

**Statement of Emily W. Murphy
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**Before The U.S. House of Representatives
Committee on Appropriations
Subcommittee on Financial Services and General Government**

March 13, 2019

Introduction

Good morning Chairman Quigley, Ranking Member Graves, and Members of the Subcommittee. Thank you for the invitation to join you today. I look forward to discussing how the U.S. General Services Administration (GSA) is working with Federal agencies on multiple fronts to save taxpayer dollars and improve the efficiency and effectiveness of the Federal Government. GSA is pursuing a wide range of programs that support partner Federal agencies with their real property, procurement, information technology (IT), and shared service needs.

In fiscal year (FY) 2018 alone, I'm pleased to say, GSA helped Federal agencies save more than \$6 billion. We look forward to building on the service and cost-savings success this year and going forward.

GSA's mission is delivering value and savings in real estate, acquisition, technology, and other mission-support services across Government. Our unique mission-support role ties back to our founding by President Harry S. Truman in 1949. In establishing GSA, President Truman sought to create one agency to help the Government avoid "senseless duplication, excess cost, and confusion in handling supplies, and providing space."

In today's testimony, I will discuss key areas of focus for GSA and the opportunity that each brings to our agency and the Federal Government.

Real Property

As the Federal Government's primary landlord, GSA manages approximately 371 million square feet of owned and leased space for Federal agency tenants, serving more than 1 million Federal employees.

At GSA, we are working to "right size" and reduce the Federal Government's real property footprint. Our goal over the next four years is to reduce billions of dollars in costs by shrinking the Federal real estate footprint, negotiating lower price leases, and investing capital in those facilities with the greatest need and financial return. This plan will allow agencies to invest more

in their missions and less on paying rent to GSA. We appreciate the funding this committee has provided in FY 2019 for GSA's real property program which will further advance this goal. This committee's support of our purchase of the Department of Transportation Headquarters, the modernization of the Customs and Border Protection Calexico Land Port of Entry, and the further consolidation of Department of Homeland Security components at the St. Elizabeths campus are critical to ensuring our Federal agencies have the infrastructure needed to execute their missions. I look forward to working in partnership with this committee on the FY 2020 request to build on our long-standing partnership to better manage Federal real property.

I am pleased with the progress we've made in our courthouse construction and modernization program. The funding provided in the FY 2016 appropriations resulted in 11 courthouse projects throughout the country. GSA has procured design services for 10 of the courthouse projects. Three are already in the midst of construction, and another three will go into construction this year. Of the remaining projects, we have acquired the sites for two, and the rest are in the design phase. GSA is working closely with the Administrative Office of the U.S. Courts, the district judges, and the local communities to ensure that these courthouses are in keeping with their surroundings and reflect the Federal Government appropriately. These new facilities will address the mission and security needs of the courts. Overall, we've made tremendous progress working in partnership with the judiciary and stakeholder communities in implementing this program.

As GAO reports have shown, for agencies with long-term space requirements, it is more cost-effective for these agencies to occupy owned space rather than rent from the commercial market, especially in high cost locations. GSA's consolidation program takes advantage of opportunities to move agencies from multiple leased locations into a single federally owned space. With this committee's support, GSA has authorized 75 consolidation projects. When all 75 projects are completed, it will reduce our footprint by more than 1.59 million usable square feet (USF), reduce agency rental payments by \$65 million annually, and generate \$130 million in annual lease cost avoidance.

For agencies housed in leased commercial space, GSA is working to produce savings by 1) improving utilization rates by reducing the footprints, 2) negotiating better pricing through longer term leases, and 3) identifying existing leases where short-term extensions would be costly relative to the market and replacing them with more cost-effective long-term leases.

GSA is also working to dispose of unneeded Federal real property. In FY 2018, GSA partnered with agencies to dispose of 140 assets governmentwide and generated over \$123 million in sales proceeds from these transactions. These disposals resulted in a reduction of almost 5 million square feet and 2,735 acres from the Federal footprint.

Acquisition

GSA's second strategic goal is to serve as the premier provider of efficient and effective acquisition solutions across the Federal Government.

From office equipment to satellites, GSA contracting vehicles help agencies procure over \$50 billion in goods and services annually. By simplifying and streamlining access to the Federal marketplace, and modernizing procurement systems and processes, GSA helped agencies save \$5.8 billion in FY 2018.

One example is GSA's City Pair Program for air passenger transportation services, which is the largest negotiated contract and managed airline program in the world.

Whether you are traveling to respond to a natural disaster, attend a training conference, or get back to your district, the City Pair Program allows eligible Government travelers maximum flexibility to book, change, or cancel their airline tickets without costly penalties. The contracts deliver savings to all Federal agencies through contract prices that in the aggregate offer a 49 percent average discount off comparable commercial fares, saving approximately \$2 billion annually.

Another example is the GSA SmartPay[®] Program. With more than 3.5 million charge card account holders, it is the world's largest commercial payment solution program, providing services to more than 560 Federal agencies, organizations, and Native American Tribal Governments. In FY 2018, the program provided agencies with net refunds of \$310.2 million out of \$30.6 billion in purchase volume.

Information Technology

The modernization of the Federal Government's IT infrastructure and applications is an important priority for GSA, and our agency has increasingly become a trusted leader and valued partner in helping improve agencies' use of information technology. GSA offers a full suite of services and programs to help agencies adopt agile IT procurement, migrate critical systems to the cloud, make thousands of data sets available to the public, and modernize antiquated legacy systems.

For instance, GSA's Federal Acquisition Service (FAS) maintains an Office of Information Technology Category, or ITC, which provides access to best-value IT and telecommunications products, services, and solutions to Federal, State, local, and Tribal government agencies. ITC facilitates \$24 billion in annual government spend, and 98 percent of Federal agencies utilized its contract vehicles last year.

GSA is also involved in several large-scale efforts to fundamentally transform the Federal IT landscape. One such project is the Department of Defense's Defense Enterprise Office Solutions (DEOS), to replace disparate legacy IT services for office productivity, messaging, content management, and collaboration. By leveraging GSA's IT Schedule 70 contract vehicle

to purchase services, DEOS will enable the Department to improve interoperability and information sharing across operational boundaries, enhance cybersecurity through rapid updates and leveraging current commercial capabilities, provide unprecedented insight into Department-wide IT spending and shift commodity IT support functions to critical cybersecurity missions.

Perhaps GSA's most visible IT modernization effort is implementation of the Technology Modernization Fund (TMF), which became law as part of the Modernizing Government Technology (MGT) Act in late 2017 in an effort to accelerate the modernization of legacy IT systems in Government. The TMF, administered at GSA on behalf of an independent TMF Board, provides broad support for the Board's activities, including technical support and project monitoring for agencies that receive funds from the TMF. In 2018, the Board awarded \$90 million for seven projects at various agencies, after receiving over 40 project proposals totaling over \$500 million in requested funding. GSA is helping the Board ensure that projects are on track and delivering on planned milestones. I appreciate your subcommittee's efforts to provide additional funding for the TMF in FY 2019.

Shared Services

The expansion of shared services across the Federal Government to improve performance, reduce duplication, and save Federal agencies money is a key goal for GSA, allowing agencies to direct more resources toward their core missions.

GSA's Fleet program is one example of a shared service resulting in significant efficiencies and savings. GSA Fleet provides more than 217,000 quality motor vehicles to over 75 participating Federal agencies—delivering an average savings of 40 percent when compared to independent fleet programs.

Additionally, in 2018, GSA awarded the NewPay blanket purchase agreements to two firms for modern commercial payroll solutions, and this year GSA is prepared to lead agencies in the implementation of these solutions in an effort to modernize legacy systems and improve service delivery to agency customers.

FBI Headquarters Project

Before I close, I would like to take the opportunity to address one issue discussed at my hearing before this Subcommittee in April of last year: the FBI headquarters project. Given the intense interest in the proposed location, I want to be clear, I stand by my testimony that the senior leadership of the FBI made the decision to remain at the current Pennsylvania Avenue location.

The location for the proposed headquarters was discussed at length by the GSA and FBI project teams before my confirmation as Administrator. Ultimately this question culminated in a meeting on January 4, 2018, with FBI Director Wray, myself, and senior staff with both agencies. The FBI leadership explained its operational requirement to be in proximity to the

Department of Justice leadership, other key decision makers, and partner agencies. Consequently, the FBI decided to remain at the current Pennsylvania Avenue location. GSA had no significant discussion of alternative locations after that meeting. After the January 4 meeting, work focused on the two remaining questions needed to complete the revised plan for submission to Congress: whether to renovate the existing building or demolish and rebuild at the current site and how to finance the project.

GSA strongly advocated for new construction and against a renovation given the physical limitations of the existing structure. While there was general consensus in favor of a demolish rebuild strategy prior to the January meetings at the White House, White House Chief of Staff Kelly, FBI Director Wray, OMB Director Mulvaney, Deputy Attorney General Rosenstein, and I discussed these two alternatives and decided to proceed with new construction (demolish and rebuild) at the current site during our pre-meeting with the White House Chief of Staff on January 24, 2018.

The remaining question considered at the following meeting with the President was how to finance the project. The outcome of that meeting was a decision to finance the project through a ground-lease leaseback transaction. In the weeks after the meeting, OMB personnel advised that, consistent with longstanding guidance on budgetary treatment, the proposed ground-lease leaseback transaction would require full up-front funding. Further, Congress announced an agreement significantly increasing the available funding for non-defense appropriations, creating a potential opportunity for a full appropriation for the project. The increased likelihood of securing an up-front appropriation for Federal construction of the FBI headquarters and the fact that Federal construction would be more cost-effective than a ground-lease leaseback transactions caused a reconsideration of the initial funding decision and a decision to seek full up-front funding for the headquarters project.

Importantly, as a stark reminder of the urgency behind the need for a new FBI Headquarters, just a few weeks ago, an eight-pound piece of concrete fell through the ceiling at the J. Edgar Hoover building, knocking out overhead lighting and causing damage to an office desk. Thankfully no one was hurt, but incidents like these will only become more frequent if the status quo remains intact. I understand the challenges associated with this project, and it is my goal to do everything I can to help find a headquarters solution for the FBI that meets its national security and law-enforcement mission requirements.

Lastly, as a former congressional staffer and firm believer in the vital role of congressional oversight, I have asked my staff to cooperate as fully as possible with all ongoing and future oversight requests on this topic. This matter is too important to get wrong, and I believe we can and must find a successful path forward.

Closing

Thank you for the opportunity to appear before you today. I look forward to your questions.