

STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
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Good morning Chairman Crenshaw, Ranking Member Serrano, and Members of the Subcommittee. Thank you for inviting me to appear before you today.

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the government and the American people. This mission is both wide-ranging and essential to the federal government. However, between Fiscal Years 2011 and 2013, the vital link was broken between rent that GSA collects from agencies and reinvestment in Federal buildings that house those agencies. During that time, GSA received significantly reduced funding, leaving us unable to meet certain expectations of our federal partners and the American people. GSA's inventory of facilities had to forego more than \$2 billion in capital improvements, including major repairs and maintenance, as well as critical additions to the inventory.

Earlier this year, Congress passed and the President signed the Fiscal Year 2014 Consolidated Appropriations Act (P.L. 113-76). I would like to thank the Chairman, Ranking Member and committee staff for their hard work on this legislation, especially in the current funding environment. This legislation represented a positive step forward for our nation and for our economy. Among its many provisions, the Act made available more than \$9.3 billion in funding for GSA to invest in our nation's public building infrastructure, pay rent for our leased buildings, consolidate offices to save money, and upgrade land ports of entry to secure our borders.

Today, I would like to update you on the critical investments GSA is making with the resources made available through the FY 2014 appropriations; highlight the important, common sense investments GSA is requesting as part of the President's FY 2015 budget; and update you on our continuing efforts to become a more effective and efficient agency.

Execution of Fiscal Year 2014 Appropriations –

As I have stressed to you previously, GSA is committed to investing the resources provided in the Fiscal Year 2014 Consolidated Appropriations Act responsibly and expeditiously. FY 2014 was the first year in four fiscal years that GSA had been provided a significant capital budget.

These Appropriations included funding for a number of critical priorities. For instance, GSA and DHS are now beginning work on the next phase of the DHS Consolidation at St. Elizabeths.

With an investment of \$155 million to upgrade the historic Center Building, GSA will continue the joint effort to consolidate DHS into a single campus to reduce outyear real estate costs, reduce duplication in leased space, and enhance mission effectiveness. Additionally, GSA is investing more than \$290 million in border crossing modernization projects that will expand trade and enhance border security, including the San Ysidro Land Port of Entry in California; the Laredo Land Port of Entry in Texas; and the Columbus Land Port of Entry in New Mexico.

GSA also received \$70 million dollars in support of consolidation efforts throughout the government. Through this investment, GSA will save customer agencies \$17 million in annual rent payments, reduce the Federal footprint by 507,000 rentable square feet, and reduce the government's overall leasing costs by more than \$38 million. This represents an aggregate payback of 2-5 years depending on how you want to evaluate the investment. These are the types of common sense investments that we hope to do more of in FY 2015.

Across these efforts, GSA is committed to transparency and responsiveness. As a signal of this commitment, GSA has already provided the reports and spend plans requested in the FY 2014 Appropriations Act, and we will work to continue to meet reporting deadlines moving forward.

GSA's Fiscal Year 2015 Request –

GSA's Fiscal Year 2015 budget request seeks to continue the progress made in FY 2014. While we have begun to address years of unfunded repairs, there is still significant work to do in ensuring that our buildings can support the work of government in the 21st century. The President's Budget seeks to continue the common sense investments necessary to ensure that the nation's public buildings are capable of supporting our Federal partners' missions going forward.

The President's FY15 Budget provides essential funds to support our public infrastructure, while also growing our economy, creating jobs, and saving money for the American taxpayer.

Perhaps most importantly for the federal government's real estate inventory, the President's Budget again requests Zero Net Budget Authority for GSA. This provision would allow GSA to spend at the level of anticipated rent collections – allowing GSA invest the rent it collects from agencies back into our publicly-owned buildings to meet the urgent needs of partner Federal agencies. This is something that any responsible real estate manager in the private sector is able to do, but for the past four fiscal years we have not had the ability to fully reinvest in our inventory.

By restoring this authority, the President's Budget enables us to make important investments in our real estate assets. The longer these issues go unaddressed, the more problematic they become. GSA needs Zero Net Budget Authority to address the problems in our real estate assets in a strategic, timely, and cost-effective manner.

To address these priorities, the FY 2015 request includes more than \$1.25 billion in repair projects. These range from crucial life safety upgrades that will ensure these public buildings are safe and secure for Federal employees and the visiting public, to full-scale modernizations that will preserve utilization of the nation's buildings into the future. For instance, here in Washington, GSA is proposing to invest \$16 million to upgrade the fire alarm system at the Frances Perkins Federal Building. The current system is outdated and does not meet current standards. In Detroit, Michigan, GSA is proposing to continue the modernization of the Theodore Levin U.S. Courthouse. The proposed \$40 million will fund Phase II¹ of this 3-phase project, correcting serious building deficiencies that will ensure Federal agencies' continued use.

The President's Budget request also includes significant new investments in the infrastructure that supports critical agency functions. In particular, the budget looks to continue critical investments along the border by providing \$420 million for three border crossing and inspection projects: the Alexandria Bay Land Port of Entry in New York, the Calexico West Land Port of Entry in California, and the San Ysidro Land Port of Entry in Southern California.

These facilities are vital to our country's security and economy. San Ysidro is a perfect example of this. Every day, 50,000 vehicles and 25,000 pedestrians enter the United States at San Ysidro, making this the busiest border crossing in the world. Using these funds, we would finally complete our work on this important project after 10 years. These improvements would ease traffic throughout the region, promote economic growth for our entire country, and better equip the Department of Homeland Security to ensure our nation's safety.

Additionally, this budget request includes \$251 million to continue our consolidation of DHS at the St. Elizabeths Campus, a national security priority.

Consolidations such as this are essential to operating an efficient and effective government. Building on the progress from last year, GSA has again requested \$100 million to continue our work to support our partner agencies' efforts to streamline their space. As with the funds from FY 2014, GSA hopes to demonstrate the value of investments that reduce the real estate footprint, save agencies money on their rent, and provide quick payback.

The FY 2015 request also includes more than \$240 million in much-needed funds for our appropriated accounts. By supporting critical functions of offices including the Office of Government-wide Policy and the Office of Citizen Services and Innovative Technologies, GSA will continue to provide our partner agencies and the American public with tools and services that increase the efficiency, effectiveness, and transparency of the Federal government.

¹ Phase 1 was funded through the FY 2014 Consolidated Appropriations Act, at \$31 million.

GSA Efficiency and Effectiveness –

As I reported to the Committee last year, GSA continues to consolidate and streamline key administrative service functions to eliminate unnecessary redundancy and better align our own internal operations. Our goal is to enhance and standardize the delivery of IT, HR, financial, and administrative services throughout GSA while increasing transparency and accountability. In FY 2015, GSA is showing a reduction of \$39 million, or 5.6 percent, from the FY 2014 budget in the Working Capital Fund. This reduction is a result of consolidating resources and providing administrative support in a more efficient way, and we expect further reductions as we continue to execute on this effort.

Conclusion –

The President's budget provides the investment we need to help rebuild our nation's infrastructure, ensure that federal agencies can support economic and job growth in communities across the country, and provide vital, high-quality services for the public. I know that with this budget, we can deliver the efficient and effective government that the American people need. At the same time, GSA must continue to improve the efficiency of our own operations so that we can utilize resources in the most effective manner possible.

I appreciate all your work on the Fiscal Year 2014 Consolidated Appropriations Act, and I want to continue our partnership to make sure this is not an isolated investment, but a foundation for long-term, sound management of our government's infrastructure.

Your support is essential to continue positive change and common sense reforms within GSA. Thank you for the opportunity to testify today and I look forward to answering your questions.