

**DEPARTMENT OF THE ARMY
UNITED STATES ARMY CORPS OF ENGINEERS**

COMPLETE STATEMENT OF

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AND

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BEFORE

**COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**REAL ESTATE ADMINISTRATIVE FEES
MARCH 28, 2024**

Chairman Comer, Ranking Member Raskin, and distinguished members of the Committee. I am honored to testify before you today regarding the application of real estate administrative fees for federally-owned property that is managed by the U.S. Army Corps of Engineers (Corps). I will address the findings and recommendations of the U.S. Government Accountability Office (GAO) report, GAO-24-106188, on this topic, which was publicly released on January 8, 2024. I look forward to discussing the basis for the collection of these administrative fees and the steps that the Corps is taking to ensure the transparency and consistency of the fees that it charges.

Through the Army Civil Works program, the Corps collects real estate administrative fees from public and private entities and individuals to cover the costs that the Corps incurs in issuing leases, licenses, or easements for their use of Corps-managed, federally owned property, and to oversee the requested use. Such uses vary and may include, but are not limited to, shoreline steps to a dock, privately operated marinas on lakes, and power lines crossing canals or rivers. Most of the work of managing these administrative fees is handled by the Corps' division and district offices.

The Corps manages hundreds of Civil Works projects in the United States. The Corps oversees more than 65,000 separate uses of its federal lands by individuals, businesses, and government entities nationwide. The Secretary of the Army is authorized to collect administrative costs incurred in entering into the real property transactions per 10 U.S.C. §2695. The Corps performs this work as provided in the Office of Management and Budget Circular No. A-25 and Department of Defense Regulations codified at 32 CFR part 204.

This committee – the House Committee on Oversight and Accountability – asked the GAO to review how the Corps manages these administrative fees, and specifically how the Corps (1) sets these fees, (2) reviews and updates them, and (3) shares information with the affected public about these fees. In reviewing division and district practices for managing administrative fees, GAO found that the Corps does not have a consistent set of practices nationwide for these user fees. GAO's findings are summarized below:

- **The Corps uses inconsistent inputs to set fees.** Selected districts generally set administrative fees by estimating the costs the Corps incurs using activity, time, and labor inputs. However, the specific parameters used to estimate costs sometimes differed across districts. For example, two selected districts included the cost of compliance inspections while the other four did not, which may result in disparate fees across districts for similar real estate transactions.
- **The Corps does not regularly review and update fees.** Almost none of the selected divisions and districts regularly reviews and, as appropriate, updates these administrative fees. Officials from one district, for example, noted that its fee amounts have not kept up with increases to its costs.

- **The Corps does not consistently share information with the public.** Less than half of the selected divisions and districts posted administrative fee information—including the amount of the fees—on their websites.

In all, GAO recommended that the Corps undertake six corrective actions. An agency response with a corrective action plan was provided to the GAO on March 1, 2024. The plan includes a proposal for the Corps to develop a comprehensive policy on administrative fees, which will address five of the six GAO recommendations, once implemented. For example, the policy would provide further details to divisions and districts on the activities to be included in the calculation of administrative costs to enter 10 USC § 2695 transactions. In addition, the Corps will develop a process to periodically provide opportunities for stakeholder input on these real estate administrative fees. A sixth GAO recommendation is also being considered for implementation as part of the corrective action plan. The recommended remedy would involve the development of a new system or modification of an existing Corps data system to track administrative fee activities and capture actual costs.

The Corps is committed to implementing this corrective action plan. The Corps plans to issue a written policy on how to estimate costs to set real estate administrative fees consistently and equitably. This policy will seek to provide transparency for cost updates by implementing a comprehensive rollout and communications plan to accompany the updated approach. The Corps is focused on timely delivery of the corrective actions to better ensure equity and transparency of administrative fees and to assure the Corps recovers its costs and does not significantly overcharge or undercharge payers. Division Commanders and other Real Estate practitioners will provide input to the draft policy before issuance and will lead regional and local efforts to apply the policy, once issued.

Thank you, Chairman Comer, Ranking Member Raskin and Members of the Committee for the opportunity to testify today. I look forward to answering any questions you may have.