

**GENERAL SERVICES ADMINISTRATION—CHECKING  
IN WITH THE GOVERNMENT’S ACQUISITION  
AND PROPERTY MANAGER**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
GOVERNMENT OPERATIONS  
OF THE  
COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTEENTH CONGRESS  
SECOND SESSION

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**GENERAL SERVICES ADMINISTRATION-  
CHECKING IN WITH THE GOVERNMENT'S  
ACQUISITION AND PROPERTY MANAGER**

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**Thursday, February 15, 2018**

HOUSE OF REPRESENTATIVES  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
*Washington, DC*

The subcommittee met, pursuant to call, at 10:00 a.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows presiding.

Present: Representatives Meadows, Massie, Blum, Connolly, Maloney, Norton, Clay, and Lawrence.

Mr. MEADOWS. The Subcommittee on Government Operations will come to order.

Without objection, the Chair is authorized to declare a recess at any time.

And just for planning purposes, I think we are going to have votes around 11:30 today, so it is my intention to make sure we get out of here before the vote so that you don't have to, well, just hang out in a hearing room for an hour or so while we go to vote. So if you will keep your oral testimony as brief as possible but certainly not over the 5 minutes, Mr. Connolly and I have agreed to try and manage that expectation to make sure that we get out of here and still have a robust hearing but try to keep it succinct, if we can.

I am pleased to hold the oversight hearing for the General Services Administration, or GSA as it is commonly known. Obviously, GSA plays a vital role in providing real estate acquisitions and technology services to Federal agencies. For some of you, this is not your first rodeo. You are back with us. Thank you so much and welcome.

With respect to the Federal real properties, GSA owns or leases over 9,600 buildings. GSA has made some progress in reducing the Federal footprint, but GSA is still relying too much on costly leases, in my opinion. Total government leases for Fiscal Year 2016 were well over \$7 billion. So as we look at that, I am anxious to hear testimony on how we are going to address that.

The Public Buildings Reform Board, which was created by FASTA, has been invested with a unique authority to identify and dispose of Federal real properties, and I understand that GSA is working to make the board operational, and I hope board members will be nominated quickly, and that is quickly in terms of stand-

ards on Main Street, not on K Street. So that would mean expeditiously, if we can do that.

On the acquisitions side we continue to hear that the Federal acquisition system fails to leverage the benefits of truly buying commercial, so we look forward to hearing on that.

And, instead the Federal procurement system is so complex and slow and often burdened with government unique regulatory requirements, making it difficult for the government to buy goods and services at the best price and in a timely manner. Over 20 years ago, Congress established a preference for using commercial items and using standard commercial terms and conditions to maximize the extent practicable, and yet the complexity seems to have increased over recent years.

I am going to keep my opening remarks as brief as I possibly can, but as we look at that, I will be interested to hear about the role of 18F going forward and GSA's role in promoting the IT modernization and implementing the Government Technology Act.

Finally, I would like to touch on the Regulatory Task Force work by GSA. I was encouraged by the GSA's October 2017 testimony that GSA was working on ways to remove outdated requirements in the GSA acquisition regulation, and was also focused on the property management and travel regulations.

So with all of that, I look forward to this being an illuminating hearing as we continue to move forward in making sure that our government is efficient and effective.

With that, I will recognize the Ranking Member, Mr. Connolly, for his opening remarks.

Mr. CONNOLLY. I thank my friend, and thank you for calling today's hearing on the General Services Administration.

GSA is not an agency that many Americans are familiar with, but its role in providing other Federal agencies with goods and services is essential to leveraging the Federal Government's buying power, to find efficiencies, and to save taxpayer dollars.

The Federal Acquisition Service helps agencies procure office supplies and telecommunication information technology services, among other items, and hopefully we will get the Pentagon to cooperate with that.

GSA's Public Building Service acts as the government's landlord, helping agencies acquire and manage office space throughout the country.

For the past six years, GSA has been working with the Federal Bureau of Investigation to help the Bureau find a replacement for its headquarters, which was described to Congress and the public as no longer adequate in helping the FBI fulfill its mission. This week, GSA announced that it will abandon entirely a plan to fully consolidate the headquarters of the FBI in favor of a more decentralized approach that involves the demolition and rebuilding of the J. Edgar Hoover building in Washington, D.C. at its current site. This followed a decision announced in July that cancelled the procurement of a new consolidated FBI headquarters in either Virginia or Maryland.

These announcements constitute a body blow to public confidence in the Federal Government's ability to effectively manage a building procurement on the scale of the proposed FBI headquarters.

The Federal Government comes off as unreliable and whimsical, at best. What damage has this done to faith in the Federal procurement process? What has the cost been to the private businesses, localities, and states that in good faith participated in this competition?

The procurement process alone cost GSA, we believe, \$20 million, with nothing to show for it. But cost to the FBI has not been disclosed, and even that information would not provide a comprehensive accounting of the taxpayer dollars wasted on this project. For that, we would have to include the uncertainty developers will now price into all future business involving large-scale Federal real property procurements and doing business with GSA.

The decision has also had an impact on the hard-working men and women of the FBI who fight every day to keep our country safe. FBI's current headquarters is, by every account, in disrepair and literally crumbling around its employees and on the walking public outside. We have to put netting outside the building because parts of it are crumbling. Instead of a new consolidated approach near home here in the D.C. region, some of those employees now face continued uncertainty about the project and the potential relocation elsewhere.

The new GSA proposal is full of contradictions and flies in the face of a decade's worth of analysis by both the GSA and the Government Accountability Office. The problems with GSA's proposal are numerous, but one need only examine the economics and security aspects to raise serious questions about this decision.

In July of last year, GSA blamed the inability to secure congressional appropriations for Fiscal Year 2018 for cancelling the project, a laughable explanation because, in fact, Congress offered money and offered money not even requested, and it was quite clear that on a bipartisan basis Congress would have provided the necessary funds for going forward with that project.

So what is the agency's proposed solution to that problem? Apparently, they are going to rely on Congress, a \$2.2 billion appropriation request buried in the President's infrastructure plan, a farce within a farce.

GSA's estimate of cost savings with this new plan are also overblown. The new plan is supposedly \$200 million cheaper than the previous plan to consolidate the headquarters in one location. However, the cost estimate for demolish and rebuild will likely increase, almost certainly will increase as the project is further vetted, just as the estimate for the original consolidation project did.

This new plan completely contradicts earlier plans that deemed the consolidation of the FBI components across the national capital region crucial to national security. Apparently, that is out the window. This new proposed plan would ensure that the FBI is one of the only members of the intelligence and antiterrorism community that does not have a stand-alone campus. So all of the concerns about the physical security and the urban setback risk at the current site also thrown out the window.

CIA, DIA, NSA, and Homeland Security all have their own campuses which help mitigate physical and espionage threats, but not the FBI under this new plan. The question must be asked: If this decision has been informed by all of the Administration's belief

that the Federal workforce should be less concentrated in Washington, D.C. and more dispersed across the country, efficiencies, cost savings, and national security apparently be damned.

Alternatively, maybe it is motivated by the fact that if GSA had gone ahead with their original plan, the Hoover site would have been turned into a private development that would have directly competed with the Trump Hotel for the entirety of the lease agreement. Developing the Hoover site into a mixed-use retail hotel and residential development could have clearly impacted the bottom line of the President of the United States.

These questions hang in the air. The lack of transparency on the part of GSA in this process is partly because it has not worked with Congress to keep us informed and has stonewalled even basic requests from this committee. GSA's resistance to oversight not only prevents Congress from performing its constitutional functions, it leads to stalled projects and appropriations, wasted taxpayer dollars, and public distrust.

There will be a long-term cost to the profoundly bungled procurement of the new FBI headquarters. It will be difficult to quantify, but we can all be sure the American taxpayer will have to be forced to pick up the tab.

Thank you, Mr. Chairman.

Mr. MEADOWS. I thank the gentleman for his opening statement. I am now pleased to introduce our witnesses.

We have as a witness today the Honorable Emily W. Murphy, Administrator of the General Services Administration. Welcome.

The Honorable Alan B. Thomas, Jr., Commissioner of the Federal Acquisition Service at GSA. Welcome, Mr. Thomas.

The Honorable Dan Mathews, Commissioner of Public Buildings Service at GSA.

And the Honorable Carol F. Ochoa, Inspector General at GSA.

Welcome to you all.

Pursuant to committee rules, all witnesses will be sworn in before they testify, so if you would please rise and raise your right hand.

[Witnesses sworn.]

Mr. MEADOWS. All right, thank you. You may be seated.

Please, the record will reflect that all witnesses answered in the affirmative.

In order to allow time, as I mentioned earlier, for discussion, please limit your oral testimony to 5 minutes, but certainly your entire written statement will be made part of the record.

Ms. Murphy, you are now recognized for 5 minutes.

#### **WITNESS STATEMENTS**

##### **STATEMENT OF THE HONORABLE EMILY W. MURPHY**

Ms. MURPHY. Good morning, Chairman Meadows, Ranking Member Connolly, and members of the subcommittee. My name is Emily Murphy, and I am the new Administrator of the General Services Administration. With me today are Dan Mathews, Commissioner of the Public Buildings Service, and Alan Thomas, Commissioner of the Federal Acquisition Service. Thank you for your invitation to testify.



GSA's mission is to deliver value and savings in real estate acquisition, technology, and other mission support services across the government. Today, GSA provides critical space to Federal agencies in nearly 8,700 buildings. Additionally, GSA facilitated \$55 billion in acquisitions in Fiscal Year 2017. This includes \$31 billion directly from GSA's Multiple Award Schedules Program.

As Administrator, my vision for GSA can be distilled into four principles: ethical leadership; reducing duplication; increasing competition; and improving transparency. In the spirit of reducing duplication, I won't subject you to additional testimonies from either Commissioner Mathews or Commissioner Thomas. Allow me to spend a few minutes discussing some of these principles with examples of some of GSA's work.

Given the major role GSA plays in managing real estate and overseeing acquisition, we strive to ensure the American taxpayer is put first in all that we do. To accomplish this, GSA must have a culture that values contributions from all employees and is built on a strong foundation of ethical conduct.

One of my first acts at GSA was to quadruple the amount of ethics training required for political appointees at GSA and then to work with the Inspector General to establish specific training for appointees by her office. Ensuring that senior staff are held to the highest standards helps instill a culture of integrity throughout the agency.

Additionally, I have sat on the benches behind you as a Hill staffer for nine years, and let me state unequivocally that I strongly believe in the value of oversight and will be as forthcoming as possible with regard to all oversight requests. I also plan to rely heavily on the work of the Inspector General and GAO.

Ms. Ochoa and I have monthly meetings, and she and her team provide valuable reporting that helps make GSA better. I look forward to meeting with the representatives in the GAO in the coming weeks.

My second principle is reducing duplication. Keeping in mind our role as stewards of taxpayer dollars, it is essential that GSA identify ways to reduce duplication within our agency and across the Federal Government. For real property disposal and cost consolidation, GSA is leading by example. In the last five years, the agency has reduced the size of GSA's occupied space by 40 percent. GSA also helped its customers reduce their occupancy in GSA-controlled space by over 2 million square feet in Fiscal Years 2015 and 2016. In Fiscal Year 2017, we partnered with Federal agencies to dispose of 123 non-performing or vacant assets government-wide, which generated \$115 million in gross proceeds.

Regarding IT modernization, last year we began establishing five Centers of Excellence. These Centers of Excellence will accelerate the modernization of IT infrastructure across the Federal Government by leveraging private-sector innovation and encouraging collaboration across agencies.

My third principle is to increase competition. Whether looking to buy a product or acquire a new lease, the greater the competition, the greater the value to the taxpayer. In public buildings over the next five years, 100 million square feet of lease will expire, meaning we will need to reevaluate housing solutions for 55 percent of

our lease portfolio. This creates a unique opportunity to promote market competition.

On the acquisition side, GSA has developed tools to encourage competition at the contract level. One example is the Schedule 70 springboard, which has already helped 32 innovative IT companies with fewer than two years of experience to join the Schedule 70.

Finally, Congress provided GSA and other Federal agencies with the critical tool when it passed the Modernizing Government Technology Act. This legislation encourages agency IT innovation and will create successful templates that other agencies can follow.

My fourth principle is transparency. Transparency helps expose flaws, instills trust in our workforce and among our partners, and can lead to better competition, more informed policy, and strong accountability. In accordance with FASTA, GSA released the Federal Real Property Profile public data set, which contains detailed information on more than 300,000 Federal assets. Making this data public helps reduce costs, increases utilization, and incentivizes Federal agencies to achieve greater efficiency.

It is my hope that you have a clear understanding of the conviction that Dan, Alan and I bring to our roles at GSA. Thank you for the opportunity to be here today. We look forward to answering your questions.

[Prepared statement of Ms. Murphy follows:]

**Statement of Emily Murphy**  
**Administrator, U.S. General Services Administration**  
**Before the Subcommittee on Government Operations of the**  
**Committee on Oversight and Government Reform**  
**Thursday, February 15, 2018**  
**2154 Rayburn House Office Building**

**“General Services Administration – Checking in with the Government’s Acquisition and Property Manager”**

Good morning Chairman Meadows, Ranking Member Connolly, and members of the Subcommittee. My name is Emily Murphy and I am the new Administrator of the U.S. General Services Administration (GSA). With me today is Daniel Mathews, Commissioner of the Public Buildings Service (PBS) at GSA, and Alan Thomas, Commissioner of the Federal Acquisition Service (FAS) at GSA. Thank you for your invitation to testify here today; we are grateful for the opportunity to talk about our acquisition and real estate programs.

The mission of GSA is to deliver value and savings in real estate, acquisition, technology, and other mission-support services across government. Today, PBS provides critical space to Federal agencies across the country which contains nearly 8,700 buildings that represent 371 million rentable square feet. Additionally, FAS facilitated \$55 billion in acquisition in fiscal year 2017. This includes \$31 billion directly from GSA Multiple Award Schedules, which accounts for 22 percent of the Federal market.

As I stated at my confirmation hearing, my vision as Administrator for GSA can be distilled into four guiding principles that can be applied to every aspect of GSA's mission: ethical leadership, reducing duplication, increasing competition, and improving transparency. I will discuss these principles below, and provide examples of some of the ongoing work at GSA that applies to these categories.

Ethical Leadership

My first principle is ethical leadership. Given the major role GSA plays in managing real estate and overseeing acquisition, we must strive to ensure that we are putting the American taxpayer first in all that we do. To accomplish this, GSA must have a culture that encourages a diversity of opinions and values the contributions of all employees in working together to promote the best possible decisions by the agency.

I previously served at GSA during the second Bush Administration, and since my return to the agency, one of my first acts was to quadruple the amount of required ethics training for all political appointees at GSA. Political appointees play a critical role in the governance of an agency, and it is essential that they have a crystal clear understanding of what constitutes

appropriate and inappropriate behavior from day one. Moreover, ensuring that senior staff are held to the highest standards helps ensure and instill a culture of integrity throughout the agency. Moving forward, I plan to enhance this high level of training by adding more targeted ethics training by focusing on areas where GSA has a relatively unique role in the federal government, such as through a deeper focus on the Competition in Contracting Act.

Additionally, as a former Hill staffer, I strongly believe in the value of oversight. To that end it has been - and will remain - my goal to be as forthcoming as possible with regard to any and all oversight requests received from this body. During my prior tenure at GSA, I relied heavily on the work of the Office of the Inspector General. I am highly appreciative of the important work of this office and grateful to Ms. Ochoa for her assistance as I take on this new role.

Ms. Ochoa and I have monthly meetings and she and her team consistently provide valuable insight and reporting that helps make GSA better. I look forward to continuing our open line of communication with our oversight authorities and ensuring we have an environment where it is safe to report waste, fraud, or mismanagement. I also look forward to meeting with representatives from the Government Accountability Office (GAO) in the coming weeks. I believe that the findings and recommendations made by GAO and our Inspector General are a roadmap of where we need to focus our attention as an agency.

Moreover, the goal of these relationships is to further strengthen not only GSA's culture of ethical behavior, but also to signal to all employees that I wholly encourage the entire GSA workforce to share their opinions and be confident that their ideas will be taken seriously. My goal is to identify problems while they are still in the future, not after they happen.

#### Reducing Duplication

My second principle is reducing duplication. Keeping in mind our role as stewards of taxpayer dollars, it is essential that GSA identify ways to reduce duplication across our internal mission support services, in our own systems, and, where appropriate, across the Federal Government by facilitating the adoption of shared services. I take this task seriously, and would like to highlight some areas in which GSA is already making progress to reduce duplication.

#### *Disposal & Consolidation*

PBS is committed to leading the Federal Government in optimizing its owned and leased real property portfolio. Since 2012, GSA has reduced the size of its inventory occupied by its own employees by 2.4 million square feet, or 40 percent. One of the key reasons for achieving this success was the development of a GSA space utilization standard of 136 square feet per person. Many Federal office buildings now have open floor plans, which has driven the more efficient and effective use of office space while also fostering greater employee collaboration.

In addition to managing its own portfolio, PBS also provides real estate services to more than 50 Federal agencies and 400 bureaus. GSA equips these customers with long-term planning tools

to develop housing and mission requirements, as well as strategies to better manage current and future workspace. In fiscal year (FY) 2015 and FY 2016, PBS helped its customers reduce their occupancies in GSA-controlled space by over 2 million square feet, and has reduced its own occupied space by over 1 million square feet.

The Consolidation Activities special emphasis (Consolidation) program is one of the tools available to support agency initiatives to reduce space and rental cost. Since its inception in FY 2014, Congress has appropriated \$263 million for the Consolidation program. These appropriations funded 78 Consolidation projects which, when complete, will result in an annual lease cost avoidance of \$132 million, a space reduction of almost 1.7 million square feet, and reduced agency rent by \$66 million annually. In other words, this investment pays for itself in two years and then saves taxpayers \$132 million a year thereafter.

One example of the Consolidation program's success and benefit to Federal customers is the Internal Revenue Service (IRS) in New York City. Previously, the IRS occupied expensive leased space in Midtown Manhattan. A \$3.5 million investment, through the Consolidation program, enabled the IRS to relocate to vacant space in an existing Federal building. When the IRS moved from federally-leased to owned space, the agency was also able to reduce the square footage it occupied by 75 percent. This consolidation saved taxpayers and the IRS \$9 million annually in lease payments.

In addition to locating and executing consolidation opportunities, PBS also identifies and disposes of non-performing and vacant Federal real property. In FY 2017, GSA partnered with Federal agencies to dispose of 123 assets government-wide, which generated over \$115 million in gross proceeds. These disposals resulted in a reduction of over 2.9 million square feet and 893 acres from the federal footprint.

However, the Federal Government is not the only participant and benefactor in this process. State, local, and non-profit partners play a vital role in helping GSA identify and unlock an asset's value and benefit.

In May 2016, GSA determined that the Austin U.S. Courthouse, a building constructed in 1936 and steps away from the Texas Capitol, was no longer needed by the Federal Government. Local government and others expressed interest in acquiring the building for public use. Travis County, in need of a place to house their Probate Courts, submitted an application to acquire the building via a Historic Monument Public Benefit Conveyance. The National Park Service, the sponsoring agency for the Historic Surplus Property Program, reviewed and approved their application. The transfer to Travis County saves the Federal Government funding to operate the facility while also benefiting the local community and ensuring the historic nature of this facility will be maintained.

In 2016, Congress passed the Federal Assets Sale and Transfers Act (FASTA) to further encourage landholding agencies to reduce the number of unneeded and underutilized properties from the Federal inventory. GSA supports FASTA and we view this as one more valuable tool to incentivize agencies to be more efficient and effective in their management of

real property. The legislation streamlines the Federal real property disposal process by establishing an independent board to make recommendations for property disposals, along with creating a fund that will serve as a catalyst to further right-size Federal real property holdings.

Last year, GSA issued FASTA data calls to Chief Financial Officers (CFO) Act agencies. This gave Federal agencies the opportunity to proactively identify FASTA candidate properties. GSA then collected, evaluated, and ranked agency FASTA submissions. GSA has also undertaken a contracting effort to engage the private sector to assist in the identification of candidate properties and conduct a data gap analysis of the program. GSA is confident that once the FASTA board is empaneled, our agency will be able to provide the board with the data and information it needs to carry out the intent of the legislation.

#### *Multiple Award Schedule Program*

Reducing duplication is also a driving priority in the contracting arena. For instance, when it comes to the Multiple Award Schedule (MAS) program, GSA found that the lack of an easy way to acquire Order-Level Materials (OLM), also known as Other Direct Costs (ODC), was a major driver of contract duplication. This situation forced federal agencies to award duplicative contracts and meant some contractors had to juggle and manage many overlapping contracts. GSA published a new rule in late January of this year, which when fully implemented, permits federal agencies to add order-level materials to Schedule orders. This change, long sought by both federal agencies and Schedule contract-holders, is expected to make Schedules faster, easier, and less expensive to use for agencies and will reduce duplicative and inefficient contracts as well as removing barriers to entry into the federal marketplace, especially for small businesses and industry as a whole.

#### *Fleet Management*

Another area that FAS is engaged in to reduce duplication is through increasing opportunities for agencies to take advantage of centralized services. In FY 2018, GSA Fleet is commencing a series of consolidation studies at several agencies. We will perform these studies to determine if leasing from GSA would be more effective, efficient and would provide additional savings. Consolidations are a normal business activity for the private sector and GSA, but this effort expands this best practice on a larger scale.

Leveraging GSA's Fleet shared services can save agencies time and money on operations and maintenance when compared to agencies who manage their own fleet vehicles. In fact, GSA Fleet leased vehicles demonstrate average savings of \$2,514 per year per vehicle based on the 2015 Federal Fleet Report. The agencies to be studied in FY 2018 all reported vehicle costs per mile for their owned vehicles that were notably higher than the costs per mile for GSA Fleet vehicles with similar capabilities.

#### *Centers of Excellence*

Furthermore, FAS is working to reduce duplication in the information technology (IT) modernization space. For instance, last year, GSA began efforts, to establish five new Centers of Excellence (COE). The COEs will house centralized, function specific talent, products and acquisition vehicles. Agencies have unique missions but the systems they build to deliver those missions rely on foundational capabilities that are not unique. The COE teams will provide expert advice, consulting, development and support solution implementation in the areas of: Cloud Adoption; IT Infrastructure Optimization; Customer Experience; Service Delivery Analytics; and Contact Centers. The first client agency for the COEs is the United States Department of Agriculture (USDA). These Centers of Excellence will not only accelerate the modernization of IT infrastructure across the federal government, they will also leverage private sector innovation while encouraging collaboration across agencies to reduce duplication. The goal is to develop a model at one agency that can then be replicated at others, rather than several different departments pursuing several divergent IT modernization efforts.

#### *Regulatory Reform*

Finally, in support of Executive Order 13777, Enforcing the Regulatory Reform Agenda, GSA established a Regulatory Reform Task Force that meets regularly to review existing acquisition regulations that would benefit from reform or elimination. Examples of regulatory reform proposals currently under review or being pursued include making it easier for vendors to do business with GSA. More specifically, GSA is looking at ways to remove outdated requirements in the GSA Acquisition Regulation that require contractors to submit multiple reports or redundant information.

In addition, GSA issued a series of Federal Register notices to open our review to public input. The response has been strongly positive and resulted in over 1,100 comments from the public. GSA also sought and obtained input from its federal agency partners as well as GSA employees. In total, GSA received close to 2,100 comments addressing regulatory reform. We are currently reviewing all the comments, to identify the most appropriate for action, and will prioritize such action.

#### Increase Competition

My third principle is to increase competition. Whether it is when we are looking to buy a product or acquire a new lease, the greater the competition the greater the value to the taxpayer as it drives lower costs and increases quality and delivery speed.

#### *Lease Renegotiations*

In the public buildings space, more opportunities are on the horizon to further reduce the Federal Government's real estate costs through leasing. Over the next five years, just under 5,000 of GSA's leases will expire—meaning we'll need to evaluate housing solutions for 55 percent of our leased portfolio, or approximately 102 million square feet of government-occupied

space. This year, GSA has 7.1 million square feet of leased space expiring in the National Capital Region alone.

To take advantage of these opportunities GSA begins working with Federal agencies as early as 36 months prior to lease expiration. This long-term planning allows for the development of lease procurements which promote market competition through expanded delineated areas. Additionally, GSA works to negotiate favorable longer term leases with property owners and, wherever possible, convert leased space to Federal ownership.

For example, a lease contract to house the Federal Energy Regulatory Commission permits the Federal Government to exercise a favorable purchase option at the end of the lease term in 2025. Upon expiration, GSA will have the opportunity to buy the building for \$20 million. This purchase price is far less than comparable market rates for commercial buildings in Washington, D.C. and allows the government to avoid renewing a costly lease.

#### *"Making It Easier"*

Knowing the critical role competition plays in safeguarding taxpayer money, FAS's MAS program has created tools to encourage competition at the contract level through the Making It Easier (MIE) initiative. MIE tools such as the RoadMap help businesses new to selling to the government navigate the on-boarding process by providing a step-by-step streamlined guide to potential MAS applicants.

Another MIE tool is the FAST Lane program which ensures our federal partners have quicker access to emerging technologies and innovative suppliers. With FAST Lane, businesses experience shorter processing times for IT Schedule 70 contract actions that directly support federal requirements, including less than 48 hours for contract modifications; and getting new offers on Schedule in as quickly as 45 days. Since April 2016, 285 companies have used this initiative to get on Schedule.

Finally, the Schedule 70 Startup Springboard has helped 32 innovative IT companies with fewer than two years of experience join Schedule 70. With the goal of getting the latest innovative technologies into the hands of federal agencies faster by getting emerging technology companies onto Schedule 70, the government's largest IT contract vehicle, Startup SpringBoard makes it easier for qualified companies to get access to over \$15 Billion in annual federal, state, and local IT opportunities. In addition, it establishes a pathway for all highly qualified IT companies to join Schedule 70 and give more small businesses access to these opportunities.

#### *Enterprise Infrastructure Solutions*

In an effort to improve government telecommunications and information technology infrastructure systems, GSA has been focused on transitioning from the Network Universal and Enterprise contracts - as well as Regional Local Service Agreements for these services - to the Enterprise Infrastructure Solutions (EIS) contract. By consolidating 93 separate contracts into a single contract with a 15-year period of performance, GSA has sought to reduce duplication,



increase certainty and reliability, and more closely align services and solutions to industry standards. By enhancing acquisition efficiency, delivering better value and savings, and leading with innovation, EIS is a comprehensive solution-based vehicle that addresses all aspects of agencies' telecommunications and IT infrastructure requirements.

#### *Category Management*

Category management is another mechanism GSA is using to encourage competition government-wide. Leveraging category expertise streamlines the buying process, provides access to competitive pricing as well as quality products and services, and minimizes the time needed to make buying decisions for government. For businesses, category management increases opportunities for businesses by facilitating a level playing field, increasing transparency, and cultivating a well-informed government buyer.

An example of category management principles in action to increase competition is demonstrated by recent work from the Facilities & Construction (F&C) category. The MAS program is a set of pre-negotiated contracts other federal agencies can utilize. Schedule 03FAC, managed by the Facilities and Construction category, provides agencies a suite of facilities maintenance services. Conversations between the 03FAC team and the Department of Veterans Affairs (VA) revealed that the pool of Schedule 03FAC industry partners was insufficient to serve the VA's facilities maintenance needs. Currently, only 70 VA-verified service-disabled veteran-owned small businesses (SDVOSB) and veteran-owned small business (VOSB)-identified companies are on Schedule 03FAC – clearly, not enough to cover 3,500 VA facilities.

To increase the pool of available 03FAC suppliers, the F&C category began a concentrated recruitment process for verified companies, resulting in identifying 1,000+ experienced companies that could be SDVOSB and VOSB industry partners. More than 100 of those companies have expressed interest to date – potentially doubling the number of VA-verified companies capable of meeting the VA's facilities maintenance needs via 03FAC.

#### *Modernizing Government Technology*

Finally, Congress provided GSA and other federal agencies with two critical tools late last year when it passed the Modernizing Government Technology, or MGT, Act. I would like to thank members from this subcommittee and the entire House Committee on Oversight and Government Reform for their persistence in getting this legislation across the finish line.

Central to our efforts to modernize the federal government's information technology, the MGT Act's Technology Modernization Fund (TMF) is poised to play a leading role in getting better value for taxpayer dollars. The TMF will be administered by GSA in accordance with OMB guidance and with input from a Technology Modernization Board, to fund "technology-related activities, to improve information technology, [and] to enhance cybersecurity across the Federal Government."

The TMF makes federal agencies contemplate their IT needs in a comprehensive manner and put forward proposals for critical upgrades and optimization efforts that will modernize systems and processes. The Board will review project submissions from all agencies and select those with the most promise to transform and innovate. The TMF will challenge agencies to be bold and think strategically when it comes to IT modernization, and it will help alleviate the drain of bureaucracy, redundancy, and waste that plagues Federal IT. Furthermore, agencies can team up to submit proposals that can be implemented at multiple departments, and that have the potential to inform efforts at even more agencies down the line. GSA is hopeful that Congress will fund this critical provision, and the President has requested \$210m in his FY2019 budget request specifically for this purpose.

Additionally, the MGT Act affords agencies the opportunity to operate their own IT Working Capital Funds. These funds can be used, subject to an agency's transfer authorities, to improve or replace existing IT systems, convert legacy systems to cloud computing, and generally improve and enhance cybersecurity.

#### Transparency

My fourth principle is transparency. Transparency helps expose flaws so we can correct them earlier, it instills confidence and trust in our workforce and among our partners - including other federal agencies - and it can lead to better competition, more informed policy, and stronger accountability.

#### *FRPP Public Data Set*

The Federal Government owns hundreds of thousands of assets costing millions of dollars in annual operational costs throughout the United States. To better track these assets, GSA has developed new data analytic tools, allowing agencies to identify and prioritize efficiency opportunities. These tools enable agencies to use their data to calculate performance metrics, assess progress, and manage their disposal programs.

This past December, in accordance with FASTA, GSA released the Federal Real Property Profile (FRPP) public data set, which contains detailed information on more than 300,000 federal assets. Making data on the federal government's real property inventory available to the public and industry stakeholders will help reduce costs, increase utilization, improve the accuracy of the federal government's data and incentivize federal agencies to achieve great efficiency in their real property inventories.

#### *SmartPay*

Enabling agencies, through government-credit card transaction reporting tools, to have insight into the details of agency spending is indispensable for prudent fiscal stewardship of government funds. Currently, GSA is leading and supporting more than 560 participating

agencies and organizations across government in preparing for the next generation GSA SmartPay 3 (SP3) awarded in August 2017. This contract is the follow-on to the highly successful GSA SmartPay 2 program. Beginning in winter 2018, SP3 will continue to provide a comprehensive suite of data transparency capabilities in balance with participating agencies' mission and security needs.

For example, total agency transaction and spend data from FY 2009 through the most recent prior quarter is posted on the GSA SmartPay program website ([smartpay.gsa.gov](http://smartpay.gsa.gov)). Furthermore, the program's contractor banks are required to provide Electronic Access Systems (EASs) to participating agencies, providing them access to over 50 standard reports as well as capabilities to obtain ad hoc queries of their charge card data. Lastly, consistent with the requirements contained in Title XVIII of the FY18 National Defense Authorization Act (P.L. 115-91), GSA is meeting regularly with participating agencies to discuss card spending trends, address emphasis areas for card oversight and monitoring, as well as industry fraud trends. In FY 2017, a total of \$28.6 billion was spent through the GSA SmartPay program's purchase, travel, fleet, and other payment solutions.

#### *SAM/IAE*

Ensuring transparency for those seeking to do business with or seeking grants from the government is also a priority. Managed by GSA, the Integrated Award Environment (IAE) serves as the central repository of registered entities interested in federal awards, it has been the single location for over 200 data points on all federal contracts for more than 40 years, it serves as the authoritative source for contract award data, including contractor performance which is crucial in helping contracting professionals make informed source selection decisions, and ensures the integrity of the contract awards process by disclosing criminal violations, suspensions, and debarments.

SAM.gov, the public facing component of IAE, is undergoing a modernization to further transparency. The modernization involves improving integration by consolidating the data from the ten IAE systems into a single system; providing a central entry point for people who make, receive, and manage federal awards. When the modernization is complete, all data will be accessible in a single web application, enabling greater visibility across the federal award process, and providing opportunities for improved business intelligence and analytics.

The modernization is also improving usability. Existing now in the beta site, single sign-on means that only one account is needed, in contrast to the 10 separate accounts required before the modernization effort. Improved search is another outcome of the modernization. The new simple unified search across all datasets improves accuracy and display (e.g. ability to quickly find total award information for a particular opportunity that previously required users to click through each award notice and manually calculate the award total). Another feature is a central entry point where users can submit and manage their work. Single entry point reduces burden by eliminating the need to visit multiple federal sites to complete work for both government and

industry (e.g. submitting registration in SAM, finding opportunities in FBO, subcontracting in eSRS, and reviewing past performance in CPARs).

#### *Stakeholder Engagement*

Providing forums for public discussion of and input on GSA initiatives and services is an important aspect of GSA's transparency efforts. For example, to ensure user needs and expectations are met throughout the SAM modernization effort, the SAM/IAE program has held focus groups with over 500 federal and industry users, hosted 16 Industry Days, conducted alpha testing with over 200 agency participants, and publicly launched beta.SAM.gov in fall 2017 with a user feedback tool that captured suggestions to improve the user experience. Outreach efforts will continue throughout the SAM modernization.

Additionally, GSA held its first listening session to gather feedback about the implementation of the e-commerce platform included in the FY 2018 NDAA last month. This meeting is one of a series of planned outreach efforts to gather feedback from the community of acquisition professionals and industry. Knowing the ideas and concerns of our stakeholders will help inform the path of this undertaking. Having an open dialogue with the public and members of industry to understand and better align our systems and processes with the communities that engage with GSA underlies our transparency efforts. GSA is preparing to present its initial implementation plan to the relevant committees in the next 30 days, and we appreciate the guidance and input you have given the agency as we seek to construct the most effective, efficient, and responsive solution that improve the federal procurement process.

#### Conclusion

It is my hope that my testimony today has left you with a clear understanding of the conviction that Dan, Alan, and I bring to our roles at GSA. We are ever mindful of the trust that has been placed in us, and the utmost importance of being responsible stewards of the taxpayers' dollars. Moving forward, we are excited to work with this Congress, other federal agencies, our Inspector General, and our private sector partners to make government more efficient, more effective, and more responsive for the American people. Thank you for the opportunity to be here today; we look forward to answering any questions you may have.

Mr. MEADOWS. Thank you, Ms. Murphy.  
Ms. Ochoa, you are recognized for 5 minutes.

**STATEMENT OF THE HONORABLE CAROL F. OCHOA**

Ms. OCHOA. Chairman Meadows, Ranking Member Connolly, and members of the subcommittee, good morning and thank you for inviting me to testify.

The Office of Inspector General strives to protect taxpayer dollars. In Fiscal Years 2015 through 2017, our criminal, civil, and administrative recoveries totaled \$436 million. In addition, last year alone, OIG auditors identified more than \$287 million in questioned costs and funds that GSA can put to better use. We produced these results, and more, on an annual appropriation of \$65 million.

Each year we provide GSA with a summary of what we consider to be the most serious management challenges the agency faces. I would like to highlight four of the challenges we identified for Fiscal Year 2018.

We included enhancing government procurement as a challenge. Our auditors have identified concerns with the variability and the reasonableness of prices the Federal Government pays in the GSA Schedules Program. For example, a recent audit found that GSA offered identical items on its IT schedule at widely varying prices, and that lower prices were available on the commercial market for many of these items.

We also reported that GSA's contract consolidation process resulted in the award of new professional service contracts worth more than \$2 billion in annual sales without first determining price reasonableness.

GSA is attempting to address these concerns through a variety of pricing initiatives. The OIG has ongoing audits of these initiatives and will remain vigilant in this area.

GSA's Public Buildings Service is challenged to maximize the performance of its real property inventory. In its space consolidation efforts, GSA must ensure that select projects that will achieve measureable benefits for the taxpayer.

For example, while GSA's tenants may benefit from a reduced footprint lower lease costs, GSA risks significant losses if it cannot backfill vacated space that remains under lease. We are auditing GSA's management of vacant leased space to determine whether the agency is accurately reporting the amount of that space and whether its controls are effective to prevent unnecessary cost to the government.

GSA has also experienced significant challenges in operating its Technology Transformation Services and its Office of 18F, both core components in its effort to transform the way government builds and buys information technology. My office's reports in this area over the last two years found significant weaknesses in 18F's financial management, management failures that led to routine disregard of fundamental security requirements, and retaliation against the former commissioner of the Federal Acquisition Service for protected disclosures about the operations of TTS.

In June 2017, GSA transferred Technology Transformation Services to the Federal Acquisition Service and has since taken other

steps to address the findings in our reports. While we are encouraged by this responsiveness to our recommendations, we urge GSA moving forward to ensure strong management and financial oversight of the Technology Transformation Services and address challenges arising from frequent leadership changes and high staff turnover.

Finally, the most recent evaluation of GSA's compliance with the Federal Information Security Modernization Act found that GSA's Information Security Program was not effective. We highlighted GSA's challenge of prioritizing cyber security and our management challenges, and our numerous reports in this area include findings of security vulnerabilities in GSA systems containing procurement-sensitive data, breakdowns in compliance with information security requirements, unintentional mishandling of personally identifiable and sensitive building information, and ineffective agency responses to reported information breaches.

GSA is taking steps to improve its security posture but must do more.

I look forward to continuing my office's work with GSA and with this committee to address the management challenges the agency faces.

This concludes my prepared statement, and I would be pleased to answer any questions you may have.

[Prepared statement of Ms. Ochoa follows:]



Statement of

**The Honorable Carol Fortine Ochoa**

Inspector General

U.S. General Services Administration

before the

U.S. House of Representatives

Committee on Oversight and Government Reform

Subcommittee on Government Operations

concerning

**“General Services Administration: Checking in with the Government’s  
Acquisition and Property Manager”**

February 15, 2018

Chairman Meadows, Ranking Member Connolly and Members of the Subcommittee:

Thank you for the opportunity to testify here today regarding the Office of Inspector General's (OIG) work related to the General Services Administration's (GSA) acquisition and real property programs.

### **Overview**

The OIG has continued to deliver exceptional value to the taxpayer by identifying waste, fraud, abuse, and mismanagement, and by making recommendations to improve the performance, accountability, and integrity of GSA programs and operations.

Our work routinely results in large financial recoveries for the taxpayer. For example, the OIG's criminal, civil, and administrative recoveries totaled \$121 million in Fiscal Year (FY) 2017, \$72 million in FY 2016, and \$243 million in FY 2015. In addition, in FY 2017 alone, the OIG identified more than \$287 million in questioned costs and funds that could be put to better use by GSA. Our investigative work over the same time period resulted in 62 criminal indictments, 35 convictions, and 26 administrative actions. All of these results were produced on an annual office appropriation of \$65 million.

Our investigations help preserve the integrity of the procurement process by holding accountable those who attempt to exploit the process for illegal gain. For example, in FY 2017 we obtained a \$16 million settlement of allegations under the False Claims Act that a military tactical equipment supplier engaged in illegal bid-rigging schemes and fraudulently obtained small business contracts by having businesses it controlled misrepresent themselves. Additionally, we used data analytics to uncover a scheme in which a contractor obtained federal contracts in violation of federal exclusion rules, resulting in a five-year prison sentence for the violator. Another investigation revealed that a GSA contractor fraudulently obtained set-aside contracts by misrepresenting himself and his company as a Service Disabled Veteran Owned Small Business, resulting in a 30-month prison sentence and a \$6.7 million forfeiture order.

These monetary recoveries and investigative work are in addition to significant reviews of GSA's Technology Transformation Services (TTS) and its Office of 18F, core components in GSA's efforts to transform the way government builds and buys information technology. In October 2016, we reported significant weaknesses in the financial management of 18F that resulted in a loss of over \$31 million over a roughly two-year period. In February 2017, we found that management failures caused 18F to routinely disregard fundamental GSA security requirements related to the acquisition of information technology and the operation of information systems. The corrective actions implemented as a result of our recommendations, if accompanied by continued management vigilance and stringent financial controls, should result in more effective operations in the future.



**Top Challenges Facing the GSA**

Each year we provide GSA with a summary of what we consider to be the most serious management and performance challenges facing the agency. For FY 2018, we identified significant challenges in six major areas: (1) Enhancing Government Procurement; (2) Maximizing the Performance of GSA's Real Property Inventory; (3) Sustaining Technology Transformation Services within the Federal Acquisition Service (FAS), (4) Making Agency Cybersecurity a Priority; (5) Efficiently Managing Human Capital; and (6) Safeguarding Federal Facilities and Providing a Secure Work Environment. Our statement to the agency identifying these challenges is posted to our public website and included in the agency's financial report. Each of these challenges is briefly highlighted below.

**Enhancing Government Procurement**

In FY 2014, the Office of Management and Budget, Office of Federal Procurement Policy, introduced category management to strengthen federal acquisition practices, leverage federal agencies' buying power, eliminate duplicative contracts, and collectively manage commonly purchased goods and services. Category management is designed to allow the federal government to act as one buying entity.

In support of this initiative, FAS created the Acquisition Gateway as a portal for the government contracting community to share acquisition related information in an effort to improve the speed and quality of federal purchases. As of February 2018, the Acquisition Gateway has over 15,000 users and 51 hallways; and contains thousands of sample acquisition documents, articles, lessons learned, and templates. In FYs 2016 and 2017, FAS spent \$10.8 million and \$14.3 million, respectively on the Acquisition Gateway with additional funding planned for FY 2018.

As the Acquisition Gateway matures and additional government funds are expended to support it, FAS is challenged with how to measure the success and effectiveness of the portal. Thus far, FAS has measured success by the quantity of registered users and federal agency participation. However, the success of the Acquisition Gateway should not be judged solely by the quantity of users and content, but by whether it is actually helping federal agencies acquire goods and services at fair and reasonable prices.

Our audit work has consistently pointed to concerns with the variability and reasonableness of schedule prices. For example, in our July 2016 audit of IT reseller contracts, we reported that GSA offered many identical items on its IT schedule at widely varying prices and that lower commercial prices were available for many of these items. Furthermore, in March 2017, we reported

that GSA's contract consolidation process for the Professional Services Schedule resulted in the award of new contracts without establishing price reasonableness as required. As a result, GSA and customer agencies did not have assurance that the prices on these new contracts – which accounted for over \$2 billion in annual schedule sales – were fair and reasonable. While GSA has attempted to address these concerns through several pricing initiatives, such as the Transactional Data Reporting Rule, the Formatted Product Tool, and the Contract Awarded Labor Category Tool, challenges remain.

GSA is currently implementing the Transactional Data Reporting rule, which was formalized in the Federal Register in June 2016 as a pilot program. Under this pilot, contractors can voluntarily opt to electronically report the prices GSA customers pay for contract products and services. Federal procurement personnel can then use the information for category management and contract pricing. However, to date the data has not been made available for either of these purposes. Further, using this data to make comparisons and reduce price variability will be difficult because GSA's Schedules Program includes non-standard products and services that could impede comparability. In addition, contracting officers will compare a contractor's offered price to a limited subset of prices paid by federal customers on actual GSA schedule sales, which ignores any comparable commercial activity.

GSA launched its TDR pilot in August 2016; however, it did not finalize its evaluation plan until March 2017. Our ongoing audit of the pilot seeks to determine if GSA's plan will enable it to objectively measure and evaluate whether the TDR pilot is improving the value of the Schedules Program for GSA's customer agencies and the American taxpayer.

In 2015, FAS launched the Competitive Pricing Initiative, built around the Formatted Product Tool, in an effort to address concerns over price variability in the Schedules Program. This initiative, which focuses on products sold through the Schedules Program, centers around an analysis of a contractor's current contract (or proposed) pricing compared to prices offered by other contractors for an identical product in the government marketplace. One major challenge to meeting this goal is that although the Formatted Product Tool may identify a contractor's pricing as falling outside the acceptable range for a product, no contractual obligation requires the contractor to lower its prices or remove the product from its schedule contract. Another concern is that the Formatted Product Tool's price comparisons may not be accurate. Users have also experienced significant system issues with the Formatted Product Tool, such as difficulty uploading pricing data and generating pricing documents and analysis. Because of these issues, GSA has suspended the tool's full deployment.

The Contract Awarded Labor Category Tool (CALC) is designed to assist contracting officers in evaluating pricing for services. This tool allows

contracting officers to search contract prices by labor category and filter by education level, experience, and worksite. However, because contractors often use unique pricing on task orders, the tool does not provide the actual government prices paid by labor category or the discounts granted to customer agencies. Furthermore, the tool does not consider factors such as geographic location or basic labor category qualification requirements, which are essential to ensuring that the comparison is valid.

While none of these initiatives or tools completely eliminate price variability, they all ignore the commercial marketplace and emphasize the acceptance of pricing within an acceptable range based solely on the GSA schedule marketplace, increasing the likelihood that the government will overpay for the same products and services purchased commercially.

#### **Maximizing the Performance of GSA's Real Property Inventory**

The Public Building Service (PBS) is challenged to maximize the performance of its real property inventory in order to provide space that meets the needs of tenant agencies at a reasonable cost to the American taxpayer. To achieve this goal, GSA should plan the best approach to reducing and consolidating space, disposing and exchanging federal property, and reducing leasing costs.

Since FY 2014, Congress has provided GSA with the authority to use funds for space consolidation projects. Most recently in FY 2017, Congress authorized the use of \$48 million from the Federal Buildings Fund to reconfigure and renovate space within GSA-owned and leased buildings. Congress called for preference to be given to consolidation projects that achieve a utilization rate of 130 usable square feet or less per person. GSA plans to use the funds to improve space utilization, decrease its reliance on leases, and reduce the federal footprint.

However, GSA is challenged with ensuring that it selects projects that will achieve measurable benefits, rather than simply reducing the federal building portfolio. In a time of limited funding, GSA must select consolidation projects that will allow it to best maintain its buildings, meet its customers' needs, and lower the total cost incurred by government. For example, while GSA's tenants benefit from a reduced footprint's lower lease costs, GSA risks significant losses to the Federal Buildings Fund if it cannot backfill vacated space that remains under lease. To that end, we are currently conducting an audit of PBS's procedures for administration of vacant space in leased buildings to determine whether PBS is accurately reporting the amount of vacant leased space and whether its controls for managing vacant leased space are effective in preventing undue costs to the government.

GSA also faces significant challenges in its management of property disposals and exchanges. GSA must plan for and navigate through a complex process when disposing of its own properties and the properties of other federal agencies. The amount of time that a disposal takes is problematic because while a property is vacant or underutilized throughout the disposal process, the federal government is responsible for ongoing maintenance, operations, and security costs. For example, at the vacant West Heating Plant in Washington, D.C., the government was responsible for \$3.5 million in maintenance costs over 10 years before the building was sold at public auction in March 2013.

Due to tight budgets, GSA has recently pursued real property exchanges. These exchanges allow GSA to transfer underutilized properties from its inventory and use the value of the transferred property to obtain another property or finance construction needs on other projects. These projects are complicated to execute and require significant upfront planning. Because title of the property is not transferred until after construction has been completed, the exchange partner incurs significant upfront costs before realizing a return on investment. This lag time has caused potential developers to mitigate their risk by reducing their valuation of the offered property, often well below GSA's expected value.

As reported in our March 2017 *Audit of PBS's Planning and Funding for Exchange Projects*, PBS's planning and reporting for exchange projects has not been comprehensive. Specifically, we found that PBS did not fully factor risk into its planning for exchange projects. As a result, it cancelled or chose not to pursue several exchanges. We also found that PBS did not fully identify, plan for, and report the funding for all aspects of exchange projects, and that PBS's exchange guidance is outdated and incomplete.

Finally, GSA is challenged to maximize competition in leasing and control lease costs by reducing its reliance on holdovers and extensions. Short-term holdovers and extensions may provide flexibility, but it comes at a cost, as long-term leases provide incentives for owners to provide lower rental rates and concessions such as periods of free rent. As leases expire, upfront planning is important to allow for competitive procurements to achieve better rates for the tenant and taxpayer.

#### **Sustaining Technology Transformation Services within FAS**

GSA has experienced a significant challenge in operating its Technology Transformation Services (TTS) and its Office of 18F. GSA established TTS to "transform the way government builds, buys and shares technology" and the Office of 18F brought private-sector technology experts into federal service to "simplify the government's digital services, making them more efficient and effective." In August 2016, the U.S. Government Accountability Office found

that 18F did not fully establish outcome-oriented goals, measure performance, and prioritize projects.

The OIG has conducted several reviews of 18F and TTS. As noted above, in October 2016, we reported significant weaknesses in the financial management of 18F that resulted in a loss of over \$31 million over a roughly two-year period. In February 2017, we found that management failures caused 18F to routinely disregard fundamental GSA security requirements related to the acquisition of information technology and the operation of information systems.

During the course of our evaluations, the OIG initiated a reprisal investigation after receiving whistleblower disclosures made by a career executive, the former FAS Commissioner, regarding wrongdoing in TTS. The U.S. Office of Special Counsel (OSC) also received a complaint and referred the allegations to GSA's Acting Administrator for investigation. The Acting Administrator concluded, based in part on the findings of our evaluations, that TTS had engaged in gross mismanagement and violated the Economy Act. In June 2017, the Acting Administrator announced a major reorganization that transferred TTS and its component offices under FAS in order to "address the funding and management control issues" that had been identified within TTS.

Concurrently, we released the results of our investigation into the former FAS Commissioner's complaint of whistleblower retaliation, and referred the report to the OSC. We found that the Commissioner had made protected disclosures regarding the 18F program and TTS and that he was subjected to reprisal for engaging in that activity. Specifically, we found that the former GSA Administrator threatened the FAS Commissioner with transfer or other adverse personnel action, and significantly changed his responsibilities with regard to oversight and control of the Acquisition Services Fund.

In July 2017, OSC reported to the President and Congress that it disagreed with GSA's assertion that the reorganization would address broader concerns about mismanagement or related questions about the benefit of TTS. OSC urged GSA to follow our office's recommendations and go beyond the reorganization to mandate stringent financial controls designed to prevent future losses.

As GSA continues to address the issues identified in our reports, it faces additional management challenges surrounding the merger of TTS into FAS. For example, GSA will need to ensure that the transition does not adversely affect operations and is effective to sustain TTS's mission to "improve the public's experience with the government by helping agencies build, buy and share technology that allows them to better serve the public." Among other things, GSA will need to ensure that an effective oversight and control structure is implemented for the organization and take steps to address the challenge of frequent leadership changes and high staff turnover in TTS that makes it difficult to retain organizational knowledge.

**Making Agency Cybersecurity a Priority**

GSA is responsible for providing stable and secure technical solutions and services to meet the business needs of its internal and external customers, while ensuring compliance with information technology security-related laws, regulations, and guidance. Meeting these responsibilities is a significant challenge in an environment of competing priorities and increasingly sophisticated cyberattacks. GSA must address deficiencies identified through the OIG's oversight work, including weaknesses in the agency's information security program, noncompliance with applicable laws and policies, and breakdowns in the protection of sensitive information.

In its FY 2017 evaluation of GSA's compliance with the Federal Information Security Modernization Act of 2014, KPMG, under a contract monitored by my office, found that GSA's information security program was not effective. KPMG identified weaknesses in GSA's functions designed to identify risks, protect agency systems from cyber threats, and recover from potential incidents.

In February 2017, the OIG found that management failures in GSA IT and 18F caused breakdowns in compliance with IT policy and security requirements. Specifically, 18F used information technology that was not approved by GSA IT, failed to obtain proper authorizations to operate information systems, circumvented the GSA IT assessment and authorization process, acquired information technology without the Chief Information Officer (CIO) review and approval required by the Federal Information Technology Acquisition Reform Act (FITARA), and used unofficial email accounts to conduct GSA business. Our recommendations included that GSA should ensure compliance with FITARA and with the terms of a Memorandum of Agreement that required CIO review and approval of all contracts or other agreements entered into by 18F to acquire information technology or information technology services. Subsequently, in January 2018, the Government Accountability Office found that while GSA was meeting OMB requirements for CIO review and approval of IT acquisition plans, the agency was not able to adequately identify IT contract obligations, risking not having appropriate oversight over IT.

The OIG has also recently reported on threats to sensitive information maintained by GSA. These threats originate from cyber security vulnerabilities, unintentional mishandling of GSA's data, and ineffective agency responses to reported information breaches.

In 2014 and 2015, we identified and reported on unprotected personally identifiable information and sensitive building information in GSA's cloud computing environment. During 2016 and 2017, we followed up to ensure that GSA was implementing the recommended actions resulting from the initial

audits. We found that in both of these areas, GSA did not fully implement all of the steps included in its action plans in response to the initial audits.

Additionally, in September 2016, we issued an audit report detailing deficiencies in GSA's response to a breach involving the personally identifiable information of over 8,000 current and former GSA employees. We found that GSA failed to notify individuals affected by the breach within the timeframe outlined in agency policy. GSA also failed to provide evidence to show that its notification efforts were successful.

We also issued two audit reports that identified information security vulnerabilities in GSA systems containing procurement sensitive data that must be protected to assure the integrity of the acquisition process

### **Efficiently Managing Human Capital**

GSA must focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of GSA employees in mission-critical roles who will be retirement-eligible in the near future. GSA identified seven mission-critical occupational categories – Acquisition, Financial Management, Information Technology, Program Management, Property Management, Realty, and Human Resources – that make up 43 percent of GSA's workforce. Fifteen percent of these employees are eligible to retire now and a significant number will be eligible to retire over the next three years. The importance of a skilled workforce is further highlighted by GSA's responsibility to provide value to customer agencies, comply with increased regulatory requirements, and mitigate the risk of information technology security threats.

#### *Federal Acquisition Service*

In August 2016, the OIG reported on the need for FAS to develop a comprehensive human capital plan to address hiring, retention, and succession planning for its contract specialist workforce. Between 20 and 70 percent of the staff in each FAS mission-critical occupation is eligible to retire in the next three years. FAS must prepare to adapt to this loss of expertise.

#### *GSA IT (Office of the Chief Information Officer)*

GSA IT faces the immediate retirement of 23 to 33 percent of its staff in three of its four mission-critical occupations. GSA must prioritize the availability of qualified cybersecurity staff to operate, maintain, and protect the agency's information technology systems and data.

#### *Office of the Chief Financial Officer*

GSA's Office of the Chief Financial Officer (OCFO) is subject to several laws that result in significant workload, such as the Digital Accountability and

Transparency Act of 2014 (DATA Act) and the Improper Payments Elimination and Recovery Improvement Act of 2012. Our work on GSA's DATA Act implementation noted challenges with competing priorities and the availability of dedicated GSA resources to ensure continued progress. For example, employees working on the DATA Act also have to perform their primary roles in GSA, and GSA received no additional funding for its required work under the Act. Similarly, in our FY 2015 improper payments report, we observed that the OCFO has constant turnover and may be understaffed, likely contributing to the audit findings that the agency did not fully comply with the Improper Payments Acts.

#### *Public Buildings Service*

GSA's PBS will also face upcoming retirements of mission-critical staff within the next 3 years. For example, PBS already relies heavily on external construction managers to support its construction program. The potential retirement of more than 50 percent of its own internal project management staff within 3 years would create experience and technical voids in PBS's workforce, and force PBS to rely on consultants for administration of its more than \$1 billion dollar capital construction program.

With a significant portion of its workforce eligible to retire over the next few years, GSA officials must strive to maintain technical expertise as the Agency works to meet customer demands and regulatory requirements.

#### **Safeguarding Federal Facilities and Providing a Secure Work Environment**

GSA plays a significant role in providing a safe, healthy, and secure environment for employees and visitors at more than 9,000 owned and leased federal facilities nationwide. The OIG has identified the safety and security of these facilities as one of GSA's major management challenges based on the results of a number of recent audits, evaluations, and investigations.

For example, in December 2017, the OIG issued a report entitled *GSA Should Monitor and Track Facility Security Assessments*. We found that GSA did not have facility security assessment reports for most of the buildings we sampled. GSA acknowledged that these reports, which are prepared by the Department of Homeland Security's Federal Protective Service, should be reviewed by PBS property managers to identify security issues and the countermeasures to correct them.

In March 2016, we issued two evaluation reports which concluded that GSA-managed facilities are at an increased risk of unauthorized access. We identified significant deficiencies in GSA's process for managing the Homeland Security Presidential Directive 12 Personal Identity Verification cards issued to contractors and for ensuring the completion of contractor employee background investigations. Additionally, we found deficiencies in GSA's



tracking and maintenance of contractor employee background investigation data stored within GSA's Credential and Identity Management System. We also found widespread use of unsecured, unregulated facility-specific building badges at GSA-managed facilities. GSA does not have adequate controls over these badges and cannot determine the extent of their associated security risks because it does not centrally monitor the management of the badges.

In a related example, a recent OIG investigation resulted in a GSA building manager pleading guilty in federal court for their role in obtaining a building identification card for a family member, who was not a government employee. The building manager admitted to obtaining the access card so their family member could bypass security when visiting the federal building.

The OIG is actively engaged in additional work surrounding the security and safety of federal facilities. For instance, we have an ongoing audit to determine whether child care centers in GSA controlled facilities are adequately protected from violence, fire, and life safety concerns.

**Conclusion**

This concludes my update to the committee on the major management challenges facing the General Services Administration. I look forward to working with the agency and the committee to address these challenges, and stand ready to answer any questions which you might have.



## **Carol Fortine Ochoa**

**Inspector General**

**General Services Administration**

The U.S. Senate confirmed Carol Fortine Ochoa as the Inspector General of the U.S. General Services Administration on July 29, 2015. As Inspector General, Ms. Ochoa leads a nationwide workforce of more than 300 auditors, special agents, inspectors, attorneys, and other staff whose mission is to detect and deter waste, fraud, abuse, and misconduct and to promote economy and efficiency in GSA operations.

Under her leadership during the last two fiscal years, the Office of Inspector General issued 188 reports, made more than \$793 million in money-saving recommendations to the agency, completed investigations resulting in 80 successful criminal prosecutions, and recovered \$193 million through criminal, civil and administrative legal actions.

Ms. Ochoa's prior career experience includes over 25 years' service as a federal prosecutor and manager in the U.S. Department of Justice (DOJ). Most recently, she served as the Assistant Inspector General of the Oversight and Review Division in DOJ's Office of the Inspector General, where she oversaw complex, sensitive, and broad-ranging investigations of Department of Justice operations and personnel.

From 1989 to 2002, she served as an Assistant United States Attorney in the U.S. Attorney's Office for the District of Columbia. During her tenure in that office, she prosecuted more than 40 cases before federal and local juries and specialized in federal public corruption and fraud matters.

Ms. Ochoa received numerous awards during her career with DOJ, including the Attorney General's Award for Distinguished Service in 2007 and 2009.

Before joining the DOJ, Ms. Ochoa was an associate at Covington & Burling. She also served as an associate counsel for Independent Counsel James C. McKay and clerked for Chief Judge Charles Clark of the United States Court of Appeals for the Fifth Circuit.

Ms. Ochoa received her Juris Doctor, summa cum laude, from the George Washington University Law Center in Washington, D.C., and her Bachelor of Arts, magna cum laude, from Miami University in Oxford, Ohio.

Mr. MEADOWS. Thank you so much for your testimony.

The Chair will recognize himself for 5 minutes for a series of questions.

Ms. MURPHY, let me come to you. The Ranking Member has, in a less than passionate way, I guess, expressed his displeasure with the FBI decision. So what do you say in response to that? I mean, at what point is Mr. Connolly's concerns not on the mark?

Ms. MURPHY. Thank you very much for the question, Mr. Chairman. I have been in this role for about 63 days now, so I want to refer the question to Commissioner Mathews, who has been intimately involved with the FBI. What I will say is that all decisions that we made were made at the direction of the FBI and their program requirements.

Mr. MEADOWS. Hold on, hold on. Before we go to you, Mr. Mathews, what you are saying is that the FBI determined that they wanted to be in Washington, D.C., and that is why you made the decision?

Ms. MURPHY. The FBI changed its program requirements from what the original —

Mr. MEADOWS. What expertise does the FBI have in real estate?

Ms. MURPHY. They have better expertise when it comes to their own security requirements than GSA does.

Mr. MEADOWS. Well, wouldn't there be a stronger argument for security outside of Washington, D.C. in terms of the footprint versus inside of Washington, D.C., Ms. Murphy? You are talking to somebody who understands real estate extremely well. I don't know that there is a whole lot of expertise in the FBI. I would trust them with law enforcement and national security issues. I don't know that I would trust them with real estate matters. If your sworn testimony is that the FBI directed you to do that, I have problems with that.

Ms. MURPHY. The FBI partnered with us when they came back to us and had reduced requirements for space. They were looking for a consolidation for 8,300 people rather than, I believe, 10,600.

Mr. MEADOWS. Mr. Mathews, do you want to illuminate why this decision was made?

Mr. MATHEWS. Yes, I would be happy to, Mr. Chairman. So what the FBI —

Mr. MEADOWS. And do you stand by it?

Mr. MATHEWS. By the decision?

Mr. MEADOWS. Yes.

Mr. MATHEWS. Yes, yes. So, the FBI's role in this—I think it is important to talk about this. The FBI's role in this is in defining their mission requirements, not in the real estate solution but in the mission requirements. How many people do they need to house in their headquarters facility?

Mr. MEADOWS. And so did the number of people change in the last —

Mr. MATHEWS. Yes, it did. It changed significantly. It dropped from 10,600 to 8,300.

Mr. MEADOWS. So what you are saying is that because it dropped from 10,000-plus to 8,000, you could move them from Virginia or Maryland into Washington, D.C.?

Mr. MATHEWS. Yes, that is the critical mission requirement element. If the requirement was for 11,000 people, then the Pennsylvania Avenue location is not in play. We are not able to put 11,000 on that site with the density that they would be willing to tolerate.

Mr. MEADOWS. So did they adjust their mission requirement based on the fact that they wanted to stay in Washington, D.C.? I mean, why did it change from 10,000 to 8,000? Did we fire that many people at the FBI?

Mr. MATHEWS. No. So, I think it is important to understand where we started.

Mr. MEADOWS. I am trying to understand. Let me just tell you, you have a very high bar to convince me, but go ahead.

Mr. MATHEWS. So, the process began with the cancellation of the previous project, and there were very specific reasons why that was cancelled, because of the risk of the procurement itself. So if you recall, it was an exchange procurement.

Mr. MEADOWS. So you are saying it is less risky to tear down a building in Washington, D.C. and build it back than to make a new acquisition, and you say that based on what?

Mr. MATHEWS. The previous procurement involved an exchange. So as part of the payment for building this new campus, we would have —

Mr. MEADOWS. Are you saying that we couldn't sell that facility, Mr. Mathews?

Mr. MATHEWS. It wasn't a sale, it was an exchange.

Mr. MEADOWS. But, listen, I do exchanges all the time. Let me just tell you, you sell it, you exchange it, it is a distinction without a difference. Are you suggesting that this was a financial decision?

Mr. MATHEWS. The cancellation of the procurement was a combination of insufficient funds in hand when the contract would have had to have been signed, and the fact that part of the payment for the new facility was handing over the Hoover Building. But without the complete funding to fill the gap between the —

Mr. MEADOWS. Well, based on that, you will never be able to do an exchange ever.

Mr. MATHEWS. Well, we can if there is sufficient value in the property —

Mr. MEADOWS. So let me ask you this question. How many excess buildings does GSA have in their portfolio, surplus public buildings?

Mr. MATHEWS. We have, I believe, 32 excess properties, designated excess, in our —

Mr. MEADOWS. In surplus, 32.

Mr. MATHEWS. Thirty-two.

Mr. MEADOWS. Where? Do you mean across the country?

Mr. MATHEWS. Across the country. We provided a —

Mr. MEADOWS. Mr. Mathews, let me just caution you. This isn't my first rodeo. This is not my first hearing when it comes to surplus. You have staffers there. I would suggest that you go back and modify that, because I can tell you, if your sworn testimony here today is that there are only 32 surplus buildings in the entire Federal —

Mr. MATHEWS. No, not in the entire Federal inventory. In GSA's inventory, we have 32 properties that are designated as excess at this point in time.

Mr. MEADOWS. How many in the Federal Government?

Mr. MATHEWS. I don't have that list.

Mr. MEADOWS. Well, if you don't have that list, how do you make a determination on where to move people if you don't know what surplus properties we have? How do you know what decisions to make in terms of leasing?

Mr. MATHEWS. I just don't have it at my fingertips right now, government-wide. But when we are looking at new real estate solutions —

Mr. MEADOWS. But when you made the decision, did you have that number?

Mr. MATHEWS. For the FBI?

Mr. MEADOWS. No. I assume that you don't just do Federal acquisitions and leasing and purchasing just for the FBI.

Mr. MATHEWS. No, of course.

Mr. MEADOWS. So when you look at making a decision, and you are making that decision, how do you make that decision based on what is available, what is not available, what is used and what is not used? How do you make that decision?

Mr. MATHEWS. So, you start off with a requirement from the agency, what do they need, what is their real estate requirement, the functional requirement. First we look at government-owned inventory, do we have something —

Mr. MEADOWS. So you looked at all the government-owned inventory, whether it is under GSA or under another agency, OMB? Because I know OMB has one component, you have another, which I have never figured out why we do that, but go ahead.

Mr. MATHEWS. So we will have a particular geographic area that we are looking at for an agency's requirement. So we will survey first the government-owned inventory, first our own inventory, then the government-owned inventory, and if we can't meet it in a government location, then we will look at private inventory.

Mr. MEADOWS. Okay. My time has expired, so here is what I would ask you, Mr. Mathews, and you, Ms. Murphy, to do. I need you to get us accurate numbers on the number of surplus properties and under-utilized properties that are out there, not just with GSA but across the Federal Government, because you cannot make the kind of decisions you are making without knowing those numbers. I can guarantee you it is more than 32.

Mr. MATHEWS. It absolutely is more than 32.

Mr. MEADOWS. Okay.

I will recognize the Ranking Member for a generous 5 minutes.

Mr. CONNOLLY. I thank my friend, and thank him for his line of questioning.

Let me pick up where the Chairman was questioning, Mr. Mathews. And, Ms. Murphy, I respect that in 63 days we are not going to hold you responsible for previous decisions.

I will ask you to confirm, you and I met privately. You made a commitment to me in that private meeting that you would respond to all congressional requests and continue to communicate with

Congress. Do you now, under oath in this hearing, reiterate that commitment?

Ms. MURPHY. I do. In that meeting I also told you there were certain documents I understand that you had requested that are subject to a lawsuit, and those are out of my hands.

Mr. CONNOLLY. I understand.

Ms. MURPHY. But we are going to do everything we can to get you the information that you need.

Mr. CONNOLLY. I take you as a woman of honor, and I take your commitment just now, and I thank you for it.

Ms. MURPHY. I would also say in that meeting you suggested I go out and see the Lorton facility, which had been prior surplus property.

Mr. CONNOLLY. Right.

Ms. MURPHY. I went out there this past weekend. I very much enjoyed seeing it and —

Mr. CONNOLLY. Good.

I think what Ms. Murphy is referring to in our conversation, Mr. Chairman and my colleagues, I referred to the Lorton site, the old Washington, D.C. prison site, as a great model of how GSA can be a force for good in the community, and it was a win-win kind of decision that we have repurposed the property, and the community has benefitted. GSA, I think, showed a lot of vision and foresight.

Ms. MURPHY. They did a beautiful job incorporating historic elements, adding new community —

Mr. CONNOLLY. And I am so glad you went out. Thank you, Ms. Murphy. I knew I could count on an Irishwoman.

[Laughter.]

Mr. CONNOLLY. By the way, it is only 30 days to the holy day, St. Patrick's Day.

[Laughter.]

Mr. CONNOLLY. All right. So, Mr. Mathews, you are under oath. The Chairman asked you about the FBI, and your testimony is they changed their mind. Is that right?

Mr. MATHEWS. They changed their program requirements, yes.

Mr. CONNOLLY. They changed their program requirements. Well, let me call it changing their mind, because under a previous GSA document it quoted the FBI as saying, "It identified"—FBI—"the need to consolidate its headquarters to support information sharing, collaboration, and integration," and then went on to say, "FBI current headquarter elements, because they are not consolidated, have become fragmented, which hampers information sharing and collaboration."

So, in other words, this is a functionality issue by having it dispersed. There is a benefit in having it consolidated. You are saying that has changed.

Mr. MATHEWS. What I am saying is the FBI reduced that consolidation —

Mr. CONNOLLY. You are going to have to speak into the microphone, Mr. Mathews.

Mr. MATHEWS. I am sorry. What I am saying is the FBI reduced that consolidation from 10,600 —

Mr. CONNOLLY. When did it do that?

Mr. MATHEWS.—to 8,300.

Mr. CONNOLLY. Right, almost 3,000 change. But, of course, the reason for that presumably is because you decided not to have the swap and the turnkey and develop a different campus that could accommodate the larger number but to stay in the current footprint, which cannot accommodate the larger number. Isn't that a logical conclusion?

Mr. MATHEWS. I think the order was different, but it does allow for that, yes.

Mr. CONNOLLY. Yes.

Mr. MATHEWS. The reduction was not —

Mr. CONNOLLY. So now we are going to allow continued dispersement and fragmentation that the FBI told you in your own document provided to this committee affects its functionality, information and collaboration. Those are pretty important things in an era where we are fighting terrorism, Russian interference in elections, cyber attacks and the like. Those are not trivial issues. So they are going to continue to be affected according to the document your own agency provided us quoting the FBI.

Mr. MATHEWS. Well, the FBI would be in a better position to answer that aspect —

Mr. CONNOLLY. Yes. I assure you, we will get to that. Right now you are here, and you are under oath, and I want to make sure we have it understood, you are testifying the FBI told you that. They changed their mind, or in your word they changed their program direction.

Mr. MATHEWS. Yes. They reduced the requirement —

Mr. CONNOLLY. When did they tell you that?

Mr. MATHEWS.—but that is an increase —

Mr. CONNOLLY. Right. When did they tell you that? When were you informed they had changed their mind such that you pulled the procurement?

Mr. MATHEWS. Well, that procurement was cancelled before that took place —

Mr. CONNOLLY. Oh.

Mr. MATHEWS.—and before I was there, but —

Mr. CONNOLLY. So GSA decided to pull the procurement without that input from the FBI. So you actually pulled the procurement still believing the FBI felt otherwise, that the FBI wanted that consolidation and wanted the turnkey deal where we have a land swap.

Mr. MATHEWS. The procurement was cancelled because there was insufficient funds in hand to sign the contract, and the fact that that contract —

Mr. CONNOLLY. Insufficient funds, that is another one. So the GSA asserted at the time that insufficient funds meant Congress wasn't willing to appropriate money. What is the objective evidence of that? Because I know the Chairman and my colleagues probably remember Senator Mikulski at the time actually got an appropriation I don't think you had even requested as a down payment. So we were willing to provide the funding to finance this deal over and above whatever financing the private sector was able to provide in the sale of the FBI headquarters site.

Mr. MATHEWS. The issue at hand was signing the contract without having the funds in hand. This is not a matter of —

Mr. CONNOLLY. No, Mr. Mathews, let's deal with GSA's statement. GSA made the statement "because Congress wouldn't appropriate the funds," and I find it strange, if that is what you believed, that you would now come back to us in this fiscal year budget asking for \$2.2 billion. Do you have faith in Congress appropriating or not? If you do, then the previous explanation is false. And if you don't, then the current request is meaningless and feckless. Pick one.

Mr. MATHEWS. I would question the presumption that—the fact that when you are actually signing a contract, you are obligating the Federal Government to certain activities and expenditures, and there was not sufficient funds at that point in time when combined with the procurement involved —

Mr. CONNOLLY. What would have been sufficient, Mr. Mathews? I am curious.

Mr. MATHEWS. We would have needed—I believe it was about \$2 billion extra than what we had.

Mr. CONNOLLY. So Congress should have appropriated \$2 billion, and it didn't? Did you ever request a \$2 billion appropriation?

Mr. MATHEWS. The previous administration did not request that.

Mr. CONNOLLY. No.

Mr. MATHEWS. It was less than that.

Mr. CONNOLLY. I see. Well, this starts to get Kafka-esque.

One other issue, because I don't want to impose. My colleagues want to ask questions. But what about the security concern? One of the concerns raised about the current site is that given the sensitive nature of the FBI and the kind of world we live in, the urban setback just won't cut it. It actually poses a risk.

Now, doesn't this decision to stay with the existing site fly in the face of that concern? Did that also go out the window? Did the FBI change its mind about that?

Mr. MATHEWS. New construction —

Mr. CONNOLLY. I'm sorry?

Mr. MATHEWS. New construction, demolish and rebuild, as opposed to a renovation of the old building, allows us to incorporate significant security enhancements, to blast electronic eavesdropping —

Mr. CONNOLLY. Mr. Mathews, so you are saying it is not a security concern.

Mr. MATHEWS. What we are saying is we can meet the security requirements of the FBI —

Mr. CONNOLLY. Well, that would come as news to the State Department that all over the world has been moving embassies and building new ones with deep setbacks to avoid any kind of security threat. So maybe you should talk to the State Department.

Mr. Chairman, my time is up, but I am going to pose a thought to you, and maybe we can deal with it at the end of the hearing. We haven't had time to ask the Inspector General, but I think it would be a useful thing if this subcommittee requested formally a thorough review of this decision and how it got arrived at and the history, the sorry history of this procurement and the cost to the taxpayer and the private sector associated with this procurement, because I think this subcommittee needs to get to the bottom of this.



This isn't a partisan issue. This is about process, and it is a very failed process and a very troubling one that I think will expose the FBI, if we go forward with the current proposal, to some real danger.

Mr. MEADOWS. I thank the gentleman for his insightful questions. The Chair recognizes and will certainly look at the best approach going forward in working with Administrator Murphy and Inspector General Ochoa.

Mr. CONNOLLY. I thank the Chair.

Ms. MURPHY. If I may, we would be very happy to come and provide you with a detailed briefing. I believe we have actually reached out already to offer that.

Mr. MEADOWS. I thank you. I thank Administrator Murphy.

The Chair recognizes the gentlewoman from the District of Columbia for 5 minutes.

Ms. NORTON. Administrator Murphy, I sit on the other committee that has jurisdiction, direct jurisdiction over the GSA, so it has been pounded in my head ever since I have been in Congress that there were two basic principles when the government builds or leases: reducing the footprint, and we are taking extraordinary measures at the Department of Homeland Security right now to reduce the footprint because that was authorized before that policy; and consolidation. Those are two basic principles, and I am not sure there are any other principles that stand at that level.

Here you have proposed exactly the opposite, and I ask you to square the circle with me. How do you reduce the footprint of the FBI by building separate facilities throughout the United States from the ground up and dismembering the FBI so that instead of consolidation, we are going in a direction that the agency has not gone in since it has been created? Why have you reversed those principles when it comes to the FBI?

Ms. MURPHY. Thank you, Congresswoman.

Ms. NORTON. Consolidation and reducing the footprint.

Ms. MURPHY. I am going to defer again to Mr. Mathews on the numbers, but it is my understanding—and he will correct me if I am wrong on this—that under the proposed demolish and rebuild, the per employee utilization rate for the FBI will —

Ms. NORTON. The what?

Ms. MURPHY. The footprint for the FBI will be smaller, and that they will be consolidated both within the Department and —

Ms. NORTON. But you have to spend more money if you have to build facilities in states which are far from one another, far from Washington. If you were going to do that, why would you take parts of the FBI and scatter them across the United States?

Ms. MURPHY. And I believe that the FBI identified those locations as places where they already have facilities and they could engage —

Ms. NORTON. The point is consolidation. I don't know which facilities, and I wish you had named facilities. There may be FBI offices across the United States, but the notion that part of your headquarters is spread across the United States—I mean, that is the first time I have ever heard of that. Of all agencies, the FBI has parts of its headquarters already in states across the United

States? What divisions of the FBI are across the United States that this consolidates for?

Ms. MURPHY. I believe it is some of the administrative functions that, just as within the GSA we have some of our administrative functions in the regions, they have some of their administrative functions —

Ms. NORTON. Ms. Murphy, you don't have facilities in Alabama. What are these five states? How are these states chosen? Why, Mr. Mathews, have you reneged on the notion of consolidation? And why is it cheaper to build from the ground up than to consolidate, and with facilities in one place or as few places as possible?

Mr. MATHEWS. I guess a couple of things. One is I would suggest the FBI is a component of the Department of Justice, so consolidated headquarters function of the Department of Justice includes the FBI and main Justice. Main Justice is across the street from the current location. So actually removing the FBI and putting it somewhere else actually —

Ms. NORTON. I am asking you about the five states, Mr. Mathews. You don't have to school me on what the FBI does with the Justice Department. Why do you want to build this across a number of states in the United States rather than consolidate it, as is the principle that you well know you have abided by since your creation?

Mr. MATHEWS. So again, this goes back to the FBI's mission requirements. But speaking, trying to explain what I understand of those, is they were looking to be able to move some of the people that are part of the headquarters function, 2,300, into these other existing FBI locations in Idaho, in Alabama, in —

Ms. NORTON. What is in Idaho and Alabama, Mr. Mathews?

Mr. MATHEWS. I think in Idaho they have an explosives facility where they analyze —

Ms. NORTON. What does that have to do with headquarters, putting parts of headquarters in Alabama?

Mr. MATHEWS. My understanding is they would put some of their nuclear detection elements out there and some of the things —

Ms. NORTON. Why is this less costly? One of the reasons the government favors consolidation is that it is the least costly way to build an agency. Why is it least costly to spread the agency across five different states?

Mr. MATHEWS. Well, I guess one thing I would say, building a building, as opposed to building a campus, building the building is less expensive than building a campus. There are numerous components of a campus that bring additional —

Ms. NORTON. Well, that is news to me, Mr. Mathews, because you have campuses throughout this region, and the notion that building a building is less than a campus rather than just the opposite, you will have to supply this committee with documentation for it. And again, you are tossing around words when you say building a building is—I mean, building a building, whether it is on a campus or not, a campus is simply a plot of land. The reason you want them in the same place is because you want the FBI headquarters—and understand, we are talking about headquarters here, aren't we, Mr. Mathews?

Mr. MATHEWS. Yes, ma'am.

Ms. NORTON. We are talking about headquarters. If we were talking about different facilities, that would be one thing. We are talking about spreading the headquarters of the FBI across the United States, and I know of no headquarters of any agency spread across the United States.

You took a hell of a lot more time than that.

Mr. MEADOWS. The gentlewoman's time has expired.

The Chair took a minute and 32 seconds extra. He gave the Ranking Member 2 minutes. He gave you a minute and a half. So, for the record, we have given you more time than our side, and I will now recognize the gentlewoman from Michigan, Ms. Lawrence, for 5 minutes.

The gentlewoman from the District of Columbia knows that I consistently try to be fair in all regards with regards to this, and if she is suggesting that I wasn't, we will take that up at another time.

The gentlewoman from Michigan is recognized.

Ms. LAWRENCE. Thank you, Mr. Chair. Before I start my questions, I just want to say to Ms. Murphy that it was refreshing to hear that you actually understand what this committee is about and your commitment to continue to respond to our inquiries and understand the responsibility that we have as a committee. So I look forward to you keeping your word on that.

Ms. MURPHY. And you won't remember me, but I was a staffer at the Small Business Committee when you sat on the committee and very much enjoyed working with you back then. So, thank you, Congresswoman.

Ms. LAWRENCE. Thank you.

My question is—and allow me to take this to a personal level. So GSA in 2015 announced a plan to invest \$70 million and consolidate many Federal offices. We had an office on Michigan Avenue, and in that process IRS said it would move 90 jobs to Tennessee.

Now, in 2015, the economy in the City of Detroit was one that was hanging on by a thread. So whereas some people would not respond to the Federal Government closing a building and moving out of the state, it was a major slap in the face, and the entire delegation, congressional delegation came together to urge the IRS to look at—because property was a bargain then—to look at existing properties, which you did, and we were able to keep those jobs in Detroit, and also for you to be able to find cheaper property.

So I was really confused because I could never get an answer on why you just, in the middle there, said okay, we are moving these jobs and the IRS is going to Tennessee. And then we talked about the wasted millions of dollars on a project to relocate the FBI headquarters—I think you see our concerns—and then you cancel that move.

So my question is what kind of study is put forward? And I would like to talk to the FBI again about that. But do you, Administrator Murphy, do you look at the demographics of impact on community? Because I work for the Federal Government. You can be offered a job where it is going if you can't relocate. Sometimes you get severance pay if there is not another Federal job.

What do you look at when you make these decisions? Because they seem to be so random or some covert actions that are hap-

pening, and GSA always backs up and never has a real answer. It is all this political gobbledy-gook. So talk to me about that.

Ms. MURPHY. Thank you, Congresswoman. Hopefully this won't be gobbledy-gook. So when GSA—the first step in any consolidation is that agencies come to GSA with a program of requirements. They tell us what they need. We will proactively outreach to some agencies to say we think we can help them consolidate within space or they have a lease that is about to expire, to try to get them to better identify that program's requirements early so that we can be a good partner with them.

At that point in time Mr. Mathews' organization, the Public Buildings Service, works with them to take that program of requirements, you come up with a delineated area where those requirements could be met.

Do you want to go further into the details of —

Ms. LAWRENCE. Mr. Mathews, when you are answering that question, no one had talked to us as a community, and once we reacted and demanded and talked, we were able to satisfy that need. So that is why there is that disconnect. If you had said whatever your needs were in that community—but no, you came to us and said we are moving the jobs to Tennessee.

Mr. MATHEWS. So, I am not familiar with the details of this particular example you are describing. I have been in the position since August. But I understand that the IRS over the past several years has basically had a massive restructuring of their workforce, their locations. They closed a number of their facilities. And I know in Detroit there was one of their key processing facilities was located in Detroit. I know I have actually been out to that facility, which the government bought, interestingly enough, for a dollar. It was a leased facility, and we had a purchase option for one dollar, and the government actually acquired it at the end of the lease. So the government is re-using that facility for some other federal agencies that are in the area.

But I do believe the IRS, they have closed a number—they have basically consolidated their processing functions. Tax returns have been largely paper-based for years. Now they are mostly electronic. So they have restructured their tax processing units, and I think that is what drove those changes.

Ms. LAWRENCE. My time is running out, and this is what I want to be really clear about. Your moving around just because someone randomly says I want to consolidate, so I am just going to pick up, there are communities that are affected when you make these decisions. Had we not had the desire and the passion to come to you and demand and offer you other options, it wouldn't have happened, that one dollar sale. So there is a gap. There is something missing, and we need to incorporate that, Ms. Murphy and Mr. Mathews, when we start talking about uprooting and moving Federal offices without any consideration for local government.

Thank you, and I yield back.

Mr. MEADOWS. I thank the gentlewoman.

The Chair recognizes the gentleman from Missouri, Mr. Clay, for 5 minutes.

Mr. CLAY. Thank you, Mr. Chair. Let me welcome a fellow Missourian, Ms. Murphy, to the committee. Is this your first time before us?

Ms. MURPHY. This is my first time as Administrator before this committee. I testified here probably 11 or 12 years ago once, as well.

Mr. CLAY. Well, as a fellow Missourian, let me say welcome.

Ms. MURPHY. Thank you.

Mr. CLAY. We do intend on fulfilling our obligation as oversight.

Ms. MURPHY. The Show-Me State, I expect nothing less.

Mr. CLAY. And I look forward to working with you.

[Laughter.]

Mr. CLAY. You know, Ms. Murphy, this week GSA announced its baffling decision to build a new FBI headquarters at the inadequate site of the current J. Edgar Hoover Building. It is baffling because GSA itself had concluded that the current site was too small to allow the agency to consolidate its operations and that there were serious national security risks with staying at the current site.

GSA's own Building Project Survey said, and I quote, "Key FBI headquarters elements have become fragmented, which hampers information sharing and collaboration. The FBI has identified a need to consolidate its HQ to support information sharing, collaboration, and intergration of strategic priorities."

Ms. Murphy, every other agency in the intelligence community—CIA, DIA, NSA, and Homeland Security—have large campuses where they consolidate their operations to prevent both physical threats as well as spying. Why has GSA denied FBI that same ability?

Who wants to take it?

Ms. MURPHY. Is it all right if I defer to Mr. Mathews? He was much more involved.

Mr. CLAY. I had a few questions for him anyway.

Ms. MURPHY. Okay.

Mr. CLAY. But go right ahead, Mr. Mathews.

Mr. MATHEWS. Yes, Congressman. The first thing I would say, there is a consolidation going on. In fact, the FBI consolidation onto this location will grow from the current roughly 5,600 people to 8,300. That is almost a 50 percent increase in the number of FBI personnel that will be located and consolidated into this proposed demolish rebuild. So there will be a consolidation of FBI employees as a significant increase in the headquarters head count in this program.

Mr. CLAY. Okay. Mr. Mathews, you dedicated 20 years of service to the U.S. House of Representatives, and I am sure that you are aware that for more than a decade GSA planned to build a new consolidated FBI campus outside of the District of Columbia, and this was a huge undertaking for the entire government.

This week GSA announced its decision to build a new FBI building on the current site. Can you explain what appears to be an inconsistent position?

Mr. MATHEWS. Yes, you are right, I have been involved in this from the congressional perspective for well over a decade. And you are correct, the previous plans were for a larger consolidation, a

larger requirement of 10,600. When the requirement was 10,600 employees for the FBI, that is not going to fit on Pennsylvania Avenue. It necessitated a different location, a larger footprint. But with a smaller number of required people for that facility, that put other sites into play, not just the current site but other sites as well, and there are distinct advantages to the current site when you have this small a footprint.

For example, the transportation network that exists at this site—Metro, the road networks—they are already there. The infrastructure that would serve that facility, particularly the classified communication cables and things like that, which are very costly to replace, those exist there already. The utility fees exist there, the water systems. The basic infrastructure that feeds that facility, which is expensive to replicate, is already there.

And from the FBI's perspective, their employees, they live all around the Beltway. If they relocated to one particular site on the Beltway, no matter where it ended up, they would put a large portion of their employees in a difficult commuting situation, and I know that was an important issue for the FBI, their employees' positions.

So it is the reduced head count that made it possible to stay at that location. And again, like I said, there are very distinct advantages to that.

Mr. CONNOLLY. Would my colleague yield for a second?

Mr. CLAY. Well, I am out of time. Perhaps the Chair would let us do a second round?

Mr. CONNOLLY. I would just say to my friend from Missouri, that is an extraordinary explanation, and it makes sense only if the previous six years did not exist. It flies in the face of everything GSA and the FBI argued for the last six years. Now we have a new—forget all that, it is a new explanation. And, oh, by the way, physical security has to be discarded on the current site.

I thank my friend.

Mr. CLAY. I thank my colleague for those comments, and I am out of time, but I yield back.

Mr. MEADOWS. I thank the gentleman for yielding to the Ranking Member on the time that he didn't have.

We will recognize the gentleman from Iowa, Mr. Blum, for 5 minutes.

Mr. BLUM. Thank you, Mr. Chairman.

Thank you to our panelists for being here today.

I just assured my colleague, Mr. Connolly, that I would not ask anyone on the panel today about cows, since I am from Iowa, so you can relax.

[Laughter.]

Mr. CONNOLLY. I was hoping you would ask about cows.

[Laughter.]

Mr. BLUM. There is a story there, obviously. We don't have time to get into that.

Late last year we received from GSA the following, that there are 108 time and attendance systems, 86 learning management systems, and 46 financial management systems within the Federal Government. I am a career small businessman, not a career bureaucrat. Duplication of services I have to believe is a big issue in

the Federal Government. This committee deals with waste, fraud, and abuse. If you want to talk about the waste, it is the duplication of all of these services.

In the private sector, when we have an acquisition, for example, and the combination of two companies, one of the first things that we look at is to eliminate duplication. We don't need two accounting departments, we don't need two computer systems that do payroll, and there are efficiencies gained there.

The Federal Government, this has to be an issue. So I think I would direct this to Ms. Murphy, and also Mr. Thomas. Talk to me, please, about GSA and the role you are playing in the shared services model, which I think is a great thing, is very important, can save taxpayers a lot of money. How do we get rid of duplication services?

Ms. MURPHY. Thank you very much, Congressman. Reducing duplication is one of the four principles that I have set out for GSA while I am in my current role. I believe that Beth Engelman with the Unified Shared Services Management Group at GSA actually testified before this committee over the summer. She has been doing wonderful work with her team to partner with other agencies, identify requirements, looking at solutions that could get us to core systems where we could reduce that duplication.

It is bearing fruit. We went out with a draft Request for Proposals for payroll systems last month. We have gotten a lot of feedback on that. We are working through that. We hope to go out with a final RFP soon so that we can engage in an open, transparent, competitive process so that we can better meet the needs of Federal agencies and reduce duplication on payroll. We see that as just the beginning of the process, though.

As we are working on that contract vehicle which ties in very nicely with what Mr. Thomas is doing, it also then gives us the opportunity to start analyzing additional systems, be it time and attendance, financial management, contract writing systems, so that we continue to search for ways we can reduce duplication.

If you look at the entire mission of GSA, the Public Buildings Service is about having a shared service on Federal space. The Federal Acquisition Service is a shared service around acquisition. So we see it as absolutely consistent with the mission of the agency to help agencies reduce this duplication.

Mr. BLUM. We could reduce the cost of purchasing as well, couldn't we? Instead of buying 68 duplicative systems, we buy one.

Ms. MURPHY. The fewer contracts—we want to make sure that we have the appropriate number of contracts, that we always have competition and we always have redundancy, because we don't want to find ourselves in a situation where you only have one system and something goes wrong, and then we have a workforce at risk or we have a system at risk. So we need to make sure there are always multiple options. But I do think that, yes, rather than having 108 time and attendance systems, if the Federal Government had three or four that it could work off of, it would make a lot more sense.

Mr. BLUM. How bad is it? Give me a grade, would you please?

Ms. MURPHY. Oh.

Mr. BLUM. Be honest —

Ms. MURPHY. I would prefer to grade GSA rather than to grade other agencies, if that is all right with you. So within GSA, we have a lot of —

Mr. BLUM. I just mean the Federal Government in general. Give me the duplication of services. How bad is it?

Ms. MURPHY. There is a fair amount of duplication. We have made some progress with lines of business and consolidating financial management, but there is a lot of work to be done, and I think it is not going to be a one-year quick win. It is a long-term effort. I know that the Chairman has been very supportive of the work that we are trying to do on shared services, and it is going to require—I will give you another example.

The telecommunications contract that Mr. Thomas' office has just released gives us the opportunity to further consolidate telecommunications services within the government, just a great opportunity of ways we can get reductions. The fleet, one of our performance initiatives for next year is looking at, studying, and then reducing the number of fleet vehicles government-wide, see if we can save money by reducing them.

Alan, I think you have good statistics on how much we can save that way?

Mr. THOMAS. Sure. Thanks, Emily.

So, on fleets, there are about 600,000 vehicles in the Federal fleet. GSA centrally manages about a third of the fleet, so 200,000 vehicles. Based on Fiscal Year 2015 numbers, we think, on average, we can manage a vehicle about \$2,500 a year more efficiently than an agency-owned asset is managed. So there is some significant savings there government-wide if you were to consolidate some of the fleet that is managed at the agency level currently.

Mr. BLUM. If the Chair would indulge me, could I add one quick add-on question?

Mr. MEADOWS. Very quick follow-up, yes. Thank you.

Mr. BLUM. What incentives are there for the Federal Government to try to reduce duplication? What incentives are there for the rank and file Federal Government employees to save the taxpayer money?

Mr. MEADOWS. Try to answer that succinctly, if you could.

Mr. THOMAS. If you are the CFO of an agency, or your mission, say, at USDA is to ensure the safety of the food we eat, and you are spending too much money on vehicles and you are not spending enough money on inspectors, the fact that we could come in and save you some additional dollars on vehicles and you could maybe put that money towards mission I think is pretty compelling.

Mr. BLUM. Thank you, Mr. Chairman.

Mr. MEADOWS. I thank the gentleman from Iowa.

The Chair recognizes the Ranking Member, Mr. Connolly, for a few items that he wanted to bring up.

Mr. CONNOLLY. I thank the Chair.

Mr. Thomas, this committee sent you and your predecessor, Rob Cook, two letters, one addressed to you, one addressed to him, dated August 30th, with a series of follow-up questions from the hearing. We have not, six months later, received a response. Any reason why?



Mr. THOMAS. We are still coordinating internally on the response. I asked the same question as we were preparing for the hearing. We are diligently working on getting you responses to those questions.

Mr. MEADOWS. How do you define diligent? I mean, if you are coordinating for six months, at what point can we expect answers to the gentleman's question?

Mr. THOMAS. I don't know if I am ready to commit to a specific date, but it is something that we are putting a focus on.

Mr. MEADOWS. Okay, I will give you a day. In 14 days, we need an answer, okay?

Mr. CONNOLLY. To both letters.

Mr. THOMAS. Understood. Thank you.

Mr. CONNOLLY. I mean, Administrator Murphy, you can see what we are dealing with. I mean, that is why in our private conversation we had so much emphasis on communication and responsiveness. The position of some people representing GSA saying we will only respond to requests coming from the committee chair is absurd. It flies in the face of our oversight responsibilities. And, by the way, I assure you, my Republican colleagues will be a little nervous about that because should things change around here in November, they want the privilege of having inquiries answered by a Federal agency. And, by the way, they should. But so should we.

So I understand there is some litigation, but I want to reiterate that I appreciate your commitment. But this is an example. Six months?

Ms. MURPHY. Sir, when I was with the Armed Services Committee, I put in a request in October of 2016 for a briefing from GSA. I was at GSA before I got the briefing. So I know I have a problem, and we are working to —

Mr. CONNOLLY. We need your help, yes. And I think that would be a great piece of your legacy, to clean it up.

Mr. Thomas, I have to tell you, I think on a bipartisan basis, the idea that you have had six months and you won't commit to a time, how long it will take to actually answer fairly straightforward questions based on a hearing that was over six months ago, is just unacceptable, I mean even for government. That is just not an answer the Chairman or I could possibly live with, and I thank the Chair for setting a deadline, and I think it does underscore the problem of responsiveness and communication in GSA, and it makes your job harder, and it makes our job harder.

Finally, with respect to the FBI headquarters—and you have heard from my colleagues, including the representative of the District of Columbia where it is headquartered—all I can say, Mr. Mathews, is I just do not feel your answers hold up. I think they contradict, as I said, six years of laying the groundwork for a different rationale for where it ought to be located, the value of consolidation, the danger of lack of consolidation, and the legitimate physical security concerns. The rationales coming out of the GSA do not add up, whether it is we didn't have the money because Congress wouldn't appropriate it, or the FBI has changed its mind.

I am going to discuss this with my colleague, the Chairman, and we will see how we proceed, but at some point we are going to want to see the documents, contemporaneous documents from the

FBI that gave you a different direction. But this is not a good moment for the GSA. What I really worry about besides process is the mission of the FBI and how it could be impeded, frankly, by this decision.

So you haven't heard the last of this from me, from Ms. Eleanor Holmes Norton, from Chairman Meadows and others. We will revisit this issue at the appropriate time.

I thank the Chair for his indulgence.

Mr. MEADOWS. I thank the gentleman.

The Chair recognizes himself. I want to kind of conclude with a couple of things.

Inspector General, I want to say thank you for being here. I don't want to ignore the fact that your presence here and the lack of questions is any indication, as you know. I am a huge fan not only of the Inspector Generals, plural, but of this particular Inspector General specifically and the work that your group does.

Here is what I would like to ask of you. I would like the top four recommendations that you would have that either have been met with a lukewarm reception from GSA's perspective, or four that have been rejected and that you see as having the most significant impact on a variety of issues. If you could get that to the committee in the next 30 days, is that something that you could do?

Ms. OCHOA. Be happy to do that, Chairman Meadows.

Mr. MEADOWS. All right. And I want to, for the record, express sincere appreciation to your entire staff for the work that they do on an ongoing basis. As we all know, the GSA, because of one photograph, has probably a very different impression. It came from obscurity into a position of very—well, it made the news, and your involvement certainly in trying to correct that is acknowledged.

I also want to acknowledge the staff that we have here that have done a great job. There are a variety of additional questions that we will need all of you to answer for the record as they have prepared them and done a good job.

Administrator Murphy, I want to hit on one area, because in the NDAA we talked about the e-portals that would actually start addressing and allowing us to be competitive with that. It is my understanding that you have a March deadline due to Congress in terms of the progress of that. Are you going to actually make that deadline?

Ms. MURPHY. I have reviewed the draft report and approved the draft report at this point. So we are in the process of clearing it with other agencies and making sure that is correct. We have been trying to make sure that that is the beginning of a conversation. We had 200 industry participants come to GSA to meet on the issue, another 300 participate virtually, so we are taking that opportunity seriously.

Mr. MEADOWS. So yes or no, will you meet the March deadline?

Ms. MURPHY. We will meet the March deadline.

Mr. MEADOWS. All right. Thank you.

And then finally I would like to ask on that aspect, we talked about really the FASTA guidelines, and then you have this kind of internal infrastructure. Are those working hand in glove, or are they competing with one another? I am not sure exactly—in your

testimony you talked about an infrastructure. Is that working hand in glove with FASTA or not?

Ms. MURPHY. It is working hand in glove with FASTA. So a lot of the work we have been doing in preparation for the board being sat is in place. It also means that we are continuing to work on our own processes. The requirement, for example, for the database has made it much easier for GSA to do its own work as well.

Mr. MEADOWS. Okay. So I am going to conclude with this. There is much work to be done in terms of surplus properties. Mr. Matthews, the 32 number is, I can tell you based on GAO reports, based on previous reports from the GSA and OMB, it is just nowhere in the ballpark. So I need accurate numbers there.

Administrator Murphy, you have a previous staffer from here that actually worked on my subcommittee, Mr. Post, who I want to acknowledge here today. He is a great asset, I am sure, to you, as he was to us, but he will also tell you that I will not let this rest as it relates to the FBI building and the decisions that were made there. This is a bipartisan issue, and I can tell you that before you proceed ahead, this committee wants to know all the decisions that went into making the new decision that has been announced. I don't agree with it. I can be convinced, but at this particular point, based on the information in this hearing, I am not convinced.

So I would like a briefing and a follow-up in a bipartisan manner on this particular issue.

If there is no further business before the Subcommittee on Government Operations, this committee stands adjourned.

Ms. NORTON. Mr. Chairman, could I ask a status question?

Mr. MEADOWS. Certainly.

Ms. NORTON. I would also like you to get to the Chairman a timeline for the consolidation that Congress did mandate and that you are doing, the largest Federal project in the United States, the Department of Homeland Security, to make sure that the GSA is on its timeline for a project which exemplifies consolidation, as the FBI does not.

Mr. MEADOWS. And I would concur with the gentlewoman from the District of Columbia. If you can give the committee, both minority and majority, an update on that, that would be good.

If there is no further business before the committee, the committee stands adjourned.

[Whereupon, at 11:16 a.m., the subcommittee was adjourned.]



## **APPENDIX**

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MATERIAL SUBMITTED FOR THE HEARING RECORD



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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March 8, 2018

The Honorable Mark Meadows  
Chairman  
Subcommittee on Government Operations  
Committee on Oversight and Government Reform  
United States House of Representatives  
Washington, DC 20515-4802

Dear Mr. Chairman:

At the February 15 hearing titled "General Services Administration: Checking in with the Government's Acquisition and Property Manager," you asked me to provide the committee with information about our office's most significant recommendations to GSA which received either a rejection or a lukewarm response. The attached document provides details of four instances which meet this criteria.

If you or your staff have any questions or require further details in this matter, please feel free to contact me or Robert Preiss of my staff at 202-273-7266.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carol F. Ochoa".

Carol F. Ochoa  
Inspector General



**Recommendations of the Inspector General of the General Services Administration which  
were Rejected or Not Fully Implemented by the Agency**

**March 8, 2018**

**Federal Acquisition Service (FAS) Response to GSA OIG Preaward Audit of Carahsoft  
Technology Corporation (Audit Memorandum A160039)**

The OIG issued a preaward audit report related to the Commercial Sales Practices (CSP) disclosure and proposal information Carahsoft submitted as the basis for negotiating the first 5-year option period of its Schedule 70 (IT) contract. Our audit report found that Carahsoft's CSP was not accurate, current, or complete because the disclosures were based on outdated information and did not reflect Carahsoft's actual business practices. We also found that GSA schedule customers did not receive Carahsoft's most favored customer pricing, which the contracting officer is required to seek. We estimated that, if the contracting officer negotiated better pricing terms based on Carahsoft's commercial sales practices, and given GSA's significant annual sales volume advantage, the government could potentially realize over \$187 million in savings during the 5-year option period.

Contract negotiations regarding the option renewal commenced on June 12, 2017. The contracting officer established a negotiation position based on audit findings. After 5 days of substantive negotiations, the contracting officer awaited Carahsoft's final review and agreement of the negotiated terms, which would have yielded approximately \$55 million in savings to the government. However, on June 16, 2017, Carahsoft responded by informing the contracting officer that it was accepting the TDR modification (a decision it had previously twice declined) and therefore, was no longer negotiating based on the CSP.

With Carahsoft's acceptance of the TDR modification, the contracting officer ended all negotiation discussions related to Carahsoft's commercial sales and accepted Carahsoft's proposed pricing without any of the improvements previously targeted during the negotiations. As a result, the contracting officer forfeited at least \$55 million in government savings and ignored the purpose of the Multiple Award Schedules program, which seeks to leverage the buying power of the federal government.

The GSA contracting officer was not required to change its negotiating position. Carahsoft's acceptance of the TDR clause (GSAR 538.270-2) does not preclude the contracting officers from using commercial pricing information during negotiations. In fact, the GSAR clause states that in instances like this one when transactional data is not available (Carahsoft transactional data was not available as it had just accepted the TDR modification) and pricing cannot be determined fair and reasonable through market research (the preaward audit report

had identified commercial customers receiving better pricing), the contracting officer can perform an analysis of other than certified cost or pricing data to determine fair and reasonable pricing. This is the equivalent of the commercial data provided and reported in the stated preaward audit report.

We reported these circumstances to the Commissioner, Federal Acquisition Service, in a separate memorandum dated October 12, 2017. We suggested GSA reopen negotiations and seek the pricing improvements it had effectively negotiated prior to the most recent award, as well as establish clear policy and guidance that if an audit is completed before a contractor accepts the TDR modification, the commercial pricing information will be used to establish pricing. We received a response from the Commissioner on January 18, 2018; however, the response did not address the specific situation or our suggestions.

**GSA's Decisions to Vacate and Renovate the Leased Federal Courthouse in Pensacola Are Based on Faulty Premises; Issued 10/25/2016**

In response to complaints received through the OIG fraud hotline, we performed an audit of GSA's decisions to vacate the 1 North Palafox Street (Palafox) leased federal courthouse in Pensacola, Florida; relocate tenants into temporary leased space; and take ownership of and renovate the courthouse. Among other things, we found that GSA's decision to partially renovate the Palafox courthouse was based on a flawed financial analysis and that GSA's planned renovation would not meet current standards for new courthouses, including needed structural security upgrades. GSA disagreed with our position and went forward with the project. In moving forward with the project, GSA neither concurred with, nor proposed corrective actions that were responsive to, our four audit recommendations. At this point, most of the recommendations can no longer be implemented because GSA has begun the renovation project. However, we remain concerned that based on a flawed financial analysis, GSA is currently investing over \$30 million, and plans a future additional investment of \$17 million, to renovate a courthouse that has known construction deficiencies, has experienced nearly 20 years of water intrusion issues, and does not meet structural security standards.

**Public Building Service (PBS) National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy; Issued 8/24/2017**

We performed this audit to determine whether PBS's National Capital Region (NCR) awarded the White Oak Energy Savings Performance Contract and subsequent modifications in compliance with applicable regulations and guidance. We found that PBS NCR did not comply



with the federal competition requirements by making a cardinal change to the contract that substantially increased the contract's scope of work. Specifically, GSA incorporated unrelated operations and maintenance work into the contract at a cost of over \$309 million, representing a 39 percent price increase from the original task order value of over \$785.8 million. Because of the significant increases in the scope from the original task order, the additional work should have been competed, but was not, resulting in a violation of the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation. We also found deficiencies in GSA's award and administration of the task order. Our report included six recommendations to GSA management, including expediting the procurement of a new operations and maintenance contract. GSA management agreed with most of our recommendation but denied the need to procure a new contract. We are continuing to work with GSA management to achieve audit resolution; however, we are concerned that GSA's failure to take responsibility for its noncompliance with federal laws and regulations will foster continued noncompliance.

#### **Various Reports on GSA's Unauthorized Disclosures of Sensitive Information**

Since 2015, we have issued several reports on GSA's unauthorized disclosures of personally identifiable information. For example, in a January 2015 report, *Personally Identifiable Information Unprotected in GSA's Cloud Computing Environment*, we found that personally identifiable information was accessible to GSA employees and contractors who did not have a need to know the information, and GSA's breach notifications to affected individuals were inadequate. We had similar findings in a September 2016 report, *Audit of GSA's Response to the Personally Identifiable Information Breach of September 18, 2015*, in which we found deficiencies in GSA's efforts to notify over 8,200 current and former employees of an unauthorized disclosure of personal data. For each of these reports, we have recommended, among other things, that GSA take appropriate measures to identify and inform all individuals affected by these unauthorized disclosures. While GSA has agreed with our recommendations, our implementation reviews, conducted to verify whether GSA has taken the necessary corrective actions to address our report findings, have consistently found that GSA is not timely or completely notifying all individuals affected by the release of this information. GSA must make notifications to affected individuals a priority. Such notifications should be made as "expeditiously as practicable, without unreasonable delay" in accordance with requirements from the Office of Management and Budget's, M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*. Such notifications are imperative to ensure that individuals know that their information was exposed so that they can take appropriate protective measures.

**Questions for the Record  
Submitted by Rep. Mark Meadows, Chairman  
Subcommittee on Government Operations**

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***Federal Real Property:***

**Questions for Administrator Emily Murphy and Commissioner Dan Mathews:**

1. Please provide the Committee with the definitions of the following words as they relate to GSA real property management:

- a. Excess:

The statutory definition for the term "excess property" can be found at 40 USC § 102(3). The Guidance for Real Property Inventory Reporting, known as the Federal Real Property Profile (FRPP) Data Dictionary, lists and defines the data elements agencies report to the FRPP. The status data element categories of report of excess (ROE) submitted, ROE accepted, determination to dispose, and cannot currently be disposed are all considered excess, as each category is an indication that the agency no longer needs the asset to support its mission. The definitions for Fiscal Year (FY) 2017 are listed below.

**Report of Excess Submitted:** Agency has submitted a ROE to GSA and the ROE is pending acceptance by GSA. For this category, the agency must submit the date the ROE was submitted to GSA in 6B. The universe of these assets will be reviewed in subsequent reporting periods.

**Report of Excess Accepted:** Agency has received an acceptance of the ROE from the GSA Public Building Service (PBS) Disposal Office. For this category, the agency must submit the date the ROE was accepted by GSA in 6C. The universe of these assets will be reviewed in subsequent reporting periods.

**Determination to Dispose:** Agency has made the final determination to remove the asset from the inventory pursuant to independent statutory authorities. This status category includes demolitions, regardless of authority; instances where the agency chooses to use its own statutory authority; or instances where the agency has not yet submitted a ROE to GSA. For this category, the agency must submit the date the agency made the determination to dispose in 6D. The universe of these assets will be reviewed in subsequent reporting periods.

**Cannot Currently be Disposed:** Asset for which an agency has no long term need, but the asset "cannot currently be disposed" because of certain circumstances. See data element 6H. Agencies must pick one specific circumstance from among the following options in the drop down list (valid codes are in parentheses):

- Environmental Remediation – Asset requires environmental remediation such as removal of pollution or contaminants from soil, groundwater, sediment, or surface water.
- Diplomatic Restrictions – Host government does not provide its consent for the disposal of a property, as is usually required under diplomatic law or via direct treaty between the U.S. and the host country.
- Title/Legal Disputes – Agency has to resolve disputes involving encumbrances such as liens, deed restrictions, encroachments, or licenses that restrict the ability to transfer title of the property.
- Campus Location – Asset is located on a campus and/or behind a secure

fence line that limits the ability to access or separate the asset from the rest of the entire installation.

- Easements – Another entity has a nonpossessory legal right to use the asset for a specified purpose.
- Protective Structures – Includes levies, breakwaters, or berms.
- Other
- Statutory/Regulatory Process – Agency has not yet completed processes resulting from a statutory/regulatory requirement and therefore cannot dispose of the asset.

b. Surplus:

Consistent with the statutory definition found at 40 USC § 102(10); accord 41 CFR § 102-75.1160; 45 CFR § 12a.1; 24 CFR § 581.1., surplus property means any excess real property not required by any federal landholding agency for its needs or the discharge of its responsibilities, as determined by the Administrator of GSA. Agencies with independent authority to dispose of assets may also declare assets as “surplus,” depending on the processes prescribed in their statutory authorities.

c. Underutilized:

Underutilized means an entire property or portion thereof, with or without improvements, which is used only at irregular periods or intermittently by the accountable landholding agency for current program purposes of that agency, or which is used for current program purposes that can be satisfied with only a portion of the property (41 CFR § 102-75.50; accord 41 CFR § 102-75.1160; 45 CFR § 12a.1; 24 CFR § 581.1.).

d. Unutilized:

Unutilized property means an entire property or portion thereof, with or without improvements, not occupied for current program purposes for the accountable executive agency or occupied in caretaker status only (41 CFR § 102-75.45; accord 41 CFR § 102-75.1160; 45 CFR § 12a.1; 24 CFR § 581.1.).

2. Please provide the total number of GSA-owned buildings and government-wide owned buildings that fall into the following categories:

a. Excess

For FY 2017, GSA reported 84 excess Federally-owned buildings to the FRPP. The government-wide total in the database was 4,998 excess Federally-owned buildings. It should be noted that this is very different from reporting the assets as excess under the Property Act through the report of Excess process.

However, please be aware that agencies also report land and structure assets as excess. For FY 2017, GSA reported a combined total of 90 excess Federally-owned land, building, and structure assets to the FRPP. The government-wide combined total was 7,101 excess Federally-owned land, building, and structure assets.

b. Surplus

For FY 2017, GSA reported zero surplus buildings to the FRPP. The government-wide total was 405

surplus buildings.

However, please be aware that agencies also report land and structure assets as surplus. For FY 2017, GSA reported zero surplus land, building, and structure assets to the FRPP. The government-wide combined total was 693 surplus land, building, and structure assets.

c. Underutilized

For FY 2017 GSA reported 5 underutilized Federally-owned buildings to the FRPP. The government-wide total was 22,875 underutilized Federally-owned buildings.

However, please be aware that agencies also report underutilized buildings that are leased and otherwise managed<sup>1</sup>. For FY 2017, GSA reported a combined total of 5 underutilized owned, leased, and otherwise managed assets to the FRPP. The government-wide combined total was 25,902 underutilized owned, leased, and otherwise managed assets.

d. Unutilized

For FY 2017, GSA reported 69 unutilized Federally-owned buildings to the FRPP. The government-wide total was 2,922 unutilized Federally-owned buildings.

Please be aware that agencies also report unutilized buildings that are leased and otherwise managed. For FY 2017, GSA reported a combined total of 69 unutilized owned, leased, and otherwise managed assets to the FRPP. The government-wide combined total was 3,048 unutilized owned, leased, and otherwise managed assets.

3. If the definitions of excess, surplus, underutilized, and unutilized have changed in the past eight years, please provide:
  - a. An analysis of the differences between the current definitions and the previous definitions.
  - b. An explanation for the policy reasons for changing the definition.

**Changes in FY 2011 FRPP Data Dictionary**

The data element "Percent of Space Utilization," was added, which was defined as:

Provide the percentage of the space utilized in a building asset. Each building asset will report the whole digit percentage from 0% to 100%. Decimal points will NOT be reported for this data element. For example, if the percent of space utilized in an asset is 94.76%, the user will report 95 as the percent of space utilized. This data element is REQUIRED for the following Building Predominant Use categories: Offices, Hospitals, Family Housing, Dormitories and Barracks, Warehouses and Laboratories. It is NOT to be reported for any structure assets, land assets, or remaining building uses.

<sup>1</sup> Otherwise managed properties are state or foreign government-owned properties where a U.S. state or foreign government holds title to the real property, but rights for use have been granted to a Federal Government entity in an arrangement other than a leasehold. Otherwise managed properties also include those properties under Withdrawn Land or Museum Trust.

The data element was added in attempt to provide a numerical representation of the utilization of certain building assets.

**Changes in FY 2012 FRPP Data Dictionary**

The data element "Status," replaced the category "Excess" with multiple categories to show each of the steps in the disposal process. This change was made to accurately identify where the asset was in the disposal process.

**Report of Excess Submitted:** Agency has submitted a report of excess (ROE) to GSA and is pending acceptance by GSA. For this category, the agency must submit the date the ROE was submitted to GSA in 4b. The universe of these assets will be reviewed in subsequent reporting periods.

**Report of Excess Accepted:** Agency has received an acceptance of the ROE from GSA Disposal Office. For this category, the agency must submit the date the ROE was accepted by GSA in 4c. The universe of these assets will be reviewed in subsequent reporting periods.

**Determination to Dispose:** Agency with independent statutory authority to dispose of assets (and therefore will not submit a ROE to GSA) has made the final determination to remove the asset from the inventory. For this category, the agency must submit the date the agency made the determination to dispose in 4d. The universe of these assets will be reviewed in subsequent reporting periods.

**Cannot Currently be Disposed:** Asset that has no long term need however it "cannot currently be disposed" due to certain circumstances, such as environmental remediation, historical status, etc.

**Changes in FY 2013 FRPP Data Dictionary**

The data element "Utilization," replaced the "Percent of Space Utilization" data element in an effort to align with existing statutory definitions. The "Percent of Space Utilization" data element resulted in inconsistent data due to the various methods agencies used to measure the utilization of space. GSA and FRPC aligned the "Utilization" data element with the existing definitions contained in the McKinney Vento Act.

**Unutilized** property means an entire property or portion thereof, with or without improvements, not occupied for current program purposes for the accountable Executive agency or occupied in caretaker status only." 41 C.F.R. § 102-75.1160; accord 45 C.F.R. § 12a.1; 24 C.F.R. § 581.1.

**Underutilized** means an entire property or portion thereof, with or without improvements, which is used only at irregular periods or intermittently by the accountable landholding agency for current program purposes of that agency, or which is used for current program purposes that can be satisfied with only a portion of the property." 41 C.F.R. § 102-75.1160; accord 45 C.F.R. § 12a.1; 24 C.F.R. § 581.1.

**Utilized** means anything that is not defined as "unutilized" or "underutilized."

**Changes in FY 2014 FRPP Data Dictionary**

There were no changes in the definition of excess, surplus, underutilized, or unutilized in the FY 2014 FRPP Data Dictionary.

**Changes in FY 2015 FRPP Data Dictionary**

While the definitions of certain categories remained the same, GSA changed the category names to minimize confusion among stakeholders. The category “Active” was changed to “Current Mission Need,” while the “Inactive” category was changed to “Future Mission Need.” The names align with the definitions for each category. GSA changed certain FRPP status data element category names to “Current and Future Mission Need” to minimize confusion among stakeholders. There was a misconception that inactive was an unneeded property, despite the definition stating that it had a planned future need.

GSA added a new status data element category titled “Surplus” for the FRPP. In previous reporting, assets were not identified as surplus. Since it was added, the definition for “Surplus” has remained constant. GSA added the “Surplus” category to the status FRPP data element to further differentiate the steps that a property takes during the disposal process.

#### **Changes in FY 2016 FRPP Data Dictionary**

Removed “ROE Submitted,” “ROE Accepted,” “Determination to Dispose,” “Cannot Currently be Disposed,” or “Surplus” as allowed status categories for land assets with a legal interest of “Withdrawn Land,” which is a category of the “Legal Interest” data element which represents land withdrawn from public domain for another federal entity’s specific use. At the end of the period, for which the land was withdrawn from the public domain, it reverts back to its original purpose of public domain land. Therefore, it cannot be declared excess or surplus.

#### **Changes in FY 2017 FRPP Data Dictionary**

The “Status” category of “Determination to Dispose” definition was edited to insert the following sentence. This status category includes demolitions, regardless of authority; instances where the agency chooses to use its own statutory authority; or instances where the agency has not yet submitted a ROE to GSA. The full definition is shown below:

Agency has made the final determination to remove the asset from the inventory pursuant to independent statutory authorities. This status category includes demolitions, regardless of authority; instances where the agency chooses to use its own statutory authority; or instances where the agency has not yet submitted a ROE to GSA. For this category, the agency must submit the date the agency made the determination to dispose in 6D. The universe of these assets will be reviewed in subsequent reporting periods.

The sentence was inserted to create consistent reporting of assets in which the agency intended to demolish the asset, whether under its own authority or by using GSA disposal authority.

Definitions to explain the various reasons why an asset cannot currently be disposed were added to the “Status” data element “Cannot Currently be Disposed” category. The definitions provided further clarity to agencies:

**Environmental Remediation** – Asset requires environmental remediation such as removal of pollution or contaminants from soil, groundwater, sediment, or surface water.

**Diplomatic Restrictions** – Host government does not provide its consent for the disposal of a property, as is usually required under diplomatic law or via direct treaty between the U.S. and the host country.

**Title/ Legal Disputes** – Agency has to resolve disputes involving encumbrances such as liens, deed restrictions, encroachments, or licenses that restrict the ability

to transfer title of the property.

**Campus Location** – Asset is located on a campus and/or behind a secure fence line that limits the ability to access or separate the asset from the rest of the entire installation.

**Easements** – Another entity has a nonpossessory legal right to use the asset for a specified purpose.

**Protective Structures** – Includes levies, breakwaters, or berms.

**Other – Statutory/regulatory process** – Agency has not yet completed processes resulting from a statutory/regulatory requirement and therefore cannot dispose of the asset.

4. Are the definitions of excess, surplus, underutilized and unutilized standard definitions across all government agencies?
  - a. If not, please provide an analysis of the differences between GSA definition and the definition used by every agency.

GSA annually publishes the Guidance for Real Property Inventory Reporting<sup>2</sup>, known as the FRPP Data Dictionary. GSA has aligned the definitions for data elements to existing statutes or accepted industry standard in an effort to achieve consistency in reporting among agencies. Agencies are to use the definitions and reporting requirements contained in the document to report real property data to FRPP.

It is the responsibility of each landholding agency to follow the requirements and definitions contained in the FRPP Data Dictionary. GSA annually conducts training and emphasizes the need for agencies to follow these reporting requirements.

5. GSA assumptions about the value of the J. Edgar Hoover building and the land on which it sits were out of line with market reality. Given the complexities of a swap-exchange deal on a project as large as a new FBI headquarters building, what lessons has PBS learned that can be applied to future swap-exchanges?

On December 7, 2017, GSA issued amended procedural guidance for real property exchanges, including “swap-construct” transactions. This amended guidance requires financial and business case analyses that fully quantify risk when contemplating an exchange transaction, and continuing to quantify risk throughout the life of the exchange transaction, if it is determined as a result of the aforementioned analyses to pursue an exchange.

6. The Administration's Infrastructure Plan, released on February 12, 2018, seeks greater authority for the disposal of federal real property. As outlined, the request seems nearly identical to the authority Congress already granted in Federal Assets Sale and Transfer Act (FASTA). What is the difference between FASTA and what the Administration is requesting in the infrastructure plan?

While FASTA has provided GSA with some important tools to help drive the disposal of unneeded

<sup>2</sup> FRPP data dictionary can be accessed at [gsa.gov/datadictionary](https://gsa.gov/datadictionary)

Federal real property, the President's 'American Infrastructure Initiative' adds several additional provisions and incentives.

FASTA and the infrastructure proposal are similar in that they are both focused on streamlining the process to bring unneeded assets directly to market. Both initiatives authorize agencies to retain sales proceeds. It is important to note, FASTA delays proceeds retention for the six-year period of the pilot. The President's infrastructure proposal contemplates full retention of the net proceed of sale upon enactment. The two differ on the treatment of the proceeds received. Under FASTA, net sales proceeds received by agencies are subject to annual authorization and appropriation. The Infrastructure Initiative proposes that net proceeds from sales be available to agencies immediately, without being subject to future authorization or appropriation. This would allow agencies to direct the equity from their unneeded assets toward mission critical facilities.

An essential part of both FASTA and the President's infrastructure plan is the provision for funding efforts to identify, prepare, and divest of unneeded real property. FASTA authorized \$42M to implement and execute disposals, to date, \$10 million in funding has been - appropriated. The President's Infrastructure plan proposes expanding the allowable uses of the existing GSA disposal Fund, allowing GSA to provide the services necessary for identifying, preparing, and divesting federal properties. This amendment requires no appropriation. Further, the provision would allow GSA to recover costs from the gross proceeds prior to agency retention, thereby maintaining the corpus of the fund for continued divestitures.

7. With FASTA authority already in place, the Administration can begin the "Disposition of Federal Real Property" portion by nominating Public Buildings Reform Board members. When will Public Buildings Reform Board nominees be submitted to Congress?

The Administration is actively vetting candidates for the Public Buildings Reform Board.

8. The Federal Real Property Management Reform Act of 2016 (P.L. 114-318) codified the Federal Real Property Council. This law required the Federal Real Property Council to submit to Congress a real property management plan. This submission was required one year after enactment--which was December 16, 2017--and annually thereafter. When will the real property management plan be submitted to Congress?

Section 623(e)(1) of the Federal Property Management Reform Act of 2016 states:

not later than 1 year after the date of enactment of this subchapter, establish a real property management plan template, to be updated annually, which shall include performance measures, specific milestones, measurable savings, strategies, and Government-wide goals based on the goals established under section 524(a)(7) to reduce surplus property or to achieve better utilization of underutilized property, and evaluation criteria to determine the effectiveness of real property management.

The FRPC prepared a real property management plan template, which was sent to agencies by the December 16, 2017 deadline. The agencies are using the template to prepare their annual real property management plans.

9. Notwithstanding GSA validation and verification requests to agencies, what other steps does



#### GSA take to ensure data quality in the FRPP Public Data Set?

GSA has taken aggressive steps to implement the Government Accountability Office's (GAO) recent recommendations to improve the quality and transparency of data submitted to the FRPP. GSA has not only made substantial technical enhancements to the FRPP system but has also created guidance, tools, and other resources to aid agencies in their use of FRPP data to identify opportunities to reduce the government's footprint. As detailed below, these accomplishments mark significant progress toward addressing FRPP data quality and making FRPP data more transparent.

Between 2014 and 2017, GSA

- automated data validation and verification tools within the FRPP;
- migrated the FRPP to a new Information Technology (IT) platform;
- required agency chief financial officers to submit a letter certifying the accuracy and completion of their agency's annual FRPP submissions;
- launched two analytic tools that utilize FRPP data, allowing agencies to visualize their real property data through dashboards to identify potential errors; ;
- improved and clarified specific data element definitions in the annual Guidance for Real Property Inventory Reporting;
- surveyed Federal agencies on the methods they use to collect and report select data elements in order to identify best practices for data reporting;
- developed data validation and verification guidance and associated tools; and
- established statistically significant variance thresholds in the FRPP system to assist agencies in identifying possible errors in their data;
- issued Agency-Level Federal Real Property Profile Data Quality Improvement Program guidance to assist agencies with developing processes to assess the quality of FRPP data, improve data quality, and track data quality improvements over time.

Each of these actions is described in more detail below.

#### **Automated Data Validation and Verification Tools in the FRPP**

Building on the data validation and verification tools added to the FRPP in 2014, GSA enhanced the FRPP in 2015 to notify an agency when the values of specific data elements in its submission are outside of specified numeric ranges. The notice alerts the agency of possible errors, giving the agency an opportunity to re-examine and correct the data before the December 15 deadline for FRPP submissions.

In 2018, GSA will baseline the quality of FY 2017 FRPP data in order to monitor and assess improvements in data quality, and focus on improving data elements as needed over time. This will enable GSA to demonstrate that FRPP data quality is improving from year to year.

#### **Migration of the FRPP to a New IT Platform**

In September 2015, GSA successfully migrated the FRPP to a new IT platform, replacing a legacy system that had been in place since 2004. The new system, known as FRPP MS, has been integrated with GSA's Data-to-Decisions (D2D.gov) enterprise data warehouse, which includes a robust suite of business intelligence tools and provides analytic capabilities specifically designed to support the analysis of large data sets. Agencies have had the ability to access tools in D2D to analyze their data since April 2016.

#### **FRPP Certification by Agency Chief Financial Officers**

In 2015, GSA, in collaboration with the Office of Management and Budget (OMB), began requiring Chief Financial Officers (CFO) Act agencies to submit to GSA and OMB each March a letter signed by their chief financial officer. The letter must state that the agency's submission to the FRPP is accurate and complete and outline the agency's data quality improvement processes. By requiring the letter, GSA and OMB have increased agencies' accountability for the accuracy of their data.

#### **Real Property Management Tool and the Asset Consolidation Tool**

GSA believes that visualized data, as provided by the Real Property Management Tool (RPMT) and the Asset Consolidation Tool (ACT), will force improvements in FRPP data quality. Both tools were developed for use by the Federal real property community and can be accessed from GSA's D2D.gov. As agencies recognize that FRPP data is being used to inform management analysis and decision-making, they will have greater incentive to improve the quality of their data. Visualizing the data through dashboards, maps, charts, and graphs enables agencies to spot data errors that may not be readily apparent in large database file. Improved data quality supports progress on real property initiatives to reduce the Federal Government's inventory.

Launched by GSA on January 15, 2016, the RPMT combines FRPP and GSA occupancy agreement data to provide individualized analytic reports on each agency's portfolio. The RPMT provides analyses of expiring leases and GSA occupancy agreements (OAs) as well as potential cost avoidance opportunities from the disposal of underutilized and inactive assets. Agencies are also able to see Presidential Management Agenda (PMA) benchmarks such as rent per square foot, operating and maintenance costs per square foot, and square feet per person.

The ACT, launched in June 2016, serves a similar function as the RPMT by combining FRPP, OA, and PMA data for an analysis of utilization rates. The ACT also allows agencies to make targeted searches for space that other agencies occupy in a given geographic radius.

GSA released the latest versions of RPMT and ACT tools in May 2017. Both tools now include FY 2016 FRPP data and additional information that agencies can utilize to analyze their portfolios and find opportunities for consolidation, co-location and disposals. Improvements to the RPMT include easier navigation, a new page to help agencies see the anomalies present in their data, and additional dashboards for agencies that have OAs with GSA. Improvements to the ACT include a streamlined page showing opportunities for cost avoidance, operations and maintenance cost dashboards, and the ability to search Metropolitan Statistical Areas. Both tools also include tenant satisfaction scores for applicable buildings, and Smart Location Calculator scores for GSA-managed buildings and occupancy agreements. The Smart Location Calculator is a simple tool agencies can use to explore how workplace location affects worker commute travel. Indicators include worker commute mode-share, vehicle miles traveled, and workplace accessibility via public transit.

#### **Improvements and Clarifications to Data Elements**

GAO, in its report titled *Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges* (GAO-16-275, April 2016), highlighted inconsistencies in the methods agencies use to calculate and submit certain data elements to the FRPP. In December 2016, GSA, in collaboration with OMB and the Federal Real Property Council (FRPC), issued a memorandum that revised certain data elements to promote more accurate and consistent reporting by agencies. The revised data elements were "Repair Needs," "Replacement Value," and "Operations and Maintenance." Agencies are required to ensure that their annual FRPP reporting conforms to the new definitions no later than the FY 2018 reporting cycle.

### **FRPP Data Element Survey**

On March 31, 2016, GAO Audit 16-275 recommended that GSA assess FRPP data reliability by determining how individual Federal agencies collect and report their data.

In response, GSA surveyed agencies' methods for collecting and reporting data on select data elements: "Replacement Value," "Repair Needs," "Owned and/or Managed Operating and Maintenance Costs," "Lease Costs" (i.e., annual rent and operating and maintenance costs), "Status," and "Utilization". GSA received survey responses from 18 CFO Act agencies, and 6 non-CFO Act agencies, and convened an interagency working group to assess the survey results. In November 2017, GSA provided GAO a report summarizing the results. GSA's report also detailed recommendations for modifying certain FRPP reporting requirements, best practices agencies have used to report data, and limitations on the use of FRPP data due to known inconsistencies in agencies' reporting methods.

Recommendations from the working group include:

- Sharing the best practice from the Department of Energy's Condition Assessment Information System tool to determine the repair needs of an asset based on condition assessment.
- Alerting agencies when the "Repair Needs" or "Replacement Value" data elements are the same from one reporting period to the next. Cost escalations would normally result in a change in these data elements from one year to the next.
- Informing stakeholders that the "Replacement Value" data element has no correlation to an assets appraised or fair market value.

GSA will collaborate with the FRPC to incorporate the working group's recommendations in upcoming FRPP submission guidance to agencies.

### **Federal Real Property Profile Management System Data Validation and Verification Guidance**

In May 2016, GSA, in collaboration with OMB and the FRPC, issued *Federal Real Property Profile Management System Data Validation and Verification Guidance*, which established a mandatory data validation and verification (V&V) process for all executive branch agencies that submit FRPP data. The guidance sets forth additional requirements for agencies to follow as they review and resolve anomalies detected in their data before they submit it to the FRPP. GSA also developed an automated process to measure the improvement in data quality resulting from the guidance and its accompanying tools. OMB issued a Management Procedures Memorandum on January 28, 2016, that required agencies to implement the GSA guidance for FY 2016 FRPP reporting.

The first round of the new V&V process concluded in October 2017. CFO Act agencies submitted a total of 332,438 real property assets in FY 2016. There were a total of 13,257 anomalies. Of those anomalies 1,004, or 7.57%, were errors that were corrected in the agencies' internal financial and asset management systems.

On November 1, 2017, GSA, in collaboration with OMB, issued a new resource titled *Agency-Level Federal Real Property Profile Data Quality Improvement Program: Guidance for Establishment and Maintenance*. The guidance provides recommendations to agencies on how to develop and implement processes to assess the quality of their FRPP data, improve the quality of the data, and track the improvement of data quality over time. The steps outlined enable each agency to create or customize a data quality program appropriate to its operating environment.

**Statistically Significant Variance Thresholds**

As an additional measure to improve FRPP data quality, GSA implemented for the FY 2017 reporting cycle an FRPP business validation rule that looks at differences between current year and prior year data for the following data elements:

- Square Feet
- Acres
- Lease Annual Rent
- Lease Annual Operations and Maintenance (O&M) costs
- Owned and/otherwise managed O&M costs
- Repair Needs
- Replacement Value

If there is a statistically significant variance in any of these figures (increase or decrease by two standard deviations from the mean), the FRPP will generate a warning that requires the agency to confirm data accuracy for that asset. For example, if an owned office building is reported as 750,000 square feet (SF) in the prior year and 100,000 SF in the current year, there is a statistically significant variance of 650,000 SF. The agency will be prompted to confirm 100,000 SF in the FRPP. Data cannot be fully uploaded until the agency indicates that the current year figure is correct.

While GSA has established this process for agencies to help identify potential errors, the ultimate responsibility for the accuracy of FRPP data rests with the agency that has custody and control of the asset. GSA has no method to determine where the error in the data resides. The landholding agency must make that determination using the process GSA has established.

10. Our own internal analysis of FRPP shows some latitude and longitude coordinates don't match the address reported. Does GSA conduct any data sampling to check submissions for accuracy?

Yes, GSA has geospatially analyzed the agency-reported latitude and longitude values. The GSA Geographic Information Systems (GIS) Center of Excellence (COE) has identified those coordinate latitude and longitude points reported to the FRPP for FY 2017 that are not located within the boundaries of a country, such as those that are in a body of water.

The GIS COE has also used the latitude and longitude points to identify mismatches between the agency submitted data elements for "Country," "State," "County," "City," "Zip code," and "Congressional District" and those values identified through the geospatial analysis. As an example, the agency reports an asset in Jamaica, but the latitude and longitude point shows the location to be in the Bahamas.

The first corrective action is that, GSA will send the results of these mismatches to the agencies to correct errors. The agencies will be required to respond to GSA with the correct value or indicate that the latitude and longitude is correct, despite the real property asset being located in a body of water, such as a lighthouse or a navigational beacon. The agencies will also need to indicate which value is correct when a reported geographic data element differs from what the geospatial analysis determines the data element to be (i.e., the Jamaica Bahamas example described above).

Starting with FY 2018 FRPP data, the process of agencies responding to GSA on these geospatial

mismatches will be automated in the FRPP. GSA will add the results of the GSA GIS COE geospatial analysis as additional FRPP data anomaly categories. Agencies will be required to resolve these anomalies within the FRPP by indicating that the anomaly contains correct data or incorrect data, which has been fixed in the agencies' internal systems.

While GSA has established this process for agencies to help identify potential errors, the ultimate responsibility for the accuracy of FRPP data rests with the agency that has custody and control of the asset. GSA has no method to determine where errors in the data may reside. The landholding agency must make that determination using the process GSA has established. It is important to note that certain assets within a given site may not correspond to individual addresses. Rather, some assets are reported as having a main location only and in these cases, individual coordinates are not assigned. This is often the result of national security concerns.

While implementing corrective actions in the FRPP, using FY2017 data as baseline, GSA will develop a matrix to monitor, measure, and report progress in the data quality of the property address/latitude and longitude.

11. What, if any, is the difference in total square footage of buildings between the FRPP Management System and the FRPP Public Data Set?

For a building in the FRPP Public Data Set, there is no difference in the total square footage compared to its entry in the FRPP.

Consistent with the requirements stated in the Federal Asset Sales and Transfer Act (FASTA), GSA surveyed agencies to identify assets in the FRPP that should be:

- Removed entirely for reasons of national security
- Redacted per the Freedom of Information Act (FOIA) exemptions

The agency with control and custody of each asset determined whether that asset would be removed for national security or redacted for a FOIA exemption. GSA did not withhold or redact any assets in its control or custody.

*Federal Acquisition Service:*

**Questions for Administrator Murphy and Commissioner Thomas:**

12. On December 12, 2017, the Modernizing Government Technology Act was enacted. GSA has a critical role to play in administering the centralized Technology Modernization Fund (TMF) to support IT modernization.

- a. What is GSA doing today in preparation for administering the centralized TMF?

Effective March 5, 2018, GSA issued GSA Order #ADM 5440.717 establishing a TMF Program Management Office (PMO), which became operational upon receipt of funding for the TMF as a result of the Consolidated Appropriations Act, 2018 (P.L. 115-141). The order is publicly available online at: <https://www.gsa.gov/directives-library/changes-in-the-general-services-administration-5440717-adm>.

- b. Has OMB developed guidance to inform the decision-making process of the Board that is to consider and oversee the IT modernization projects supported by the TMF?

On February 27, 2018, OMB issued guidance M-18-12 on "Implementation of the Modernizing Government Technology Act," including the TMF. That guidance and other resources are publicly available online at: <https://policy.cio.gov/modernizing-government-technology/>.

- c. What activities do you see GSA performing to support the TMF and the Board?

In accordance with the Modernizing Government Technology (MGT) Act, GSA plays a vital role in the administration of the TMF. As mentioned above, GSA has already established a PMO to support the Technology Modernization Board (Board) and the TMF. GSA is supporting the Board's core functions of prioritizing, evaluating, working proactively with agencies in refining, and making recommendations for funding of TMF project proposals in alignment with the Board's established criteria. Once the Board recommends projects to be funded, GSA will establish a written agreement with the agency that includes the purpose for which the funds will be used, repayment terms, and an incremental funding transfer schedule that is tied to metric-based development milestones. In accordance with the statute, GSA continues supporting the TMF and Board after fund transfers to agencies by providing technical support, oversight, and monitoring of approved projects to promote efficiency and likelihood of success.

- d. What types of IT modernization projects do you see obtaining approval for seed money from the TMF?

As outlined in the authorizing statute, IT Modernization proposals are to be evaluated by an independent seven-member board made up of Government experts that will recommend funding to the GSA Administrator with consultation from the Federal CIO Council and OMB Director. The Technology Modernization Board also establishes the criteria by which those proposals are evaluated. GSA would anticipate projects that meet OMB Guidance and the underlying statutory authority such as technology-related activities, to improve information technology, and to enhance cybersecurity across the Federal Government.

- e. How do we ensure the requested \$210 million in seed money for the TMF is put to good use?

Agencies must provide a sponsor from both the offices of the Chief Financial Officer (CFO) and Chief Information Officer (CIO) in their applications, meaning that the proposal will be thoroughly vetted at the agency level before reaching the Board. Second, the members of the TMF, as announced by OMB, possess impressive backgrounds and experience in the area of IT modernization, acquisition, cybersecurity, financial management, and many other key areas. Given this, the Board represents a qualified and informed group of various agency experts to provide recommendations for funding under the parameters of the law. Finally, as the MGT Act states, funding will be transferred to agencies "only on an incremental basis, tied to metric-based development milestones achieved by the agency through the

use of rapid, iterative, development processes.” The GSA TMF PMO will provide support and assistance to the Board in tracking project progress.

f. What aspects of the TMF make it different from other working capital funds?

As outlined in H. Report 115-129, the TMF is viewed “as seed money to kick start modernization efforts at agencies.” (H.Rept. 115-129, pg. 8). In accordance with authorizing language and OMB Guidance, the TMF has no year appropriations that makes distributions to agencies for selected projects and require agencies to repay the distributed amount. The TMF operates similar to a revolving fund that, when appropriately executed, will be consistently replenished through repayment generated from effective modernization programs. The TMF provides a new funding model for Federal technology modernization projects. Agencies submit project proposals for technology modernization projects to the Technology Modernization Board. The Board will evaluate and recommend for funding the proposals that show the strongest case for delivering on agency mission objectives and a strong likelihood of success. Approved projects will receive funds in an incremental manner, tied to specific project milestones and objectives, and will be regularly monitored by the Board for success. Agencies must reimburse TMF for any transfer of TMF funds in accordance with the terms of a written agreement. This is a unique fund structure compared with standard working capital funds.

In addition to these key differences, the TMF will also have governance controls that do not apply to standard working capital funds, specifically the oversight provided by the GSA TMF PMO and the Board.

13. There has been a lot of change at GSA in terms of the organizations providing technology services. In 2014, GSA established 18F to provide IT consulting to agencies and then in 2016 GSA consolidated several technology-related entities, including 18F under an organization called Technology Transformation Service. Now we hear the Administration is going to establish Centers of Excellence to support IT modernization activities government-wide.

a. What is the current role of the 18F organization at GSA?

18F is an office within the General Services Administration that collaborates with other agencies to fix technical problems, build products, and improve how Government serves the public through technology. 18F is part of the Technology Transformation Services portfolio that was brought into the Federal Acquisition Service (FAS) as of June 28, 2017.

i. How many staff work for 18F?

As of May 15, 2018, 18F staff level is 109 full time equivalents (FTE).

ii. Were most of these individuals hired under the two year Schedule A authority?

As of May 15, 2018, approximately 90 percent of current hires were brought on board under the Schedule A authority.

iii. If they were hired under the temporary hiring authority, how many of these individuals' terms will expire in 2018?

For the remainder of FY18 there are 16 employees who will max-out their terms (i.e. complete 4 years).

Also, for the remainder of FY18 there are 23 employees who are eligible to extend their terms for another 1 to 2 years.

b. What specifically will the Centers of Excellence be doing?

The Centers of Excellence (CoEs) will provide agencies with consulting and engineering services to radically improve the way they design services and interact with the customers they serve. Beginning with the first lighthouse agency, the U.S. Department of Agriculture (USDA), each CoE will tackle distinct tasks (outlined in (i) below). Each CoE will begin with a planning phase, developing a roadmap to successfully acquire and implement centralized, function-specific solutions, and acquisition vehicles management. They will also provide for documented and scalable best-practices that can be rapidly spread to, and adopted by, other agencies throughout the Government.

i. Could you provide examples of the types of projects where the Centers of Excellence will be involved?

**IT Infrastructure Optimization** - Assisting agencies with the assessment, development and implementation of computing infrastructure (i.e. network, storage, data center) optimization plans.

**Cloud Adoption** - Performing application/system portfolio analysis, developing cloud migration recommendations, planning and managing the migration execution. The goal is to assist agencies to accelerate cloud adoption.

**Customer Experience** - Assisting agencies with the development and implementation of an optimal end to end experience for the customer. Implementation will include human-centered design and utilization of service design practices.

**Service Delivery Analytics** - Providing the expertise and tools to define, instrument and analyze ultimate program outcomes, customer experiences and operational effectiveness. The aim is to ensure programs and services are designed and delivered in a way that optimizes impact while building trust and confidence in the public implementation, and includes a continuous improvement feedback cycle built into services delivered.

**Contact Center** - Providing a suite of offerings to help agencies manage and enhance their customer contacts where they need assistance the most, be it with managing their contact center operations; building self-service tools; leveraging Robotic Process Automation (RPA) and emerging technologies; building internal business processes and systems to manage day-to-day performance; navigating available acquisition solutions; and/or learning contact center best practices.

c. And what is the relationship between 18F and the Centers of Excellence?

- i. How are their missions distinct?
- ii. Are we duplicating activities with these two organizations?

The purpose of the Centers of Excellence is to create a more modern and secure architecture for Federal IT systems by encouraging cross-agency collaboration, following industry best practices, and adopting the latest technologies. 18F is an integral part of this strategy, and will help support the CoE effort. 18F collaborates with other agencies to fix technical problems, build products, and improve how Government



serves the public through technology. The Centers of Excellence are focused on accelerating the modernization of IT infrastructure across Government through cloud adoption, IT infrastructure optimization, customer experience, service delivery analytics, and contact center support.

18F, and the larger Technology Transformation Services portfolio of which it is a part, is a significant talent pool for the Centers of Excellence. The Centers of Excellence are designed to rapidly scale expertise and lessons learned across agencies for assessment, strategy, planning, and acquisition. Over time as we work with additional agencies, we will continue to identify avenues that allow GSA to better leverage our assets and expertise in support of large-scale, transformative, Government-wide efforts like IT modernization. In that vein, GSA recently completed an engagement for organizational design consulting services to help most effectively streamline the two organizations and their missions, as GSA anticipates that this action will continue to make TTS more agile and cost effective, and to ensure it is able to provide better service for our agency partners and the American people.

d. What is GSA doing to recruit and retain technology experts to staff these organizations?

- **Employer Branding:** 18F has developed a strong brand via channels such as the 18F blog, 18F Newsletter and 18F Twitter Account. Because of this, there is a high level of awareness among technology professionals in the private sector of the work and impact of 18F.
- **Talent Pipelines:** Pipelines are created by TTS recruiters specifically sourcing candidates, as well as having TTS employees spread the word about TTS within their own personal networks. The TTS Talent Team then has informational conversations with potential candidates who are notified when positions are publicly posted.
- **Candidate Experience:** The Talent Team provides simplified details about the Government hiring process, which is very different from the private sector. Expectations are set early on with candidates on how the process differs. Candidates are kept consistently up to date on their status throughout the hiring process.
- **Beyond TTS-specific outreach,** we're leveraging the larger GSA brand to reach technology experts in a broader setting. For instance, GSA is able to leverage the wider support of its Office of Human Resource Management (OHRM) in bringing the TTS message to a more diverse and skilled group of potential applicants. GSA OHRM is working closely with TTS to tailor recruiting efforts to reach the types of technology specialists that GSA requires to carry out these critical initiatives.

14. Regarding Multiple Award Schedules, what is the cost, inclusive of personnel, systems, etc., to GSA to award and maintain a Multiple Award Schedule contract on an annual basis?

The total cost of a MAS contract averages \$16,420 per year. This number reflects the 14,768 MAS contracts and the \$242,500,000 in total MAS operating costs. Importantly, the total cost is not just reflective of the cost of bringing a vendor onto or maintaining a vendor on a Schedule, it also includes all of the direct program costs incurred by the MAS program (salaries, benefits, contractual services, travel, training, etc.) as well as management, IT systems, and overhead (HR, Finance, Legal, etc.) costs that are allocated to the Multiple Award Schedules program.

- a. What is the total cost inclusive of personnel, systems, etc., to GSA to run the Multiple Award Schedules program on an annual basis?

For Fiscal Year 2017, the total cost of operations was \$242,500,000. This includes all of the costs that are allocated to the Multiple Award Schedules program such as direct program costs incurred by the MAS program (salaries, benefits, contractual services, travel, training, etc.) as well as management, IT systems, and overhead (HR, Finance, Legal, etc.) costs that are allocated to the Multiple Award Schedules program.

- b. What percentage of total sales under the Multiple Award Schedules run through GSA Advantage?

In Fiscal Year (FY) 2017, \$663,012,955 or 2% of MAS sales were comprised of orders placed directly through GSA Advantage. However, agencies commonly review GSA Advantage for market research purposes prior to placing a MAS order.

- c. What is the total cost inclusive of personnel, systems, etc., to date to develop and maintain GSA Advantage?

As of March 12, 2018, the total cost to date of GSA Advantage since 2008 is approximately \$214,770,000. This includes the contract IT support, software license and maintenance agreements, and other IT costs that were directly coded to GSA Advantage as well as the GSA IT support personnel costs that manage GSA Advantage.

- d. What is the total cost inclusive of personnel systems, etc. to date, to develop and maintain GSA Global Supply?

As of January 31, 2018, the total cost to date of GSA Global Supply since 2007 is approximately \$11,004,603,000. This number represents the total cost of operations for GSA Supply Chain Management. Included in total cost of operations is cost of goods and services sold, total operating expenses (all direct and indirect costs allocated to Supply Chain Management), and total provisions/reserves allocated to Supply Chain Management.

- e. How many IT systems does GSA currently use to support the multiple award schedules program? What are the total costs inclusive of personnel, systems, etc., to date to develop and maintain those systems?

There are 13 core systems supporting the MAS program. Most have evolved as the MAS program has evolved; therefore individual costs vary per application. Providing a current perspective of application spend, the current (planned) and previous two fiscal years data follow:

<b>Fiscal Year</b>	<b>Support – Contractor Operation &amp; Maintenance</b>	<b>Support – Contractor Development, Modernization, &amp; Enhancements</b>	<b>FTEs</b>
FY18 (planned)	\$21,200,000	\$8,200,000	~3,000,000

FY17	\$20,500,000	\$11,800,000	~3,000,000
FY16	\$28,400,00	\$11,700,000	~2,800,000

**Questions for Administrator Murphy:**

15. A January 2018 Report of the Section 809 Panel, created by the 2016 NDAA found commercial buying terms are confusing, poorly defined, or undefined altogether. The Panel recommended Congress and the FAR Council "revise definitions related to commercial buying to simplify their application and eliminate consistency."<sup>3</sup> Do you support this recommendation?

GSA plays a key role in promoting commercial item contracting across the Government and supports efforts to simplify, streamline, reduce duplication and increase competition in commercial item contracting. GSA supports the Section 809 Panel's recommendation to have consistent statutory definitions of commercial items and commercial-off-the-shelf items. GSA welcomes the opportunity to work with Congress and the FAR Council to ensure those consistent definitions allow the Government to take full advantage of the commercial market.

16. The 809 panel also found the number of government-unique contract clauses that may be applicable to commercial contracts has expanded from 57 in 1995 to 165 today- threatening the simplicity and commercial-like terms and practices that were supposed to be a cornerstone of the federal government's commercial buying. The panel recommended Congress and the FAR Council "minimize government-unique terms applicable to commercial buying."<sup>4</sup> Do you support this recommendation?

GSA supports efforts to minimize Government-unique terms and conditions that serve as barriers to promoting and expanding the use of commercial item contracting. GSA believes in adopting more commercial terms and commercial-like procurement practices to attract cutting-edge companies in the rapidly evolving commercial marketplace in order that the Government may function at the speed of business. GSA also recognizes that, as stewards of taxpayer dollars, we must strive to ensure the effective and efficient use of Federal funds. GSA is already examining opportunities to eliminate Government-unique terms and welcomes the opportunity to work with Congress and the FAR Council on this recommendation.

<sup>3</sup> Report of the Advisory Panel on Streamlining and Codifying Acquisition Regulations, Vol I of 3, January 2018, at 18 (809 Panel Report).#

<sup>4</sup> 809 Panel Report, at p. 32.

**Questions for the Record**  
**Emily Murphy, Administrator, General Services Administration**  
**Submitted by Rep. Gerald E. Connolly, Ranking Member**  
**Subcommittee on Government Operations**

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1. What national security concerns did the General Services Administration (GSA) consider in the development of its proposal for a fully consolidated FBI headquarters? Were those concerns used to justify a fully consolidated headquarters? How are those concerns addressed in the new national consolidation plan?

Security of the J. Edgar Hoover (JEH) facility as currently constructed, was and remains a concern that when combined with other operational factors justifies the need for a new FBI headquarters. For both the original consolidation plan and the FBI Headquarters Revised Nationally-Focused Consolidation Plan, GSA will comply with the ISC process for selecting and implementing appropriate and achievable security countermeasures. The countermeasures employed under the FBI Headquarters Revised Nationally-Focused Consolidation Plan with an urban-based headquarters will employ different security threat mitigation measures than those envisioned for a suburban location. The revised plan does address security threats in a manner commensurate with ISC requirements. The adjustment in security mitigation measures to accommodate an urban location include but are not limited to: construction systems; positioning of sensitive operations; and balancing risk probability with FBI operational benefits gained from the urban location.

2. In August 2017, the Government Accountability Office (GAO) issued a report entitled, "Federal Real Property: Status of FBI Headquarters Consolidation and Issues Related to Funding Other Future Projects." The report found that the FBI headquarters "did not fully support the FBI's long-term security, space, and building condition requirements." Has GSA conducted an analysis that contradicts GAO's conclusion? If so, please provide that analysis to the Committee.

GSA reviewed the 2011 and 2017 GAO reports. GSA believes that the project team's analysis, as detailed below, does not contradict GAO's conclusion.

Details for each requirement are addressed as follows:

**Long-term security:** The GAO report noted the "dispersion of staff in annexes created security challenges, particularly for at least nine annexes that were located in multi-tenant buildings, where some space was leased by the FBI and other space was leased by nonfederal tenants." These security challenges would be reduced/mitigated/eliminated by the revised approach because the staff currently located in these annexes would be relocated to either the new headquarters building or one of the FBI-owned facilities in Quantico, VA; Clarksburg, WV; Pocatello, ID; and Huntsville, AL. FBI has represented to GSA that the new strategy consists of different sets of security risks that will require a revised approach. As FBI has stated, it requires a solution that is compatible with its mission and affords operational resiliency to keep pace with the evolving threats and changing technologies.

**Space:** As noted in the GAO report, the current building does not meet FBI's space needs. The revised approach to demolish and redevelop the headquarters offers an opportunity to design a new

facility/building that would meet FBI's current and projected security, operational, and logistical requirements.

**Building Condition:** In order to implement the new strategy, GSA will need to temporarily move FBI's JEH operations that will remain in the Washington, DC, area to either Federally-owned or leased swing space for the duration of the construction project. While the exact location for this swing space has yet to be identified, GSA's goal is to minimize FBI's tenancy in the existing JEH building. However, until personnel can be relocated into swing space, GSA will continue to perform the necessary investments to building systems to protect the health and safety of its occupants.

3. Has GSA developed estimates for the cost of rental payments for swing space in its latest proposal for an FBI headquarters? If so, how were those estimates derived and what are they?

Yes, GSA has estimated the costs for rental payments for swing space and has determined that they are offset by the elimination of operating expenses for the current FBI operations at JEH. The following is how the estimate was derived and how it is offset by JEH operating expenses:

- 5,600 current JEH personnel less 1,300 moving into existing vacancies or out of state, leaves 4,300 personnel to be housed in swing space.
- 730,000 rentable square feet (RSF)/635,000 usable square feet (USF) swing space needed, calculated at 170 RSF (148 USF) overall per person. The overall utilization rate is reduced because many special spaces, such as a cafeteria, firing range, and health center (campus plan was for a 6,619 USF health center, for example) will not be built.
- \$36.5 million annual swing space rent calculated at 730,000 RSF X \$50.00 per RSF (Washington, DC full service program rate). Actual cost could be reduced by utilizing vacancies in GSA and other Federal leases at lower rents.
- \$42 million current annual JEH delegated operating cost, paid by FBI, is \$5.5 million more than the estimated annual cost of swing space.

This calculation does not include the cost of swing space build out, which is reflected in the \$479 million 'Temporary Swing Space-Design & Construction' cost in the FBI Headquarters Revised Nationally-Focused Consolidation Plan. Swing space build out would include the construction of Sensitive Compartmented Information Facilities (SCIF) and other specialized components required by the FBI's mission needs. This option represents the most costly scenario of bringing unclassified space up to standards necessary for FBI operations. As stated above, GSA is working to identify space that the FBI can use in GSA and other Federal inventories, including locations that already have space suitable for classified operations, which would further reduce the cost of build out.

4. Will forcing the FBI to move twice-out of the Hoover building into swing space, then moving back to the new Hoover site- impose an additional cost on taxpayers that are not included in GSA's estimates for rental costs?

GSA's estimated cost of \$479 million for fitting out and moving into swing space are shown on pages 8 and 11 and described as "Swing Space" and "Temporary Swing Space," respectively, in the FBI

Headquarters Revised Nationally-Focused Consolidation Plan. Moving out of the swing space and into the new facility is contained within the \$923 million estimate on those same pages under "FBI Fit-Out."

5. The FBI previously testified to Congress that a fully consolidated headquarters would result in a minimum of \$44 million in savings for taxpayers. Did GSA conduct an estimate of the annual cost savings of a fully consolidated FBI headquarters and convey those potential savings to Members of Congress? If so, what was GSA's estimate and how do the annual savings for the new national consolidation plan compare?

While GSA has not conducted separate analysis from the FBI relative to the project, studies consistently point to savings to taxpayers through consolidations versus remaining in leased space.

6. In developing the latest headquarters proposal, did anyone at GSA have communications with anyone from outside GSA regarding the project, including but not limited to the White House, the Executive Office of the President, the Office of Management and Budget, state or local officials, or private sector entities? If so, with whom were these discussions, when did they occur, and what was their substance?

As part of the budget process, the Administration prepares the President's budget submission in consultation with agencies. It is GSA's practice to discuss its anticipated budget requests with the Office of Management and Budget. Given the profile of this project and scope of the request, it would be customary for GSA to have communications with Administration officials on project decisions.

7. Is the GSA Administrator or Public Buildings Service Commissioner aware of any conversations that members of the Administration had with the President of the United States or senior White House officials about the FBI headquarters consolidation project? What was the nature of those conversations?

As noted above, it is customary for GSA to have engaged in discussion with members of the Administration.

8. Commissioner Mathews testified that the FBI "changed their program requirements" and GSA "can meet the security requirements of the FBI." When and how was GSA informed that the FBI changed their program requirements in a manner that would allow the FBI to remain at the Hoover site? How were the FBI's program requirements altered from the original full consolidation project?

In developing the FBI Headquarters Revised Nationally-Focused Consolidation Plan, the project team worked to evaluate the feasibility of all options, including the option to remain at JEH. As part of the process, the FBI assessed work functions that need to be in the Washington, DC, area, as well as those functions that could be relocated to other parts of the country in consolidated regional hubs. As a result of that process, during a meeting on October 25, 2017, the concept of a reduced headcount was communicated by the FBI to Commissioner Mathews. In the late Fall/early Winter of 2017, the project team began to see that remaining at the JEH site was a feasible solution, given the reduced headcount requirement.

By remaining on the JEH site, roughly 2,300 FBI staff currently assigned to headquarters operations will transition to other FBI-owned properties in Alabama, West Virginia, Idaho, and Virginia. This revised

strategy will provide enhanced mission resiliency and continuity of operations. It also strengthens the FBI's national posture and adds flexibility to support the evolving FBI mission.

By reutilizing the JEH parcel, several program requirements change -- access to public transportation eliminates the need for large parking garages, the central utility plant and visitor center operations can continue to be located within the main operations building footprint, and the truck inspection facility could be maintained at its existing Cheverly, Virginia location.

**Question for the Record**  
**Alan Thomas, Commissioner, General Services Administration, Federal Acquisition Service**  
**Submitted by Rep. Carolyn Maloney**  
**Subcommittee on Government Operations**

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1. A provision of the National Defense Authorization Act for Fiscal Year 2018 required the Administrator of GSA to establish a program for the procurement of commercial goods through online marketplaces. As GSA moves from the implementation phase to market research, what steps is GSA taking to ensure that there will be competition between the portal providers for these contracts?

The Section 846 legislation specifically calls on GSA to implement a program made up of “multiple contracts with multiple commercial e-commerce portal providers.” In support of this, GSA has been actively meeting with stakeholders for the last several months to solicit feedback, understand their perspectives, and learn from industry best practices. This included a public meeting/listening session on January 9, 2018 with over 500 participants (in person and online) and over 250 pages of submitted comments. A unanimous theme was the need for a competitive, level playing field in the end solution.

GSA intends to make robust competition a key tenet of our commercial e-commerce program. To that end, GSA has been actively engaging both portal providers and suppliers to gain a deeper understanding of the varied e-commerce business models that exist, including an ‘e-procurement model’ that has an integrator layer on top of multiple portal providers (akin to an aggregator model for travel websites) and will continue its market analysis in Phase II of this process. As part of our recommendations in an Implementation Plan to the Office of Management and Budget (OMB) in Phase I, we seek to expand the definition of ‘commercial e-commerce portals’ to include the potential for this type of integrator model which would allow for - and encourage - competition among multiple portal providers.

Additionally, GSA is seeking legislative changes that will allow us to take a more modernized approach to existing competition requirements, as outlined in the required 90-day implementation report to Congress that GSA and OMB recently submitted. The requested statutory change would reflect that end users, for the first time, will be able to engage effectively in comparative shopping across a number of different sites. Equally important, this authority would allow GSA to create certainty and consistency in the application of streamlined procedures for the commercial e-commerce program, making it easier for the Government to create a more attractive market for sellers.