

**STATEMENT OF  
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ADMINISTRATOR  
U.S. GENERAL SERVICES ADMINISTRATION  
BEFORE THE  
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**February 29, 2016**

**I. Introduction**

Good afternoon Chairman Crenshaw, Ranking Member Serrano, and Members of the Committee. Thank you for inviting me to today's hearing on the President's Fiscal Year 2017 budget request for the U.S. General Services Administration (GSA).

First, I would like to thank the committee for GSA's Fiscal Year 2016 appropriations. The funding this committee provided is crucial, and will allow GSA to make critical investments that will enable our partner agencies to more effectively fulfill their missions and at the same time help develop critical infrastructure. We will work diligently to ensure that monies are spent wisely and efficiently, as befitting the trust you have given our agency. I look forward to continuing our partnership for the 2017 fiscal year.

Together, we have invested in the nation's infrastructure, made dramatic improvements to the performance of federal buildings and cut long-term real estate costs. We have made the acquisition of goods and services simpler and more cost-effective through increased data and new contracting vehicles. Across the government, we have significantly improved the delivery of information technology, advanced evidence-based decision-making through benchmarking, and improved administrative functions by strengthening shared services. Finally, our consolidation efforts have streamlined GSA's operations and reduced internal operating costs.

The President's FY 2017 Budget builds on last year's progress by prioritizing agency real estate consolidations and infrastructure investments to maximize space utilization, improving border security, expanding trade, and spurring economic development within communities across the nation. Importantly, this budget request will also enhance the cybersecurity and efficiency of the federal government's IT systems by modernizing IT legacy systems. Finally, the budget will also provide the necessary services to the

President-Elect and Vice President-Elect during the Presidential Transition. All of these activities will move GSA forward along the reform trajectory to reduce costs, better serve our agency partners, and catalyze economic activity throughout the country.

## **II. Transforming the Federal Real Estate Landscape**

Funded by rent collections, Congress created GSA's Federal Buildings Fund (FBF) in 1972 to provide a dedicated source of revenue for needed investments and to enable GSA to execute its federal real estate mission using best practices found in the private sector. In partnership with this committee we have begun to restore the necessary levels of investment in our nation's public buildings.

For Fiscal Year 2017, GSA requests approximately \$10.2 billion in FBF New Obligational Authority, which is equal to the anticipated revenue collections, meaning "zero net budget" authority. A zero net budget authority request for both years will ensure a self-sustaining fund and provides stable funding for long term projects.

### **Capital Project Transparency**

To provide greater transparency, the President's budget includes a long-term capital plan and an advanced funding request for FY 2018 that provides insight into GSA's top real property investment priorities. The dedicated resources of the FBF, as outlined in the long-term capital plan, will support:

- 1) Two Headquarters Consolidation projects. One for the Federal Bureau of Investigation and one for the Department of Homeland Security Headquarters. When completed, these projects will enhance the nation's security, save taxpayers billions annually and significantly reduce the Federal government's footprint.
- 2) Eight mission-critical border station modernization projects that will improve the nation's security and make trade more efficient, promoting economic growth and creating jobs; and
- 3) Four environmental cleanup projects that will reduce public health risks and improve and protect natural resources;
- 4) Funding for minor repairs and alterations and special emphasis programs which will support more than 100 small 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;

## **Headquarters Consolidation**

The President's FY 2017 Budget Request continues GSA's focus on creating long-term cost savings for taxpayers while strengthening our national security infrastructure. Specifically, this Budget invests in two major projects to consolidate headquarters functions for the Federal Bureau of Investigation and the Department of Homeland Security, saving billions of taxpayer dollars over the long term.

First, GSA seeks \$759 million to support the construction of a new headquarters facility for the FBI. This new facility will consolidate FBI employees from 13 locations across the National Capital Region within a new, modern, and secure facility that is designed to enhance FBI's national security, intelligence, and law enforcement missions.

We sincerely appreciate the \$75 million provided by the Committee in FY 2016 which demonstrates our shared support for this critical project. The President's FY 2017 request for the FBI Headquarters within the GSA budget, paired with \$646 million in the FBI's FY 2017 construction budget, as well as the value of the J. Edgar Hoover Building and the prior year resources, will allow GSA to award a contract for design and construction of a new FBI headquarters by the end of this calendar year.

The new FBI Headquarters facility will be located in one of three previously announced sites: Greenbelt, Maryland; Landover, Maryland; or Springfield, Virginia. The proposed facility will support information sharing, collaboration, and integration of strategic priorities, and will allow the FBI to realize significant mission synergies as a result of co-location. The facility will accommodate approximately 11,000 personnel and include state-of-the-art IT infrastructure that is key to FBI's national security mission.

GSA released the second phase of the Request for Proposals in January of this year. Bidders will submit their initial proposals in June. We will be sure to continue to keep this Committee informed as the project moves forward.

The President's FY 2017 Budget Request also includes \$267 million to continue executing the Enhanced Plan for the Consolidated Department of Homeland Security Headquarters at St. Elizabeths in Washington, D.C. Again, I'd like to thank the members of this Committee for supporting full funding of the President's FY 2016 request for this project, allowing GSA and DHS to refocus our efforts at St. Elizabeths to reduce construction costs, increase long-term savings, and complete the project on an accelerated track in accordance with the Enhanced Plan.

The Enhanced Plan for DHS Headquarters Consolidation, when completed, will reduce the federal footprint by nearly 2 million square feet and save taxpayers more than \$1 billion. The current project plan eliminates \$800 million in construction costs, significantly increases utilization on the campus by fitting more employees in less space, and completes construction by FY 2021.

The FY17 budget request of \$267 million for this project will allow GSA to construct the new headquarters for FEMA on the West Campus of St. Elizabeths, rehabilitate buildings needed to accommodate components of the Under Secretary for Management, continue the design for Immigrations and Customs Enforcement housing, and advance historic preservation activities.

### **Enhancing Border Security and the local Economy**

The President's Budget Request also includes investments to support border security and improved trade with \$248 million for the second and final phase of the Calexico West Land Port of Entry modernization and improvement project, which will improve the security of our nation's borders as well as promote expanded commerce and trade, as well as local economic development opportunities.

All of these investments have a significant impact on the communities in which these projects are located. GSA recognizes its role as an economic catalyst in these communities, and works with these communities to align investments where possible with local community planning and economic development efforts.

### **Smarter Capital Investments**

In the current fiscal environment, it is essential that GSA maximize the use of the Federal Buildings Fund to support the evolving missions of client agencies, and combat the growing cost of real estate. The budget request includes funding to help agencies consolidate and reduce space, improve the safety and condition of our public buildings, and support the disposal of unneeded government assets.

GSA is working with our partner federal agencies to review and optimize space in order to reduce the federal government's footprint and help agencies shift limited resources to mission rather than real estate costs. Since FY2012, GSA's efforts have resulted in a reduction of the leased inventory by more than 3 million rentable square feet, with a projected reduction of 3 million additional rentable square feet by the end of FY 2017. GSA has advanced these efforts by right-sizing space, encouraging desk-sharing, enabling and supporting mobile work, and shifting from traditional office space to a more flexible, open-plan environment.

GSA has also partnered with agencies to accelerate the disposal of excess property. In FY15, we have helped agencies to dispose of 173 properties through both sales -- generating more than \$56 million in gross proceeds -- and transfers to state or local governments that will put unneeded federal properties to better use.

### **III. Modernizing Legacy IT Systems and Enhancing Cybersecurity**

The continued and pervasive use of legacy IT systems by federal agencies results in increased cybersecurity risks to federal IT systems, downgraded service for the American people and businesses, increased personnel costs, and missed opportunities. These systems are more likely than modern systems to operate with vulnerabilities that are technically difficult or prohibitively expensive to address and could hinder an agency's ability to protect sensitive data. Many federal agencies are unable to effectively modernize IT infrastructure and mission critical systems due to large upfront capital investment needs and the increasing share of costs that maintaining these older systems occupy in technology budgets. Of the more than \$52 billion in Federal civilian IT spending planned for FY 2017, about \$37 billion or 70% is dedicated to the operations and maintenance of legacy investments.

To address these issues, the budget includes a request to establish a \$3.1 billion Information Technology Modernization Fund (ITMF), which would be used to retire and modernize legacy information technology systems to improve cybersecurity, improve the delivery of services, and reduce costs. The ITMF is designed to be a full cost recovery revolving fund that will provide a stable funding environment for agencies to ensure continuous improvement to their information technology systems and infrastructure.

GSA and OMB will work with agencies to develop IT modernization plans that build off private sector best practices in technology development and implement modern agile acquisition practices that will enable agencies to enhance the cybersecurity and service delivery of the federal government's technology. Ultimately, modernization plans will be evaluated and prioritized for funding based on greatest risk profile, government-wide impact, and probability of success.

This centralized effort will achieve a greater and more rapid impact on the efficiency, security, and governance of federal IT, compared to the disaggregated funding of single-agency projects, by strategically prioritizing investments across government. All funded projects will be subject to regular project oversight and monitoring by a team of IT experts in GSA and an independent project review board chaired by the Federal Chief Information Officer. From the start, agencies will be able to leverage GSA expertise and assistance in the development of their modernization proposals, as well

as throughout the implementation of the project, to ensure projects meet milestones and only receive funding allocations tied to successful iterative development.

#### **IV. Bringing Transparency and Savings to Federal Contracting**

The U.S. Government is the single largest buyer in the world, with annual spending on goods and services close to \$450 billion a year. That means the more we work together to drive consistent practices across our agencies, share information, and reduce duplication, the better the results for the American taxpayers.

GSA, working in concert with the Office of Federal Procurement Policy, is leveraging the buying power of the federal government to reduce the amount of time agencies spend procuring common goods and services. GSA's strategic sourcing vehicles have saved the government more than \$100 million annually and helped agencies save more than \$548 million since 2010, and we continue to work with agencies to increase utilization.

Building on the success of strategic sourcing, GSA and OMB are using category management to enable the federal government to buy smarter and more like a single enterprise. Category management involves identifying 10 core types of government spending and developing heightened levels of expertise to create streamlined solutions to better manage supply and demand within each of the categories. The objective is to increase efficiency and effectiveness while reducing costs and redundancies.

The 10 categories include important spending areas like IT, Transportation, Travel, and Professional Services, which make up \$270 billion -- or two-thirds -- of the total spend on goods and services. Each category will be led by a team of experts who will develop a common, government-wide strategy for smarter buying that will reduce contract duplication and drive greater efficiency and savings in the procurement of goods and services. To assist agencies and streamline the buying process, GSA is developing a Common Acquisition Platform that will house all acquisition categories and all the potential government-wide best-in-class contract solutions available across government within one site.

#### **V. Improving Overall Government Performance**

A more efficient government is a better government. With that goal in mind, GSA has consolidated administrative functions and focused GSA on core activities. By divesting our financial management line of business, rationalizing our IT portfolio, and improving our budget governance, GSA has realized significant operational savings. Since FY 2012, we have saved more than \$115 million on travel. Respectively, our efforts in financial management and human resources functions have allowed GSA to reduce the FY 2017 Working Capital Fund. These efficiencies, along with the completion of several one-time project costs incurred this fiscal year, amount to a nearly \$52 million decrease -- or 7.1 percent from the adjusted FY 2016 planned level.

GSA is developing smart policies that enable a more efficient government and providing tools and data to help agencies make smart decisions. For example, GSA co-led the first effort at benchmarking the efficiency and effectiveness of administrative functions across government, with the goal of finding the best value and driving agencies toward adoption of the best models available. GSA is also leading efforts to broaden the adoption and management of shared services. The budget requests \$5 million to support the Office of Unified Shared Services Management. The office serves as an integration body for the shared services environment, working across functions, providers, and consumers. This funding will enable stakeholders from across the government to deliver higher quality shared services to improve performance and efficiency throughout government.

## **VI. Conclusion**

GSA has made significant progress in fulfilling our mission to deliver the best value in real estate, acquisition, and technology services to government and the American people. The President's FY 2017 budget request will allow us to meet that mission effectively and serve as a blueprint that will guide GSA into the future. 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.