

Written Statement of Michael Peters
Commissioner of the Public Buildings Service
of the U.S. General Services Administration
before the
House Committee on Transportation and Infrastructure, Subcommittee on Economic
Development, Public Buildings and Emergency Management
Hearing Title: *"Federal Courthouse Design and Construction: Examining the Costs to the*
Taxpayer."
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Introduction:

Good morning, Chairman Perry, Ranking Member Stanton, and distinguished Members of the Subcommittee. My name is Michael Peters, and I am the Commissioner of the Public Buildings Service ("PBS") at the U.S. General Services Administration ("GSA"). I appreciate the Committee's invitation to appear before you today to discuss the Federal courthouse program.

I am honored to have been appointed as Commissioner of PBS this January, and I am excited about the opportunity to serve in alignment with the Trump-Vance Administration to return GSA to its founding mission of streamlining Federal operations, consolidating resources and efficiently providing essential services for American taxpayers.

Acting Administrator Stephen Ehikian and I agree with Chairman Perry, taxpayers should not be paying to keep the lights on when nobody is home. That is why we aim to responsibly steward taxpayer resources by identifying underutilized and costly infrastructure for the public we serve.

We are not just shrinking our footprint but creating a smarter, more agile real estate portfolio. By efficiently delivering our agency partners the space needed to effectively accomplish their missions, we are maximizing taxpayer value.

In my time as Commissioner, GSA has sold 19 federal properties, avoiding \$49 million in deferred maintenance costs and initiated the termination of 595 vacant or underutilized leases, eliminating \$298 million in future lease obligations.

Today, I am prepared to discuss PBS's collaboration and partnership with the Federal Judiciary and our ongoing work to execute projects that meet the Judiciary's critical mission requirements.

PBS Strategy - A New Approach

In order to accomplish the goals of this Administration, I would also like to take a moment to discuss my strategy and approach to managing PBS's real estate portfolio in the best interest of the taxpayer.

Generally, I believe that more specialized space, such as courthouses, land ports of entry and certain law enforcement facilities should be Federally owned, and that is where PBS should use its limited appropriation funding to address critical deferred maintenance liabilities.

GSA can no longer afford to effectively maintain all of the federally owned assets it currently manages, which is why I am laser focused on investing in our core assets, such as courthouses and other types of specialized space, and identifying office

facilities for disposition where the government could lease replacement space from the private sector cost-effectively. In fact, since FY2011, GSA has requested approximately \$19 billion for Repair and Alteration funding to maintain our current inventory of assets, but Congress has only appropriated approximately \$9.5 billion during that time, representing a reduction of 50% from the requested level. These funding constraints have significantly limited GSA's ability to maintain its portfolio and led to the exponential growth in Repair and Alteration liabilities for GSA's federally owned portfolio, which now total more than \$24.4 billion, with more than \$8.3 billion of those liabilities associated with courthouses. Those figures represent a 536% growth in liabilities. Downsizing the portfolio, with a focus on assets with substantial deferred maintenance, will enable GSA to more effectively deploy the available capital over a smaller footprint.

Courthouse Program

The Federal courthouse construction program is administered jointly by the Federal Judiciary and GSA. GSA works with the Federal Judiciary to propose projects for funding and seek approval of those funds from Congress. While the Judiciary establishes its priorities for courthouse construction projects and sets forth housing requirements for each project, GSA works in tandem to ensure that projects meet the needs of the Judiciary and are consistent with the *Federal Judiciary Courthouse Project Priorities*.

Courthouses are proposed in order of priority by the Judiciary and funding is requested in that priority order, including feasibility studies. GSA's role is to administer consistent, cost-effective delivery of the U.S. courthouse program according to the Courts' national prioritization plan and driven by the Judicial Conference on Space and Facilities.

GSA also develops the plans for these projects, including the identification of any U.S. Courts Design Guide exceptions approved by the Judiciary, and identification of the strategy for the courthouse facilities being replaced.

Achievements and Opportunities

With regard to delivery of the program, I would like to point out several key recent achievements as we work to deliver both new courthouses and repair and alterations projects on schedule and on budget, within the parameters established by the prospectuses GSA submits and the resolutions approved by this Committee.

Since Fiscal Year 2016, GSA has delivered ten projects associated with the new courthouse program, with five additional projects in construction, and three additional projects in the design phase. Those eighteen projects, across fifteen cities, total approximately \$2.12 billion. GSA is also coordinating with the Judiciary to deliver the Courthouse Security Program, and since Fiscal Year 2012, there have been eight projects completed, five in construction, and two more in design.

Recently, PBS-GSA announced the sale of the [Gus J. Solomon U.S. Courthouse](#). By including the Solomon courthouse in President Trump's strategy to optimize the

government's real estate portfolio, GSA will avoid over \$76 million in potential capital expenditures to modernize the vacant 90-year-old building for continued office use.

The potential for adaptive reuse by the private sector is exceptional.

The results of our efforts are notable, exhibited in our project delivery outcomes and provide a solid foundation to grow on into the future.

Challenges

These efforts were not realized without their fair share of challenges. As mentioned before, GSA's goal is simply to ensure that any courthouse project funded and approved by Congress is completed in support of the mission to our federal customer Agencies.

We will continue our efforts to deliver courthouses on time and on budget with the funding already provided by Congress; however, moving forward will require working with our judiciary partners and Congress on how to best ensure a balanced allocation of resources.

As I previously mentioned, current estimates equal approximately \$24 billion in liability for GSA's federally owned portfolio: a portfolio that also averages over 50 years of age. And while this number is steadily growing, priorities identified by the Judiciary must also compete for limited funding across GSA's owned portfolio.

A few examples of repair and alterations projects competing for limited future funding:

In Pennsylvania at the James A. Byrne Courthouse in Philadelphia, this core asset requires upgrades to the heating, ventilation, and air conditioning (HVAC) system, which includes comprehensive replacement of obsolete air handling units and degraded ductwork, and the installation of enhanced controls and related electrical and life-safety upgrades. The current estimated cost of this investment is \$87.4M.

Also in Pennsylvania, the Joseph F. Weis, Jr. U.S. Courthouse in Pittsburgh, which is another core asset, requires replacement of the HVAC system, associated electrical systems, and a section of the roof, as well as a lightning protection and fall arrest system. The current estimated cost of this investment is \$44.9M.

Conclusion

In conclusion, GSA requires both funding and prospectus approval to deliver high-quality space on behalf of the Federal Judiciary. The need for funding, a more streamlined prospectus process, as well as expanded authorities to drive the identification and preparation of assets for disposition are a few of the tools that would allow GSA to reduce the size of the Federal inventory, address deferred maintenance and operate more efficiently in this challenging environment.

I am very proud of the work that we are doing to help return GSA to its founding mission drafted over 75 years ago—a mission designed to help customer agencies achieve their missions through cost-effective real estate investments.

I look forward to partnering with you to address these key priorities in the 119th Congress and to drive cost efficiency in Federal real estate. Thank you for the opportunity to testify before you today, and I look forward to answering your questions.