

**Statement of Chris Cummiskey
Acting Under Secretary for Management
Department of Homeland Security**

Before

**The United States House of Representatives
Committee on Homeland Security
Subcommittee on Oversight and Management Efficiency**

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Chairman Duncan, Ranking Member Barber, and Members of the Committee, good morning. Thank you for the opportunity to discuss the DHS Consolidated Headquarters at St. Elizabeths. I am Chris Cummiskey, Acting Under Secretary for Management for the Department of Homeland Security. My responsibilities include the management of the Department's facilities and property. I am pleased to appear before this Committee with my colleagues from the General Services Administration and Government Accountability Office to discuss the development of St. Elizabeths and the DHS Headquarters Consolidation plan. Greater consolidation of DHS facilities provides tangible benefits to taxpayers and the Department.

In the DHS National Capital Region Housing Master Plan, submitted to the Congress in 2006 in cooperation with GSA, Secretary Chertoff stated that the program was necessary to secure and strengthen DHS operations by unifying our core headquarters with those of our components and to yield more effective management. Today, Secretary Johnson remains focused on robust cross-component unity of effort and a culture of savings to minimize waste, eliminate duplication and focus scarce resources on mission execution. The Department continues to support consolidation of our headquarters facilities and St. Elizabeths is part of that program.

The Government Accountability Office (GAO) reported in a 2013 review of GSA High-Value Leases (Report 13-744), that as agencies work to shrink their footprints through implementation of flexible workplace strategies and increased efficiencies, there are opportunities to make targeted investments out of high-value commercial leases and into efficient federal space that will result in lower long-term costs to the taxpayer. The Department agrees with this GAO assessment and notes that it forms the foundation of the DHS Headquarters Consolidation Plan. St. Elizabeths is federal space and was retained by GSA specifically for agencies with high security requirements. It is an anchor property already, housing the U.S. Coast Guard's headquarters.

To frame the discussion of DHS headquarters consolidation efforts, it is important to understand the respective roles and responsibilities between tenant agencies, such as DHS and GSA. In GAO Report 13-744, GSA's lead role in housing civilian agencies is noted as follows:

... Within the vast portfolio of government owned and leased assets, GSA plays the role of broker and property manager to many civilian agencies of the U.S. government...¹

As a tenant agency, the Department of Homeland Security's role is to establish programmatic requirements; to budget for and fund tenant responsible items; to maintain a close partnership and monitor GSA's use of DHS funds; to validate that GSA managed design and construction meets the operational and program requirements for DHS; and to coordinate with GSA and all stakeholders throughout the process. Property development activities are managed by GSA in accordance with GSA policies, under GSA supervision, and under applicable statutes. The Department fully cooperates with GSA but does not exercise acquisition oversight nor direct supervisory control over GSA housing or procurement decisions. DHS is an active participant in tenant improvement decisions.

The original DHS Headquarters Consolidation plan, as developed by GSA in coordination with DHS, OMB, and Congress, proposed to complete the full development of St. Elizabeths in 2016 based on the start of construction funding in 2009. This plan was developed in conjunction with a comprehensive 3.5 year Master Plan, environmental impact statement, and historic preservation review process. Following the Master Plan approval, GSA completed the U.S. Coast Guard Headquarters relocation to St. Elizabeths on-time and on-budget for the portions of the project funded by the Congress. This was a commendable achievement given that GSA was not fully funded for all planned building and infrastructure development to support the U.S. Coast Guard relocation.

Unfortunately the original plan has not been appropriated the requested funding necessary to carry it out. As a result, in 2013 GSA and DHS developed a revised construction baseline to reflect the funding reduction in FY 2011 and FY 2012 and reduced annual development segments to more fiscally manageable levels that extended construction out to 2026. The schedule extension increased the estimate of future construction, due to inflation only adjustments (no change in requirements) to \$4.5 billion. Although inflation increased the estimate for future work, consolidation into federal space still provides the Department long-term financial benefits over leasing according to GSA's analysis.

With the revised construction baseline in place, GSA and DHS began updating the Headquarters Consolidation plan in the fall of 2013 to address the ongoing changes in workplace design and flexible workplace strategies that have gained broad acceptance over the last several years. In fact, the Management Directorate's Office of the Chief Readiness Support Officer adopted these strategies within their own office by implementing a pilot program to reduce office space by 50 percent and save over \$1 million in annual rent costs. DHS and GSA are applying the lessons learned from this pilot program to update the DHS Headquarters Consolidation plan. The revised plan will result in lower costs and a shortened timeframe if funded by the Congress, while

¹ GAO 13-744; "FEDERAL REAL PROPERTY: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases"; September 2013, page 4

accommodating greater utilization and more employees assigned to the campus within the Master Plan seat limitations.

The Department has made a commitment through the Freeze the Footprint initiative to increase space utilization from the current figure of about 210 Useable Square Feet (USF) per person of office space, to 150 USF. These actions will reduce costs and improve space efficiency in the future and apply to the St. Elizabeths development.

An additional important note is that 69 percent of DHS headquarters and component leases in the National Capital Region will expire between FY 2016 and FY 2020. DHS tenant costs will be incurred with these lease replacements, regardless of future decisions on St. Elizabeths funding. As the commercial leases expire, they must be re-competed. These are not discretionary investments. These are “must pay” requirements. Without headquarters consolidation efforts for the DHS and Component headquarters portfolio, we will perpetuate the status quo of dispersed locations and a long-term increased lease costs over housing components in fewer locations and at federal space on the St. Elizabeths campus.

DHS strives to capitalize Unity of Effort opportunities that allow us to remain focused on our core mission—to protect the homeland. We look forward to further engagement with this Committee regarding the DHS Headquarters Consolidation program.

In closing, I would like to assure this Committee that DHS is working hard to remain a good steward of the taxpayers’ money by managing our real estate portfolio, both Government owned and leased, in a cost effective manner. The men and women who work tirelessly to protect the homeland deserve and require adequate facilities to support and execute their mission.

Thank you very much. I would be pleased to answer any questions the Committee may have.