LARSEN OF WASHINGTON [interposing]. Yes.

Ms. ALBERT [continuing]. The important part is why do this, in this time now, when everyone is talking about reducing the footprint? It does cost money to save money. So, we need to move agencies from one location to another. That costs money.

Where they are moving to needs to be improved, either in our own buildings, or into even a leased space. There are improvements or changes that need to be made to the physical footprint to accommodate a new agency and how the new agency functions. All of those activities take money.

From a management perspective—I am an infrastructure manager, basically. The most important tool for an infrastructure manager is to have reliable and adequate funding, because it takes 4 to 5 years to effectuate these plans. And so, I need to be able to rely on a known budget 4 or 5 years in advance. And that is what is complicated when we are living on a year-to-year budget cycle and would like to structure the FBF more like a——

Mr. LARSEN OF WASHINGTON [interrupting]. So, does the opposite hold true as well? To move people from space to space, the space you are moving them from as well, you need to improve that before it becomes able to be disposed of?

Ms. ALBERT. Yes. The FBF funds can be used for all of these types of move activities.

I will give an example, too. When we dispose of a building and take sales proceeds, that comes into the FBF. And that allows funding of other agency moves. There are lots of examples of that. But access to the Federal Buildings Fund is incredibly important in order to effectuate consolidation.

Mr. LARSEN OF WASHINGTON. Thanks for explaining that. I appreciate that.

I yield back.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the vice chair of the subcommittee, Mrs. Chavez-DeRemer.

Mrs. CHAVEZ-DEREMER. Thank you, Mr. Chairman. I appreciate this.

I was at the roundtable several months ago in March, and I was as shocked then as I still am. I think, as a new Member of Congress, recognizing the work that goes into holding our real estate portfolio, when we often think that that is a private-sector issue and knowing that we have hundreds of millions of square feet that are underutilized is shocking to, I would imagine, myself and a taxpayer.

And when I hear that there is going to be some consolidation, I am appreciative of that, that I think you all recognize that we are wasting taxpayer dollars left and right. And the general question that I would imagine and that I do get is it feels like we want more money to waste money. And that is maybe a private-sector thought, but I want to figure out a way to save our taxpayer dollars.

And I think that there is going to be, I think, probably some hard choices to be made within the portfolio to say, we can no longer do this.

And, really, I know pandemic levels have exacerbated the problem. All the reports are showing that can we get people to work? But this even started years before that, and recognizing that we have to make some changes.

And if this was a private portfolio, at some point, we would just close the doors and have to forgo those buildings. Little harder in the public sector when we are running the show.

And so, I hope that we can give you all guidance, and I hope that you will respond with better data, better information gathering to share with us so we can make the right choices for the American people.

And, with that, I would like to ask Mr. Marroni: Your report shows the time for action is now. That is what you have stated. We know that even before COVID, space utilization was bad, and it was wasting those taxpayer dollars, as I said before.

So, can you maybe—you touched on it a little bit. What are your recommendations today on the next steps to right-sizing the Federal portfolio?

Mr. MARRONI. So, a couple things.

First, agencies do need to make decisions now, soon, on what office space they need and how that is affected by attendance policies and office attendance. They need to decide on that, and then decide, OK, how much space do we really need, and then taking into account how can they go about doing that. Do they need a standalone headquarters building anymore? Are there ways to consolidate? Are there bureaus within their department where they can share space and, therefore, have better utilization? So, that——

Mrs. CHAVEZ-DEREMER [interrupting]. But we're not starting that process right today, right? We should have been doing this years ago, so, is that happening already?

Mr. MARRONI. There is some consideration of that already. In fact, OMB, last year at this time, put out a memo asking for agencies to submit—to restart the capital planning process, agencies have submitted their plans to OMB. And some agencies have started to announce both their attendance policies and also starting to put out information about their real estate plans.

So, there are efforts there. And there have been efforts in the past. Last decade, there were efforts to reduce the Federal real property footprint as well. So, it is not that this has not happened at all. It is just, post-pandemic, we have a particular need now to refocus and potentially make some hard decisions about what space we need.

Mrs. CHAVEZ-DEREMER. And do we have an expected timeline? When should those be finished? When should we expect that we will get the answers, not "we are working on it, we are working on it"?

Mr. MARRONI. Right. So, I think that is important for the agencies to say what is their timeline. For OMB, there is part of that—for OMB to say what are our targets? Where are we aiming for in terms of the utilization? It is going to—once that decision is made, there is time it takes to consolidate space, to dispose of space.

So, there is a tail to this as well, which is why decisions soon are important.

Ms. CHAVEZ-DEREMER. Great. Thank you.

And, Ms. Albert, it is my understanding that more than 5,000 individuals work for the Public Buildings Service.

What is the utilization rate for PBS occupied space?

Ms. ALBERT. So, PBS, because we are in buildings across the country as building managers, I don't know what the exact utilization is, but we tend to be in buildings because we are serving the building.

We function as a hybrid organization. So, depending on what the job description is, is what dictates how often people are onsite. As you can imagine, we have construction managers and architects, so, those people aren't coming necessarily into an office every day. Instead, they are going onto the job site.

So, we have quite a range of different activities. And people's hybrid posture or how they work is reflected by the activities that are required of them.

I would like to take a moment to answer maybe or just shed some light onto what is going on right now in activities.

So, we are the manager of real estate; i.e., we are looking at the supply side of real estate: what is the quality of the buildings, how much are they being used, what are the opportunities for consolidation. So, what is the supply side of real estate.

The agency is determining and deciding what is the demand side and how much space they need. And then the body of work is to marry those two.

That work is ongoing. There is no deadline. It is actively ongoing all the time. There have been many consolidation projects that have been in motion for years.

St. Elizabeths, which Representative Norton is very familiar with, has been a consolidation effort for over 15 years, and we are now coming to the end of realizing that consolidation plan. And there are many agencies that are exercising and continuing to refine what their consolidation or what their real estate plans are.

Our job as GSA is to manage real estate when agencies contract, which is the state that we are in now generally, but there are other agencies that are expanding. And so, it is not a net total of decrease that we are looking at. It is agency by agency, how are we meeting agency needs?

Mrs. CHAVEZ-DEREMER. Well, thank you.

My time has expired, and I yield back.

Thank you.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair now recognizes the gentleman from California, Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman.

Ms. Albert, thank you very much for this last explanation that you shared with us. You are on the supply side. The demand side, you have to deal with. And, therefore, you are in a very difficult situation, which you have explained to us, at least in part, today, and I thank you for that.

You cannot control your destiny. Your destiny is really controlled by the other Government agencies that are making a decision based on their needs, their budgets. And their budgets are often—well, always, presumably, controlled by us. And we, frankly, jerk them around. And so, over time, they are growing; the next year, they are declining, and the like.

In that context, you are proposing in your 2024 budget request certain reforms. One of those reforms apparently deals with how you transition property presently held by the Government to some other purpose. And it is in that area that I would like to just focus for a moment and then your comments.

In eliminating excess facilities across the country to cut costs, do you take into account the social economic impact of a building being disposed of, or shuttered, in a community? How do you address that issue, and what is the effect of it?

Now, the decision may not be totally yours in that you are the receiver of a decision by some agency to reduce its footprint, but do you take into account the social economic, and how would you address that if, in fact, you have to dispose of a building?

Ms. ALBERT. Yes. So, I think that the decision by the agency, as you say, is theirs, and we are the service provider. But, once that agency has made their decision—very often, by the way, it is difficult to get the agency to make that decision. But we are in a new day, and I think that more accelerated moves can be anticipated.

Having said that, once that decision is made, GSA, before it determines to dispose of property, goes through an internal process first to see if there are other Federal Government agencies that are interested in that site before we would even consider disposing of it.

But, most importantly, if that decision is made to dispose of property, that is what triggers the outreach to communities to identify: Are there alternate uses? Are there uses that that local government has for the site? And we are now, under this administration, developing the tools for measuring economic impact, which have not been applied in the past.

That is where my expertise comes in, to try and identify how to do that responsibly, and how—especially when—right now is a very complex time for communities, because we are in contraction mode almost across the country. And communities are having to reposition how they think about the value of coming into downtown DC, for example, and remain vibrant.

And so, a lot of communities are thinking about repositioning towards hospitality, entertainment, and other things other than office. And that is what the community needs to tell us how our asset can best support their goals.

Mr. GARAMENDI. Thank you very much.

I think it is extremely important that, in addition to what you have described, that there is a timing element and that the decisions flow in a way that leave the community—should there be a decision to dispose of property—in the best possible position. And I can understand or at least appreciate somewhat the complexity that you are faced with, that you don't control the demand side.

One final point that I want to make: I think we need to be very, very careful to avoid the one-size-fits-all. Mr. Marroni, you have basically marched down this so many square feet per Federal employee. I think we better be very careful that that not be the criteria, because there are dozens, if not hundreds, of different demands.

My final point would be that we need to be very, very much aware here that the GSA is the supply side. It is the demand side that is driving this problem. I will let it go at that.

I yield back.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentleman from Wisconsin, Mr. Van Orden.

Mr. VAN ORDEN. Mr. Chairman, thank you very much.

Ma'am, it is good to see you again. We sat at a roundtable together. I asked you some very pointed and specific questions then. You were not prepared to answer them for me then. It has been a while now, so, I am going to ask you the same questions.

How many people are under your purview?

Ms. ALBERT. There are approximately 5,600 people.

Mr. VAN ORDEN. OK. Excellent. So, there are 5,600 people. So, it is 11 o'clock, 11:01 on July 13th, a Thursday. How many of those people are at work right now?

Ms. ALBERT. Everybody is at work.

Mr. VAN ORDEN. How many people are physically located in a building that I am paying for?

Ms. ALBERT. I could not answer that question.

Mr. VAN ORDEN. OK. So, that is exactly what you told me a while ago, and that is completely unacceptable, ma'am. You have had a long period of time to get that answer, so, we write checks here, because that is what Congress does.

And, if you are incapable of answering that question, I don't know that you are capable of holding the position that you are in. So, there are four GSA buildings in the State of Wisconsin—four. One of them is in my district. It took me over 2 months to get a phone, as a Member of Congress, in that office.

And my guys are still having issues getting passes so that the people that work for me and work for the 750,000 Wisconsinites that we represent can actually go to work. And that is on you.

And this is just not OK. It is not. I am afraid to address you again publicly and bring in the word "incompetent." Your testimony, again, is a pile of gobbledygook. It doesn't make any sense.

I need a phone so my constituents can call me. I need an office so they can visit, so that we can actually problem-solve. And that is on you, and you are failing. You are.

Do you have any reasonable excuse for not being able to answer the most basic question of how many of your employees are physically located in a place where they can help American citizens? Do you have any excuse for that, not being able to answer that—yes, OK. Go ahead.

Ms. ALBERT. We don't attribute being able to do our jobs to whether or not we are sitting in an office. Construction managers are not in an office. They are out on a job site.

Mr. VAN ORDEN. They are.

Ms. ALBERT. So, there is a mix——

Mr. VAN ORDEN [interrupting]. How many construction managers——

Ms. ALBERT [continuing]. On a daily basis——

Mr. VAN ORDEN [interrupting]. Right now—how many construction managers right now are at a job site?

Ms. ALBERT. I don't have a tally.

Mr. VAN ORDEN. You can't answer that question.

Ms. ALBERT. I am not aware——

Mr. VAN ORDEN [interrupting]. Why?

Ms. ALBERT [continuing]. Where——

Mr. VAN ORDEN [interrupting]. Because you don't track it.

Ms. ALBERT [continuing]. Everybody is right now.

Mr. VAN ORDEN. Yes, you don't.

Ms. ALBERT. Right.

Mr. VAN ORDEN. Yes. And I am a retired Navy Seal. I knew where all my people are at all times, everywhere. And I managed folks in three different combat zones simultaneously, and I could tell you within a 10-meter square where they were at in combat. And you can't tell me where administrative personnel are located in the country? And we are giving you how much money?

That is, ma'am, that is completely unacceptable. And if you could, because I asked you to give me this answer—and I wrote it down—it is in my notes. And if you are not taking notes from a Member of Congress that is asking you very specific questions, because I got no answers back from you, if you are not doing that, you are failing. And I am not going to accept this any longer. I am not going to do this.

This committee is remarkable. The power that this committee has does not—it is not commensurate with the responsibilities that we have. We should be able to fire you right now. Like—no, we should be able to fire you right now because you are failing, and you have been blowing me off now for a long period of time.

I want specific answers. How many people, where are they at, what are they doing every day? Because we have got a checkbook and you don't.

Ms. ALBERT. If I could just—we would be happy to answer your questions.

Mr. VAN ORDEN. Well, then, ma'am, you should have done it a long time ago.

Ms. ALBERT. But may I also just say, in terms of failing, we are not failing. The last 3 years——

Mr. VAN ORDEN [interrupting]. Where is my phone?

Ms. ALBERT [continuing]. Our projects have been delivered on time——

Mr. VAN ORDEN [interrupting]. Why can't my people go to work?

Ms. ALBERT [continuing]. And on budget.

Mr. VAN ORDEN. Why can't my people that are being paid by the American taxpayers walk into an office in a single GSA building in my district, why can't they go in there without being searched like they are a terrorist? Why?

Are you happy to answer that question?

Ms. ALBERT. Sure. There are security protocols for each building——

Mr. VAN ORDEN [interposing]. Sure, there are, ma'am.

Ms. ALBERT [continuing]. That apply to all Federal buildings and it is—that is the requirement of the agencies that are in those buildings.

Mr. VAN ORDEN. Who is in charge of that agency, ma'am? Would that be you? It would be.

Ms. ALBERT. Security of a building is run by Department of Homeland Security. We have a partnership with the Department of Homeland Security——

Mr. VAN ORDEN [interrupting]. Who owns the building?

Ms. ALBERT [continuing]. To provide security in buildings.

Mr. VAN ORDEN. Ms. Albert, who owns the building? Who is—who is—who is actually responsible for that building is you.

My timed is expired.

Mr. PERRY. The Chair thanks the gentleman.

The Chair recognizes the gentlelady from Washington, DC, Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Ms. Albert, Commissioner Albert, the Court Services and Offender Supervision Agency for the District of Columbia is a Federal agency that supervises individuals in DC on probation, parole, and supervised release.

For the last 20 years, the CSOSA's main facility has been located within one block of the DC Superior Court. As is the case with the Office of the U.S. Attorney for DC and the DC Public Defender Service, proximity to the court is important for CSOSA to carry out its mission and for the individuals it serves.

CSOSA's lease expires in 2026. I believe it is important for CSOSA to remain located near the court after its lease expires. Does GSA understand the importance of CSOSA remaining near the court and support CSOSA locating CSOSA near the court?

Ms. ALBERT. Thank you for that question.

CSOSA is doing a tremendous amount of work with us right now. They are looking at consolidating multiple locations, and we are determining what their real estate strategy is. They have expressed the importance of the location and proximity of their facility to other mission-essential locations, and we will make sure that they are supported as they need to be.

Ms. NORTON. I appreciate your looking closely at that and they seem to be asking for that, as well.

Commissioner Albert, at the roundtable in March, I asked you about GSA's plans for the Department of Energy's Forrestal Building and for the old DHS headquarters once everyone moves to St. Elizabeths.

You stated that GSA was systematically going through the portfolio to understand agencies' plans and reposition assets to support the needs of the agencies and the local community. When does GSA anticipate announcing plans for the old DHS headquarters and the DOE's Forrestal Building?

Ms. ALBERT. Thank you for that question.

So, you have been a champion of the DHS consolidation, particularly at St. Elizabeths.

As you know, in our 2023 budget authorization, we were able to move three additional headquarters and consolidate them at St. Elizabeths, or three additional projects. And we are asking in our 2024 budget request for the last component to be able to be consolidated at St. Elizabeths.

And so, we are hoping that if we get that appropriation, we will be able to move the last DHS component off of what we call the Nebraska Avenue Complex site.

If everything goes according to plan and we get funding this year for this last component, we believe that we will be out of the Nebraska Avenue Complex in 2028. And prior to that, we would be working with the District of Columbia and with the community to determine what the best strategy is for making that site available.

Ms. NORTON. What percentage of the portfolio do you have left to review?

Ms. ALBERT. Of the—you mean GSA's portfolio?

Ms. NORTON. Yes.

Ms. ALBERT. Well, it is ongoing. I don't know. We are—we have gone—what we do is we go through multiple passes. So, we have gone through one pass in its entirety, and this fall, we will have gone through that second—it is to confirm what we know or what we think we know with the regions and with the agencies. That will happen through the rest of this calendar year.

Ms. NORTON. Commissioner Albert, you also stated that GSA, and, here, I am quoting you, "would be delighted to work with DC on repositioning assets that have historic utilization, rising costs, and are not a long-term strategic goal for private use."

Have you begun conversations with the District of Columbia on repositioning these assets?

Ms. ALBERT. So, we are in contact with the District of Columbia. We understand what their strategies are for revitalizing and maintaining a healthy downtown core. We have not spoken about specific assets because we haven't completed our work yet with the agencies on how they might want to reposition.

Having said that, we understand what the district is trying to do with its downtown. And we are trying to make sure that strategically, our assets can contribute to the vitality of downtown.

Ms. NORTON. Thank you.

I yield back.

Mrs. CHAVEZ-DEREMER [presiding]. The gentlelady yields back.

Are there any further questions from members of the subcommittee? I don't believe that we see anybody else arriving today.

But I do want to thank the witnesses for being here because this will conclude our hearing.

I think you have been asked some pretty poignant questions, some direct, some indirect, some more hostile than others. But I do believe that this committee is committed to getting the answers, and I hope that you will be forthright and come with those answers that we have asked today, because I think the taxpayers, the

American taxpayers, deserve to be saved their taxpayer dollars if the utilization continues to rise. And it is our due diligence then to do the best with the public buildings that we have and that real estate portfolio continues to serve the needs that the American taxpayers deserve.

So, seeing none, this concludes our hearing. I would like to, again, thank you for spending the morning with us.

I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

Without objection, so ordered.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

And without objection, so ordered.

This subcommittee stands adjourned.

[Whereupon, at 11:14 a.m., the subcommittee was adjourned.]

Submissions for the Record

Prepared Statement of Hon. Derrick Van Orden, a Representative in Congress from the State of Wisconsin

I write today to express frustration over the General Services Administration (GSA)'s incompetence in addressing two situations involving my former District office at Federal Courthouse in Eau Claire, Wisconsin. Both of these issues were simple and should have been resolved easily. Despite a very pleasant and helpful experience with our GSA representative (McKinley Noster), ultimately the incompetence of the GSA on a national scale has prevented my staff and I from being able to serve our constituents of Wisconsin's Third District. The GSA's failure to address these problems in a reasonable and timely manner has forced the taxpayers of Wisconsin's Third Congressional District to have to pay an additional $300 per month in rent for a new district office.

I. Inability to fix screening issue

The first issue that my staff and I encountered from the onset was the GSA's failure to address the security screening process for the Eau Claire federal courthouse. Members of my staff were the only individuals who regularly work in the building that were required to be screened by security. The security in that building was a private firm that is contracted through the U.S. Marshals Service.

When I inquired with GSA how to get my staff passes similar to the other employees in the building, we were told to provide their names and driver's licenses. After the GSA submitted these forms of Identification, I was told they were still not sufficient.

It later came to my attention that the Marshals Service requires a formal background check for any individual to be able to bypass the screening process. I became aware of this after a GSA employee named Camilla Kadish directed a member of my staff to speak with the entity that performs background checks for the House of Representatives.

Given that the House of Representatives does not conduct background checks, this answer was completely unacceptable. The process for my staff and I to enter our own office took upwards of ten minutes each time and included removing belt, shoes, placing all objects in a scanner, walking through a metal detector and being waved by another metal detector device.

As a Member of Congress trying to enter my own office to serve my own constituents, I should never have been subjected to these delays. Moreover, when my office was persistent in attempting to rectify this situation, the GSA was incredibly unhelpful. The issue remained unresolved the entire time my office was based at the Eau Claire Federal Court House.

II. Inability to resolve Asbestos issue

To make matters worse, my staff was notified by a contractor on Friday, May 5th that some remodeling work would begin the following Monday, May 8th due to an ongoing asbestos infestation that made our district office a hazardous workplace. As a result of the remodeling work, the contractor informed our staff that some minor disruptions to our office would be experienced. They went on to clarify that beside some possible noise disruption, the remodeling would not prevent my staff from continuing to work under normal operations.

When the work began on Monday, May 8th, it created a major disruption to our office staff and ultimately displaced them due to construction work taking place directly inside our office suite. Our staff followed up on Friday, May 12th and assessed they would be unable to return to the office the following Monday, May 15th.

As of writing, work still remains on this remodeling. This months-long displacement impeded us from best serving our constituents and forced us to take action and ultimately break our lease and seek an alternative office space.

III. Conclusion:

The work we do is vital to ensure our constituents are able to get the assistance they need with matters involving federal agencies. The GSA's inability to resolve the screening and asbestos issues actively inhibited my staff's ability to effectively carry out this mission. This is unacceptable and outrageous. The result of this is that the taxpayers of Wisconsin's Third Congressional District must bear the cost of the GSA's incompetence. I will not accept this outcome and will demand accountability for those personally responsible.

APPENDIX

QUESTIONS FROM HON. JOHN GARAMENDI TO NINA ALBERT, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

Question 1. As I understand, GSA plans to eliminate excess facilities across the country to cut costs.

Question 1.a. Commissioner Albert, has the GSA conducted an analysis of the socioeconomic status of areas where GSA is shuttering assets vs. where they are moving?

ANSWER. Engaging with the local community is a crucial part of the disposal process—particularly because it helps GSA to fully understand the opportunities for repositioning a particular property, as well as challenges to disposition of the property.

GSA has conducted an analysis of the socioeconomic benefits to local communities after former Federal properties have been returned to the private sector or reused for other public purposes. During the past five years, Federal property disposals resulted in 80 properties (totaling 1.79 million square feet) transferred for a Public Benefit. This resulted in $10.68 million of annual local tax revenues created. This analysis highlights the substantial benefits that can result from the transfer of surplus Federal properties to new owners. Additionally, 35 properties (totaling 2.58 million square feet) were repurposed for another Federal use. Furthermore, environmental remediation was conducted on 304 acres prior to disposition.

Question 1.b. Is the agency best using its assets to uplift communities in need? Or is it once again leaving behind communities that have been left behind?

ANSWER. GSA remains focused on providing outstanding value for our agency customers and for the American people. As noted above in response to the first question, GSA prioritizes community engagement throughout the transfer of surplus Federal properties to new owners (which, as our analysis shows, provides substantial benefits to local communities) and aims to make smart real estate decisions that support our agency partners in delivering on their missions—ultimately with the goal of benefitting the communities they serve.

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