

Statement of Timothy O. Horne
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Before the Subcommittee on Financial Services and General Government
Committee on Appropriations, United States House of Representatives
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Introduction

Good morning Chairman Graves, Ranking Member Quigley, and Members of the Committee. Thank you for your invitation to testify on the President's fiscal year (FY) 2018 Budget Request for the U.S. General Services Administration (GSA). I am honored to be here today for the first time as the Acting Administrator of GSA. GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the Federal Government and the American people.

I have been a GSA employee for almost 25 years, starting off as a facilities management intern at the Denver Federal Center. Later in my career, I held the position of Federal Acquisition Service Regional Commissioner and I served as the Public Buildings Service Regional Commissioner for Region 8. In 2016, I had the privilege to serve as the Federal Transition Coordinator, overseeing all aspects of the most recent Presidential Transition before being appointed as Acting Administrator. In my many roles I have seen first-hand the positive impact of this Committee's investments in GSA projects, programs, and people.

Earlier this month, Congress passed and the President signed into law the Consolidated Appropriations Act, 2017 (P.L. 115-31). The appropriation provides GSA necessary funding to pay rent for our leased buildings, undertake repairs to our owned facilities, and program funding to support many GSA offices and activities. I believe that by working together, we can continue critical investments to make government more effective and efficient.

Today I would like to highlight the important investments GSA is requesting as part of the President's FY 2018 budget, including three new Administration priorities focused on legacy IT retirement (\$228 million), real property disposal (\$40 million), and infrastructure permitting (\$10 million). This budget request will directly support the Administration's goals of investing in our Federal infrastructure, enhancing the nation's security, and delivering more efficient government to the American people.

Investing in our Federal Infrastructure

Office of Management and Budget (OMB) Memorandum M-17-22: Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce (April 12, 2017) charges agencies to improve operations to create a lean, more efficient, accountable government that works for the American people. GSA's budget calls for investments in a number of GSA programs to deliver improvements in the nation's real estate and IT infrastructure to support this goal. I would like to highlight some of those programs.

Real Estate: GSA is requesting zero net budget authority (spending equal to collections) for the Federal Buildings Fund. This funding level will allow GSA to improve the nation's public buildings infrastructure by undertaking important new projects and critical repairs and to undertake the necessary operational activities. This will not only support our customer agency tenants, so they can focus on their missions, but will continue to pay dividends as American citizens are able to conduct business with their government in safe, well-run, and cost-effective surroundings.

Capital Program: GSA is requesting a total of \$2.2 billion in Construction and Acquisition and Repairs and Alterations funding to make much-needed investments in GSA's owned inventory. Numerous studies¹ have identified that housing Federal agencies in owned space provides many efficiencies that benefit the American people. For example, GSA is requesting \$45.95 million to renovate the Major General Emmett J. Bean Federal Center in Indianapolis, IN, to optimize the space for existing tenants and consolidate Federal agencies into the building, reducing agency lease costs by \$3.6 million annually. GSA is also requesting \$137.2 million to replace the existing courthouse in Harrisburg, PA, that no longer meets the Court's mission requirements and address critical security vulnerabilities.

Operating Program: In line with the President's direction to agencies to find ways to reduce costs, GSA is requesting \$7.7 billion for the Rental of Space and Building Operations programs, a reduction of \$248 million from the FY 2017 enacted level. This request includes \$5.5 billion for lease payments to private sector lessors, and \$2.2 billion for Building Operations, which funds operating costs for our facilities such as utilities and cleaning, as well as routine maintenance and the operations of the Public Buildings Service. The reductions

¹ See U.S. Government Accountability Office (GAO) reports *Greater Transparency and Strategic Focus Needed for High Value GSA Leases* (GAO-13-744) and *Federal Property: GSA Could Decrease Leasing Costs by Encouraging Competition and Reducing Unneeded Fees* (GAO-16-188).

in the FY 2018 budget request reflect the hard work GSA has done over the past several years to improve the efficiency of these programs.

Retiring Antiquated Information Technology: The Federal Government spent roughly \$82 billion on IT in FY 2016, but most of that money, approximately 70 percent, was spent on operations and maintenance of existing systems², made more costly because many of the systems are outdated and hinder agency mission performance rather than enhance it. This has left relatively little funding for necessary investments in transitioning to modern technologies, which often have had a mixed track record of success.

In conjunction with the Modernizing Government Technology Act, which passed the House last week, the President's Budget requests \$228 million for the Technology Modernization Fund (TMF) to retire and replace antiquated legacy IT systems that pose security risks or are not cost-effective. The TMF will provide a central mechanism to transition these legacy systems to more secure and efficient IT platforms and infrastructure, improving the management and oversight of resources dedicated to IT modernization. The TMF is an important step in changing the way the Federal Government manages its IT portfolio. The fund will align upfront funding, high-level management and oversight, and technical expertise to enhance the ability of the government to protect sensitive data, reduce costs, and deliver services to the public. Given the scope of the legacy IT challenge facing government, we need to bring in new tools and approaches to address this issue. With the TMF, we will demonstrate the benefits of a disciplined, government-wide approach that is concentrated on agencies' common IT challenges.

Enhancing The Nation's Security

The President's Budget Request for GSA includes investments to enhance our nation's security and commerce through improvements to Land Ports of Entry and facilities that house law enforcement agencies.

Border Security: To improve the security and efficiency of our nation's borders, GSA is requesting over \$500 million to construct or renovate four critical Land Ports of Entry projects for our partner Federal Inspection agencies in New York, California, Arizona, and Washington State. These projects will improve border security, spur economic activity, and enhance lawful commerce, trade, and travel. For example, GSA and U.S. Customs and Border Protection's highest priority project is in Alexandria Bay, NY, which averages 2,400 northbound trucks, 21,000 northbound privately owned vehicles, and 9,500 pedestrians on a daily basis. Circulation within the commercial port is extremely

² As reported on ITDashboard.gov on May 10, 2017.

congested, which impedes processing of commercial vehicles and creates dangerous conditions for officers. GSA proposes to invest \$133 million for the second phase of a two-phase project. This project will continue modernization efforts previously funded by this committee for a port in desperate need of upgrades, as well as enhance security through new inspection facilities that meet current requirements.

Law Enforcement: To support the U.S. Department of Homeland Security (DHS) Headquarters and the field offices of the Federal Bureau of Investigations (FBI), GSA is requesting \$171 million. This includes \$135 million for the DHS Headquarters consolidation project at St. Elizabeths. The proposed funding will support necessary infrastructure to continue the construction of facilities at the campus. Consolidation at the St Elizabeths campus will reduce duplication in leased space and enhance mission effectiveness. GSA is also requesting \$29 million to purchase and modernize a critical mission-related leased facility that houses the FBI Field Office in New Orleans, LA. This purchase will reduce the government's rental payment to the private sector by approximately \$3.6 million annually and will provide the FBI with a modernized facility that supports its mission needs.

Cybersecurity: To support programs and activities that enhance cybersecurity and citizens' ability to securely interact with Federal agencies, GSA is also requesting \$54 million for the Federal Citizens Services Fund (FCSF). A portion of this funding supports the Federal Risk and Authorization Management Program (FedRAMP), which helps agencies transition to more secure cloud-based services and improves overall cybersecurity performance across the government. With over 80 authorized cloud service providers and more than 107 participating agencies, FedRAMP provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.

GSA is also working with agencies to improve and standardize secure digital credentialing for citizens in their interactions with Federal agencies. Using best practices from the private sector, GSA is exploring ways to allow citizens to create one secure digital credential that they would be able to use with multiple agencies. GSA also proposes using this funding to manage the DotGov domain program, which provides domain registration services and related cybersecurity protections to Federal agencies, State and local governments, and Federal entities such as Congress and the Supreme Court.

In addition to strengthening the cybersecurity of Federal networks and critical infrastructure³, GSA will work collaboratively with DHS, OMB, and the U.S. Department of Commerce on a plan to manage cyber risks in the executive branch and to support

³ See Presidential Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, released May 11, 2017.

the newly created American Technology Council as it reports on the legal, policy, and budgetary considerations to modernize Federal IT systems.

Improving Government Effectiveness and Efficiency

OMB Memorandum M-17-22 also directs agencies to focus the Federal Government on effectively and efficiently delivering those programs that are the highest need to citizens and where there is a unique Federal role. The President's FY 2018 Budget request for GSA supports this effort on many fronts:

Reducing the Federal Real Estate Footprint: GSA is leading efforts to reduce the government's extensive real estate holdings. Over the past three fiscal years, GSA's Consolidation Activities program has funded projects that will result in a reduction of 1.4 million rentable square feet from the GSA inventory and reducing agency rent payments to GSA by \$54 million annually, all while providing more modern facilities that meet agency mission needs. In the last fiscal year, GSA's real property utilization and disposal program helped agencies dispose of 134 properties⁴, transitioning these assets to their highest and best use. To continue these important activities, GSA is requesting \$271 million⁵ for consolidation projects in the Federal Buildings Fund and the real property utilization and disposal activities in the Operating Expenses Account.

GSA is also requesting \$40 million to establish the Asset Proceeds and Space Management Fund (APSMF) which will implement the recommendations of the Public Buildings Reform Board established in the Federal Asset Sales and Transfers Act of 2016. This Board will review agency proposals to consolidate, repurpose facilities, or dispose of unneeded assets, and make recommendations to OMB including projects to be executed through the APSMF. The Board, GSA, and other Federal agencies will work collaboratively to take advantage of opportunities to improve the efficiency of the Federal real property inventory and the APSMF is the vehicle for accomplishing this goal.

Improving the Federal Permitting Process: The Administration recognizes that convoluted infrastructure permitting and environmental review processes often impede progress on making critical improvements to our nation's infrastructure. To assist agencies with streamlining their permitting processes, the President's Budget requests \$10 million to support the Federal Permitting Improvement Steering Council (FPISC), which is administratively supported by GSA. The council will work with permit-issuing agencies to improve coordination and provide support relating to large infrastructure

⁴ FY 2016 Performance Overview from Disposal.gsa.gov on May 10, 2017.

⁵ This includes \$100 million for Consolidation activities, \$155.4 million for repair and alterations projects with consolidations, and \$15.6 million for the Real Property Utilization and Disposal program.

projects that require Federal authorization or environmental reviews. To enhance the transparency and accountability of the permitting process, FPISC also manages the Federal Permitting Dashboard, an online tool for Federal agencies, project developers, and interested members of the public to track the Federal Government's environmental review and authorization processes for large or complex infrastructure projects.

Developing Smarter, More Efficient Policies: The FY 2018 request for the Office of Government-wide Policy (OGP) is \$53.5 million. OGP will continue critical government-wide policy and evaluation activities, including support for coordinating regulatory review processes with agencies and the public for the OMB Office of Information and Regulatory Affairs, managing important government-wide regulations such as the Federal Acquisition Regulation, Federal Management Regulation, and Federal Travel Regulation, and delivering important information such as the Federal Real Property Profile to decision-makers. This organization also manages government-wide Executive Council and Cross-Agency Priority Goal funding which supports multiple cross-cutting efforts including benchmarking activities to help agencies understand the costs of their support services, and the activities of the Unified Shared Services Management Office, which will continue to support management and oversight of high-quality, high-value shared services that improve performance and efficiency throughout government.

Helping Agencies Buy Like a Business: The Federal Government is the single largest buyer in the world, with annual spending on goods and services close to \$450 billion a year. Leveraging this enormous buying power, GSA helps agencies buy better and smarter by giving them tools to buy like a business and save taxpayer money while maintaining or improving small business participation. One way we accomplish this is through category management, a common commercial buying method that fundamentally shifts the Government's approach from managing purchases and prices individually across thousands of procurement units to managing entire categories of spending collaboratively across Government

In support of category management, GSA stood up the Acquisition Gateway, which provides online tools to agencies to help them find Best in Class solutions, which save 5-20 percent on average, and leverage proven procurement strategies and best practices from the acquisition community. The Gateway also captures data that can drive analytics, including prices paid data, and combined with government-wide procurement data maintained by the Integrated Award Environment, helps agencies make informed, data-driven decisions. Government use of category management solutions and strategies is expected to save \$5 billion this year.

Closing

GSA is committed to delivering the best value in real estate, acquisition, and technology services to government and the American people. The funding this Committee invests in

GSA is essential in supporting key Administration priorities, as well as the programs and activities that allow our client agencies to focus and deliver on their core missions. The President's FY 2018 Budget for GSA supports that mission and provides critical investments in our nation's infrastructure, enhances our security, and improves the effectiveness and efficiency of government. I look forward to working in partnership with this Committee. Thank you for the opportunity to appear before you today. I am happy to answer any questions you may have.