



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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Chairman

Rick Larsen
Ranking Member

Jack Ruddy, Staff Director

Katherine W. Dedrick, Democratic Staff Director

July 7, 2023

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and
Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and
Emergency Management
RE: Subcommittee Hearing on “*When the Lights Are On But No One’s Home: An
Examination of Federal Office Space Utilization*”

I. PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management of the Committee on Transportation and Infrastructure will meet on Thursday, July 13, 2023, at 10:00 a.m. ET in 2167 of the Rayburn House Office Building to receive testimony on a hearing entitled, “*When the Lights Are On But No One’s Home: An Examination of Federal Office Space Utilization.*” The purpose of the hearing is to discuss Federal real estate, including office space utilization, focusing on a Government Accountability Office (GAO) study which will be released at the hearing. At the hearing Members will receive testimony from the United States General Services Administration (GSA) and the GAO.

II. BACKGROUND

Federal Buildings Fund

In 1972 Congress authorized and established the Federal Buildings Fund (FBF) under the *Public Buildings Act Amendments of 1972* (P.L. 92-313).¹ The FBF finances new construction, alterations and repairs, building operations and maintenance, and leasing activities by charging commercially equivalent rent to tenant agencies which is then collected into the FBF.² While the majority of the FBF is funded through agency rent payments to GSA, the FBF is not a true

¹ Pub. L. No. 92-313, 86 Stat. 216.

² GSA, *Federal Buildings Fund* (last reviewed Feb. 1, 2021), available at <https://www.gsa.gov/reference/reports/budget-performance/annual-reports/2020-agency-financial-report/managements-discussion-and-analysis/financial-statements-summary-and-analysis/federal-buildings-fund>.

revolving loan fund.³ Instead, the funds are made available to GSA via annual appropriations bills.⁴ Outside of 2016, appropriators have not provided GSA full access to the annual revenues and collections in the FBF since 2011, when appropriators began using the FBF to offset other unrelated spending in the Financial Services and General Government appropriations bill.⁵ For example, in 2021, the FBF accrued \$10.4 billion in revenue and collections, a majority of which was generated by five customers: the Department of Justice, Department of Homeland Security, Social Security Administration, Department of the Treasury, and the Courts.⁶ However, only \$9.1 billion was appropriated to the FBF in 2021, limiting access to \$1.3 billion of rental receipts needed for reinvestments.⁷

GSA Federal Real Estate Portfolio

GSA currently manages 8,800 owned and leased assets, totaling over 370 million square feet, and 500 historic buildings.⁸ Of the 370 million square feet, 181 million is in leased space, which is comprised of over 6,659 buildings and costs more than \$6 billion per year.⁹ While GSA continues to reduce the amount of leased space, more than half of GSA's operating leases (96 million square feet) will expire in the next five years.¹⁰

Currently, office occupancy in the Washington, D.C., metro area is still below 54 percent of pre-pandemic levels.¹¹ Additionally, 30 percent of the Federal workforce is expected to be eligible to retire this year.¹² There have also been increasing reports of “shadow” or “dark” space in Federal buildings and leases — unassigned, unused space.¹³ The concerns about “shadow” or “dark” space were further emphasized during the Subcommittee's Roundtable on “*The State of Federal Real Estate*,” on March 22, 2023, during which participants noted that 30 percent of Federal employees plan to retire within the next five years and nearly 30 percent of Federal employees with remote work agreements live outside their assigned region.¹⁴ Given these factors, Congress and the Committee on Transportation and Infrastructure have a unique

³ See 40 U.S.C. § 592(c)(1).

⁴ *Id.*

⁵ GSA, FISCAL YEAR 2023 CONGRESSIONAL JUSTIFICATION, FEDERAL BUILDINGS FUND (2022), available at https://www.gsa.gov/system/files/02_FY_2023_CJ_FBF_Narrative_Final_508cO.pdf.

⁶ *Id.*

⁷ GSA, FISCAL YEAR 2024 CONGRESSIONAL JUSTIFICATION, FEDERAL BUILDINGS FUND (2023), available at https://www.gsa.gov/cdnstatic/02_FY2024_CJ_FBF_Narrative_Final-1.pdf.

⁸ Press Release, GSA, *Nina M. Albert Appointed Commissioner of GSA's Public Buildings Service* (July 6, 2021), available at <https://www.gsa.gov/about-us/newsroom/news-releases/nina-m-albert-appointed-commissioner-of-gsas-public-buildings-service-07062021>.

⁹ GSA, *Inventory of GSA Owned and Leased Properties* (Last reviewed Sept. 9, 2022), available at <https://www.gsa.gov/tools-overview/buildings-and-real-estate-tools/inventory-of-gsa-owned-and-leased-properties>.

¹⁰ *Id.*

¹¹ Bailey McConnel, *Chart of the Week: Office Occupancy Rates and Remote Work*, D.C. POLICY CENTER (Feb. 24, 2023), available at <https://www.dcpolicycenter.org/publications/office-occupancy-remote-work-dc/>.

¹² Angie Petty, *2023 Workforce Federal Contracting Trends to Watch*, GOVWIN, (Dec. 7, 2022), available at <https://iq.govwin.com/neo/marketAnalysis/view/2023-Workforce-Federal-Contracting-Trends-to-Watch/6981?researchTypeId=1&researchMarket>.

¹³ GSA, *Unused & Underused Space* (Last reviewed Mar. 4, 2022), available at <https://www.gsa.gov/real-estate/gsa-properties/unused-underused-space>.

¹⁴ *The State of Federal Real Estate: Roundtable Before the Subcomm. on Economic Development, Public Buildings, and Emergency Management of the H. Comm. on Transp. and Infrastructure*, 118th Cong. (Mar. 22, 2023).

opportunity, through legislation and oversight, to save the taxpayer significant money by directing GSA and other Federal agencies to improve utilization and significantly reduce the space they occupy and dispose of underutilized and unused Federal real estate.

III. PRIOR COMMITTEE ACTIONS

Freeze/Reduce the Footprint

In 2013, the Committee, followed by the Obama Administration’s Office of Management and Budget (OMB), announced the “Freeze the Footprint” initiative, which directed Federal agencies to offset requests for new space with disposal of unneeded space.¹⁵ Subsequently, in 2015, the initiative progressed into “Reduce the Footprint” with targeted reductions to the Federal government’s real estate profile.¹⁶ These efforts resulted in the shrinking of the Federal footprint, with an 8.2 million square footage reduction from fiscal year (FY) 2016 to FY 2020, but did little to assess actual space utilization, due to the focus on the official number of employees assigned to a given building.¹⁷

Federal Property Management Reform Act of 2016 (P.L. 114-318)

The *Federal Property Management Reform Act of 2016* codified the Federal Real Property Council (FRPC) which was established by Executive Order in 2004.¹⁸ The FRPC is composed of the senior real property officers of the 24 Federal agencies covered by the *Chief Financial Officer (CFO) Act* (P.L. 101-576).¹⁹ FRPC’s purpose is to develop guidance and ensure implementation of efficient and effective real property strategies, identify opportunities to better manage property, and reduce the costs of managing Federal real estate.²⁰

Federal Assets Sale and Transfer Act (FASTA) (P.L. 114-287)

Enacted in 2016, *FASTA* established a temporary board — the Public Buildings Reform Board (PBRB) — composed of non-governmental experts to make recommendations to OMB on the sale, disposal, or redevelopment of high value, underused or unneeded Federal real

¹⁵ Press Release, WHITE HOUSE, *Freezing the Footprint*, (Mar. 14, 2013), available at <https://obamawhitehouse.archives.gov/blog/2013/03/14/freezing-footprint>.

¹⁶ WHITE HOUSE, *Reduce the Footprint*, (Mar. 25, 2015), available at <https://obamaadministration.archives.performance.gov/initiative/reduce-footprint.html>.

¹⁷ GSA, *Real Property Metrics*, available at <https://www.performance.gov/real-property-metrics/>; GAO, GAO-22-105105, FEDERAL REAL PROPERTY: GSA COULD FURTHER SUPPORT AGENCIES’ POST-PANDEMIC PLANNING FOR OFFICE SPACE USE (Sept. 2022), available at <https://www.gao.gov/products/gao-22-105105>.

¹⁸ Exec. Order 13327, (Feb. 4, 2004), available at <https://www.govinfo.gov/content/pkg/FR-2004-02-06/pdf/04-2773.pdf>.

¹⁹ See Pub. L. No. 101-576, 104 Stat. 2838; 31 U.S.C. § 901(b) (The CFO Act agencies include the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State Transportation, Treasury, and Veterans Affairs, National Aeronautics and Space Administration, Environmental Protection Agency, United States Agency for International Development, General Services Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration).

²⁰ *Federal Property Management Reform Act of 2016*, Pub. L. No. 114-318, 130 Stat. 1608.

property.²¹ OMB would then approve or disapprove of the proposals and, if approved, GSA would execute the recommendations.²² The Board is set to terminate in 2024, at which time permanent changes to disposal laws will begin, and agencies will be allowed to retain a portion of sale proceeds as an incentive to dispose of excess properties.²³ FASTA also codified the Federal Real Property Profile (FRPP) government-wide database of real property and made it available to the public.²⁴ Unfortunately, the Board has found it difficult to execute its mission due to a variety of long-standing challenges, including limited access to funding, restrictions on the Board preparing properties for disposal, and limitations on the Board directing the best approaches for transactions to maximize the return.²⁵

Space Utilization Correspondence

On March 30, 2023, the Committee sent 14 letters to GSA's largest Executive branch tenant departments and agencies (see Appendix I) requesting documents related to utilization rates, telework policies, capital plans and details of any campuses. To date, the Committee has only received four responses which failed to provide all the documents requested.²⁶

IV. GAO's EXAMINATION OF FEDERAL OFFICE SPACE UTILIZATION

During the 117th Congress, the Committee requested GAO conduct a study on office space utilization rates across the 24 CFO agency headquarters to better understand how the Federal government is utilizing its real estate portfolio.²⁷ In order to assess space utilization, GAO collected building size and attendance data from all 24 agencies for one week each in January, February, and March of 2023. Utilization was then calculated by dividing in-office attendance by the building's useable square footage or capacity.²⁸ GAO found that on average, 17 of the 24 CFO agency headquarters were at 25 percent or less utilization.²⁹

²¹ FASTA, Pub. L. No. 114-287, 130 Stat. 1463.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ GAO, GAO-21-233, FEDERAL REAL PROPERTY: ADDITIONAL DOCUMENTATION OF DECISION MAKING COULD IMPROVE TRANSPARENCY OF NEW DISPOSAL PROCESS (Jan. 2021), available at <https://www.gao.gov/assets/gao-21-233.pdf>.

²⁶ Letter from Debra Wall, Acting Archivist of the United States, Nat'l Archives and Records Admin., to Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the H. Common on Transp. and Infrastructure (Apr. 13, 2023) (on file with Comm.); Letter from Andrea Brandon, Deputy Ass't Sec'y – Budget, Finance, Grants and Acquisition, Dep't of the Interior, to Sam Graves, Chairman, H. Comm. On Transp. & Infrastructure (June 20, 2023) (on file with Comm.); Letter from Philip McNamara, Ass't Sec'y for Administration, Dep't of Transp., to Scott Perry, Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the H. Comm. on Transp. and Infrastructure, (June 9, 2023) (on file with Comm.); Letter from Patricia L. Ross, Ass't Sec'y, Cong. and Legislative Affairs, Dep't of Veterans Affairs, to Sam Graves, Chairman, H. Comm. On Transp. & Infrastructure (July 3, 2023) (on file with Comm.).

²⁷ Letter from Peter DeFazio, Chairman, H. Comm. on Transp. and Infrastructure, et. al. to Gene Dodaro, Comptroller General, GAO, (Nov. 10, 2021) (on file with Comm.).

²⁸ Briefing from Staff, GAO, to Staff, H. Comm. on Transp. and Infrastructure (June 26, 2023, 11:00 am EST)

²⁹ *Id.*

Causes of Low Utilization Rates

GAO identified three main causes for the extremely low rates of office space utilization: underutilization prior to the COVID-19 pandemic, outdated and inefficient building configurations, and the increased telework posture implemented as a result of the pandemic.³⁰ Excess building space is not a new phenomenon and has been on GAO's high-risk list since 2003.³¹ Built years ago, these headquarter buildings consist of administrative and storage space that is now outdated or unnecessary.³² Coupled with a more lenient telework posture, these layouts result in large amounts of underutilized, or in some cases unused, Federal office space.³³

Costs of Low Utilization Rates

The Federal Real Property Profile data suggests that the 24 CFO agencies spend over \$2 billion a year to operate and maintain Federal office buildings.³⁴ While this figure includes office space across the country, and not just headquarter buildings, if the utilization rates are similar, it is indicative of Federal agencies maintaining unused space ultimately wasting taxpayer dollars.³⁵ Additionally, there are also environmental costs associated with running these buildings. It is not possible to heat or cool only 25 percent of a building, so agencies must continue to pay the entire cost to operate their buildings.³⁶ Finally, there is an opportunity cost for these underutilized buildings. The government is spending resources to maintain outdated space that could be directed to the agency's mission – moreover, if the building is disposed of the locality is able to generate tax revenue and improve the local economy.³⁷

Challenges with Increasing Space Utilization

The Federal government faces a variety of challenges in increasing the space utilization of Federally owned office buildings. Agencies are reluctant to start shedding space given the uncertainty of in-office attendance policies and telework.³⁸ There is also cultural reticent in many agencies to give up “earned space” or share space as it is seen as “diminishing” the importance of said office or agency.³⁹ Further, many buildings across the Federal portfolio are outdated and may prove costly to reconfigure to meet today's needs with hybrid work.⁴⁰ Finally, there is no set standard for utilization, a target goal of utilization to work towards, or a standard practice for measuring utilization and attendance across the government. Agencies have no real way to assess space needs until they can accurately assess how their current space is being used.⁴¹

³⁰ *Id.*

³¹ GAO, GAO-23-106203, HIGH-RISK SERIES: EFFORTS MADE TO ACHIEVE PROGRESS NEED TO BE MAINTAINED AND EXPANDED TO FULLY ADDRESS ALL AREAS (Apr. 2023), *available at* <https://www.gao.gov/products/gao-23-106203>.

³² Briefing from Staff, GAO, to Staff, H. Comm. on Transp. and Infrastructure (June 26, 2023, 11:00 am EST)

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

V. **WITNESSES**

David Marroni

Acting Director, Physical Infrastructure
GAO

Nina Albert

Commissioner, Public Buildings Service
GSA

VI. APPENDIX I

1. National Archives and Records Administration⁴²
2. Department of Commerce⁴³
3. Department of Homeland Security⁴⁴
4. Department of Defense⁴⁵
5. Department of Energy⁴⁶
6. Department of Justice⁴⁷
7. Department of the Interior⁴⁸
8. Department of Treasury⁴⁹
9. Department of Transportation⁵⁰
10. Department of Health and Human Services⁵¹
11. Social Security Administration⁵²

⁴² Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to Debra Steidel Wall, Acting Archivist, Nat'l Archives and Records Admin., (Mar. 30, 2023) (on file with Comm.).

⁴³ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Gina Raimondo, Sec'y, Dep't of Commerce, (Mar. 30, 2023) (on file with Comm.).

⁴⁴ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Alejandro Mayorkas, Sec'y, Dep't of Homeland Security, (Mar. 30, 2023) (on file with Comm.).

⁴⁵ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Lloyd J. Austin III, Sec'y, Dep't of Defense, (Mar. 30, 2023) (on file with Comm.).

⁴⁶ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Jennifer Granholm, Sec'y, Dep't of Energy, (Mar. 30, 2023) (on file with Comm.).

⁴⁷ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Merrick Garland, Sec'y, Dep't of Justice, (Mar. 30, 2023) (on file with Comm.).

⁴⁸ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Deb Haaland, Sec'y, Dep't of the Interior, (Mar. 30, 2023) (on file with Comm.).

⁴⁹ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Janet Yellen, Sec'y, Dep't of the Treasury, (Mar. 30, 2023) (on file with Comm.).

⁵⁰ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Pete Buttigieg, Sec'y, Dep't of Transp., (Mar. 30, 2023) (on file with Comm.).

⁵¹ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Xavier Becerra, Sec'y, Dep't of Health & Human Serv., (Mar. 30, 2023) (on file with Comm.).

⁵² Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to Kilolo Kijakazi, PhD, Acting Commissioner, Social Security Admin., (Mar. 30, 2023) (on file with Comm.).

12. Department of State⁵³
13. Department of Veterans Affairs⁵⁴
14. Department of Agriculture⁵⁵

⁵³ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Antony Blinken, Sec’y, Dep’t of State, (Mar. 30, 2023) (on file with Comm.).

⁵⁴ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Denis McDonough, Sec’y, Dep’t of Veterans Affairs, (Mar. 30, 2023) (on file with Comm.).

⁵⁵ Letter from Sam Graves, Chairman, H. Comm. on Transp. and Infrastructure and Scott Perry, Chairman, Subcomm. on Economic Development, Public Buildings, and Emergency Mgmt, H. Comm. on Transp. and Infrastructure to The Hon. Thomas Vilsack, Sec’y, United States Dep’t of Agriculture, (Mar. 30, 2023) (on file with Comm.).