

STATEMENT OF
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ACTING ADMINISTRATOR FOR GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

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Good morning Chairman Crenshaw, Ranking Member Serrano, and Members of the Committee. I am honored to be here today for the first time as the Acting Administrator of the U.S. General Services Administration (GSA).

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the government and the American people. This mission is essential to making government as effective, efficient, and responsive as possible. However, in trying to meet that mission for the nation's real estate, GSA is currently on an unsustainable course. For five fiscal years, the vital link between the rent GSA collects from agencies and reinvestment in the American people's assets has been broken. During this time, GSA has received significantly reduced funding, putting us on an unsustainable trajectory in trying to meet our solemn responsibility to properly maintain the nation's public buildings and to make the critical infrastructure investments that will support the American people.

The President's Fiscal Year 2016 request will put us back on course to meet that mission. First, the budget supports smart and dependable infrastructure investment through transparent, long-term capital planning. Second, it provides full funding of the Federal Buildings Fund (FBF) in FY 2016. Third, it proposes investing prior year rent collections to address urgent priority project needs. Lastly, it promotes consistency by providing advanced funding of the FBF in FY 2017.

Today, I would like to highlight GSA's efforts to provide greater transparency and certainty in proposed real estate investments; the common-sense investments proposed in GSA's FY 2016 request; our planned execution of the FY 2015 program; and GSA's continued progress in becoming more efficient internally as we execute our continued reforms.

Long-Term Capital Planning –

Congress created GSA's Federal Buildings Fund in 1972 to provide a dedicated source of revenue for needed investments and enable GSA to execute its federal real estate mission using best practices found in the private sector that are "unavailable where funding uncertainties preclude the precision planning necessary to implement them."¹ We are working to improve our

¹ U.S. House of Representatives. Report to Accompany H.R. 10488, Public Buildings Amendments of 1972. 92nd Congress, 2nd session. Report 92-989. Washington, DC. 1972. Web. March 3, 2015.

planning and, as part of our FY 2016 budget request, have developed a coordinated long-term capital plan for investment that outlines the priorities for renovations and new construction, including Courthouses and Land Ports of Entry.

If we are able to execute on this plan, GSA will be able to invest in modern, secure land ports of entry that keep our country safe and promote economic growth; public buildings that lead the way in energy and water efficiency and drive down operating costs; courthouses that are secure and efficient; historic assets that are properly maintained; and a reduced federal footprint that provides significant long-term savings to taxpayers. This plan provides greater transparency to Congress and other stakeholders about the Administration's highest priorities and, if we are able to execute on it, gives communities more certainty on when they can see action on urgent and long-pending investment needs.

The dedicated resources of the FBF, as outlined in the long-term capital plan, would support:

- 1) Six new courthouses, reflecting urgent priorities identified by the Administrative Office of the U.S. Courts, that will administer justice more efficiently and with improved security;
- 2) 103 repair and alteration projects that will facilitate space consolidation, protect the health and safety of building occupants, improve federal service delivery, and save taxpayers money;
- 3) Nine mission-critical border station modernization projects that will improve the nation's security and make trade more efficient, promoting economic growth and creating jobs;
- 4) Four environmental cleanup projects that will reduce public health risks and improve and protect natural resources;
- 5) A critical new project to protect against cyber threats; and
- 6) Completion of the Enhanced Plan for the Consolidation of the Department of Homeland Security Headquarters at St. Elizabeths, which will save taxpayers \$4.2 billion in comparison to how DHS is currently housed.

These projects are spread across the nation, covering 32 states from Florida to Washington. Unfortunately, executing this plan is not possible without the capital planning certainty that Congress envisioned for the FBF.

Fiscal Year 2016 Request –

GSA's FY 2016 request allows us to start delivering on this long-term capital plan. We are again requesting full funding of the FBF, allowing GSA to invest the rent it collects from agencies back into our publicly owned buildings to meet the urgent needs of partner Federal agencies. Additionally, we are requesting to invest \$564 million from previous year rent collections in support of urgent priorities.

Maintaining Our Assets –

In FY 2016, GSA is particularly focused on basic upkeep and renovations of our existing inventory. Unfortunately, GSA's Major Repairs and Alterations (R&A) line item has borne a disproportionate share of cuts over the last five fiscal years. This makes little fiscal sense because the backlog of repair needs continues to grow while the costs, scope, and urgency of these repairs only increases over time. For instance, at the Goodfellow Federal Center in St. Louis, Missouri, we are working on basic utility upgrades that are needed to support the facility. We originally asked for \$37 million to complete this project and were not able to fund it. Now, in FY 2016, we are again asking for funding, but the project cost has increased to \$44 million.

Additionally, as projects are delayed and costs increase, the backlog of needs continues to grow across the country. This year, we have a number of new needs, including the Sixth Street Federal Building in Los Angeles, California. Here, we are proposing \$12.3 million to upgrade outdated building systems in the 59-year old facility and reconfigure the layout to bring in more partner agencies to the owned space. If we do not receive funding, GSA will simply have to come back again in a future fiscal year at greater expense to taxpayers, and with potentially bigger problems that need to be fixed.

Importantly, these are not lavish projects, but basic upkeep. As one example of the kind of upgrades we are hoping to make, in FY 2016, GSA is proposing to invest \$46.5 million to repair the Alexander Hamilton U.S. Customhouse in New York, New York. This project, split into two phases, will first remediate water infiltration at the historic facility to prevent future damage to the building. Following our long-term capital plan and if we receive advanced funding as requested, we would then invest \$27.2 million in FY 2017 to replace and upgrade the building exterior.

Making Smart Investments –

As we move in support of GSA's existing inventory, we are also looking to make the investments that will deliver better, more rational, and more efficient real estate in support of the American people.

No project better illustrates the value of these investments than our new, Enhanced Plan for the consolidation of the Department of Homeland Security at St. Elizabeths. DHS and GSA have worked together to cut construction costs by \$800 million, accelerate the delivery timeline by five years, and move an additional 3,000 employees to the campus, improving utilization and making it a fuller consolidation for DHS. Taken together, these changes make this project a hallmark of efficiency; this campus will set the standard not just for DHS, but for what is possible with other agencies. In total, once completed, taxpayers will save \$4.2 billion in costs compared to how DHS is currently housed.

GSA is requesting \$379.7 million in FY 2016 to complete much of the remaining adaptive reuse of historic buildings on the campus. Once renovated, GSA will be able to move DHS out of costly, scattered lease space from across the National Capital Region into these facilities. If GSA's FY 2016 and FY 2017 requests are fully funded, the project would be 78 percent

financially complete and we will be rounding the corner in delivering on this sorely needed investment.

Additionally, GSA continues to look for opportunities to meet the needs of the Judiciary by investing in their highest priority Courthouse projects. In FY 2016, GSA is requesting \$181.5 million to build Nashville, the Courts' top new construction priority. If provided full funding in FY 2016 and advanced funding in FY 2017, we also identify funding to meet the Court needs in Toledo, Ohio, currently the Courts' second-highest priority. While the amount of funding for Toledo could change depending on the Courts' annual prioritization process, GSA's funding levels, or other Administration priorities, GSA is looking to bring more certainty into funding for all of our partner agencies, including the Judiciary.

GSA also prioritizes investment along the border that will secure our nation and promote economic growth. GSA's FY 2016 request includes \$191.2 million in support of two major Land Port of Entry modernizations: Alexandria Bay, New York, and Columbus, New Mexico. Last year, over one million vehicles and 206,000 trucks passed through these two land ports accounting for over \$14 billion in commerce flow². In Alexandria Bay, GSA proposes to invest \$105.6 million for the first phase of a two-phase project. This project will modernize this port in desperate need of upgrades, resolving gridlock issues at the border through expanded commercial and non-commercial lanes, as well as enhancing security through new inspection facilities that meet current requirements. This is the third fiscal year, since FY 2012, that GSA has requested funding for Alexandria Bay.

Finally, GSA continues to prioritize investments that result in long-term savings to taxpayers. With resources from FY 2014, GSA invested \$70 million in consolidation projects that will reduce the government's real estate footprint by 507,000 rentable square feet and save partner agencies \$17 million in annual rent costs, ensuring short-term paybacks. For instance, at 201 Varick Street in New York, New York, GSA made a \$5 million investment that allowed us to consolidate an agency out of leased space that costs \$7 million annually in rent payments. In FY 2016, GSA is requesting \$200 million in support of this program.

Advanced Funding of the FBF –

To better and more consistently fund these essential investments, the Budget Request also includes a critical new provision: advanced funding of the Federal Buildings Fund program for FY 2017. The budget requests \$9.95 billion, including \$5.67 billion for Rental of Space, \$2.36 billion for Building Operations, \$375 million for Basic Repairs, and \$1.54 billion for Construction, Major Repairs & Alterations, and Special Emphasis Programs. If funded, in FY 2017, GSA plans to pursue necessary repairs to federal buildings, undertake key upgrades at vital Land

² U.S. Department of Transportation, Bureau of Transportation Statistics, North American Transborder Freight Data; accessed at http://transborder.bts.gov/programs/international/transborder/TBDR_QA.html on March 5, 2015.

Ports of Entry, and continue with phased construction of critical assets such as the DHS consolidation at St. Elizabeths. GSA's long-term capital plan outlines these capital priorities.

Advanced funding, in concert with a long-term capital plan, is consistent with the best practices around planning and execution within the private sector, as Congress initially envisioned when creating the Federal Buildings Fund. We hope that these efforts will result in more certainty in planning and funding so we can truly deliver the best value in real estate to the American people.

Appropriated Accounts –

This budget also requests more than \$250 million for our appropriated accounts, as well as \$13 million to begin preparing for the next Presidential transition. This funding supports activities that increase the efficiency and effectiveness of our partner agencies. The budget request includes \$62 million for the Office of Government-wide Policy to develop policies and tools to drive savings and effectiveness in a number of areas, including procurement and travel. The budget also provides \$61 million for our Operating Expenses account, which includes the Office of Real Property Utilization and Disposal, a critical resource for government agencies looking to reduce holding and operating costs by disposing of unneeded real estate. In addition, this request includes \$58 million for the Office of Citizen Services and Innovative Technologies (OCSIT). OCSIT is focused on facilitating easy access for citizens, businesses, and the media to information from the government through services such as cloud technology, USA.gov, and Data.gov. Additionally, OCSIT is delivering technology services to partner federal agencies in cutting-edge and more efficient ways. The presidential transition funding is of particular importance, as GSA looks to help ensure the successful transition of administrations in 2016 in accordance with the Pre-Election Presidential Transition Act of 2010.

Execution of Fiscal Year 2015 Appropriations –

Although GSA believes the FBF is on an unsustainable trajectory and we are looking at ways to bring greater certainty to our planning and funding in FY 2016, we are committed to investing the resources provided in the FY 2015 Consolidated Appropriations Act responsibly and expeditiously.

We have submitted our annual spend plans outlining the priorities we will be able to fund with the resources provided, and are working with our Authorizing Committees in the House and Senate to get approval of our capital projects.

Across these efforts, GSA retains our commitment to transparency and responsiveness. As a signal of this commitment, GSA is working to meet every reporting deadline in the FY 2015 Appropriations Act, and we will work to continue to meet reporting deadlines moving forward.

Continued Reform –

While GSA seeks to make the investments vital to America's future, we also continue to focus on executing reforms to improve oversight, strengthen accountability, and increase efficiency within our own agency. We will continue to maintain our vigilance in taking whatever actions are needed, in partnership with GSA's Inspector General, to make the agency as efficient and responsive as possible.

Through our consolidation of CxO functions, we continue to find efficiencies that help us drive down the cost of overhead across the organization. This consolidation of information technology, financial management, and human resources functions will allow us to save an estimated \$95.5 million (17 percent), \$29.2 million (21 percent), and \$11.5 million (12 percent), respectively, compared to FY 2013. Additionally, due to stringent spending controls, along with the planned transfer of almost 300 financial operations staff to the U.S. Department of Agriculture, we have reduced Full Time Equivalents (FTE) by 5.4 percent across the organization and have compiled a cumulative savings of \$143 million in travel expenses from FY 2012 levels. We will continue to seek out every opportunity to improve our efficiency as an organization, and to take any action that is needed to ensure we remain an accountable and responsive agency.

Conclusion –

GSA has made great progress over the last three years in restoring the reputation of our agency and in refocusing on our important mission of delivering the best value in real estate, acquisition, and technology services to government and the American people. The President's FY 2016 budget request will allow us to meet that mission effectively. I look forward to working in partnership with Congress to continue our progress.

Thank you for the opportunity to appear before you today. I am happy to answer any questions you have.